

**Tenon**  
**CONDENSED FINANCIAL STATEMENTS**  
**(Extracted from Audited Financial Statements)**

**Consolidated Income Statement**

for year ended 30 June

|  | Tenon Group |            |
|--|-------------|------------|
|  | 2013        | 2012       |
|  | US\$m       | US\$m      |
| Revenue  | 364         | 334        |
| Cost of Sales                                  | -281        | -254       |
| <b>Gross Profit</b>                            | <b>83</b>   | <b>80</b>  |
| Distribution Expense                           | -69         | -71        |
| Administration Expense                         | -13         | -14        |
| Restructuring Costs <sup>(1)</sup>             | -           | -3         |
| <b>Operating Profit before Financing Costs</b> | <b>1</b>    | <b>-8</b>  |
| Financing Costs                                | -4          | -3         |
| <b>Profit / (Loss) before Taxation</b>         | <b>-3</b>   | <b>-11</b> |
| Income Tax (Expense) / Benefit                 | -           | 2          |
| <b>Net Profit / (Loss) after Taxation</b>      | <b>-3</b>   | <b>-9</b>  |

**Earnings Per Share Information**

|  |      |       |
|--|------|-------|
| Basic and Diluted Net Earnings per Share (cents) | -4.8 | -13.9 |
|--|------|-------|

(1) Restructuring costs of \$3 million in the June 2012 year related to the Company's manufacturing activities in Canada and Taupo and the closure of the US Support

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**Consolidated Statement of Comprehensive Income**  
for year ended 30 June

|  | Tenon Group |            |
|--|-------------|------------|
|  | 2013        | 2012       |
|  | US\$m       | US\$m      |
| Net Profit / (Loss) after Taxation for the year                | -3          | -9         |
| Items that maybe recycled to the Consolidated Income Statement |             |            |
| Net movement of Cash Flow Hedges net of Tax                    | -1          | -          |
| Movement in Currency Translation Reserve                       | -           | -1         |
| Other Comprehensive Income for the year, net of Tax            | -1          | -1         |
| <b>Total Comprehensive Income for the year</b>                 | <b>-4</b>   | <b>-10</b> |

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**Consolidated Statement of Changes in Equity**

for year ended 30 June

| <b>Tenon Group</b>  | Shares | Retained Earnings | Cash Flow Hedge Reserves | Revaluation Reserve | Net Currency Translation | Total Group Equity and Reserves |
|---|--------|-------------------|--------------------------|---------------------|--------------------------|---------------------------------|
|   | US\$m  | US\$m             | US\$m                    | US\$m               | US\$m                    | US\$m                           |
| As at 1 July 2011   | 533    | -408              | -                        | 1                   | 6                        | 132                             |
| Net Profit / (Loss) after Taxation for the year                             | -      | -9                | -                        | -                   | -                        | -9                              |
| Other Comprehensive Income for the year                                     | -      | -                 | -                        | -                   | -1                       | -1                              |
| Total Comprehensive Income Attributable to the Equity holders of the Parent | -      | -9                | -                        | -                   | -1                       | -10                             |
| Share Buyback <sup>(1)</sup>  | -      | -                 | -                        | -                   | -                        | -                               |
| As at 30 June 2012  | 533    | -417              | -                        | 1                   | 5                        | 122                             |
| As at 1 July 2012   | 533    | -417              | -                        | 1                   | 5                        | 122                             |
| Net Profit / (Loss) after Taxation for the year                             | -      | -3                | -                        | -                   | -                        | -3                              |
| Other Comprehensive Income/ (Loss) for the year                             | -      | -                 | -1                       | -                   | -                        | -1                              |
| Total Comprehensive Income Attributable to the Equity holders of the Parent | -      | -3                | -1                       | -                   | -                        | -4                              |
| As at 30 June 2013  | 533    | -420              | -1                       | 1                   | 5                        | 118                             |

(1) On 14 November 2011, Tenon announced that it intended to make an offer to shareholders owning 10,000 or fewer Tenon shares, to buy back their shares, at 65 cents per share brokerage free, up to a maximum of 1,250,000 shares. The offer period closed on 28 December 2011 and 1,159,980 shares valued at NZ\$753,987 were purchased and cancelled by Tenon on 30 December 2011.

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**Consolidated Balance Sheet**

as at 30 June

|   | Tenon Group |            |
|---|-------------|------------|
|   | 2013        | 2012       |
|   | US\$m       | US\$m      |
| <b>ASSETS</b>                                   |             |            |
| Current Assets:                                 |             |            |
| Inventory                                       | 72          | 53         |
| Trade and Other Receivables                     | 34          | 31         |
| Assets Held for Sale                            | -           | 3          |
| <b>Total Current Assets</b>                     | <b>106</b>  | <b>87</b>  |
| Non Current Assets:                             |             |            |
| Fixed Assets                                    | 23          | 25         |
| Forest Assets                                   | 4           | 3          |
| Goodwill  | 67          | 67         |
| Deferred Taxation Asset                         | 11          | 11         |
| <b>Total Non Current Assets</b>                 | <b>105</b>  | <b>106</b> |
| <b>Total Group Assets</b>                       | <b>211</b>  | <b>193</b> |
| <b>LIABILITIES AND GROUP EQUITY</b>             |             |            |
| <b>Liabilities</b>                              |             |            |
| Current Liabilities:                            |             |            |
| Bank Overdraft                                  | 2           | 1          |
| Trade and Other Payables and Provisions         | 43          | 32         |
| Derivative Financial Instruments                | 1           | -          |
| Current Debt                                    | 1           | 1          |
| <b>Total Current Liabilities</b>                | <b>47</b>   | <b>34</b>  |
| Non Current Liabilities:                        |             |            |
| Non Current Debt                                | 46          | 37         |
| <b>Total Non Current Liabilities</b>            | <b>46</b>   | <b>37</b>  |
| <b>Total Group Liabilities</b>                  | <b>93</b>   | <b>71</b>  |
| <b>Group Equity</b>                             |             |            |
| Capital   | 533         | 533        |
| Reserves  | -415        | -411       |
| <b>Total Group Equity</b>                       | <b>118</b>  | <b>122</b> |
| <b>Total Group Liabilities and Equity</b>       | <b>211</b>  | <b>193</b> |
| Net Assets per Share (US\$)                     | 1.80        | 1.86       |
| Net Tangible Assets per Share (US\$)            | 0.61        | 0.67       |
| Shares used for Net Assets per Share (millions) | 65.7        | 65.7       |

