



FLETCHER BUILDING FINANCE LIMITED  
HALF YEAR REVIEW

REPORT FOR THE SIX MONTH PERIOD  
ENDED 31 DECEMBER 2005

# HALF YEAR REVIEW

- 02 Half year review
- 04 Earnings statement
- 05 Balance sheet
- 06 Statement of movements in equity
- 07 Statement of cashflows
- 08 Notes to the financial statements
- 11 Noteholder information

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

Directors are pleased to present the unaudited results for the six months ended 31 December 2005. Net profit after tax was \$3,429,781 and the net assets of the company were \$32,925,978.

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 pari 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.

Noteholders are provided with a copy of the Fletcher Building 2005 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.

Further information on Fletcher Building and its operations can be found on the Fletcher Building website, at [www.fletcherbuilding.com](http://www.fletcherbuilding.com), which contains all news releases, statements to the New Zealand Exchange and financial presentations made by Fletcher Building.

# HALF YEAR REVIEW (CONTINUED)

- [02 Half year review](#)
- [04 Earnings statement](#)
- [05 Balance sheet](#)
- [06 Statement of movements in equity](#)
- [07 Statement of cashflows](#)
- [08 Notes to the financial statements](#)
- [11 Noteholder information](#)

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

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 increase in its net earnings and barring significant unforeseen events, is forecasting operating earnings (that is, earnings before interest and tax) for the 30 June 2006 year to be in the range of \$630-650 million. It remains in a sound financial position with a financial gearing of 40.9 percent, and cashflow from operations of \$251 million in the six months period ending 31 December 2005.

Roderick Deane Chairman

02 Half year review

04 Earnings statement

05 Balance sheet

06 Statement of movements  
in equity

07 Statement of cashflows

08 Notes to the financial  
statements

11 Noteholder information

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

## EARNINGS STATEMENT

FOR THE SIX MONTHS ENDED 31 DECEMBER 2005 (UNAUDITED)

	SIX MONTHS DEC 2005 \$000	YEAR JUNE 2005 \$000	SIX MONTHS DEC 2004 \$000
Operating revenue	53,156	75,827	30,929
Operating expenses	(240)	(373)	(217)
Operating earnings	52,916	75,454	30,712
Funding costs	(47,958)	(68,255)	(26,487)
Earnings before taxation	4,958	7,199	4,225
Taxation expense	(1,528)	(2,409)	(1,409)
<b>Net earnings</b>	<b>3,430</b>	<b>4,790</b>	<b>2,816</b>

- 02 Half year review
- 04 Earnings statement
- 05 **Balance sheet**
- 06 Statement of movements in equity
- 07 Statement of cashflows
- 08 Notes to the financial statements
- 11 Noteholder information

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

## BALANCE SHEET

AS AT 31 DECEMBER 2005 (UNAUDITED)

	DEC 2005 \$000	JUNE 2005 \$000	DEC 2004 \$000
<b>Assets</b>			
Current assets:			
Cash and bank	1	1	11
Debtors	8,348		
Provision for current taxation		8,768	
<b>Total current assets</b>	<b>8,349</b>	<b>8,769</b>	<b>11</b>
Non-current assets:			
Amounts owing by related companies	1,455,773	1,437,329	864,573
<b>Total non-current assets</b>	<b>1,455,773</b>	<b>1,437,329</b>	<b>864,573</b>
<b>Total assets</b>	<b>1,464,122</b>	<b>1,446,098</b>	<b>864,584</b>
<b>Liabilities</b>			
Current liabilities:			
Accrued interest	5,471	5,760	4,347
Trade creditors	38	1,151	1,472
Provision for current taxation	1,959		10,806
<b>Total current liabilities</b>	<b>7,468</b>	<b>6,911</b>	<b>16,625</b>
Non-current liabilities:			
Capital notes	147,898	147,432	146,968
Term debt	275,003	279,171	277,627
Amounts owing to related companies	1,000,827	983,019	395,784
<b>Total non-current liabilities</b>	<b>1,423,728</b>	<b>1,409,622</b>	<b>820,379</b>
<b>Total liabilities</b>	<b>1,431,196</b>	<b>1,416,533</b>	<b>837,004</b>
<b>Equity</b>			
Reported capital	80,000	80,000	80,000
Reserves	(47,074)	(50,435)	(52,420)
<b>Total equity</b>	<b>32,926</b>	<b>29,565</b>	<b>27,580</b>
<b>Total liabilities and equity</b>	<b>1,464,122</b>	<b>1,446,098</b>	<b>864,584</b>

## STATEMENT OF MOVEMENTS IN EQUITY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2005 (UNAUDITED)

	SIX MONTHS DEC 2005 \$000	YEAR JUNE 2005 \$000	SIX MONTHS DEC 2004 \$000
Total equity at the beginning of the period	29,565	22,775	22,775
Net earnings for the period	3,430	4,790	2,816
Movement in currency translation reserve	(69)		(11)
<b>Total recognised revenues and expenses for the period</b>	<b>3,361</b>	<b>4,790</b>	<b>2,805</b>
Increase in share capital		30,000	30,000
Dividend paid to Fletcher Building Limited		(28,000)	(28,000)
<b>Total equity at the end of the period</b>	<b>32,926</b>	<b>29,565</b>	<b>27,580</b>

