



This report is dated 20 February 2019 and is signed on behalf of the board of Fletcher Building Industries Limited by:

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Bruce Hassall
Chairman



Rob McDonald
Director

COVER

Waikato Expressway
– Hamilton's City Edge

Letter from the Chairman



Bruce Hassall CHAIRMAN

I am pleased to present the unaudited results of Fletcher Building Industries Limited (the "Company") for the six months ended 31 December 2018.

Fletcher Building Industries Limited is a wholly owned subsidiary of Fletcher Building Limited (the "Group"). The contents of these interim financial statements should be read in conjunction with the Group interim financial statements which can be viewed at www.fletcherbuilding.com.

Results for the period

The Company made net earnings after tax of \$27 million compared with a loss of \$63 million for the previous corresponding period. Shareholders' funds increased to \$407 million from \$380 million at 30 June 2018.

Business activities

The Company owns 20 per cent of the shares in Fletcher Building Holdings New Zealand Limited which currently holds all of the shares in the Group's New Zealand operating subsidiaries.

Fletcher Building Group performance

Fletcher Building Limited guarantees all of the capital notes issued by Fletcher Building Industries Limited on an unsecured subordinated basis. The Group reported net earnings of \$89 million for the six months ended 31 December 2018, compared to a loss of \$273 million in the previous corresponding period. The prior period result was due to the recognition of significant provisions in the Building & Interiors business unit.

The financial position of the Company is dependent on that of Fletcher Building Limited. Further information on the operations and performance of the Group can be viewed at www.fletcherbuilding.com, and I recommend that you take the opportunity to review it.



Bruce Hassall
Chairman

Financial statements

Income statement (unaudited)

For the six months ended 31 December 2018

	Notes	Six months Dec 2018 NZ\$000	Six months Dec 2017 NZ\$000	Year ended June 2018 NZ\$000
Share of profits of associate	6	39,604	(52,136)	(10,668)
Earnings before interest and taxation		39,604	(52,136)	(10,668)
Funding costs		(17,560)	(15,122)	(34,064)
Earnings/(loss) before taxation		22,044	(67,258)	(44,732)
Taxation benefit	3	4,917	4,234	9,538
Net earnings/(loss)		26,961	(63,024)	(35,194)

Statement of comprehensive income (unaudited)

For the six months ended 31 December 2018

	Six months Dec 2018 NZ\$000	Six months Dec 2017 NZ\$000	Year ended June 2018 NZ\$000
Net earnings/(loss)	26,961	(63,024)	(35,194)
Share of associate's other comprehensive income	(259)	137	855
Total comprehensive income	26,702	(62,887)	(34,339)

Statement of movements in equity (unaudited)

For the six months ended 31 December 2018

	Six months Dec 2018 NZ\$000	Six months Dec 2017 NZ\$000	Year ended June 2018 NZ\$000
Total equity at the beginning of the period	380,159	414,498	414,498
Total comprehensive income	26,702	(62,887)	(34,339)
Total equity	406,861	351,611	380,159

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

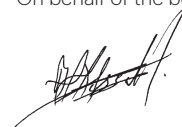
Balance sheet (unaudited)

As at 31 December 2018

	Notes	As at Dec 2018 NZ\$000	As at Dec 2017 NZ\$000	As at June 2018 NZ\$000
Assets				
Current assets:				
Amounts owed by related companies		66,757	54,514	103,000
Current tax asset		14,455	12,641	9,538
Total current assets		81,212	67,155	112,538
Non-current assets:				
Investment in associate	6	982,996	941,465	943,651
Total non-current assets		982,996	941,465	943,651
Total assets		1,064,208	1,008,620	1,056,189
Liabilities				
Current liabilities:				
Amounts owed to related companies				19,203
Accrued interest		7,347	7,009	6,827
Capital notes		200,000	100,000	150,000
Total current liabilities		207,347	107,009	176,030
Non-current liabilities:				
Capital notes		450,000	550,000	500,000
Total non-current liabilities		450,000	550,000	500,000
Total liabilities		657,347	657,009	676,030
Equity				
Reported capital		346,000	346,000	346,000
Reserves		60,861	5,611	34,159
Total equity		406,861	351,611	380,159
Total liabilities and equity		1,064,208	1,008,620	1,056,189

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

On behalf of the board 20 February 2019


Bruce Hassall
 Chairman


Rob McDonald
 Director

Statement of cash flows (unaudited)