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**Consolidated Statement of Cash Flows**

for year ended 30 June

|   | Tenon Group |            |
|---|-------------|------------|
|   | 2013        | 2012       |
|   | US\$m       | US\$m      |
| Cash was Provided:                                  |             |            |
| From Operating Activities                           |             |            |
| Receipts from Customers                             | 360         | 327        |
| <b>Total Provided</b>                               | <b>360</b>  | <b>327</b> |
| Payments to Suppliers, Employees and Other          | 368         | 331        |
| <b>Total Applied</b>                                | <b>368</b>  | <b>331</b> |
| <b>Net Cash to Operating Activities</b>             | <b>-8</b>   | <b>-4</b>  |
| To Investing Activities:                            |             |            |
| Sale of Assets held for sale                        | 3           | -          |
| <b>Total Provided</b>                               | <b>3</b>    | <b>-</b>   |
| Purchase of Fixed Assets                            | 2           | 2          |
| <b>Total Applied</b>                                | <b>2</b>    | <b>2</b>   |
| <b>Net Cash from / (to) Investing Activities</b>    | <b>1</b>    | <b>-2</b>  |
| From Financing Activities                           |             |            |
| Debt Drawdowns                                      | 15          | 7          |
| <b>Total Provided</b>                               | <b>15</b>   | <b>7</b>   |
| Debt Settlements                                    | 6           | 1          |
| Interest and Refinancing Fees paid                  | 3           | 2          |
| Share Buyback                                       | -           | 1          |
| <b>Total Applied</b>                                | <b>9</b>    | <b>4</b>   |
| <b>Net Cash from Financing Activities</b>           | <b>6</b>    | <b>3</b>   |
| <b>Net Movement in Cash Held</b>                    | <b>-1</b>   | <b>-3</b>  |
| Add Opening Cash, Liquid Deposits and Overdrafts    | -1          | 2          |
| <b>Closing Cash, Liquid Deposits and Overdrafts</b> | <b>-2</b>   | <b>-1</b>  |

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**Reconciliation of Consolidated Net Earnings to Consolidated  
Net Cash from Operating Activities**

for year ended 30 June

|  | Tenon Group |           |
|--|-------------|-----------|
|  | 2013        | 2012      |
|  | US\$m       | US\$m     |
| Cash was Provided from:  |             |           |
| Net Profit after Taxation  | -3          | -9        |
| Add Net Financing Expense  | 4           | 3         |
| Adjustments:   |             |           |
| Depreciation   | 4           | 5         |
| Taxation   | -           | -2        |
| Other <sup>(2)</sup>   | -2          | 2         |
| <b>Cash Flow from / (to) Operations before Net Working Capital</b> | <b>3</b>    | <b>-1</b> |
| Movements  |             |           |
| <b>Net Working Capital Movements</b>                               | <b>-11</b>  | <b>-3</b> |
| <b>Net Cash to Operating Activities <sup>(1)</sup></b>             | <b>-8</b>   | <b>-4</b> |
| <br>   |             |           |
| Net Working Capital Movements:                                     |             |           |
| Trade and Other Receivables  | -4          | -7        |
| Inventory  | -19         | -1        |
| Trade and Other Payables   | 12          | 5         |
|  | -11         | -3        |

(1) As per Statement of Cash Flows

(2) Restructuring costs paid and gain on sale of assets (June 2012: restructuring costs provided).

## Geographical segmental information summary

Geographic segmental reporting for the periods ended June 2013 and June 2012 split between North America and Australasia is shown below. Tenon announced that it had commenced trading in Australia in February 2012, offering a variety of products in the Moulding and Millwork segment to reseller chains and independent stores.

|  | North<br>America | Australasia | Total      |
|--|------------------|-------------|------------|
| 2013                                     | US\$m            | US\$m       | US\$m      |
| <b>Operating Revenue <sup>(1)</sup></b>  | 317              | 47          | <b>364</b> |
| <b>Non Current Assets <sup>(2)</sup></b> | 78               | 16          | <b>94</b>  |
| <b>Capital Expenditure</b>               | 2                | -           | <b>2</b>   |

|  | North<br>America | Australasia | Total      |
|--|------------------|-------------|------------|
| 2012                                     | US\$m            | US\$m       | US\$m      |
| <b>Operating Revenue <sup>(1)</sup></b>  | 294              | 40          | <b>334</b> |
| <b>Non Current Assets <sup>(2)</sup></b> | 78               | 17          | <b>95</b>  |
| <b>Capital Expenditure</b>               | 1                | 1           | <b>2</b>   |

(1) Operating revenue excludes transfers between geographical segments. Such transfers are accounted for at competitive market rates charged to unaffiliated customers for similar goods. Transfers are eliminated on consolidation.

(2) Excludes Deferred Tax and Financial Instruments.