



This report is dated
31 December 2016
and is signed on
behalf of the board
of Fletcher Building
Industries Limited by:

Letter from the Chairman	1
Financial statements	2
Notes to the financial statements	5
Noteholder information	8
Directory	9



Sir Ralph Norris
Chairman of Directors



Mark Adamson
Managing Director

Chairman's review.

HALF YEAR REVIEW

The directors are pleased to present the unaudited results for the six months ended 31 December 2016. The company made a net profit after tax of \$28.3 million (compared with \$27.9 million for the previous corresponding period). The net assets of the company were \$405.2 million (December 2015: \$337.2 million).

As the company owns 20 per cent of the shares in Fletcher Building Holdings New Zealand Limited, which in turn owns the shares in Fletcher Building's New Zealand operating subsidiaries, its investment in that company is equity accounted. The equity earnings were \$39.2 million (December 2015: \$39.7 million).

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

FLETCHER BUILDING GROUP PERFORMANCE

Fletcher Building guarantees all of the capital notes issued by Fletcher Building Industries on an unsecured subordinated basis.

The financial performance of the company should be considered in conjunction with the financial statements of the Fletcher Building group. It is relevant to note that Fletcher Building has reported net earnings of \$176 million for the six months ended 31 December 2016, compared to \$172 million in the previous corresponding period.



The financial performance of the company should be considered in conjunction with the financial statements of the Fletcher Building group. The debt to debt plus equity ratio of the Fletcher Building group is sound at 35.4 per cent.

A handwritten signature in black ink, which appears to read 'Ralph Norris'. The signature is stylized with a long horizontal stroke extending to the right.

Sir Ralph Norris
Chairman of Directors

Income statement, statement of comprehensive income and statement of movements in equity

Income statement (Unaudited)

For the six months ended 31 December 2016

	Notes	Six months Dec 2016 NZ\$000	Six months Dec 2015 NZ\$000	Year ended June 2016 NZ\$000
Share of profits of associate	6	39,213	39,713	89,598
Earnings before interest and taxation		39,213	39,713	89,598
Funding costs		(15,131)	(16,360)	(30,171)
Earnings before taxation		24,082	23,353	59,427
Taxation benefit	3	4,237	4,581	8,448
Net earnings		28,319	27,934	67,875

Statement of comprehensive income

For the six months ended 31 December 2016

	Notes	Six months Dec 2016 NZ\$000	Six months Dec 2015 NZ\$000	Year ended June 2016 NZ\$000
Net earnings		28,319	27,934	67,875
Share of associate's other comprehensive income		(114)	(536)	(703)
Total comprehensive income		28,205	27,398	67,172

Statement of movements in equity

For the six months ended 31 December 2016

	Notes	Six months Dec 2016 NZ\$000	Six months Dec 2015 NZ\$000	Year ended June 2016 NZ\$000
Total equity at the beginning of the year		376,987	309,815	309,815
Total comprehensive income		28,205	27,398	67,172
Total equity		405,192	337,213	376,987

The accompanying notes form part of and are to be read in conjunction with these financial statements.

Balance sheet

Balance sheet (Unaudited)

As at 31 December 2016

	Notes	As at Dec 2016 NZ\$000	As at Dec 2015 NZ\$000	As at June 2016 NZ\$000
Assets				
Current assets:				
Debtors and prepayments			21	14
Amounts owed by related companies		37,946	50,645	52,247
Current tax asset		12,685	14,211	8,448
Total current assets		50,631	64,877	60,709
Non-current assets:				
Investment in associate	6	863,433	812,616	824,334
Total non-current assets		863,433	812,616	824,334
Total assets		914,064	877,493	885,043
Liabilities				
Current liabilities:				
Amounts owed to related companies		14		
Accrued interest		8,858	8,960	8,056
Capital notes		100,000	94,463	100,000
Total current liabilities		108,872	103,423	108,056
Non-current liabilities:				
Capital notes		400,000	436,857	400,000
Total non-current liabilities		400,000	436,857	400,000
Total liabilities		508,872	540,280	508,056
Equity				
Reported capital		346,000	346,000	346,000
Reserves		59,192	(8,787)	30,987
Total equity		405,192	337,213	376,987
Total liabilities and equity		914,064	877,493	885,043

The accompanying notes form part of and are to be read in conjunction with these financial statements.

