News Release

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FLETCHER BUILDING LIMITED
FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2004

Auckland, 9 February 2005

SUMMARY

Directors today announced the unaudited interim results for the six months ended 31 December 2004. Net earnings were $161 million, compared to $111 million in the previous corresponding period. There were no unusual items.

Fletcher Building achieved operating earnings, that is earnings before interest and tax, of $288 million in the six months to 31 December 2004 – 33 percent ahead of the same period in 2003. The result reflected strong demand throughout the period, and ongoing benefits of operational improvements, together with an extra 3 months of earnings from Tasman Building Products, acquired on 30 September 2003.

The lift in earnings has enabled a further increase in dividends. The interim dividend will increase to 15.0 cents per share from 11.0 cents per share in the previous year. Total shareholder return was 50 percent for the 6 month period.

All divisions improved their operating earnings for the third successive year on a continuing operations basis. Building Products' operating earnings were $121 million (previously $74 million). Distribution earned $42 million (previously $36 million). Infrastructure, a combination of the Concrete and Construction divisions, earned $77 million (previously $62 million). Laminates & Panels earned $56 million (previously $48 million).

The Chief Executive Officer, Mr Ralph Waters, said "the results are evidence of the good progress the company has made in achieving an enhanced earnings performance and growing the business through capacity expansion and acquisitions where our strategic objectives can be met".

Mr Waters said the outlook for the next six months remained positive. Despite a slowing in residential markets in Australia and imminently in New Zealand, non-residential building and infrastructure markets remain strong. This, coupled with further margin improvements, has allowed directors to again upgrade the outlook for earnings, which they now expect to be in the range of $525-545 million before interest and taxation for the full year.

Key Points

- Operating earnings up 33 percent to $288 million.
- Group net earnings up 45 percent to $161 million.

- Cashflow from operations was $224 million.
- Annualised return on average funds employed increased from 23.9 percent to 30.3 percent.
- Earnings per share increased from 25.9 cents to 36.7 cents for the half year.
- Interim dividend increased to15 cents per share with full New Zealand tax credits plus 40 percent Australian franking credits.

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FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2004

Directors today announced the unaudited results for the six months ended 31 December 2004. Net profit after tax and minority interests was $161 million, 45 percent up on the $111 million earned in the previous corresponding period. Operating earnings, that is earnings before interest and tax, were $288 million, up from the $216 million earned in the first half last year.

Revenue was $2.2 billion, up from $1.9 billion in the previous corresponding period although $100 million of this growth is from Tasman Building Products, included only from October in the previous corresponding period. After adjusting for this, and other acquisitions and disposals, the increase in revenue was 8 percent, whereas after adjusting operating earnings for the extra three months of Tasman, earnings were up 26 percent. Demand in New Zealand showed no signs of easing during the period, whereas Australian residential demand, particularly in New South Wales and Victoria, was noticeably softer.

The Concrete and Construction divisions, both of which are managed by the same executive, have been combined to form the Infrastructure division and will henceforth be reported as a single division. On this basis all divisions again improved their operating earnings; Building Products was up 64 percent, or 44 percent after adjusting for the extra three months of Tasman, Distribution by 17 percent, Infrastructure by 24 percent, and Laminex by 17 percent despite a year on year revenue reduction.

The interim dividend will be 15 cents per share, a 36 percent increase on last year's interim dividend of 11 cents per share and a one cent increase on last year's final dividend. This is the company's' sixth consecutive dividend increase. The dividend is payable on 6 April 2005 and includes full New Zealand tax credits and 40 percent Australian franking credits.

The result represents a 28.1 percent return on average equity and a 30.3 percent return on average funds employed. Total shareholder return (TSR), that is increase in share price from 1 July to 31 December 2004 plus dividends paid, was 50 percent for the six months.

