Fletcher Building

Half Year Review.
For the six months ended 31 December 2012

Contents.

Cover image
Jacob's Ladder Footbridge,
Auckland, New Zealand.
Photography by Sean McCabe.

Highlights.

$4,380m

REVENUE FOR THE 6 MONTHS
to 31 December 2012.

$262m

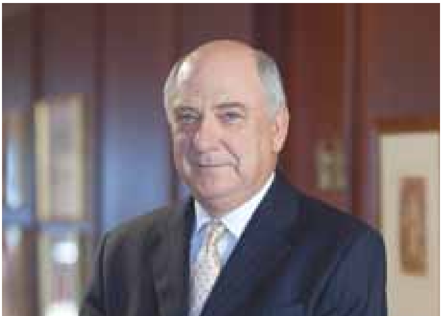
OPERATING EARNINGS
(earnings before interest and tax) compared with $256 million in the previous corresponding period.

17c per share

INTERIM DIVIDEND for the 2013 financial year.

Half Year Review.

Directors are pleased to present the unaudited financial results for the six months ended 31 December 2012.



Ralph Waters
Chairman of Directors

Mark Adamson
Managing Director

Net earnings for the six months ended 31 December 2012 were $146 million compared with $144 million in the prior corresponding period.

Operating earnings (earnings before interest and tax) were $262 million, 2 percent higher than the $256 million achieved in the first half of the 2012 financial year. Cashflow from operations was up strongly at $204 million compared with $129 million in the prior period.

The interim dividend will be 17.0 cents per share. In line with the company's approach to allocating tax credits, the dividend will be fully franked for Australian tax purposes but will not be imputed for New Zealand tax purposes.

Total revenue for the group decreased 3 percent to $4,380 million, in part due to the sale of several businesses during the period.

Earnings per share were 21.3 cents, up slightly from 21.2 cents in the prior corresponding period.

The result was driven by improved trading conditions in New Zealand, offset by weak construction markets in Australia.

The pace of new residential construction in New Zealand improved substantially during the period, particularly in Auckland and

Christchurch. In addition, there was strong momentum with rebuilding and new construction activity in Canterbury. Consequently, earnings from the New Zealand operations were up by 31 percent compared with the same period in the prior year.

In Australia weak conditions continued in the residential and commercial construction sectors. Volume declines were experienced in most of the Australian businesses which negatively impacted earnings. Earnings from Australian operations declined by 12 percent on the prior corresponding period.

In other regions, results were mixed with revenues ahead in South East Asia, flat in North America, and down in China and Europe.

During the period, further restructuring was undertaken in a number of businesses including Laminex and Stramit in Australia. The consolidation of Formica's operations in Spain was completed with the closure of the Bilbao plant, with additional costs incurred of $3 million beyond those provided for previously.

Good progress was made in establishing the business transformation programme which was outlined at the annual shareholders' meeting in November. The goal of the programme is to further improve the group's competitiveness. The programme includes initiatives around shared services, procurement, distribution, logistics, operational excellence and digital strategy. While some gains will accrue in the next financial year, this is a multi-year transformation programme and the full benefits are expected to be realised in the medium to long term.

"Good progress was made in establishing the business transformation programme"

Mark Adamson

Strategy and outlook.

Fletcher Building's strategy is to build and maintain attractive industry positions in both the light and heavy building and construction product sectors, as well as in distribution, primarily in New Zealand and Australia.

The company focuses on businesses that operate in fundamentally attractive industries, with leadership positions in the markets they target. This strategy seeks to deliver earnings reliability for the group through geographic and end-market diversification.

Fletcher Building seeks to create value through a business model that ensures that operating decisions are made as close to the customer as possible while also leveraging the overall size and scope of the portfolio to deliver greater efficiency and enhanced operating capabilities.

Fletcher Building continues to see good opportunities across its markets for further organic growth through its existing businesses. Opportunities continue to be sought to invest in new businesses, or bolt on acquisitions, in markets with attractive growth prospects, where Fletcher Building has the expertise and capabilities to achieve competitive advantage.

Business transformation programme

During the period a business transformation programme was initiated. This programme involves a systemic review of Fletcher Building's existing business model and encompasses a fundamental redesign of how products and services are delivered. The programme includes work streams around shared services, procurement, distribution, logistics, operational excellence, and digital strategy. The transformation programme will span a number of years and the scale of the benefits will continue to evolve. In financial terms the full benefits are expected to be realised in the medium to long term.

