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# Fletcher Building Finance Limited

*Half Year Review for the six month period ended 31 December 2009*

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# From the Chairman

Directors are pleased to present the unaudited results for the six months ended 31 December 2009. Net profit after tax was \$3.1 million and the net assets of the company were \$82.6 million.

Fletcher Building Finance Limited is a wholly owned subsidiary of Fletcher Building Limited and was established to support Fletcher Building's financing requirements.

A key part of this financing has been through the issue of capital notes in December 2002 and November 2008. 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 need 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.

The company, under provisions available in the New Zealand Companies Act and the NZX Listing Rules, does not automatically send noteholders printed copies of its Annual Report and Half Year Review. Instead, in September each year, all noteholders receive a copy of the Fletcher Building Annual Review – a report that provides a succinct summary of the operational and financial activities for the year. Noteholders are given the opportunity each year to ask for printed copies of either or both of the Annual Report and the Half Year Review.

Further information on Fletcher Building and its operations is available on the Fletcher Building website, at **[fletcherbuilding.com](http://fletcherbuilding.com)**.

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 reported net earnings of \$154 million for the six months ended 31 December 2009, 10 percent down on the previous corresponding period.

Fletcher Building remains in a sound financial position with a financial gearing of 27.3 percent and cashflow from operations of \$317 million in the six months period ending 31 December 2009.

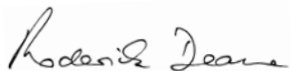


**Roderick Deane**  
Chairman



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In February 2010, the company announced new terms for its March 2010 capital notes. The interest rate applicable for the notes is 7.75 percent per annum and the new election date is 15 May 2016. The company advised that it would exercise its right to purchase for cash any capital notes held by noteholders who, instead of accepting the new terms, elected to convert their March 2010 capital notes into Fletcher Building Limited shares. Around \$40.4 million of notes were purchased for cash and were funded by the repayment of loans made by the company to Fletcher Building Limited.



Roderick Deane  
Chairman of Directors

# Financial statements

## Earnings statement

For the six months ended 31 December 2009 (unaudited)

	Six months Dec 2009 \$000	Year ended June 2009 \$000	Six months Dec 2008 \$000
Investment income	17,759	24,484	9,449
Operating earnings	17,759	24,484	9,449
Funding costs	(13,276)	(20,387)	(7,596)
Earnings before taxation	4,483	4,097	1,853
Taxation expense	(1,345)	(1,229)	(556)
<b>Net earnings</b>	<b>3,138</b>	<b>2,868</b>	<b>1,297</b>

## Statement of comprehensive income

For the six months ended 31 December 2009 (unaudited)

	Six months Dec 2009 \$000	Year ended June 2009 \$000	Six months Dec 2008 \$000
Net earnings for the period	3,138	2,868	1,297
Movement in currency translation reserve		2	(2)
<b>Total comprehensive income for the period</b>	<b>3,138</b>	<b>2,870</b>	<b>1,295</b>



## Statement of movements in equity

For the six months ended 31 December 2009 (unaudited)

	Six months Dec 2009 \$000	Year ended June 2009 \$000	Six months Dec 2008 \$000
Total equity at the beginning of the period	79,490	76,620	76,620
Total comprehensive income for the period	3,138	2,870	1,295
<b>Total equity at the end of the period</b>	<b>82,628</b>	<b>79,490</b>	<b>77,915</b>

## Statement of cashflows

For the six months ended 31 December 2009 (unaudited)

	Six months Dec 2009 \$000	Year ended June 2009 \$000	Six months Dec 2008 \$000
Investment income received	17,759	24,484	9,449
Payments to suppliers, employees and others	710	(1,938)	
Interest paid	(13,428)	(18,632)	(6,991)
Taxes paid		17	
<b>Net cash from operating activities</b>	<b>5,041</b>	<b>3,931</b>	<b>2,458</b>
Advance from/(to) related companies	1,823	(143,032)	(97,703)
Issue/(purchase) of capital notes	(6,864)	139,100	95,438
<b>Net cash from financing activities</b>	<b>(5,041)</b>	<b>(3,932)</b>	<b>(2,265)</b>
Net movement in cash held		(1)	193
Add opening cash and liquid deposits		1	1
<b>Closing cash and liquid deposits</b>			<b>194</b>

## Financial statements

### Balance sheet

As at 31 December 2009 (unaudited)

	Dec 2009 \$'000	June 2009 \$'000	Dec 2008 \$'000
<b>Assets</b>			
Current assets:			
Cash and bank			194
Provision for current taxation			41,218
Total current assets			41,412
Non current assets:			
Amounts owing by related companies	360,802	362,625	275,536
Total non current assets	360,802	362,625	275,536
<b>Total assets</b>	<b>360,802</b>	<b>362,625</b>	<b>316,948</b>