Results	**Operating Revenue***		**Earnings***	
Period Ended NZ$million	**6 Mths to Dec 2004**	6 Mths to Dec 2003	**6 Mths to Dec 2004**	6 Mths to Dec 2003
Building Products	**581**	415	**121**	74
Distribution	**472**	425	**42**	36
Infrastructure	**618**	570	**77**	62
Laminates & Panels	**499**	511	**56**	48
Corporate	**1**	8	**-8**	-4
Total	**2171**	1929	**288**	216
Funding Costs			**-33**	-36
Earnings Before Taxation			**255**	180
Taxation			**-82**	-58
Earnings After Taxation			**173**	122
Minority Interests			**-12**	-11
Net Earnings as per Published Accounts			**161**	111

* Prior period results have been restated to conform with the current period presentation.

OPERATIONAL REVIEW

Building Products

Building Products' reported operating earnings of $121 million. This represents a 64 percent increase on the $74 million reported in the six months to December 2003.

The Tasman Building Products companies, acquired on 30 September 2003, contributed $28.6 million operating earnings which compared very favourably with last year's $9.8 million for the December quarter.

Across the entire Building Products division, only Pacific Coilcoaters was behind the previous corresponding period's earnings, because of some steel supply shortages. There were stand-out improvements from upstream and downstream steel businesses, while all other business units improved on already high quality earnings levels. The strong earnings across the division reflect the continuing buoyant demand being experienced in both domestic and overseas markets.

All businesses benefited from the continuing focus on productivity improvements and during the period an agreement to purchase a metal roof tile manufacturing plant in Malaysia was concluded. The upgrade of this plant, which will provide much needed additional capacity to meet export markets, is expected to be complete within the financial year.

Distribution

Revenue and operating earnings for the six months to December 2004 were up 11 percent and 17 percent respectively on the same period in the prior year. Ongoing buoyant market conditions underpinned these results, which were above expectations.

In October, PlaceMakers opened a new flagship store at Riccarton, Christchurch with a format designed for the professional builder and differentiated from competitors' DIY focus. New stores were also opened in December at Mt Wellington and Queenstown. The Queenstown store is a smaller version of the new format store but is tailored to suit the size of the local market. Early trading results from all new stores are very pleasing.

Based on the success achieved so far with the store development programme two new stores and a number of store upgrades are scheduled this calendar year.

Infrastructure

Operating earnings in Infrastructure were up 24 percent on the previous corresponding period. Revenues increased by 8 percent.

The New Zealand concrete operations were up strongly with all business units reporting improved earnings on the same period last year. The most significant improvements were in the cement and aggregate operations where volumes, improving efficiencies and price contributed to the excellent results. The initial projects in the upgrade programme at the cement plant have been implemented with indications that upon completion, projected outputs will be exceeded. The programme will be completed in the second half of 2005.

While the construction operations recorded revenues only slightly up on the previous corresponding period they have $780 million of work commitments in backlog, compared to $430 million at 30 June 2004. Two significant projects, the $90 million Pohokura Gas Treatment plant and the $70 million Esmonde Road Busway, were secured too late in the half for any profit recognition in the period, which contributed to a $4 million reduction in earnings compared to the previous corresponding period.

Residential sold fewer homes because of land availability but enjoyed strong margins and earnings were ahead of the prior comparable period.

Laminates & Panels

Earnings for the period were ahead of expectations, despite the difficult export environment resulting from strong Australian and New Zealand currencies against the US dollar. The reported earnings in New Zealand dollars have also been adversely affected relative to last year because of the appreciation of the New Zealand dollar against the Australian dollar.

Demand in Australia was similar to the prior year with strength in the Queensland and West Australian markets offsetting the weakening NSW and Victorian markets. Activity in the domestic New Zealand market was similar to last year.

Further gains in operating efficiencies have been the main driver of the earnings improvement. Significant lifts in production output have been made at the Kumeu and Taupo board factories in New Zealand. With the completion of the new Brisbane Distribution Centre, the warehouse consolidations across Australia are now complete and are providing significant service level benefits.

FINANCIAL REVIEW

Balance Sheet

Net debt decreased to NZ$774 million at 31 December 2004, compared with NZ$848 million at June 2004.