A number of work streams have commenced within the business transformation programme, while the scoping of other areas of focus has now commenced.

The shared services project aims to reduce the cost of core support functions through centralising transactional tasks and increasing productivity by leveraging the group's scale. The project is targeting finance, human resources and information and communication technologies (ICT).

The procurement project is focussed on achieving greater procurement co-ordination and cost savings from the $800 million per annum of indirect third party expenditure across the group. A specialist procurement function will lead a new approach from the corporate centre.

The group's total property costs across New Zealand and Australia are in excess of $250 million per annum. A review of the property portfolio is being undertaken, and following this an assessment will be made of the distribution footprint and how this can be optimised to reduce site duplication and improve site utilisation.

Outlook

In New Zealand, the improvement in residential consents in the first half should be reflected in stronger performance in the second half by all group businesses exposed to this sector. Infrastructure projects will continue to underpin the non-residential construction market. In addition, reconstruction activity in Canterbury is expected to be maintained at the high levels evident in the first half.

In Australia, the downturn in residential consents and continued weak approval levels in commercial construction are likely to mean that volumes remain weak. No improvement in the underlying trading conditions is foreseen in the second half, however, cost reduction initiatives should help to partially mitigate the effect of lower volumes on earnings.

Christchurch Arts Centre
Christchurch

Despite a recent softening in volumes, North America is expected to improve in the second half. Operating performance in the Asian businesses will be dependent upon an expected improvement of activity levels in China. Conditions in Europe remain challenging and the near term outlook remains poor, although cost reduction initiatives such as the recent closure of Bilbao should help to underpin earnings despite depressed conditions in that market.

For the full year operating earnings are expected to be within the range of $560 million to $610 million.

Ralph Waters
Chairman of Directors

Mark Adamson
Managing Director

Divisional Overview.

Building Products.

Construction.

Crane.

Distribution.

Infrastructure Products.

Laminates & Panels.

Building Products.

The Building Products division reported operating earnings of $56 million, down 13 percent on the $64 million earned in the prior corresponding period.

Excluding the $4 million gain on the sale of the access flooring business in the prior period, the result was 7 percent lower. The plasterboard business recorded a strong increase in operating earnings due to higher volumes, while margins and market share were stable.

The insulation business' operating earnings were down 54 percent when the prior year gain on the sale of the access flooring business is excluded. Australian glasswool volumes were weaker and margins softened due to the increased competition in the market. Further restructuring was undertaken during the period to better align the organisation with current volumes. New Zealand glasswool volumes were flat as a result of increased competition.

Operating earnings for the roll-forming, metal roof tiles and coated steel businesses were down 16 percent to $24 million. This was primarily due to the weakness in the Australian building market, with volumes in that market down by 8 percent. Cost reduction measures in the roll-forming business included two site closures and further headcount reduction. Earnings in the New Zealand coated steel business were flat on the prior period, with stronger domestic demand offset by reduced export volumes. Roof tile volumes were up 8 percent on the prior corresponding period with strong increases in Europe and Africa whilst US volumes declined.

Fletcher Aluminium
Christchurch

Construction. Operating earnings for the half year were $37 million, 48 percent higher than for the prior comparable period.

The improvement in operating earnings was due to a significant uplift in residential house sales and an increase in earthquake recovery work in Canterbury. While the overall market remained subdued there were positive forward indicators arising from infrastructure construction in Christchurch, an improvement in the Auckland prime commercial property market, and other Government projects. The South Pacific results were down on the prior period, although the workload in Papua New Guinea remains strong.

Stonefields development
Auckland

The construction backlog was $1,192 million at the end of December. This compares with a backlog of $1,204 million at the same time last year. The major contract won in the period was the Wiri Prison public private partnership as part of the SecureFuture Consortium for just under $300 million.

Earnings from residential house sales were significantly ahead of the prior comparable period. The increase in house units sold has been due to improved sales predominantly in the Stonefields development in Auckland, which continues to attract strong interest.

Activity levels as project manager for the Earthquake Commission in Christchurch continue to increase, with 20 hubs established to carry out home repairs. There are now over 1,100 accredited contracting companies involved and in excess of 30,000 home repairs and 47,000 emergency repairs have been completed. The Canterbury Home Repair Programme is due to have completed the last of the 100,000 repairs by the end of 2015.

