

BUILDING STRENGTH AND PERFORMANCE



FLETCHER BUILDING FINANCE LIMITED
HALF YEAR REVIEW

REPORT FOR THE SIX MONTH PERIOD
ENDED 31 DECEMBER 2004

**FLETCHER BUILDING FINANCE LIMITED
HALF YEAR REVIEW**

- 02 Half year review
- 04 Statement of financial performance
- 05 Statement of financial position
- 07 Statement of movements in equity
- 08 Statement of cashflows
- 09 Notes to the financial statements
- 12 Noteholder information

GO DIRECTLY TO A SECTION OF THE
REPORT BY CLICKING ON THE NUMBER

FLETCHER BUILDING FINANCE LIMITED IS A WHOLLY OWNED SUBSIDIARY OF FLETCHER BUILDING LIMITED AND ITS RESULTS AND FINANCIAL POSITION NEED TO BE READ IN CONJUNCTION WITH THE FLETCHER BUILDING 2004 ANNUAL REPORT.

HALF YEAR REVIEW

Directors are pleased to present the unaudited results for the six months ended 31 December 2004. Net profit after tax was \$2,815,587 and the net assets of the company were \$27,580,086.

Fletcher Building Finance Limited is a wholly owned subsidiary of Fletcher Building Limited and was established to provide a valuable role in supporting Fletcher Building's financing requirements, particularly for its Australian acquisitions.

A key part of this financing has been through the issue of capital notes in December 2002. As these capital notes have been issued on terms that provide that they are guaranteed on an unsecured, subordinated basis, ranking parri passu with other capital notes issued by Fletcher Building Limited, the results and the financial position of Fletcher Building Finance needs to be considered in conjunction with those of the Fletcher Building Group.

Fletcher Building Finance continues to operate in compliance with the terms of the Trust Deed under which the capital notes were issued.

During the period Fletcher Building increased the equity of Fletcher Building Finance by the subscription for thirty million ordinary shares at a price of \$1.00 per share, payable in cash. This increases the total number of ordinary shares on issue, all of which are held by Fletcher Building, from fifty million shares to eighty million shares.

The issue of the shares was made pursuant to a directors' resolution and increases the capitalisation of the company to facilitate the payment of a dividend plus tax credits up to Fletcher Building. The ordinary shares of Fletcher Building Finance are not quoted securities on any exchange.

**FLETCHER BUILDING FINANCE LIMITED
HALF YEAR REVIEW**

- 02 Half year review
- 04 Statement of financial performance
- 05 Statement of financial position
- 07 Statement of movements in equity
- 08 Statement of cashflows
- 09 Notes to the financial statements
- 12 Noteholder information

GO DIRECTLY TO A SECTION OF THE
REPORT BY CLICKING ON THE NUMBER



HALF YEAR REVIEW (continued)

Noteholders are provided with a copy of the Fletcher Building 2004 half year review and are encouraged to gain a more complete picture of the nature of their financial investment by understanding the performance of Fletcher Building Limited.

If you require further information on Fletcher Building and its operations you can do so by viewing this on the Fletcher Building website, at www.fletcherbuilding.com, which contains all news releases, statements to the New Zealand Exchange and financial presentations made by Fletcher Building.

As the financial performance of Fletcher Building Finance is ultimately contingent on that of Fletcher Building, it is relevant to note that Fletcher Building has just announced a further record profit and that the outlook for the next six months remains positive.

Roderick Deane Chairman

**FLETCHER BUILDING FINANCE LIMITED
HALF YEAR REVIEW**

- 02 Half year review
- 04 Statement of financial performance
- 05 Statement of financial position
- 07 Statement of movements in equity
- 08 Statement of cashflows
- 09 Notes to the financial statements
- 12 Noteholder information

GO DIRECTLY TO A SECTION OF THE
REPORT BY CLICKING ON THE NUMBER



Statement of financial performance

FOR THE SIX MONTHS ENDED 31 DECEMBER 2004 (UNAUDITED)

	SIX MONTHS DEC 2004 \$000	YEAR JUNE 2004 \$000	SIX MONTHS DEC 2003 \$000
Operating revenue	30,929	54,146	26,216
Operating expenses	(217)	(321)	(150)
Operating earnings	30,712	53,825	26,066
Funding costs	(26,487)	(51,686)	(24,749)
Earnings before taxation	4,225	2,139	1,317
Taxation expense	(1,409)	(747)	(214)
Net earnings	2,816	1,392	1,103

**FLETCHER BUILDING FINANCE LIMITED
HALF YEAR REVIEW**

- 02 Half year review
- 04 Statement of financial performance
- 05 Statement of financial position
- 07 Statement of movements in equity
- 08 Statement of cashflows
- 09 Notes to the financial statements
- 12 Noteholder information

GO DIRECTLY TO A SECTION OF THE
REPORT BY CLICKING ON THE NUMBER



Statement of financial position

AS AT 31 DECEMBER 2004 (UNAUDITED)