On behalf of the board 22 February 2017



Sir Ralph Norris
Chairman of Directors



Mark Adamson
Managing Director

Statement of cash flows and reconciliation of net earnings to net cash from operating activities

Statement of cash flows (Unaudited)

For the six months ended 31 December 2016

	Six months Dec 2016 NZ\$000	Six months Dec 2015 NZ\$000	Year ended June 2016 NZ\$000
Cash flow from operating activities:			
Prepayments	14	30	37
Dividend received			53,000
Interest paid	(14,329)	(16,486)	(31,201)
Net cash from operating activities	(14,315)	(16,456)	21,836
Cash flow from investing activities:			
Purchase of investments			(15,000)
Net cash from investing activities			(15,000)
Cash flow from financing activities:			
Maturity of capital notes			(31,320)
Advances from related companies	14,315	16,456	24,484
Net cash from financing activities	14,315	16,456	(6,836)
Net movement in cash held			
Add opening cash and liquid deposits			
Closing cash and liquid deposits			

Reconciliation of net earnings to net cash from operating activities

For the six months ended 31 December 2016

	Six months Dec 2016 NZ\$000	Six months Dec 2015 NZ\$000	Year ended June 2016 NZ\$000
Cash was received from net earnings	28,319	27,934	67,875
Adjustment for items not involving cash and other items:			
Share of profits from associate	(39,213)	(39,713)	(89,598)
Dividend received from associate			53,000
Taxation	(4,237)	(4,581)	(8,448)
Prepayments	14	30	37
Accruals	802	(126)	(1,030)
Net cash from operating activities	(14,315)	(16,456)	21,836

Notes to the financial statements

1. Basis of presentation

The condensed interim financial statements presented are those of Fletcher Building Industries Limited, and its associate (together, the "Group"). The Company is domiciled in New Zealand and is a Financial Markets Conduct Act 2013 reporting entity in terms of the Financial Reporting Act 2013. The group is a profit oriented entity. The interim financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand, which is the New Zealand equivalent to International Financial Reporting Standards (NZ IFRS). They comply with NZ IAS 34 Interim Financial Reporting and should be read in conjunction with the 30 June 2016 annual report available on the group website at: www.fbu.com

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 applied these in preparing these financial statements and while the application of these standards, amendments and interpretations would require further disclosures, they are not expected to have a material impact on the group's results.

There have been no changes in accounting policies in the six months ended 31 December 2016.

Notes to the financial statements

Fletcher Building Industries Group			
	Six months Dec 2016 NZ\$'000	Six months Dec 2015 NZ\$'000	Year ended June 2016 NZ\$'000
3. Taxation benefit			
Earnings before taxation	24,082	23,353	59,427
Taxation at 28 cents per dollar	(6,743)	(6,539)	(16,640)
Adjusted for:			
Non assessable income	10,980	11,120	25,088
	4,237	4,581	8,448

4. Contingencies and commitments

There were no contingent liabilities or capital commitments as at 31 December 2016 (December 2015: nil; June 2016: Nil).

5. Fair value measurement

No financial instruments are measured and recognised at fair value.

Notes to the financial statements

	Six months Dec 2016 NZ\$000	Six months Dec 2015 NZ\$000	Year ended June 2016 NZ\$000
6. Investment in associate			
Carrying amount of associate – Fletcher Building Holdings New Zealand Group			
Carrying amount at the beginning of the year	824,334	773,439	773,439
Share of profits of associate	39,213	39,713	89,598
Share of associate's other comprehensive income/(loss)	(114)	(536)	(703)
Investment in Fletcher Building Holdings New Zealand Limited			15,000
Dividend received from associate			(53,000)
Investment in associate	863,433	812,616	824,334
Associate information – Fletcher Building Holdings New Zealand Group			
Balance sheet information for associate – 100%			
External assets	3,303,542	2,615,817	2,716,878
External liabilities	(1,017,124)	(992,316)	(998,466)
Debt	(110,044)	988,809	(27,578)
Intercompany	674,455	(15,807)	966,396
Non-controlling interest	(16,148)	(15,910)	(18,047)
Equity	2,834,681	2,580,593	2,639,183
Equity – Fletcher Building Industries Limited share – 20%	566,936	516,119	527,837
Goodwill acquired at cost	296,497	296,497	296,497
Investment in associate	863,433	812,616	824,334
Equity accounted earnings for Fletcher Building Holdings New Zealand Group comprise:			
Summarised income statement for associate – 100%			
Sales	3,244,631	2,775,809	5,765,321
Earnings before interest and tax	249,706	239,509	537,846
Interest income	23,407	39,567	83,966
Foreign exchange gain (loss)	1,582	(2,761)	(2,445)
Earnings before tax	274,695	276,315	619,367
Taxation expense	(78,629)	(77,752)	(171,379)
Net earnings	196,066	198,563	447,988
Net earnings – Fletcher Building Industries Limited share – 20%	39,213	39,713	89,598

