

Fletcher Building Industries Limited
Half Year Review December 2015

**Building
Better,
Together.**



This report is dated
31 December 2015
and is signed on
behalf of the board
of Fletcher Building
Industries Limited by:

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Sir Ralph Norris
Chairman of Directors



Mark Adamson
Managing Director

Chairman's review.

HALF YEAR REVIEW

Directors are pleased to present the unaudited results for the six months ended 31 December 2015. The company made a net profit after tax of \$27.9 million (compared with \$16.6 million for the previous corresponding period). The net assets of the company were \$337.2 million (December 2014: \$274.5 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 \$39.7 million (December 2014: \$29.1 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 \$172 million for the six months ended 31 December 2015, compared to \$114 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 32.8 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

Financial statements

Income statement (Unaudited)

For the six months ended 31 December 2015

Fletcher Building Industries Group				
	Notes	Six months Dec 2015 \$000	Six months Dec 2014 \$000	Year Ended June 2015 \$000
Share of profits of associate	8	39,713	29,125	75,745
Earnings before interest and taxation		39,713	29,125	75,745
Funding costs		(16,360)	(17,394)	(34,392)
Earnings before taxation		23,353	11,731	41,353
Taxation benefit	4	4,581	4,870	9,630
Net earnings		27,934	16,601	50,983

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

For and on behalf of the Board, 17th February 2016



Sir Ralph Norris

Chairman of Directors



Mark Adamson

Managing Director

Statement of comprehensive income (Unaudited)

For the six months ended 31 December 2015

Fletcher Building Industries Group			
	Six Months Dec 2015 \$000	Six Months Dec 2014 \$000	Year Ended June 2015 \$000
Net earnings for the period	27,934	16,601	50,983
Items that are or may be reclassified subsequently to profit or loss:			
Share of associate's other comprehensive income/(loss)	(536)	184	1,073
Total comprehensive income for the period	27,398	16,785	52,056

Statement of movements in equity (Unaudited)

For the six months ended 31 December 2015

Fletcher Building Industries Group			
	Six Months Dec 2015 \$000	Six Months Dec 2014 \$000	Year Ended June 2015 \$000
Total equity at the beginning of the period	309,815	257,759	257,759
Total comprehensive income for the period	27,398	16,785	52,056
Total equity at the end of the period	337,213	274,544	309,815

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 2015

Fletcher Building Industries Group				
	Note	Dec 2015 \$000	Dec 2014 \$000	June 2015 \$000
Assets				
Current assets:				
Debtors and prepayments		21	81	51
Amounts owed by related companies		50,645	35,503	67,101
Current tax asset		14,211	16,411	9,630
Total current assets		64,877	51,995	76,782
Non-current assets:				
Investment in associate	8	812,616	763,930	773,439
Total non-current assets		812,616	763,930	773,439
Total assets		877,493	815,925	850,221
Liabilities				
Current liabilities:				
Accrued interest		8,960	10,061	9,086
Capital notes		94,463	93,169	94,463
Total current liabilities		103,423	103,230	103,549
Non-current liabilities:				
Capital notes		436,857	438,151	436,857
Total non-current liabilities		436,857	438,151	436,857
Total liabilities		540,280	541,381	540,406
Equity				
Reported Capital		346,000	346,000	346,000
Reserves		(8,787)	(71,456)	(36,185)
Total equity		337,213	274,544	309,815
Total liabilities and equity		877,493	815,925	850,221

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

Statement of cashflows (Unaudited)

For the six months ended 31 December 2015

Fletcher Building Industries Group				
	Notes	Six Months Dec 2015 \$000	Six Months Dec 2014 \$000	Year Ended June 2015 \$000
Prepayments		30	29	59
Dividend Received				53,000
Interest paid		(16,486)	(16,495)	(34,467)
Net cash from operating activities	5	(16,456)	(16,466)	18,592
Purchase or Investment				(15,000)
Net cash from Investing activities				(15,000)
Advances from related parties		16,456	16,466	(3,592)
Net cash from financing activities		16,456	16,466	(3,592)
Net movement in cash held				
Add opening cash and liquid deposits				
Closing cash and liquid deposits				

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

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 orientated 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 2015 annual report available on the group website at www.fbu.com.