### Balance sheet – continued

As at 31 December 2009 (unaudited)

	Dec 2009 \$'000	June 2009 \$'000	Dec 2008 \$'000
<b>Liabilities</b>			
Current liabilities:			
Accrued interest	5,325	5,478	4,409
Provision for current taxation	2,574	1,229	
Trade creditors			2,077
Capital notes	70,136	75,000	
Total current liabilities	78,035	81,707	6,486
Non current liabilities:			
Capital notes	200,139	201,428	232,547
Total non current liabilities	200,139	201,428	232,547
<b>Total liabilities</b>	<b>278,174</b>	<b>283,135</b>	<b>239,033</b>
<b>Equity</b>			
Reported capital	205,000	205,000	205,000
Reserves	(122,372)	(125,510)	(127,085)
<b>Total equity</b>	<b>82,628</b>	<b>79,490</b>	<b>77,915</b>
<b>Total liabilities and equity</b>	<b>360,802</b>	<b>362,625</b>	<b>316,948</b>



# 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 was also registered in Australia as an overseas company under the Australian Corporations Act 2001, but was deregistered on 15 December 2009.

The interim financial statements have been prepared in accordance with NZ IAS 34 Interim Financial Reporting.

## 2. Changes in accounting policies

The International Accounting Standards Board has issued a number of standards, amendments and interpretations which are not yet effective. The company has not yet applied these in preparing these interim financial statements although the application of these standards, amendments and interpretations would require further disclosures, but they are not expected to have a material impact on the company's results.

There have been no other changes in accounting policy in the six months ended 31 December 2009, however certain comparatives have been restated to conform with the current period's presentation.

## 3. Tax expense

	Six months Dec 2009 \$000	Year ended June 2009 \$000	Six months Dec 2008 \$000
Earnings before taxation	4,483	4,097	1,853
Taxation at 30 cents per dollar	1,345	1,229	(556)
	<b>1,345</b>	<b>1,229</b>	<b>(556)</b>

## 4. Reconciliation of net earnings to net cash from operating activities

	Six months Dec 2009 \$000	Year ended June 2009 \$000	Six months Dec 2008 \$000
Cash was received from net earnings	3,138	2,868	1,297
Adjustment for items not involving cash:			
Taxation	1,345	1,246	556
Prepayments	710	(1,938)	249
Trade creditors and accruals	(152)	1,755	356
<b>Net cash from operating activities</b>	<b>5,041</b>	<b>3,931</b>	<b>2,458</b>

## Notes to the financial statements

### 5. Segmental information

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

Geographical segments	New Zealand \$000	Australia \$000	Total \$000
	Dec 2009	Dec 2009	Dec 2009
Investment income	17,759		17,759
Earnings before taxation	4,483		4,483
Total liabilities	278,174		278,174
Total assets	360,802		360,802
	June 2009	June 2009	June 2009
Investment income	24,484		24,484
Earnings before taxation	4,097		4,097
Total liabilities	283,135		283,135
Total assets	362,625		362,625

### Segmental information – continued

Geographical segments	New Zealand \$000	Australia \$000	Total \$000
	Dec 2008	Dec 2008	Dec 2008
Investment income	9,449		9,449
Earnings before taxation	1,851	2	1,853
Total liabilities	239,033		239,033
Total assets	316,918	30	316,948

### 6. Contingencies and commitments

There were no contingent liabilities or capital commitments as at 31 December 2009 (June 2009 nil; December 2008 nil).





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# Noteholder information

## Enquiries

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

### **Computershare Investor Services Limited**

Private Bag 92119  
Victoria Street West  
Auckland 1142  
Level 2, 159 Hurstmere Road  
Takapuna  
North Shore City 0622  
New Zealand  
T. +64 9 488 8777  
F. +64 9 488 8787  
E. [enquiry@computershare.co.nz](mailto:enquiry@computershare.co.nz)

## Other investor enquiries

### **Fletcher Building Finance Limited**

Private Bag 92114  
Victoria Street West  
Auckland 1142  
New Zealand  
T. +64 9 525 9000  
F. +64 9 525 9032  
E. [moreinfo@fb.co.nz](mailto:moreinfo@fb.co.nz)  
W. [fletcherbuilding.com](http://fletcherbuilding.com)

## Interest payment dates

Interest on capital notes is paid semi-annually, on 15 March and 15 September (for notes with an interest reset date in 2013) and on 15 May and 15 November (for notes with interest reset dates in 2014 and 2016). 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 NZX under codes FBF040, FBF050, FBF060 and FBF070 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.

*Notes*

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