Iplex – Amethyst Hydro scheme
South Island, New Zealand

Crane. Operating earnings in the first six months were $39 million, down 26 percent from $53 million in the prior corresponding period.

Earnings in the Australian distribution businesses were the major source of this earnings decline. During the period key changes included divestment of the Mitchell Water joint venture in September 2012 and the divestment of Corys Electrical with effect from December 2012.

Operating earnings in the Pipelines business of $31 million were 7 percent higher than for the prior corresponding period. In Australia, declines in revenue from the residential and mining sectors were offset by increased revenue from the gas sector. In New Zealand, revenue improved due to activity in the civil and irrigation sectors. Cost reductions in both Australia and New Zealand assisted in keeping operating earnings ahead of the prior period.

Operating earnings for the distribution businesses of $9 million were down 59 percent on the prior corresponding period due to the weak Australian residential market which adversely impacted sales volumes. Australian revenue declined by 9 percent over the prior corresponding period and earnings fell by 61 percent. Key changes to the structure of Tradelink, which allow for greater focus on key distribution competencies of supply chain, category management and branch operations have been completed. Significant progress has been made in the implementation of productivity improvements with benefits expected in the 2014 financial year. New Zealand operating earnings were in line with those of the prior corresponding period.

PlaceMakers
Auckland

Distribution. PlaceMakers' revenues were 10 percent higher than the prior period, and operating earnings increased by 13 percent to $17 million.

Trading conditions began to improve in the second quarter as activity lifted in Auckland and Christchurch, while activity in regional centres remains subdued.

Intense competition in all categories continued to place pressure on margins. In response, supply chain and procurement efficiency programmes resulted in a 7 percent reduction in the cost to sales ratio compared with the prior period. Additionally, a focus on inventory management and optimising channels to market resulted in a significant reduction in the number of day's stock on hand.

A continued focus on trade customers assisted growth in market share in key categories. Capacity planning for the Christchurch rebuilding programme resulted in investment in automated manufacturing equipment and a new branch being built in Christchurch which will open later this year.

Infrastructure Products.

Operating earnings for the first six months were $72 million compared with $63 million in the prior corresponding period.

Winstone Aggregates
Hunua

Operating earnings of Cement, Concrete & Aggregates increased by 3 percent to $31 million. Cement volumes were up 2 percent and operational improvements were achieved which partially offset slight price reductions and increased distribution costs. Ready-mix concrete products volumes were up 18 percent, and prices were largely consistent with the prior period. New Zealand quarry volumes were up 10 percent, however, the margin was impacted by the mix of product. Australian quarry volumes decreased in a softer market, but benefitted from higher margin products. Following the integration of the Australian and New Zealand aggregates businesses, there has been a continued focus on rationalising costs and driving efficiencies.

Concrete Pipes & Products recorded a 7 percent decline in operating earnings to $28 million. In Australia, volumes were down but benefits accrued from a focus on cost and product pricing. New Zealand concrete pipe volumes were in line with the prior period. The integration of the Australian and New Zealand Concrete Pipe & Products businesses has resulted in increased operational efficiencies.

Steel earnings increased to $13 million from $3 million in the prior corresponding period. Long steel volumes were 5 percent higher, reflecting increased domestic New Zealand demand and operational improvements. Steel distribution experienced increased earnings over the prior period, with a focus on product mix and product pricing.

Formica Fitout
Ugg Store Netherlands

Laminates & Panels. Operating earnings were $51 million, up 21 percent from $42 million in the prior corresponding period.

Formica's operating earnings were $23 million, down 12 percent on the prior corresponding period. The result included an additional $3 million charge related to the closure of the high pressure laminate factory in Bilbao Spain last year. Reported revenue was down 1 percent from the same period last year, but without the revenue from Homapal, which was fully acquired in April 2012, revenue would have been down 5 percent on the prior corresponding period.

Volumes were down by 4 percent overall, but markets were mixed geographically with volumes in Asia down by 3 percent, North America up by 1 percent and Europe down by 11 percent on the prior corresponding period.

In Asia, operating earnings in domestic currencies were up 13 percent but reported revenue was down by 2 percent. Activity levels in China and Taiwan were subdued but South East Asia saw strong activity levels compared with a year ago when flooding in Thailand had an adverse impact on the business. Revenue in Thailand was up by 12 percent on last year. Across the region, price and margins remained firm notwithstanding higher energy and operating costs, especially in China.

