News Release

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FLETCHER BUILDING LIMITED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2007

Auckland, 13 February 2008

SUMMARY

Directors today announced the group's unaudited interim results for the six months ended 31 December 2007. Net earnings were $235 million, compared to $193 million in the previous corresponding period. This is an increase in earnings per share from 41 cents to 47 cents.

Operating earnings (earnings before interest and tax) and after Formica restructuring costs of $16 million were $394 million, compared to $340 million in the previous corresponding period. The increased earnings are due to the Formica acquisition, ongoing operational improvements and some small acquisitions.

The interim dividend of 24 cents per share is an increase of 2 cents per share over the previous interim dividend and is the twelfth consecutive dividend increase by the company. Total shareholder return was negative 4 percent for the half-year, influenced heavily by the uncertainty in equity markets internationally.

The 22 percent increase in net earnings reflects strong operating performance, with all divisions recording higher earnings than in the previous corresponding period. Laminates & Panels' earnings increased on a like-for-like basis, and also benefited from the acquisition of Formica Corporation on 2 July 2007.

The Chief Executive Officer, Mr Jonathan Ling, said: "This is a pleasing performance which reflects the group's ability to deal with variable and sometimes difficult operating conditions. Across our businesses, commercial and infrastructure markets are still strong, which is best exemplified in New Zealand with a construction backlog of over $1 billion. While there is some weakness in residential markets and provided there is no significant change in economic conditions, we remain comfortable with our earnings prospects for this financial year".

Key Points

- Group net earnings up 22 percent to $235 million
- Operating earnings up 16 percent to $394 million
- Cashflow from operations up from $227 million to $245 million
- Earnings per share up from 41 cents to 47 cents
- Interim dividend of 24 cents per share with full New Zealand tax credits – the 12th consecutive dividend increase
- Acquisition opportunities being evaluated

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FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2007

Directors today announced the unaudited results for the six months ended 31 December 2007. Net earnings after tax and minority interests were $235 million, 22 percent ahead of the previous corresponding period. Operating earnings (earnings before interest and tax) and after Formica restructuring costs of $16 million were $394 million, compared with $340 million earned in the same period of the previous year.

These results and comparatives are reported in accordance with the New Zealand standards that comply with International Financial Reporting Standards. As previously advised, the company reports Formica Corporation's results as part of the Laminates & Panels division.

Results	**Sales**		**Earnings**	
Period Ended NZ$million	**6 Mths to Dec 2007**	6 Mths to Dec 2006	**6 Mths to Dec 2007**	6 Mths to Dec 2006
Building Products	**376**	344	**74**	72
Distribution	**565**	518	**42**	39
Infrastructure	**921**	962	**145**	122
Laminates & Panels	**1,074**	553	**91**	65
Steel	**611**	602	**47**	46
Corporate		1	**-5**	-4
Total	**3,547**	2,980	**394**	340
Funding Costs			**-67**	-45
Earnings Before Taxation			**327**	295
Taxation			**-83**	-92
Earnings After Taxation			**244**	203
Minority Interests			**-9**	-10
Net Earnings as per Published Accounts			**235**	193

Sales increased by $567 million or 19 percent to $3.5 billion, of which $537 million arose from the acquisition of Formica Corporation. Demand in New Zealand varied, with residential building activity continuing to decline and non residential building and infrastructure work relatively buoyant. In Australia, demand was generally a little more subdued than in the previous period, with building activity in New South Wales particularly soft and the previously strong Queensland and Western Australian markets slowing. In other markets, laminates demand in Asia and Europe was good, although the much publicised weakness in United States markets was evident.

The improved operating earnings in all divisions are good results given the more difficult market conditions. In particular, Steel improved earnings slightly with a good contribution particularly from the rollforming and coatings business. Infrastructure recorded strong earnings growth despite softer demand and its results in Australia were ahead of last year. Distribution's results were ahead of the previous corresponding period, as were Building Products' results despite deteriorating residential market conditions and adverse exchange rates. The Laminex & Panels business, which was exposed to both stronger currency and tough market conditions in Australasia, improved its operating earnings before the inclusion of Formica by a commendable 8 percent.

