

<p>FLETCHER BUILDING FINANCE</p> <p>03</p>	<p>DESCRIPTION</p> <p>FLETCHER BUILDING FINANCE LIMITED HALF YEAR REVIEW 2003</p>
	

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# half year review

## FROM THE CHAIRMAN

Fletcher Building Finance Limited is a wholly owned subsidiary of Fletcher Building Limited and was established just over a year ago 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.

The financial results for the period to 31 December 2003 were a net profit after tax of \$1,103,375 and net assets of \$25,603,936.

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

Since the half year balance date Fletcher Building has also increased the equity of Fletcher Building Finance by the subscription for twenty 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 thirty million shares to fifty million shares.

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## HALF YEAR REVIEW (CONTINUED)

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The issue of the shares has been made pursuant to a directors' resolution of 10 February 2004 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.

Noteholders are provided with a copy of the Fletcher Building 2003 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](http://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 of Directors

## STATEMENT OF FINANCIAL PERFORMANCE

FOR THE SIX MONTHS ENDED 31 DECEMBER 2003 (UNAUDITED)

	SIX MONTHS TO DEC 2003 NZ\$M	PERIOD TO JUNE 2003 NZ\$M	PERIOD TO DEC 2002 NZ\$M
Operating revenue	26,216	29,055	5,042
Operating expenses	(150)	(141)	(32)
Operating earnings	26,066	28,914	5,010
Funding costs	(24,749)	(27,648)	(4,958)
Earnings before taxation	1,317	1,266	52
Taxation expense	(214)	(418)	(17)
<b>Net earnings</b>	<b>1,103</b>	<b>848</b>	<b>35</b>

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# STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2003 (UNAUDITED)

	DEC 2003 \$000	JUNE 2003 \$000	DEC 2002 \$000
<b>Assets</b>			
Current assets:			
Cash and bank	11	5	83
Prepayments	3,929	4,472	2,925
Sundry debtors			13
Provision for current taxation	5,291	4,816	(9,960)
Total current assets	9,231	9,293	(6,939)
Non current assets:			
Amounts owing by related companies	879,053	737,207	689,031
Total non current assets	879,053	737,207	689,031
<b>Total assets</b>	<b>888,284</b>	<b>746,500</b>	<b>682,092</b>

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## STATEMENT OF FINANCIAL POSITION (CONTINUED)

	DEC 2003 \$000	JUNE 2003 \$000	DEC 2002 \$000
<b>Liabilities</b>			
Current liabilities:			
Accrued interest	5,194	5,584	1,757
Trade creditors	1,424	257	2,956
Total current liabilities	6,618	5,841	4,713
Non current liabilities:			
Capital notes	150,000	150,000	150,000
Amounts owing to related companies	412,753	216,264	198,254
Term debt	293,309	350,235	329,032
Total non current liabilities	856,062	716,499	677,286
<b>Total liabilities</b>	<b>862,680</b>	<b>722,340</b>	<b>681,999</b>
<b>Equity</b>			
Reported capital	30,000	30,000	10,000
Reserves	(4,396)	(5,840)	(9,907)
<b>Total equity</b>	<b>25,604</b>	<b>24,160</b>	<b>93</b>
<b>Total liabilities and equity</b>	<b>888,284</b>	<b>746,500</b>	<b>682,092</b>

## STATEMENT OF MOVEMENTS IN EQUITY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2003 (UNAUDITED)

	SIX MONTHS DEC 2003 \$000	PERIOD TO JUNE 2003 \$000	PERIOD TO DEC 2002 \$000
Total equity at the beginning of the period	24,160		
Net earnings for the period	1,103	848	35
Movement in currency translation reserve	341	1,239	(9,942)
Total recognised revenue and expenses for the period	1,444	2,087	(9,907)
Increase in share capital		30,000	10,000
Dividend paid to Fletcher Building Limited		(7,927)	
<b>Total equity at the end of the period</b>	<b>25,604</b>	<b>24,160</b>	<b>93</b>

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## STATEMENT OF CASHFLOWS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2003 (UNAUDITED)

	SIX MONTHS DEC 2003 \$000	PERIOD TO JUNE 2003 \$000	PERIOD TO DEC 2002 \$000
Interest received	26,216	29,055	5,042
Payments to suppliers, employees and other	(150)	(141)	(13)
Interest paid	(23,431)	(26,279)	(3,201)
Taxes paid	(350)	(3,994)	
<b>Net cash from operating activities</b>	<b>2,285</b>	<b>(1,359)</b>	<b>1,828</b>
Advance from related companies	55,008	216,263	198,254
Issue of capital notes		150,000	150,000
Net debt drawdowns/(settlements)	(57,287)	350,235	329,032
Issue of shares		30,000	10,000
Dividend paid to Fletcher Building Limited		(7,927)	
Advance to related companies		(737,207)	(689,031)
<b>Net cash from financing activities</b>	<b>(2,279)</b>	<b>1,364</b>	<b>(1,745)</b>
Net movement in cash held	6	5	83
Add opening cash and liquid deposits	5		
<b>Closing cash and liquid deposits</b>	<b>11</b>	<b>5</b>	<b>83</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 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

The company was incorporated on 23 October 2002. There have been no changes in accounting policies.

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3 RECONCILIATION OF NET EARNINGS TO NET CASH FROM OPERATING ACTIVITIES

	SIX MONTHS DEC 2003 \$000	PERIOD TO JUNE 2003 \$000	PERIOD TO DEC 2002 \$000
Cash was received from net earnings	1,103	848	35
Adjustment for items not involving cash:			
Taxation	(136)	(3,576)	17
Prepayments	543	(4,472)	
Trade creditors and accruals	775	5,841	1,776
Net cash from operating activities	2,285	(1,359)	1,828

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## 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 2003	DEC 2003	DEC 2003
Operating revenue	7,888	18,328	26,216
Earnings before taxation	836	481	1,317
Total assets	179,415	708,869	888,284

	JUNE 2003	JUNE 2003	JUNE 2003
Operating revenue	8,165	20,890	29,055
Earnings before taxation	100	1,166	1,266
Total assets	177,192	569,308	746,500

	DEC 2002	DEC 2002	DEC 2002
Operating revenue	873	4,169	5,042
Earnings before taxation	(99)	151	52
Total assets	153,979	528,113	682,092

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### 5 CONTINGENCIES AND COMMITMENTS

There were no contingent liabilities or capital commitments as at 31 December 2003  
(June 2003: nil; December 2002: 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 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.

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### 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**

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1 Queen Street

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