02 Half year review

04 Earnings statement

05 Balance sheet

06 **Statement of movements  
in equity**

07 Statement of cashflows

08 Notes to the financial  
statements

11 Noteholder information

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

02 Half year review

04 Earnings statement

05 Balance sheet

06 Statement of movements  
in equity

07 **Statement of cashflows**

08 Notes to the financial  
statements

11 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 2005 (UNAUDITED)

	SIX MONTHS DEC 2005 \$000	YEAR JUNE 2005 \$000	SIX MONTHS DEC 2004 \$000
Revenue received	53,156	76,847	34,246
Payment to suppliers, employees & other	(240)	(373)	(217)
Interest paid	(48,038)	(67,209)	(26,984)
Taxes paid		(15,669)	(366)
<b>Net cash from operating activities</b>	<b>4,878</b>	<b>(6,404)</b>	<b>6,679</b>
Advance from/(to) related companies	(4,878)	4,394	(8,679)
Issue of shares		30,000	30,000
Dividend paid to Fletcher Building Limited		(28,000)	(28,000)
<b>Net cash from financing activities</b>	<b>(4,878)</b>	<b>6,394</b>	<b>(6,679)</b>
Net movement in cash held		(10)	
Add opening cash and liquid deposits	1	11	11
<b>Closing cash and liquid deposits</b>	<b>1</b>	<b>1</b>	<b>11</b>

- 02 Half year review
- 04 Earnings statement
- 05 Balance sheet
- 06 Statement of movements in equity
- 07 Statement of cashflows
- 08 **Notes to the financial statements**
- 11 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 NZ IAS 34 Interim Financial Reporting.

### 2 Changes in accounting policies

In December 2002, the New Zealand Accounting Standards Review Board announced that New Zealand standards which comply with International Financial Reporting Standards (IFRS) will apply to New Zealand entities for periods commencing 1 January 2007, with the option of early adoption from 1 January 2005, in line with Australian and European requirements.

These interim financial statements have been prepared in accordance with NZ IAS 34 Interim Financial Reporting and New Zealand Equivalent to International Financial Reporting Standard 1, First-time Adoption

of New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS 1). To comply with IFRS for the first time the company has restated the comparative financial statements using IFRS. There has been no change to the earnings statement, the statement of cashflows or the statement of movements in equity.

The adjustments to the balance sheet to comply with NZ IAS 32 and NZ IAS 39 “Financial Instruments” has required the reclassification of prepaid borrowing costs against the capital notes liability, rather than being shown as a separate asset, as previously treated under NZ GAAP. This has resulted in changes to the balance sheet at December 2005, \$2,101,719; June 2005, \$2,567,527; and December 2004, \$3,031,810.

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





## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 3 Reconciliation of net earnings to net cash from operating activities

	SIX MONTHS DEC 2005 \$000	YEAR JUNE 2005 \$000	SIX MONTHS DEC 2004 \$000
Cash was received from net earnings	3,430	4,790	2,816
Adjustment for items not involving cash:			
Taxation	1,528	(13,260)	1,043
Prepayments	464	926	462
Trade creditors and accruals	(544)	120	(959)
Cash was received on financial instruments		1,020	3,317
<b>Net cash from operating activities</b>	<b>4,878</b>	<b>(6,404)</b>	<b>6,679</b>

02 Half year review

04 Earnings statement

05 Balance sheet

06 Statement of movements  
in equity

07 Statement of cashflows

08 Notes to the financial  
statements

11 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	AUSTRALIA	TOTAL
	\$000 DEC 2005	\$000 DEC 2005	\$000 DEC 2005
Operating revenue	8,338	44,818	53,156
Earnings before taxation	1,582	3,376	4,958
<b>Total assets</b>	<b>180,130</b>	<b>1,283,992</b>	<b>1,464,122</b>
	JUNE 2005	JUNE 2005	JUNE 2005
Operating revenue	17,480	58,347	75,827
Earnings before taxation	4,054	3,145	7,199
<b>Total assets</b>	<b>179,128</b>	<b>1,266,970</b>	<b>1,446,098</b>
	DEC 2004	DEC 2004	DEC 2004
Operating revenue	8,914	22,015	30,929
Earnings before taxation	2,165	2,060	4,225
<b>Total assets</b>	<b>188,442</b>	<b>676,142</b>	<b>864,584</b>

### 5 Contingencies and commitments

There were no contingent liabilities or capital commitments as at 31 December 2005 (June 2005 nil; December 2004 nil).

02 Half year review

04 Earnings statement

05 Balance sheet

06 Statement of movements  
in equity

07 Statement of cashflows

08 Notes to the financial  
statements

11 Noteholder information

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

- 02 Half year review
- 04 Earnings statement
- 05 Balance sheet
- 06 Statement of movements in equity
- 07 Statement of cashflows
- 08 Notes to the financial statements
- 11 **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](mailto:moreinfo@fb.co.nz)  
Website: [www.fletcherbuilding.com](http://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.

### 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 capital notes with an aggregate principal amount of less than \$5,000. Subject to this minimum holding, transfers must be in multiples of \$1,000.