In North America, activity levels remained subdued and reported revenue in domestic currencies was up by 1 percent on the prior corresponding period. Operating earnings in domestic currencies were up 18 percent driven by improved margins and further operational and efficiency gains.

European reported revenue was down by 17 percent, with the UK down 7 percent, and Benelux, Spain and France down between 16 and 20 percent, while Russia had continued strong revenue growth. Operating earnings were down on the prior corresponding period due to the weak demand, however, prices and margins generally remained firm and continued savings in operational costs helped to mitigate reduced revenues.

Laminex's operating earnings were $28 million for the six months to December, a decrease of 24 percent on earnings excluding significant items in the prior corresponding period, an increase of 75 percent on a reported earnings basis.

"South East Asia saw strong activity levels compared with a year ago"

Revenue was 9 percent below the prior period. Australian revenue in domestic currency was 10 percent lower, driven by the continued slowdown in new residential activity, and continued weakening in the renovation and commercial sectors. New Zealand revenue was also down by 10 percent, with 9 percent due primarily to the exit of some unprofitable product lines at the end of last year and the sale of the counter-top business in November 2012. The underlying market activity levels in New Zealand improved slightly. Competitive pressures in Australia and New Zealand remained strong with margins flat over the period.

Cost reduction and product rationalisation measures were undertaken to help mitigate earnings pressure from volume reductions, delivering significant savings in headcount and other controllable costs. Cost pressure on business inputs continued, in particular energy costs, with cost initiatives introduced to mitigate.

Financial review.

Balance sheet

The group's gearing[1] at 31 December 2012 was 35.4 percent compared with 36.4 percent at 30 June 2012. The gearing figure remains below the target range of 40 to 50 percent, and the group will continue to position gearing below the bottom of this range given the uncertainty in global financial markets.

Funding

The group had total available funding of $2,741 million as at 31 December 2012, which is down from $2,928 million as at 30 June 2012 following the group's cancellation of $175 million of funding lines. Of this, $681 million was undrawn and there was an additional $163 million of cash on hand. The group has drawn debt facilities maturing within the next 12 months of $58 million, and a further $75 million of capital notes subject to interest rate and term reset. These maturities are more than covered by the undrawn facilities and cash on hand.

Debt maturity

The average maturity of the debt is 5 years and the currency split is 47 percent Australian dollar; 38 percent New Zealand dollar; 10 percent US dollar; 4 percent Euro; and 1 percent Pounds Sterling.

Interest rates

Approximately 70 percent of all borrowings have fixed interest rates with an average duration of 3 years and a rate of 7.6 percent. Inclusive of floating rate borrowings the average interest rate on the debt is approximately 6.7 percent. All interest rates are inclusive of margins but not fees.

Interest coverage[2] for the period was 3.5 times compared with 3.8 times for the prior corresponding period.

Cashflow

Cashflow from operations was $204 million compared with $129 million in the prior period. The improvement was due to tight working capital management.

Capital expenditure for the period was $94 million compared with $154 million in the prior corresponding period. Of this total, $52 million was for stay-in-business capital projects, $31 million was for new growth initiatives, and $11 million was for the acquisition of new businesses, including the acquisition of Formica India. During the period, cash of $69 million was realised from the divestment of several businesses including Austral Wright, Mico Metals and Corys Electrical.

[1] Interest bearing net debt (including capital notes) to interest bearing net debt (including capital notes) and equity.
[2] EBIT before significant items to total interest paid including capital notes interest.

Dividend

The 2013 interim dividend is 17 cents per share. In line with the dividend imputation and franking policy announced in February 2011, the interim dividend will be fully franked for Australian tax purposes, but will not be imputed for New Zealand tax purposes.

A dividend summary is attached illustrating the effect of the Australian franking tax credits on the dividend.

Dividend Reinvestment Plan

The Dividend Reinvestment Plan will be operative for this dividend payment. Shareholders can elect to participate in the plan by visiting the Computershare Investor Centre at **investorcentre.com/nz** and completing an electronic Participation Notice.

Alternatively, documentation for participation is available from the share registry or the company's website at **fletcherbuilding.com/investor**. Applications to participate must be received by the registry before the record date of 28 March 2013.