For the six months ended 31 December 2018

	Six months Dec 2018 NZ\$000	Six months Dec 2017 NZ\$000	Year ended June 2018 NZ\$000
Cash flow from operating activities:			
Dividend received			40,000
Interest paid	(17,040)	(17,051)	(36,175)
Net cash from operating activities	(17,040)	(17,051)	3,825
Cash flow from investing activities:			
Purchase of investments		(150,000)	(150,000)
Net cash from investing activities		(150,000)	(150,000)
Cash flow from financing activities:			
Advances from related companies	17,040	17,051	(3,825)
Issue of capital notes		150,000	150,000
Net cash from financing activities	17,040	167,051	146,175
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 2018

	Six months Dec 2018 NZ\$000	Six months Dec 2017 NZ\$000	Year ended June 2018 NZ\$000
Cash was received from net earnings	26,961	(63,024)	(35,194)
Adjustment for items not involving cash and other items:			
Share of profits from associate	(39,604)	52,136	10,668
Dividend received from associate			40,000
Taxation	(4,917)	(4,234)	(9,538)
Accruals	520	(1,929)	(2,111)
Net cash from operating activities	(17,040)	(17,051)	3,825

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

Notes to the financial statements**1. BASIS OF PRESENTATION**

The condensed interim financial statements presented are those of Fletcher Building Industries Limited (the "Company") and its investment in 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 Company is a for-profit 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 Fletcher Building Limited's 2019 interim report available at www.fletcherbuilding.com.

2. CHANGES IN ACCOUNTING POLICIES

The accounting policies and computation methods applied in the preparation of the interim financial statements are consistent with those applied in the last annual financial statements with the exception of the adoption of NZ IFRS 15 Revenue from Contracts with Customers ("NZ IFRS 15"). The adoption of NZ IFRS 15 has had no impact on the interim financial statements of Fletcher Building Industries Limited.

3. TAXATION BENEFIT

	Six months Dec 2018 NZ\$000	Six months Dec 2017 NZ\$000	Year ended June 2018 NZ\$000
Earnings/(loss) before taxation	22,044	(67,258)	(44,732)
Taxation at 28 cents per dollar	(6,172)	18,832	12,525
Adjusted for:			
Non assessable income/(losses)	11,089	(14,598)	(2,987)
	4,917	4,234	9,538

4. CONTINGENCIES AND COMMITMENTS

There were no contingent liabilities or capital commitments as at 31 December 2018 (December 2017: nil; June 2018: nil).

5. FAIR VALUE MEASUREMENT

The estimated fair values of the company's financial assets and liabilities compared to their carrying values in the balance sheet, are as follows:

Classifications		Dec 2018		June 2018	
		Carrying value NZ\$000	Fair value NZ\$000	Carrying value NZ\$000	Fair value NZ\$000
Capital notes	Amortised cost	650,000	668,410	650,000	669,033
Amounts owing by related companies	Loans and receivables	66,757	66,757	83,797	83,797

Fair value measurement

No financial instruments are measured and recognised at fair value.

Fair value disclosures

The fair values of borrowings used for disclosure are measured by discounting future principal and interest cash flows at the current market interest rate that are available for similar financial instruments.

The interest rates across all currencies used to discount future principal and interest cash flows are between 4.60% and 4.85% (June 2018: 4.50% and 4.95%) including margins.

6. INVESTMENT IN ASSOCIATE

	Six months Dec 2018 NZ\$000	Six months Dec 2017 NZ\$000	Year ended June 2018 NZ\$000
Carrying amount of associate – Fletcher Building Holdings New Zealand Group			
Carrying amount at the beginning of the period	943,651	843,464	843,464
Share of profits/(losses) of associate	39,604	(52,136)	(10,668)
Share of associate's other comprehensive income/(loss)	(259)	137	855
Investment in Fletcher Building Holdings New Zealand Limited		150,000	150,000
Dividend received from associate			(40,000)
Investment in associate	982,996	941,465	943,651
Associate information – Fletcher Building Holdings New Zealand Group			
Balance sheet information for associate – 100%			
External assets	3,553,293	3,665,847	3,612,615
External liabilities	(1,270,741)	(1,627,538)	(1,479,989)
Debt	(57,941)	(55,713)	(57,953)
Intercompany	1,227,701	1,260,466	1,181,226
Non-controlling interest	(19,818)	(18,221)	(20,131)
Equity	3,432,494	3,224,841	3,235,768
Equity – Fletcher Building Industries Limited share – 20%	686,499	644,968	647,154
Goodwill acquired at cost	296,497	296,497	296,497
Investment in associate	982,996	941,465	943,651
Equity accounted earnings for Fletcher Building Holdings New Zealand Group comprise:			
Summarised income statement for associate – 100%			
Sales	3,020,213	3,269,703	6,228,161
Earnings before interest and tax	214,608	(309,201)	(145,880)
Interest income	68,582	32,194	89,856
Foreign exchange gain (loss)	(849)	(194)	(4,795)
Earnings before tax	282,341	(358,201)	(60,819)
Taxation (expense) / benefits	(84,319)	97,521	7,479
Net earnings	198,022	(260,680)	(53,340)
Net earnings – Fletcher Building Industries Limited share – 20%	39,604	(52,136)	(10,668)

