

**Fletcher Building
Industries Limited**

Half year review

For the six months ended

31 December 2014



**Fletcher Building
Industries Limited.**

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From the Chairman

Half year review

The Directors are pleased to present the unaudited results for the six months ended 31 December 2014. The company made a net profit after tax of \$16.6 million (compared with \$16.8 million for the previous corresponding period). The net assets of the company were \$274.5 million (December 2013: \$238.8 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 \$29.1 million (December 2013: \$31.8 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 \$114 million (or \$171 million before significant items) for the six months ended 31 December 2014, compared to \$154 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 34.1 per cent.



Sir Ralph Norris

Chairman of Directors

Financial statements

Income statement (Unaudited)

For the six months ended 31 December 2014

Fletcher Building Industries Group			
	Six Months Dec 2014 \$000	Six Months Dec 2013 \$000	Year Ended June 2014 \$000
Share of profits of associate	29,125	31,784	65,433
Earnings before interest and taxation	29,125	31,784	65,433
Funding costs	(17,394)	(20,762)	(41,218)
Earnings before taxation	11,731	11,022	24,215
Taxation benefit	4,870	5,813	11,541
Net earnings	16,601	16,835	35,756

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

For and on behalf of the Board, 18 February 2015



Sir Ralph Norris

Chairman of Directors



Mark Adamson

Managing Director

Statement of comprehensive income (Unaudited)

For the six months ended 31 December 2014

Fletcher Building Industries Group			
	Six Months Dec 2014 \$000	Six Months Dec 2013 \$000	Year Ended June 2014 \$000
Net earnings for the period	16,601	16,835	35,756
Items that are or may be reclassified subsequently to profit or loss:			
Share of associate's other comprehensive income/(loss)	184	(675)	(653)
Total comprehensive income for the period	16,785	16,160	35,103

Statement of movements in equity (Unaudited)

For the six months ended 31 December 2014

Fletcher Building Industries Group			
	Six Months Dec 2014 \$000	Six Months Dec 2013 \$000	Year Ended June 2014 \$000
Total equity at the beginning of the period	257,759	222,656	222,656
Total comprehensive income for the period	16,785	16,160	35,103
Total equity at the end of the period	274,544	238,816	257,759

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 2014

Fletcher Building Industries Group			
	Dec 2014 \$000	Dec 2013 \$000	June 2014 \$000
Assets			
Current assets:			
Debtors and prepayments	81	309	110
Amounts owed by related companies	35,503		51,968
Current tax asset	16,411	17,029	11,541
Total current assets	51,995	17,338	63,619
Non-current assets:			
Investment in associate	763,930	775,950	734,621
Total non-current assets	763,930	775,950	734,621
Total assets	815,925	793,288	798,240
Liabilities			
Current liabilities:			
Accrued interest	10,061	9,772	9,161
Amounts owing to related companies		13,380	
Capital notes	93,169	111,857	93,169
Total current liabilities	103,230	135,009	102,330
Non-current liabilities:			
Capital notes	438,151	419,463	438,151
Total non-current liabilities	438,151	419,463	438,151
Total liabilities	541,381	554,472	540,481
Equity			
Reported Capital	346,000	346,000	346,000
Reserves	(71,456)	(107,184)	(88,241)
Total equity	274,544	238,816	257,759
Total liabilities and equity	815,925	793,288	798,240

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 2014

Fletcher Building Industries Group			
	Six Months Dec 2014 \$000	Six Months Dec 2013 \$000	Year Ended June 2014 \$000
Prepayments	29	269	468
Dividend Received			75,000
Interest paid	(16,495)	(21,063)	(42,130)
Net cash from operating activities	(16,466)	(20,794)	33,338
Advances from related parties	16,466	20,794	(33,338)
Net cash from financing activities	16,466	20,794	(33,338)
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 2014 annual report available on the group website at www.fbu.com.

2. Changes in accounting policies

The There have been no changes in accounting policies in the six months ended 31 December 2014.

3. Taxation benefit

Fletcher Building Industries Group			
	Six Months Dec 2014 \$000	Six Months Dec 2013 \$000	Year Ended June 2014 \$000
Earnings before taxation	11,731	11,022	24,215
Taxation at 28 cents per dollar	(3,285)	(3,086)	(6,780)
Adjusted for:			
Non assessable income	8,155	8,899	18,321
	4,870	5,813	11,541

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

Fletcher Building Industries Group			
	Six Months Dec 2014 \$000	Six Months Dec 2013 \$000	Year Ended June 2014 \$000
Net earnings	16,601	16,835	35,756
Adjustment for items not involving cash and other items:			
Share of profits from associate	(29,125)	(31,784)	(65,433)
Dividend received from associate			75,000
Taxation	(4,870)	(5,813)	(11,541)
Prepayments	29	269	468
Accruals	899	(301)	(912)
Net cash from operating activities	(16,466)	(20,794)	33,338

5. Contingencies and Commitments

There were no contingent liabilities or capital commitments as at 31 December 2014 (December 2013 nil; June 2014 nil).

6. Fair value measurement

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

Notes to the financial statements continued

7. Investment in associate

	Six Months Dec 2014 \$000	Six Months Dec 2013 \$000	Year Ended June 2014 \$000
Carrying amount of associate – Fletcher Building Holdings New Zealand Group:			
Carrying amount at the beginning of the period	734,621	744,841	744,841
Share of profits of associate	29,125	31,784	65,433
Share of associate's other comprehensive income/(loss)	184	(675)	(653)
Dividend received from associate			(75,000)
Investment in associate	763,930	775,950	734,621
Associate information:			
Balance sheet information for associate – 100%			
External assets	2,475,090	2,345,205	2,439,958
External liabilities	(876,881)	(755,993)	(857,771)
Intercompany	787,645	874,053	663,934
Debt	(30,387)	(36,155)	(23,624)
Non-controlling interest	(18,303)	(29,846)	(31,879)
Equity	2,337,164	2,397,264	2,190,618
Equity - Fletcher Building Industries Limited share - 20%	467,433	479,453	438,124
Goodwill acquired at cost	296,497	296,497	296,497
Investment in associate	763,930	775,950	734,621
Equity accounted earnings comprise:			
Sales	2,569,874	2,407,741	4,750,725
Earnings before interest and tax	192,902	198,201	393,319
Interest income	24,579	26,328	57,665
Foreign exchange gain/(loss)	152	(1,400)	300
Earnings before tax	217,633	223,129	451,284
Tax expense	(72,010)	(64,209)	(124,121)
Net earnings	145,623	158,920	327,163
Net earnings - Fletcher Building Industries Limited share - 20%	29,125	31,784	65,433

Noteholder information

Enquiries

Changes of address, payment instructions and investment portfolios can be viewed online at computershare.co.nz/investorcentre. Investor number and FIN are required to access this service.

Enquiries can also be addressed to the share registrar:

Computershare Investor Services Limited

Private Bag 92 119
Auckland 1142 New Zealand
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 92 114
Auckland 1142 New Zealand
T. +64 9 525 9000
F. +64 9 525 9032
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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 2015, 15 March 2017, 15 March 2018 and 15 March 2019 and on 15 May and 15 November in respect of the notes with the election date 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 \$5,000) or the transfer not being in the required multiples (\$500 or \$1,000). Subject to this minimum holding, transfers must be in multiples of \$500.

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