There will be no discount to the price applied to ordinary shares issued under the Dividend Reinvestment Plan. The price used to determine entitlements under the Plan is the average of the individual daily volume weighted average sale prices of price-setting trades of the company's shares sold on the NZX on each of the five business days from, and including, the NZX ex-dividend date of 26 March 2013. The new shares will rank equally with existing shares and will be issued on the dividend payment date of 16 April 2013.

The shares will be quoted on an ex-dividend basis from 22 March 2013 on the ASX and 26 March 2013 on the NZX.

Financial highlights (unaudited)

For the six months ended 31 December 2012

	Fletcher Building Group		
	Six months Dec 2012	**Year ended June 2012**	**Six months Dec 2011**
Return on average funds employed (% annualised)	**9.6**	7.2	9.3
Return on average equity (% annualised)	**8.1**	5.1	7.8
Earnings per share (cents)	**21.3**	27.2	21.2
Dividends per share (cents)	**17.0**	34.0	17.0
Gearing (%)	**35.4**	36.4	35.5
Interest cover (times)	**3.5**	3.7	3.8

Financial statements.

Earnings statement (unaudited)
For the six months ended 31 December 2012

	Fletcher Building Group		
	Six months Dec 2012 NZ$M	**Year ended June 2012 NZ$M**	**Six months Dec 2011 NZ$M**
Sales	**4,380**	8,839	4,494
Cost of goods sold	**(3,286)**	(6,613)	(3,371)
Gross margin	**1,094**	2,226	1,123
Selling and marketing expenses	**(535)**	(1,095)	(557)
Administration expenses	**(291)**	(603)	(307)
Share of profits of associates	**8**	26	15
Other investment income		1	
Other gains/(losses)	**(13)**	1	3
Amortisation of intangibles	**(1)**		
Significant items		(153)	(21)
Operating earnings (EBIT)	**262**	403	256
Funding costs	**(75)**	(152)	(73)
Earnings before taxation	**187**	251	183
Taxation expense	**(36)**	(58)	(35)
Earnings after taxation	**151**	193	148
Earnings attributable to minority interests	**(5)**	(8)	(4)
Net earnings attributable to the shareholders	**146**	185	144
Net earnings per share (cents)			
Basic	**21.3**	27.2	21.2
Diluted	**21.2**	27.2	20.9
Weighted average number of shares outstanding (millions of shares)			
Basic	**684**	681	680
Diluted	**693**	681	755
Dividends declared per share (cents)	**17.0**	34.0	17.0

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

Statements of comprehensive income and movements in equity (unaudited)
For the six months ended 31 December 2012

	Fletcher Building Group		
Statement of comprehensive income			
	Six months Dec 2012 NZ$M	**Year ended June 2012 NZ$M**	**Six months Dec 2011 NZ$M**
Net earnings – parent interest	**146**	185	144
Net earnings – minority interest	**5**	8	4
Net earnings	**151**	193	148
Movement in the cashflow hedge reserve	**(12)**	(39)	(15)
Movement in currency translation reserve	**(21)**	(39)	44
Income and expenses recognised directly in equity	**(33)**	(78)	29
Total comprehensive income for the period	**118**	115	177

Statement of movements in equity

	Six months Dec 2012 NZ$M	Year ended June 2012 NZ$M	Six months Dec 2011 NZ$M
Total equity			
At the beginning of the period	**3,603**	3,700	3,700
Total comprehensive income for the period	**118**	115	177
Movement in minority equity	**(8)**	(10)	(7)
Movement in reported capital	**14**	30	16
Dividends	**(116)**	(231)	(115)
Less movement in shares held under the treasury stock method	**(3)**	(1)	(3)
Total equity	**3,608**	3,603	3,768

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

Financial statements continued.