Review Report to the Shareholders of Fletcher Building Industries Limited (“the Company”) and its associate (together “the Group”)

We have reviewed the interim financial statements on pages 2 to 7, which comprise the balance sheet as at 31 December 2018, income statement, statement of comprehensive income, statement of movements in equity and statement of cash flows for the period ended on that date, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the Company’s shareholders, as a body. Our review has been undertaken so that we might state to the Company’s shareholders those matters we are required to state to them in a review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company’s shareholders, as a body, for our review work, for this report, or for our findings.

Directors’ Responsibilities

The Directors are responsible for the preparation and fair presentation of the interim financial statements which comply with New Zealand Equivalent to International Accounting Standard 34 *Interim Financial Reporting* and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of the interim financial statements that are free from material misstatement, whether due to fraud or error.

Reviewer’s Responsibilities

Our responsibility is to express a conclusion on the interim financial statements based on our review. We conducted our review in accordance with NZ SRE 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity*. NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements, taken as a whole, are not prepared in all material respects, in accordance with New Zealand Equivalent to International Accounting Standard 34 *Interim Financial Reporting*. As the auditor of Fletcher Building Industries Limited, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

Basis of Statement

A review of the interim financial statements in accordance with NZ SRE 2410 is a limited assurance engagement. The auditor performs procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.


The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly we do not express an audit opinion on the interim financial statements.

We have provided other services to the Group in relation to taxation and other assurance services. We have no other relationship, or interest in, the Group.

Conclusion

Based on our review nothing has come to our attention that causes us to believe that the interim financial statements, set out on pages 2 to 7, do not present fairly, in all material respects, the financial position of the Group as at 31 December 2018 and its financial performance and cash flows for the six month period ended on that date in accordance with New Zealand Equivalent to International Accounting Standard 34 *Interim Financial Reporting*.

Our review was completed on 20 February 2019 and our findings are expressed as at that date.



Chartered Accountants
Auckland

Corporate directory

Board of Directors

Bruce Hassall (Chairman)
Martin Brydon
Tony Carter
Barbara Chapman
Rob McDonald
Doug McKay
Cathy Quinn
Steve Vamos

Registered Office

Fletcher Building Industries Limited
810 Great South Road, Penrose
Auckland 1061, New Zealand
Private Bag 92114
Auckland 1142, New Zealand
Phone: +64 9 525 9000
Email: fbcomms@fbu.com

Trustee

Covenant Trustee Services Limited
Level 6, 191 Queen Street
Auckland 1010, New Zealand
PO Box 4243, Shortland Street
Auckland 1140, New Zealand
Phone: +64 9 909 5100

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.

Fletcher Building Industries Limited capital notes are quoted on the NZX Debt Market (NZDX) under the company code ‘FBI’ and are tradeable on the NZDX.

Registry

Computershare Investor Services Limited (Computershare) looks after our capital notes register and is your first point of contact for any queries regarding your investment in Fletcher Building Industries Limited. You can view your investment portfolio, indicate your preference for electronic communications, supply your email address, change your details or update your payment instructions relating to Fletcher Building Industries at any time by visiting the Computershare Investor Centre www.investorcentre.com/nz.

Computershare Investor Services Limited
Private Bag 92119
Auckland 1142, New Zealand

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

Phone: +64 9 488 8777
Fax: +64 9 488 8787
Email: enquiry@computershare.co.nz
Web: www.computershare.com/nz

Direct crediting of interest payments

Interest on capital notes is paid semi-annually on 15 March and 15 September. To minimise the risk of fraud and misplacement of interest payment cheques, noteholders are strongly recommended to have all payments made by way of direct credit to their nominated bank account in New Zealand.

Receiving your communications electronically

We encourage noteholders to receive investor communications electronically as it keeps costs down, delivery of our communication to you is faster and it is better for the environment. All you need to do is log in to www.investorcentre.com/nz and update your ‘Communication Preference’ to enable us to send all your investor correspondence electronically where possible.