Earnings per share were 47 cents, a 15 percent improvement on the previous corresponding period. The interim dividend of 24 cents per share, payable on 10 April 2008, is an increase of 2 cents on the 2007 interim dividend and 1 cent higher than the 2007 final dividend. Further details are provided below under Financial Review and in the attached Dividend Summary.

OPERATIONAL REVIEWS

Building Products

Building Products reported operating earnings of $74 million, up 3 percent on the $72 million earned in the previous corresponding period. The plasterboard, insulation and metal roof tile businesses generally held or increased volumes against a trend of weaker residential markets in New Zealand and Australia, whilst increasing competition placed some pressure on pricing.

Plasterboard performed very well to hold volumes at the same level as for the previous half-year, with cost savings from product innovation offsetting increased input prices. Agreement was reached with Rondo Building Services for Winstone Wallboards to take over New Zealand distribution of the leading Rondo residential metal accessory system. Construction is well advanced on a new bulk warehouse and distribution centre in Christchurch that will significantly improve local service levels from April this year.

The metal roof tile businesses performed strongly, with volumes well ahead of the previous corresponding period. Earnings were adversely affected by the high New Zealand dollar, particularly in markets denominated in Yen and US Dollars. A new roof tile plant being constructed in Hungary for markets currently supplied from Auckland is progressing to plan. The plant will be commissioned in 2009.

Sluggish demand in Australia, particularly in the New South Wales and Victorian markets, continues to affect the Australian insulation businesses. Nevertheless, volumes were slightly ahead of those in the previous comparable period. In New Zealand, the insulation business performed satisfactorily with a small increase in volume. While the exchange rate environment in both New Zealand and Australia has resulted in increasing price competition from imported products, this is expected to be offset by higher demand as energy efficiency regulation raises standards for home insulation.

Tasman Sinkware, Tasman Access Floors and Fletcher Aluminium performed at similar levels or improved slightly on prior earnings. The Forman group, acquired in December 2006, was integrated smoothly into the division and provided increased exposure to the New Zealand commercial ceiling, wall systems and insulation markets. While Forman's commercial interiors contracting business has experienced increased competition in some markets, the building systems division is performing ahead of expectations.

The acquisition of DVS Limited, a supplier of in-home ventilation systems, was completed on 1 February, in recognition of the increasing importance of indoor air quality and installed solutions in the growing "green build" market.

Distribution

Distribution's operating earnings were $42 million, up 8 percent on the previous corresponding period. Sales were up 9 percent in the same period.

The New Zealand building materials market continues to undergo significant change due to the ongoing growth of competitor networks, including their expansion into new customer segments. Trading margins are down slightly on those reported last year as a result of this competitive pressure.

The redevelopment and expansion of the store network continued during the period. Stores were acquired in the Cromwell and Taranaki areas, a depot was opened in Ohakune in November and a new Thames store opened in December. A regional frame and truss manufacturing plant was completed in Christchurch in December and commenced manufacturing in January 2008. This facility will provide a significant increase in capacity for the PlaceMakers network in the greater Christchurch market and also provide manufacturing capacity for other South Island branches.

Further regional manufacturing plants are being considered. Plans are well advanced for further redevelopment and refurbishment of the store network, including greenfields expansion into markets where PlaceMakers is not represented. Planned projects include refurbishment of stores at Wairau Park, Christchurch and Dunedin; replacement stores at New Plymouth, Levin and Oamaru; and a new operation in Warkworth, where PlaceMakers does not currently have a presence.

Work continues on the development and design of a new computer system which will support Distribution's strategic growth and deliver operational efficiencies. While the system development is slower than planned, acceptance testing will commence shortly, to be followed by pilot phases and full rollout.