With strong earnings and operating cashflow, and with gearing (net debt / net debt plus equity) at 38.7 percent, Fletcher Building remains in a sound financial position. This is a reduction from the gearing level of 43.1 percent at 30 June 2004, and is comfortably within all relevant debt covenants. Interest cover (EBITDA / Interest) was 10.6 times compared to 7.8 times at June 2004.

Cashflow

Cashflow from operations was NZ$224 million. This was after an increase of NZ$61 million in working capital as a result of the timing of cashflows on large construction projects, together with the increase in working capital required to support both the higher activity levels and the plant close-downs over the December / January period.

Capital expenditure, excluding major acquisitions and divestments, totalled NZ$100 million for the period, and reflects investment in internal growth projects signalled last year.

Dividend

The interim dividend of 15 cents per share will be payable on 6 April 2005 and will carry full New Zealand tax credits and partial Australian franking credits. Details are provided in the summary attached.

STRATEGY

For some time, the company's strategic priorities have been to improve both the level and reliability of earnings through the economic cycle. This has been pursued through operational improvements, investments in capacity expansion and acquisitions. The acquisitions have diversified the earnings base, reduced dependence on the New Zealand market, yielded synergies and provided a path for future growth.

In the near term there will be a continuation of investment in capacity expansion and the upgrading of PlaceMakers outlets. As previously disclosed, we have been considering a further acquisition in Australia of the Amatek group of companies. It is expected that the decision to proceed, or not, will be resolved in the near future.

OUTLOOK

Despite a slowing in residential markets in Australia and imminently in New Zealand, non-residential building and infrastructure markets remain strong. This, coupled with further margin improvements, has allowed directors to again upgrade the outlook for earnings, which they now expect to be in the range of $525-545 million before interest and taxation for the full year.

DIVIDEND SUMMARY

Dividends paid by the company have Dividend Withholding Payment (DWP) credits attached, so that both New Zealand and non-resident shareholders can benefit from the value of New Zealand's dividend imputation tax credit regime. Fletcher Building pays the refund of the DWP tax credit to non-resident shareholders at the same time as the dividend is paid, and then recovers this from the Inland Revenue Department. New Zealand resident shareholders holding shares on behalf of, or as agents for, non-residents will need to advise the share registry, if they have not already done so, to ensure that the DWP tax credit refund is made.

The Australian franking credits are required to be allocated to all shareholders but are only of value to those shareholders resident in Australia for tax purposes.

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 18 March 2005. The new shares will be allocated on the dividend date of 6 April 2005.

SUMMARY TABLE [1]

NZ cents per share	**NZ Residents**	**Australian Residents [3]**	**Other Residents**
Dividend declared	15.0000	15.0000	15.0000
NZ tax credits [2]	7.3881	-	-
NZ tax credit refund	-	7.3881	7.3881
Australian franking tax credits [2]	-	2.5714	-
Gross dividend for tax purposes	**22.3881**	**24.9595**	**22.3881**
NZ tax (33%)	(7.3881)	-	-
NZ non-resident withholding tax (15%) [3]	-	(3.3582)	(3.3582)
Net cash received after NZ tax	**15.0000**	**19.0299**	**19.0299**
Australian tax (15%) [4]	-	(3.7439)	-
Reduced by credit for NZ non resident withholding tax	-	3.3582	-
less Australian franking credit offset [5]	-	2.5714	-
Net cash dividend to shareholders [1]	**15.0000**	**21.2156**	**19.0299**
Record date	18 March 2005	18 March 2005	18 March 2005
Payment date	6 April 2005	6 April 2005	6 April 2005

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 amounts are not received in cash but are relevant in determining the gross dividend for tax purposes.

(3) NZ non-resident withholding tax is imposed at the rate of 15 percent on the sum of the dividend declared and the NZ tax credit refund. It is not imposed on the Australian franking credits component of the gross dividend.

(4) This summary uses the 15 percent 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.

(5) Surplus franking credits are refundable to Australian resident shareholders on issue of their tax assessment.