



**Fletcher Building Industries Limited**  
**2022 Interim Financial Results**

# Financial Statements

## INCOME STATEMENT (UNAUDITED) FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

	Notes	Six months Dec 2021 NZ\$'000	Six months Dec 2020 NZ\$'000 Restated <sup>(1)</sup>	Year ended Jun 2021 NZ\$'000 Restated <sup>(1)</sup>
Share of profits of associate	6	37,037	53,798	88,044
Earnings before interest and taxation		37,037	53,798	88,044
Funding costs		(4,605)	(12,300)	(19,513)
Earnings before taxation		32,432	41,498	68,531
Taxation benefit	3	1,289	3,444	5,461
<b>Net earnings</b>		<b>33,721</b>	<b>44,942</b>	<b>73,992</b>

## STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

	Notes	Six months Dec 2021 NZ\$'000	Six months Dec 2020 NZ\$'000 Restated <sup>(1)</sup>	Year ended Jun 2021 NZ\$'000 Restated <sup>(1)</sup>
Net earnings		33,721	44,942	73,992
Share of associate's other comprehensive income		80	335	1,324
<b>Total comprehensive income</b>		<b>33,801</b>	<b>45,277</b>	<b>75,316</b>

## STATEMENT OF MOVEMENTS IN EQUITY (UNAUDITED) FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

	Notes	Six months Dec 2021 NZ\$'000	Six months Dec 2020 NZ\$'000 Restated <sup>(1)</sup>	Year ended Jun 2021 NZ\$'000 Restated <sup>(1)</sup>
Total equity at the beginning of the period		506,180	433,859	433,859
Change in accounting policies			(2,995)	(2,995)
<b>Restated equity at the beginning of the period</b>		<b>506,180</b>	<b>430,864</b>	<b>430,864</b>
Total comprehensive income		33,801	45,277	75,316
<b>Total equity</b>		<b>539,981</b>	<b>476,141</b>	<b>506,180</b>

<sup>(1)</sup> The comparatives have been restated as a result of a change in accounting policy as detailed in note 2.

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

## Financial Statements (Continued)

### BALANCE SHEET (UNAUDITED)

AS AT 31 DECEMBER 2021

Assets	Notes	As at Dec 2021 NZ\$'000	As at Dec 2020 NZ\$'000 Restated <sup>(1)</sup>	As at Jun 2021 NZ\$'000 Restated <sup>(1)</sup>
<b>Current assets:</b>				
Amounts owed by related companies		253,658	158,598	258,622
Current taxation asset		6,753	11,701	5,463
<b>Total current assets</b>		<b>260,411</b>	170,299	264,085
<b>Non-current assets:</b>				
Investment in associate	6	786,850	834,498	749,733
<b>Total non-current assets</b>		<b>786,850</b>	834,498	749,733
<b>Total assets</b>		<b>1,047,261</b>	1,004,797	1,013,818
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Amounts owed to related parties			20,104	
Accrued interest		6,403	6,968	6,402
Capital notes	5	100,000	100,000	100,000
<b>Total current liabilities</b>		<b>106,403</b>	127,072	106,402
<b>Non-current liabilities:</b>				
Capital notes	5	400,877	401,584	401,236
<b>Total non-current liabilities</b>		<b>400,877</b>	401,584	401,236
<b>Total liabilities</b>		<b>507,280</b>	528,656	507,638
<b>Equity</b>				
Reported capital		346,000	346,000	346,000
Reserves		193,981	130,141	160,180
<b>Total equity</b>		<b>539,981</b>	476,141	506,180
<b>Total liabilities and equity</b>		<b>1,047,261</b>	<b>1,004,797</b>	<b>1,013,818</b>

<sup>(1)</sup> The comparatives have been restated as a result of a change in accounting policy as detailed in note 2.

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

On behalf of the Board, 16 February 2022



**Bruce Hassall**  
Chair



**Robert McDonald**  
Director

## Financial Statements (Continued)

### STATEMENT OF CASH FLOWS (UNAUDITED) FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

	Six months Dec 2021 NZ\$'000	Six months Dec 2020 NZ\$'000	Year ended Jun 2021 NZ\$'000
<i>Cash flow from operating activities:</i>			
Dividend received			120,000
Interest paid	(10,960)	(12,537)	(23,680)
Interest received from related parties	5,997		3,016
<b>Net cash from operating activities</b>	<b>(4,963)</b>	<b>(12,537)</b>	<b>99,336</b>
<i>Cash flow from financing activities:</i>			
Advances from related companies	4,963	10,747	(101,126)
Issue of capital notes		41,519	141,519
Redemption of capital notes		(39,729)	(139,729)
<b>Net cash from financing activities</b>	<b>4,963</b>	<b>12,537</b>	<b>(99,336)</b>
Net movement in cash held			
Add opening cash and liquid deposits			
<b>Closing cash and liquid deposits</b>			

### RECONCILIATION OF NET EARNINGS TO NET CASH FROM OPERATING ACTIVITIES FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

	Six months Dec 2021 NZ\$'000	Six months Dec 2020 NZ\$'000 Restated <sup>(1)</sup>	Year ended Jun 2021 NZ\$'000 Restated (1)
Net earnings	33,721	44,942	73,992
<i>Adjust for:</i>			
Share of profits from associate	(37,037)	(53,798)	(88,044)
Dividend received from associate			120,000
Taxation	(1,289)	(3,444)	(5,461)
Accruals	1		(597)
Other	(359)	(237)	(554)
<b>Net cash from operating activities</b>	<b>(4,963)</b>	<b>(12,537)</b>	<b>99,336</b>

<sup>(1)</sup> The comparatives have been restated as a result of a change in accounting policy as detailed in note 2.