Balance sheet (unaudited)
As at 31 December 2012

	Fletcher Building Group		
	Dec 2012 NZ$M	June 2012 NZ$M	Dec 2011 NZ$M
Assets			
Current assets:			
Cash and deposits	**163**	168	182
Current tax asset	**43**	28	6
Debtors	**1,283**	1,460	1,339
Stocks	**1,409**	1,434	1,598
Total current assets	**2,898**	3,090	3,125
Non current assets:			
Fixed assets	**2,302**	2,348	2,218
Goodwill	**1,234**	1,243	1,473
Intangibles	**510**	519	415
Investments	**223**	224	279
Derivatives	**65**	73	73
Total non current assets	**4,334**	4,407	4,458
Total assets	**7,232**	7,497	7,583

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

On behalf of the Board, 20 February 2013

Ralph Waters
Chairman of Directors

Mark Adamson
Managing Director

	Fletcher Building Group		
	Dec 2012 NZ$M	**June 2012 NZ$M**	**Dec 2011 NZ$M**
Liabilities			
Current liabilities:			
Provisions	**78**	95	74
Creditors and accruals	**1,083**	1,249	1,170
Contracts	**119**	115	99
Borrowings	**133**	456	621
Total current liabilities	**1,413**	1,915	1,964
Non current liabilities:			
Provisions	**20**	21	23
Creditors and accruals	**90**	92	97
Retirement plan liability	**21**	29	34
Deferred taxation liability	**14**	13	5
Derivatives	**62**	53	57
Borrowings	**2,004**	1,771	1,635
Total non current liabilities	**2,211**	1,979	1,851
Total liabilities	**3,624**	3,894	3,815
Equity			
Reported capital	**2,593**	2,582	2,566
Revenue reserves	**1,015**	985	1,076
Other reserves	**(29)**	4	95
Shareholders' funds	**3,579**	3,571	3,737
Minority equity	**29**	32	31
Total equity	**3,608**	3,603	3,768
Total liabilities and equity	**7,232**	7,497	7,583

Financial statements continued.

Statement of cashflows (unaudited)
For the six months ended 31 December 2012

	Fletcher Building Group		
	Six months Dec 2012 NZ$M	**Year ended June 2012 NZ$M**	**Six months Dec 2011 NZ$M**
Cashflow from operating activities			
Receipts from customers	**4,513**	8,908	4,643
Dividends received	**3**	32	16
Interest received	**1**	2	2
Total received	**4,517**	8,942	4,661
Payments to suppliers, employees and other	**4,197**	8,228	4,409
Interest paid	**75**	143	72
Income tax paid	**41**	123	51
Total applied	**4,313**	8,494	4,532
Net cash from operating activities	**204**	448	129
Cashflow from investing activities			
Sale of fixed assets	**5**	16	7
Sale of investments	**4**		
Sale of subsidiaries	**60**	11	
Total received	**69**	27	7
Purchase of fixed assets	**82**	261	123
Purchase of investments	**1**	6	
Purchase of subsidiaries	**11**	86	31
Net debt in subsidiaries acquired		10	
Total applied	**94**	363	154
Net cash from investing activities	**(25)**	(336)	(147)

	Fletcher Building Group		
	Six months Dec 2012 NZ$M	**Year ended June 2012 NZ$M**	**Six months Dec 2011 NZ$M**
Cashflow from financing activities			
Net debt drawdowns /(settlements)	**(72)**	107	159
Issue of capital notes		67	29
Total received	**(72)**	174	188
Repurchase of capital notes		21	
Distribution to minority shareholders	**8**	13	8
Dividends	**102**	201	99
Total applied	**110**	235	107
Net cash from financing activities	**(182)**	(61)	81
Net movement in cash held	**(3)**	51	63
Add opening cash and deposits	**168**	115	115
Effect of exchange rate changes on net cash	**(2)**	2	4
Closing cash and deposits	**163**	168	182

Financial statements continued.

Reconciliation of net earnings to net cash from operating activities (unaudited)
For the six months ended 31 December 2012

	Fletcher Building Group		
	Six months Dec 2012 NZ$M	**Year ended June 2012 NZ$M**	**Six months Dec 2011 NZ$M**
Cash received from:			
Net earnings	**146**	185	144
Earnings attributable to minority interests	**5**	8	4
	151	193	148
Non cash and other adjustments:			
Depreciation, depletions, and amortisation	**112**	230	116
Significant items		122	12
Provisions and other adjustments	**(43)**	(21)	(24)
Taxation	**(5)**	(65)	(16)
Non cash and other adjustments	**64**	266	88
Cashflow from operations [(1)]	**215**	459	236
Less (gain)/loss on disposal of affiliates and fixed assets	**2**	(2)	(4)
Cashflow from operations before net working capital movements	**217**	457	232
Net working capital movements	**(13)**	(9)	(103)
Net cash from operating activities [(2)]	**204**	448	129

[(1)] Includes loss on disposal of affiliates and fixed assets.