Noteholder Information

Enquiries

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

Computershare Investor Services Limited

Private Bag 92119
Auckland 1142

Level 2, 159 Hurstmere Road
Takapuna, Auckland 0622
New Zealand

T. +64 9 488 8777

F. +64 9 488 8787

E. enquiry@computershare.co.nz

Other investor enquiries

Fletcher Building Industries Limited

Private Bag 92114
Auckland 1142
New Zealand

T. +64 9 525 9000

F. +64 9 525 9032

E. moreinfo@fbu.com

W. fbu.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 Industries capital notes are quoted on the NZX 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 \$2,000. Subject to this minimum holding, transfers must be in multiples of \$500.

Fletcher Building website

Details on Fletcher Building and its operations for the year ended 30 June 2016 can be viewed at the Fletcher Building website, at fbu.com. This website contains all news releases to the NZX and ASX and financial presentations made by Fletcher Building.

Regulatory Disclosures

There were no entries in the interests register during the period.

Fletcher Building Industries has no quoted voting products under the Financial Markets Conduct Act 2013.

Notice pursuant to clause 30 of Schedule 4 of the Financial Markets Conduct Act 2013

Pursuant to clause 30 of Schedule 4 of the Financial Markets Conduct Act 2013 (the FMCA), Fletcher Building Industries Limited notifies its security holders that it has transitioned to the FMCA with effect from 1 December 2016. Accordingly, from 1 December 2016, the requirements of the FMCA will apply to Fletcher Building Industries Limited.

NZX waivers

Fletcher Building Industries has been granted a waiver from NZX Listing Rule 10.4 on the condition that:

- a) the company send to noteholders copies of Fletcher Building's annual and half-yearly report or a notice containing the statements referred to in section 209(3) of the Companies Act 1993; and
- b) Fletcher Building Industries' annual report includes, where relevant, the information required by section 211 of the Companies Act 1993 and NZX Listing Rules 10.4.5(a) and 10.4.5(e) – (g); and
- c) the disclosures required by NZX Listing Rule 10.5.3(d) and (h) are combined in the Fletcher Building Annual Report.

Remuneration and expenses

The directors of Fletcher Building Industries are the directors of Fletcher Building, with no further remuneration payable. The chairman, chief executive officer, chief financial officer and company secretary of Fletcher Building hold equivalent roles in Fletcher Building Industries, with no further remuneration.

No donations were made by the company during the accounting period.

Directory

Directors

Sir Ralph Norris
Chairman

Mark Adamson
Antony Carter
Alan Jackson

John Judge
Chairman of the Audit and Risk Committee

Kathryn Spargo
Member of the Audit and Risk Committee

Cecilia Tarrant
Member of the Audit and Risk Committee

Steve Vamos
Member of the Audit and Risk Committee

Management

Mark Adamson
Chief Executive Officer

Bevan McKenzie
Chief Financial Officer

Charles Bolt
Company Secretary and General Counsel

Registered office

Fletcher Building Industries Limited
Private Bag 92 114
Auckland 1142
New Zealand

Fletcher House
810 Great South Road
Penrose, Auckland 1061
New Zealand
T. +64 9 525 9000

Trustee

The capital notes are constituted under a Trust Deed dated 12 November 2002 as consolidated and restated dated 12 November 2015. 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:

Covenant Trustee Services Ltd
PO Box 4243
Shortland Street
Auckland 1140
New Zealand

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191 Queen Street
Auckland 1140
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