	DEC 2004 \$000	JUNE 2004 \$000	DEC 2003 \$000
Assets			
Current assets:			
Cash and bank	11	11	11
Prepayments	3,032	3,494	3,929
Total current assets	3,043	3,505	3,940
Non current assets:			
Amounts owing by related companies	864,573	850,888	879,053
Total non current assets	864,573	850,888	879,053
Total assets	867,616	854,393	882,993

**FLETCHER BUILDING FINANCE LIMITED
HALF YEAR REVIEW**

- 02 Half year review
- 04 Statement of financial performance
- 05 Statement of financial position
- 07 Statement of movements in equity
- 08 Statement of cashflows
- 09 Notes to the financial statements
- 12 Noteholder information

GO DIRECTLY TO A SECTION OF THE
REPORT BY CLICKING ON THE NUMBER



Statement of financial position (continued)

	DEC 2004 \$000	JUNE 2004 \$000	DEC 2003 \$000
Liabilities			
Current liabilities:			
Accrued interest	4,347	5,017	5,194
Trade creditors	1,472	1,773	1,424
Provision for current taxation	10,806	6,440	(5,291)
Total current liabilities	16,625	13,230	1,327
Non current liabilities:			
Capital notes	150,000	150,000	150,000
Term debt	277,627	280,487	293,309
Amounts owing to related companies	395,784	387,901	412,753
Total non current liabilities	823,411	818,388	856,062
Total liabilities	840,036	831,618	857,389
Equity			
Reported capital	80,000	50,000	30,000
Reserves	(52,420)	(27,225)	(4,396)
Total equity	27,580	22,775	25,604
Total liabilities and equity	867,616	854,393	882,993

**FLETCHER BUILDING FINANCE LIMITED
HALF YEAR REVIEW**

- [02](#) Half year review
- [04](#) Statement of financial performance
- [05](#) Statement of financial position
- [07](#) Statement of movements in equity
- [08](#) Statement of cashflows
- [09](#) Notes to the financial statements
- [12](#) Noteholder information

GO DIRECTLY TO A SECTION OF THE
REPORT BY CLICKING ON THE NUMBER



Statement of movement in equity

FOR THE SIX MONTHS ENDED 31 DECEMBER 2004 (UNAUDITED)

	SIX MONTHS DEC 2004 \$000	YEAR JUNE 2004 \$000	SIX MONTHS DEC 2003 \$000
Total equity at the beginning of the period	22,775	24,160	24,160
Net earnings for the period	2,816	1,392	1,103
Movement in currency translation reserve	(11)	1,723	341
Total recognised revenues and expenses for the period	2,805	3,115	1,444
Increase in shared capital	30,000	20,000	-
Dividend paid to Fletcher Building Limited	(28,000)	(24,500)	-
Total equity at the end of the period	27,580	22,775	25,604

**FLETCHER BUILDING FINANCE LIMITED
HALF YEAR REVIEW**

- 02 Half year review
- 04 Statement of financial performance
- 05 Statement of financial position
- 07 Statement of movements in equity
- 08 Statement of cashflows
- 09 Notes to the financial statements
- 12 Noteholder information

GO DIRECTLY TO A SECTION OF THE
REPORT BY CLICKING ON THE NUMBER



Statement of cashflows

FOR THE SIX MONTHS ENDED 31 DECEMBER 2004 (UNAUDITED)

	SIX MONTHS DEC 2004 \$000	YEAR JUNE 2004 \$000	SIX MONTHS DEC 2003 \$000
Revenue received	34,246	71,489	26,216
Payment to suppliers, employees & other	(217)	(321)	(150)
Interest paid	(26,984)	(49,673)	(23,431)
Taxes paid	(366)	(12,548)	(350)
Net cash from operating activities	6,679	8,947	2,285
Advance from/(to) related companies	(8,679)	50,341	55,008
Net debt drawdowns/(settlements)	-	(54,782)	(57,287)
Issue of shares	30,000	20,000	-
Dividend paid to Fletcher Building Limited	(28,000)	(24,500)	-
Net cash from financing activities	(6,679)	(8,941)	(2,279)
Net movement in cash held	-	6	6
Add opening cash and liquid deposits	11	5	5
Closing cash and liquid deposits	11	11	11

**FLETCHER BUILDING FINANCE LIMITED
HALF YEAR REVIEW**

- 02 Half year review
- 04 Statement of financial performance
- 05 Statement of financial position
- 07 Statement of movements in equity
- 08 Statement of cashflows
- 09 Notes to the financial statements
- 12 Noteholder information

GO DIRECTLY TO A SECTION OF THE
REPORT BY CLICKING ON THE NUMBER



Notes to the financial statements

1 Basis of presentation

The interim financial statements presented are those of Fletcher Building Finance Limited (the company). The company is domiciled in New Zealand and is registered under the Companies Act 1993, and is an issuer in terms of the Securities Act 1978 and the Financial Reporting Act 1993. The company is also registered in Australia as an overseas company under the Australian Corporations Act 2001. The interim financial statements have been prepared in accordance with Financial Reporting Standard 24, Interim Financial Statements.