[(2)] As per the statement of cashflows.

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

Breakdown of financial performance (unaudited)
For the six months ended 31 December 2012

	Fletcher Building Group		
	Six months Dec 2012 NZ$M	**Year ended June 2012 NZ$M**	**Six months Dec 2011 NZ$M**
Results for the period's performance			
Sales – gross	**4,589**	9,265	4,707
Sales – inter-segment	**(209)**	(426)	(213)
Sales – external	**4,380**	8,839	4,494
Operating earnings (EBIT)	**262**	403	256
Significant items included in operating earnings above		(153)	(21)
Cashflow from operations	**204**	448	129
Net earnings	**146**	185	144
External Sales			
Building Products	**701**	1,390	737
Construction	**613**	1,040	520
Crane	**1,050**	2,393	1,229
Distribution	**424**	779	387
Infrastructure Products	**711**	1,388	682
Laminates & Panels	**881**	1,849	939
Other			
Total	**4,380**	8,839	4,494

Financial statements continued.

	Fletcher Building Group		
	Six months Dec 2012 NZ$M	**Year ended June 2012 NZ$M**	**Six months Dec 2011 NZ$M**
Operating earnings			
Building Products	**56**	30	64
Construction	**37**	50	25
Crane	**39**	106	53
Distribution	**17**	27	15
Infrastructure Products	**72**	141	63
Laminates & Panels	**51**	65	42
Other	**(10)**	(16)	(6)
Total	**262**	403	256
Funds *			
Building Products	**783**	789	911
Construction	**88**	109	145
Crane	**1,235**	1,342	1,334
Distribution	**143**	141	137
Infrastructure Products	**1,291**	1,303	1,297
Laminates & Panels	**1,818**	1,799	1,830
Other (including debt and taxation)	**(1,750)**	(1,880)	(1,886)
Total	**3,608**	3,603	3,768

During the period, the Steel division was reorganised, with the long steel and distribution businesses incorporated into the existing Concrete division, subsequently renamed as Infrastructure Products, and the coated steel businesses incorporated into the Building Products division. Prior period data has been restated.

*Funds represent the net external assets and liabilities of the group and are used for internal management purposes.

Notes to the financial statements.

1. Basis of presentation

The interim financial statements presented are those of Fletcher Building Limited and its subsidiaries (the "group"). Fletcher Building Limited is a company domiciled in New Zealand, 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 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 other standards, amendments and interpretations which are not yet effective. The group has not 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 group's results.

There have been no changes in accounting policies in the six months ended 31 December 2012, however, certain comparatives have been restated to conform with the current period's presentation.

3. Contingencies and commitments

Provision has been made in the ordinary course of business for all known and probable future claims to the extent they can be reliably measured. There have been no material movements in capital expenditure commitments, lease commitments, contingent liabilities or contingent assets to those disclosed in the 2012 annual report.

Notes to the financial statements continued.

4. Significant items (previously referred to as Unusual items)

	Fletcher Building Group		
	Six months Dec 2012 NZ$M	**Year ended June 2012 NZ$M**	**Six months Dec 2011 NZ$M**
Restructuring costs		45	21
Acquisition income and expenses		(1)	
Intangibles impairment		75	
Fixed asset impairment		20	
Write-off of stock		14	
Total significant items - EBIT		153	21
Tax benefit on above items		(21)	(6)
Total significant items - net earnings		132	15

5. Other gains and losses

	Fletcher Building Group		
	Six months Dec 2012 NZ$M	**Year ended June 2012 NZ$M**	**Six months Dec 2011 NZ$M**
Sale of assets	**2**	8	4
Acquisition costs relating to Crane acquisition		(3)	
Insurance proceeds		1	
Impairment of assets		(2)	
Net cost of repairs due to earthquake damage		(1)	
Net redundancies and restructuring costs	**(16)**	(3)	
Other gains/(losses)	**1**	1	(1)
	(13)	1	3