Infrastructure

Infrastructure's operating earnings were $145 million compared to $122 million for the previous corresponding period. The result includes $16 million profit principally from land appreciation and realised as a result of the disposal of the Stresscrete business. Profit from asset sales in the prior corresponding period was $5 million. Despite softer market conditions in New Zealand and New South Wales the trading result was 10 per cent above that for the previous December half-year.

Operating earnings from the New Zealand concrete business were up substantially due to the gain on the Stresscrete sale. Trading conditions were more challenging, with volumes of all leading product lines slightly below those for the previous corresponding period. While domestic cement sales volumes were steady, the business benefited from higher export sales and the recent Golden Bay Cement plant upgrade to record higher earnings. Aggregate volumes in the key Auckland market were also down, with some major project delays being the principal cause. Readymix concrete volumes and margins were down slightly in most key markets. The pipe operations experienced more difficult market conditions, but improvement is expected in the second half of the year as the order book is very strong.

In Australia, despite further deterioration in market conditions in New South Wales the Rocla operations recorded a substantial improvement in operating earnings. Strong market conditions outside New South Wales for both businesses and the emphasis on growing non-pipe product volumes were the main reasons for the improvement.

Construction operating earnings were higher, with the highlight for the period being the winning of a number of significant infrastructure projects – the Manukau Harbour Crossing, the New Lynn Rail Box and the preferred contractor status for the Eden Park stadium. The current construction backlog is over $1 billion. The residential construction operations had higher earnings despite lower sale settlements.

Laminates & Panels

Operating earnings for Laminates & Panels were $91 million, compared to $65 million in the previous corresponding period. Total sales were $1,074 million. Laminex's operating earnings were $70 million, representing an increase of 8 percent on the prior corresponding period.

In the Australasian markets, Laminex maintained sales levels notwithstanding the loss of the Taupo medium density fibreboard (MDF) exports to Asia following the closure of the plant due to fire damage. This reflected good sales growth in Australia, with all states recording increased sales.

The hardboard and softboard manufacturing operations in Penrose, Auckland were closed in October 2007 due to increasing input costs, declining export earnings and the need to incur significant environmental compliance costs.

Market conditions for the Australasian businesses remain positive, although there is pressure on margins in some market segments. Operating earnings in Australia increased as a result of improved trading and operational efficiencies, and better pricing available in Asia for premium pine MDF.

A 20 percent share in Dongwha Patinna, an MDF manufacturer in the South Island of New Zealand, was purchased in November 2007. Dongwha Patinna will continue to supply most of the division's New Zealand domestic MDF requirements, as it has done since the fire at the Taupo facility.

Good progress is being made with sourcing some of the division's high pressure laminate (HPL) requirements from Formica's facility in China. This was one of the key synergies identified from that acquisition. As a consequence of this HPL supply, the future of the Laminex operations in Papakura, New Zealand is being reviewed. While subject to consultation with employees, it is possible that the plant may be closed.

Operating earnings for Formica Corporation were $21 million which included $16 million of restructuring costs.

In North America, the rapid slowdown of the housing sector in the United States contributed to demand being 10 percent below expectations. Formica's North America business experienced strong HPL pricing despite the economic conditions, although increased competitive pressure continues to adversely affect margins for solid surface products. North American HPL manufacturing operations made productivity gains following a significant restructuring during 2007 which effectively doubled the production capacity at the Evendale, Ohio plant following the closure of the Sierra, California facility. While North American HPL production costs are improving, they remain above planned levels and the plant restructuring and productivity initiatives are taking longer than planned to achieve.

Formica's European operations performed very well – especially in respect of HPL sales in Spain and the UK – but signs of cooling demand were evident in these residential markets at the end of the period. Penetration into the Russian laminates market continued as planned and demand in central and northern Europe remains strong. In September, the continuous laminate press in Perstorp, Sweden was decommissioned, and product is now supplied by the Aycliffe plant in the UK due to lower manufacturing costs.

In Asia, Formica's sales exceeded expectations, with strong markets in China and Thailand. The business in China has benefited from increased demand as preparations for the 2008 Beijing Olympic Games continue, and Thailand is experiencing gains from continued robust economic growth. An additional HPL press has been purchased to meet the increased demand on the China plant and is scheduled to be commissioned late in calendar 2008.