2 Changes in accounting policies

There have been no changes in accounting policy, however certain comparatives have been restated to comply with the current period's presentation.

**FLETCHER BUILDING FINANCE LIMITED
HALF YEAR REVIEW**

- 02** Half year review
- 04** Statement of financial performance
- 05** Statement of financial position
- 07** Statement of movements in equity
- 08** Statement of cashflows
- 09** Notes to the financial statements
- 12** Noteholder information

GO DIRECTLY TO A SECTION OF THE
REPORT BY CLICKING ON THE NUMBER



Notes to the financial statements (continued)

3 Reconciliation of net earnings to net cash from operating activities

	SIX MONTHS DEC 2004 \$000	YEAR JUNE 2004 \$000	SIX MONTHS DEC 2003 \$000
Cash was received from net earnings	2,816	1,392	1,103
Cash was received from financial instruments	3,317	17,343	-
Adjustment for items not involving cash:			
Taxation	1,043	(11,801)	(136)
Prepayments	462	979	543
Trade creditors and accruals	(959)	1,034	775
Net cash from operating activities	<u>6,679</u>	<u>8,947</u>	<u>2,285</u>

**FLETCHER BUILDING FINANCE LIMITED
HALF YEAR REVIEW**

- 02 Half year review
- 04 Statement of financial performance
- 05 Statement of financial position
- 07 Statement of movements in equity
- 08 Statement of cashflows
- 09 Notes to the financial statements
- 12 Noteholder information

GO DIRECTLY TO A SECTION OF THE
REPORT BY CLICKING ON THE NUMBER



Notes to the financial statements (continued)

4 Segmental information

The company is a finance company and operates in New Zealand and Australia.

Geographical segments	New Zealand \$000	Australia \$000	Total \$000
	DEC 2004	DEC 2004	DEC 2004
Operating revenue	8,914	22,015	30,929
Earnings before taxation	2,165	2,060	4,225
Total assets	191,474	676,142	867,616
	JUNE 2004	JUNE 2004	JUNE 2004
Operating revenue	16,003	38,143	54,146
Earnings before taxation	2,261	(122)	2,139
Total assets	184,270	670,123	854,393
	DEC 2003	DEC 2003	DEC 2003
Operating revenue	7,888	18,328	26,216
Earnings before taxation	836	481	1,317
Total assets	174,124	708,869	882,993

5 Contingencies and commitments

There were no contingent liabilities or capital commitments as at 31 December 2004 (June 2004 nil; December 2003 nil).

**FLETCHER BUILDING FINANCE LIMITED
HALF YEAR REVIEW**

- 02 Half year review
- 04 Statement of financial performance
- 05 Statement of financial position
- 07 Statement of movements in equity
- 08 Statement of cashflows
- 09 Notes to the financial statements
- 12 Noteholder information

GO DIRECTLY TO A SECTION OF THE
REPORT BY CLICKING ON THE NUMBER



Noteholder information

Enquiries

Noteholders with enquiries about transactions or changes of address should contact:

Computershare Investor Services Limited

Private Bag 92 119
Auckland 1020
Level 2, 159 Hurstmere Road
Takapuna, North Shore City
New Zealand

Telephone: +64 9 488 8777
Facsimile: +64 9 488 8787

Other Investor Enquiries:

Fletcher Building Finance Limited

Private Bag 92 114
Auckland
New Zealand

Telephone: +64 9 525 9000
Facsimile: +64 9 525 9032
Email: moreinfo@fb.co.nz
Website: www.fletcherbuilding.com

Interest payment dates

Interest on capital notes is paid semi-annually, on 15 March and 15 September. The company recommends that all noteholders have their interest payments direct credited to a bank account to ensure security and promptness of receipt. If you do not already have your payments direct credited, please contact Computershare Investor Services to register your bank account details.

**FLETCHER BUILDING FINANCE LIMITED
HALF YEAR REVIEW**

- 02 Half year review
- 04 Statement of financial performance
- 05 Statement of financial position
- 07 Statement of movements in equity
- 08 Statement of cashflows
- 09 Notes to the financial statements
- 12 Noteholder information

GO DIRECTLY TO A SECTION OF THE
REPORT BY CLICKING ON THE NUMBER



Noteholder information (continued)

Quotation and transfers

The Fletcher Building Finance capital notes are quoted on the New Zealand Exchange under codes FBF010 and FBF020 and may be bought and sold through sharebrokers. No transfer will be registered if it would result in the transferor or the transferee holding capitals notes with an aggregate principal amount of less than \$5,000. Subject to this minimum holding, transfers must be in multiples of \$1,000.

Trustee

The capital notes are constituted under a Trust Deed dated 12 November 2002, and noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, the provisions of the Trust Deed. The Trustee is:

Perpetual Trust Limited

PO Box 3376
Auckland
Level 17, HSBC Centre
1 Queen Street
Auckland
New Zealand
Telephone: +64 9 366 3290