2. Changes in accounting policies

There have been no changes in accounting policies in the six months ended 31 December 2015.

3. Subsequent Events

On 5 February 2016, the company reallocated capital notes between series, so the capital notes form a more consistent series of notes over a 5 year period. As a result of this reallocation, capital notes totalling \$31,320,000, held by Fletcher Building Holdings Limited, were cancelled taking the total capital notes on issue from \$531,320,000 to \$500,000,000.

4. Taxation benefit

Fletcher Building Industries Group			
	Six Months Dec 2015	Six Months Dec 2014	Year Ended June 2015
	\$000	\$000	\$000
Earnings before taxation	23,353	11,731	41,353
Taxation at 28 cents per dollar	(6,539)	(3,285)	(11,579)
Adjusted for:			
Non assessable income	11,120	8,155	21,209
	4,581	4,870	9,630

5. Reconciliation of net earnings to net cash from operating activities

Fletcher Building Industries Group			
	Six Months Dec 2015	Six Months Dec 2014	Year Ended June 2015
	\$000	\$000	\$000
Net earnings	27,934	16,601	50,983
Adjustment for items not involving cash and other items:			
Share of profits from associate	(39,713)	(29,125)	(75,745)
Dividend received from associate			53,000
Taxation	(4,581)	(4,870)	(9,630)
Prepayments	30	29	59
Accruals	(126)	899	(75)
Net cash from operating activities	(16,456)	(16,466)	18,592

6. Contingencies and Commitments

There were no contingent liabilities or capital commitments as at 31 December 2015 (December 2014: nil; June 2015: nil).

7. Fair value measurement

No financial instruments are measured and recognised at fair value. The estimated fair value measurement for financial assets and liabilities approximates their carrying values in the balance sheet.

Notes to the financial statements continued

8. Investment in associate

	Six Months Dec 2015 \$000	Six Months Dec 2014 \$000	Year Ended June 2015 \$000
Carrying amount of associate – Fletcher Building Holdings New Zealand Group:			
Carrying amount at the beginning of the period	773,439	734,621	734,621
Share of profits of associate	39,713	29,125	75,745
Share of associate's other comprehensive income/(loss)	(536)	184	1,073
Investment in Fletcher Building Holdings NZ Ltd			15,000
Dividend received from associate			(53,000)
Investment in associate	812,616	763,930	773,439
Associate information:			
Balance sheet information for associate – 100%			
External assets	2,615,817	2,475,090	2,632,250
External liabilities	(992,316)	(876,881)	(1,024,041)
Intercompany	988,809	787,645	803,745
Debt	(15,807)	(30,387)	(5,218)
Non-controlling interest	(15,910)	(18,303)	(22,027)
Equity	2,580,593	2,337,164	2,384,709
Equity - Fletcher Building Industries Limited share - 20%	516,119	467,433	476,942
Goodwill acquired at cost	296,497	296,497	296,497
Investment in associate	812,616	763,930	773,439
Equity accounted earnings comprise:			
Sales	2,775,809	2,569,874	5,307,869
Earnings before interest and tax	239,509	192,902	474,853
Interest income	39,567	24,579	56,716
Foreign exchange gain/(loss)	(2,761)	152	(1,119)
Earnings before tax	276,315	217,633	530,450
Tax expense	(77,752)	(72,010)	(151,725)
Net earnings	198,563	145,623	378,725
Net earnings - Fletcher Building Industries Limited share - 20%	39,713	29,125	75,745

Noteholder Information

Enquiries

Changes of address, payment instructions and investment portfolios can be viewed and updated online at investorcentre.com/nz.

Enquires can also be addressed to the share registrar:

Computershare Investor Services Limited

Private Bag 92119
Auckland 1142, New Zealand

Level 2, 159 Hurstmere Road
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Other investor enquiries

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E. moreinfo@fbu.com

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Interest payment dates

Interest on capital notes is paid semi-annually, on 15 March and 15 September in respect of the notes with the election dates of 15 March 2017, 15 March 2018, 15 March 2019 and 15 March 2020 and on 15 May and 15 November in respect of the notes with the election dates of 15 May 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 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 the minimum required (\$2,000) or subject to the minimum holding, the transfer not being in the required multiples (\$500).