Steel

Steel lifted operating earnings by 2 percent to $47 million. Sales were also slightly higher, at $611 million.

The rollforming and coatings businesses increased operating earnings by 11 percent. Stramit was in line with the previous December period's earnings despite experiencing a slow start to the half as a result of unusually wet weather in parts of Australia. The lift in earnings reflected the acquisitions of AG&S Building Systems, which trades as Fair Dinkum Homes & Sheds, and Eziform, both of which performed to expectations. The New Zealand rollforming business struggled to reach the performance of the previous comparable period in a very competitive domestic market as both commercial and residential activity slowed.

Earnings in the long steel products business fell by 8 percent, affected by lower margins on ferrous and non-ferrous scrap in the Sims-Pacific Metals joint venture. Pacific Steel reached a satisfactorily settlement on its business interruption insurance claim resulting from the steel plant transformer failure in October 2006. This settlement had a favourable effect on the latest period's result.

Pacific Steel's sales increased by 8 percent, due mainly to increased export volumes. The strong New Zealand dollar during the half-year, kept import price pressure on the domestic market. Globally, strong demand for steel products and increasing freight and raw material costs are already starting to push prices higher. This is expected to continue into the second half of the financial year. The restructuring of the wire business, which was noted in the 2007 annual report and for which the business took an abnormal charge, started to deliver the desired results.

The distribution and services businesses, which include the EasySteel steel merchandising business, the CSP hot-dip galvanising business and the Cyclone fencing business, were able to hold operating earnings in line with the previous corresponding period.

FINANCIAL REVIEW

Balance Sheet

Following the acquisition of Formica Corporation for $988 million, net debt increased to $1,628 million. Bridging finance was repaid during September from the proceeds of a US private placement raising US$325 million, with 9 and 12 year terms. In addition, the company's syndicated bank facilities were both extended in term and increased by NZ$200 million. As a consequence of these initiatives the company had total unutilised facilities as at 31 December 2007 of $544 million and debt requiring refinancing within the next 12 months of around $235 million, including $113 million of capital notes subject to interest rate and term reset.

With strong operating cashflow, gearing[1] at 39.7 percent, and interest coverage[2] at 7.3 times, the company remains in a sound financial position.

Cashflow

Cashflow from operations was $245 million. This was adversely affected by an increase of $92 million in working capital during the six month period, including $44 million in land for residential development in Auckland.

During the six months ended 31 December 2007 the capital expenditure of $140 million was well in excess of depreciation. In addition, a further $990 million was invested in acquisitions including Formica, AG&S Building Systems and Cameron Quarries.

Interest Rates

Approximately 50 percent of all borrowings are at fixed interest rates and with an average duration of 5 years. The currency exposure on floating interest rate borrowings is: US 27 percent, Australia 39 percent and New Zealand 34 percent.

Dividend

The dividend is fully tax credited with imputation credits for New Zealand purposes. Non New Zealand shareholders benefit from the New Zealand supplementary dividends attached to the imputation credits, which have the effect of removing the cost of New Zealand non-resident withholding tax on the portion of dividends carrying imputation credits. A dividend summary is attached illustrating the effect of the New Zealand tax credits on the dividend paid and the supplementary dividend paid to non New Zealand shareholders.

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[1] Net debt to net debt plus equity
[2] EBITDA to interest paid including capital notes interest

This dividend is unfranked for Australian tax purposes. Although the company has franking credits available, the level at which it is currently able to frank dividends is insufficient to provide any material benefit to Australian shareholders having regard to the supplementary dividend paid and the rules for calculating the franking tax offset in Australia. To maximise the value of available franking credits the company will continue its policy of accumulating them and attaching these to dividends only when the franking percentage is at, or near to, 100 percent rather than spreading them over every dividend. It is anticipated that the final dividend for the 2008 year will be fully franked under this policy.