6. Taxation expense

	Fletcher Building Group		
	Six months Dec 2012 NZ$M	**Year ended June 2012 NZ$M**	**Six months Dec 2011 NZ$M**
Earnings before taxation:	**187**	251	183
Taxation at 28 cents per dollar	**52**	70	51
Adjusted for:			
Differences in tax rates	**1**		2
Non assessable income	**(3)**	(3)	(1)
Non deductible expenses	**2**	19	2
Tax in respect of prior periods	**(5)**	(17)	(8)
Impact of tax losses not recognised	**4**	11	
Benefit of tax losses recognised	**(5)**		
Other permanent differences	**(10)**	(22)	(11)
	36	58	35

7. Borrowings

	Fletcher Building Group		
	Six months Dec 2012 NZ$M	**Year ended June 2012 NZ$M**	**Six months Dec 2011 NZ$M**
Borrowings - current	**133**	456	621
Borrowings - non current	**2,004**	1,771	1,635
Borrowings	**2,137**	2,227	2,256
Less fair value adjustment included in borrowings	**(77)**	(81)	(48)
	2,060	2,146	2,208
Total available funding	**2,741**	2,928	2,558
Unutilised banking facilities	**681**	782	350

In addition, the group had $163 million of cash on hand at 31 December 2012 (30 June 2012: $168 million; 31 December 2011: $182 million).

Dividend information.

2013 Interim dividend summary table [1]

NZ cents per share	NZ Residents on top marginal tax rate of 33%	Australian Residents on top marginal tax rate of 46.5%	Australian Residents on 15% tax rate	Other non residents [9]
Dividend declared	17.0000	17.0000	17.0000	17.0000
NZ imputation credits [2]	0.0000			
NZ supplementary dividend [3]		0.0000	0.0000	0.0000
Australian franking credits [4]		7.2857	7.2857	
Gross dividend for NZ tax purposes	**17.0000**	**17.0000**	**17.0000**	**17.0000**
NZ tax (33%) [5]	(5.6100)			
NZ non-resident withholding tax (15%) [6]		(2.5500)	(2.5500)	(2.5500)
Net cash received after NZ tax	**11.3900**	**14.4500**	**14.4500**	**14.4500**
Australian tax (46.5% and 15%) [7]		(11.2929)	(3.6429)	
Reduced by offset for NZ non-resident withholding tax		2.5500	2.5500	
Less Australian franking credit offset [8]		7.2857	7.2857	
Net cash dividend to shareholders after tax	**11.3900**	**12.9928**	**20.6428**	**14.4500**

Notes:

(1) This summary is of a general nature and the tax rates used and the calculations are intended for guidance only. As individual circumstances will vary, shareholders are advised to seek independent tax advice.

(2) No imputation credits are attached to this dividend.

(3) A supplementary dividend is only payable to non-New Zealand shareholders if the dividend is fully or partly imputed. It has the effect of removing the cost of New Zealand non-resident withholding tax (NRWT) on that part of the dividend which has imputation credits attached. As noted above, no imputation credits are attached to this dividend. Accordingly, no supplementary dividend is payable.

(4) These amounts are not received in cash from Fletcher Building but are relevant in determining the gross dividend received for Australian tax purposes.

(5) For all NZ resident shareholders who do not hold an exemption certificate, resident withholding tax (RWT) is required to be deducted at 33%. Accordingly, for those shareholders, a deduction of 5.61 cents per share will be made on the date of payment from the dividend declared of 17.0 cents per share and forwarded to Inland Revenue. Resident shareholders who have a tax rate less than 33% will need to file a tax return to obtain a credit for the difference between the 33% RWT deduction and their marginal tax rate.

(6) NZ non-resident withholding tax at the rate of 15% on the gross dividend for NZ tax purposes.

(7) This summary uses two examples of the effect of tax in Australia. The first uses the top marginal tax rate of 46.5%, including the Medicare levy. The second example uses the 15% income tax rate applicable in Australia to complying superannuation funds, approved deposit funds and pooled superannuation trusts. Different tax rates will apply to other Australian shareholders, including individuals, depending on their circumstances.

The Australian tax is calculated as:	**46.5% rate**	**15% rate**
gross dividend for NZ tax purposes	17.0000	17.0000
plus franking credits	7.2857	7.2857
gross dividend for Australian tax purposes	24.2857	24.2857
Australian tax	11.2929	3.6429

(8) Any surplus franking credit offset is refundable to Australian resident shareholders on issue of their Australian tax assessment.

(9) This illustration does not purport to show the taxation consequences of the dividend for non-residents of New Zealand or Australia. Shareholders resident in other countries are encouraged to consult their own taxation adviser.

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