The dividend reinvestment plan will be operative for this dividend payment. Documentation for participation is available from the share registry and must be received by the registry before the record date. The price used to determine entitlements under the dividend reinvestment plan is the weighted average share price of the company's shares sold on the New Zealand Exchange in the five business days following the record date of 20 March 2008. The new shares will be issued on the dividend payment date of 10 April 2008.

The shares will be quoted on an ex dividend basis from 14 March 2008 on the ASX and 25 March 2008 on the NZX.

STRATEGY

Whilst Fletcher Building operates in cyclical markets it has followed a strategy to improve the reliability of its earnings; maintain and improve its internal capabilities; and take up any external acquisition opportunities where these meet its criteria. This strategy has enabled the group to record consistent increases in operating earnings, earnings per share and annual dividends despite changes in market conditions.

In the latest period, initiatives aimed at increasing the reliability of earnings have included growth in the geographic spread of business, with the significant acquisition of Formica, which has operations in Asia, Europe and North America. Rationalisation of the business activities has seen the divestment of Stresscrete and a small MDF mouldings business. The Penrose Hardboard factory was also closed due to the limited demand for its product and the costs of ongoing environmental compliance.

The portfolio has been extended with the acquisition in Australia of AG&S Building Systems, a steel shed franchising business, and Eziform, a small steel added value business associated with the Stramit roofing operations; and with the extension of the Formans product range by the purchase of the assets of Auckland Aluminium, which manufactures and distributes partitioning. Distribution continues to expand its footprint with the acquisition of a site in Warkworth for development.

The improvement of internal capabilities has focused principally on securing capacity increases. In Western Australia, a new distribution centre for the Laminex Group is under construction. The new furnace upgrade of Tasman's Insulation's plant at Auckland and Formica's new HPL press in China are initiatives to improve efficiency and capacity.

In addition to pursuing organic growth opportunities the company continues to evaluate external acquisition prospects. It will also continue to assess opportunities outside the Australasian markets in products and technologies that are well understood.

OUTLOOK

The company is experiencing good demand in its infrastructure and commercial markets. In New Zealand this has translated into maintaining its record backlog of construction work at over $1 billion. Residential markets are softer in most countries in which the company operates. World financial markets are however volatile, reflecting higher levels of economic uncertainty and the possible flow-on effects of a United States' recession. Provided there is no significant change in economic conditions, the outlook is for a satisfactory financial performance in the year to 30 June 2008.

At the annual shareholders' meeting in November, directors advised that the 2008 year would produce another satisfactory result, and that the board was comfortable with the consensus of analysts' forecasts for net earnings to be in the range of $450 - $460 million. As trading results since that time continue to be in line with expectations the earnings guidance has been maintained.

DIVIDEND SUMMARY

2008 INTERIM DIVIDEND INFORMATION

DIVIDEND SUMMARY TABLE [1]

NZ cents per share	NZ RESIDENTS	AUSTRALIAN RESIDENTS	OTHER NON RESIDENTS
Dividend declared	24.0000	24.0000	24.0000
NZ tax credits [2]	11.8209		
NZ tax credit refund		0.0000	0.0000
NZ supplementary dividend		4.2353	4.2353
Australian franking tax credits [3]		0.0000	
Gross dividend for NZ tax purposes	**35.8209**	**28.2353**	**28.2353**
NZ tax (33%)	(11.8209)		
NZ non-resident withholding tax (15%) [4]		(4.2353)	(4.2353)
Net cash received after NZ tax	**24.0000**	**24.0000**	**24.0000**
Australian tax (15%) [5]		(4.2353)	
Reduced by credit for NZ non-resident witholding tax		4.2353	
Net cash dividend to shareholders	**24.0000**	**24.0000**	**24.0000**

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) These tax credits are not received in cash but are relevant in determining the gross dividend received for NZ tax purposes.

(3) There are no Australian franking credits attached to this dividend. Refer to dividend commentary in this announcement for the Company's franking tax crediting policy.

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

(5) This summary 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.