# Notes to the Financial Statements

## 1. CORPORATE INFORMATION

The condensed interim financial statements presented are those of Fletcher Building Industries Limited (the "Company") and its investment in its associate. The Company is domiciled in New Zealand, registered under the Companies Act 1993 and is a FMC Reporting Entity under Financial Markets Conduct Act 2013. The Company is a for-profit entity.

### Basis of presentation

The condensed interim financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand and the requirements of the Financial Markets Conduct Act 2013 and the Main Board/Debt Market Listing Rules of NZX Limited.

The condensed interim financial statements comply with NZ IAS 34 Interim Financial Reporting and should be read in conjunction with Fletcher Building Limited's 2021 audited annual financial statements for the period ended 30 June 2021 available at [www.fletcherbuilding.com](http://www.fletcherbuilding.com).

In complying with NZ IAS 34, these statements comply with International Accounting Standard 34 - Interim Financial Reporting.

The accounting policies have been applied consistently by the Group and are in line with prior year, except for the change in accounting policy on cloud computing arrangements as disclosed below.

Where necessary, certain comparative information has been reclassified to conform to changes in presentation in the current year.

## 2. CHANGES IN ACCOUNTING POLICIES

Fletcher Building Industries Limited is consolidated into the Fletcher Building Limited Group (the "Group") and therefore is required to apply the Group's accounting policies to its financial statements.

### Configuration or Customisation Costs in a Cloud Computing Arrangement (NZ IAS 38 Intangible Assets)

In April 2021, the International Financial Reporting Standards Interpretations Committee (IFRIC) issued a final agenda decision, configuration or customisation costs in a cloud computing arrangement. The IFRIC concluded that costs incurred in configuring or customising software in a cloud computing arrangement can only be recognised as intangible assets if the activities create an intangible asset that the entity controls and the intangible asset meets the recognition criteria.

### Financial impact

The Company does not have any capitalised configuration and customisation costs and as a result there is no impact on the Company from adoption of IFRIC's agenda decision. However, Fletcher Building Holdings New Zealand Limited ("FBHNZL"), which is equity accounted for in these financial statements, has a material amount of capitalised software costs relating to cloud computing arrangements.

For the Group, including FBHNZL, a detailed assessment was carried out during the six months to 31 December 2021 where the impact of the accounting policy change has been quantified. The Group identified previously capitalised costs associated with cloud computing arrangements, and performed an assessment to determine whether these costs were incurred in relation to cloud application software that the Group controls. For those arrangements where it has been determined that the Group does not control the software application, any previously capitalised costs that did not meet the asset recognition criteria have been retrospectively derecognised in the year they were incurred.

This assessment for FBHNZL subsidiaries resulted in a reduction in the intangible asset value with an associated reduction in amortisation expense. The decrease in amortisation expense was offset by configuration and customisation costs that would have been previously capitalised, being expensed to the income statement. The net impact of these changes on Fletcher Building Industries Limited (the Company) share of profits of associate in the income statement is less than \$1 million both at 30 June 2021 and 31 December 2020, with a \$2.9 million reduction to the carrying amount of the investment in associate as at 1 July 2020, reflecting the reduction in FBHNZL subsidiaries intangible asset value.

The financial impact of the change in accounting policy has been included in Note 6 below.

## Notes to the Financial Statements (Continued)

<b>3. TAXATION BENEFIT</b>	<b>Six months Dec 2021 NZ\$'000</b>	<b>Six months Dec 2020 NZ\$'000 Restated <sup>(1)</sup></b>	<b>Year ended Jun 2021 NZ\$'000 Restated <sup>(1)</sup></b>
Earnings before taxation	<b>32,432</b>	41,498	68,531
Taxation at 28 cents per dollar	<b>(9,081)</b>	(11,619)	(19,189)
<i>Adjusted for:</i>			
Non-assessable income	<b>10,370</b>	15,063	24,650
	<b>1,289</b>	<b>3,444</b>	<b>5,461</b>

<sup>(1)</sup> The comparatives have been restated as a result of a change in accounting policy as detailed in note 2.

## 4. CONTINGENCIES AND COMMITMENTS

There were no contingent liabilities or capital commitments as at 31 December 2021 (December 2020: nil; June 2021: 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:

		<b>Dec 2021</b>		<b>Jun 2021</b>	
Classifications		<b>Carrying value NZ\$000</b>	<b>Fair value NZ\$000</b>	<b>Carrying value NZ\$000</b>	<b>Fair value NZ\$000</b>
Capital notes	Amortised cost	<b>500,877</b>	<b>504,581</b>	501,236	519,516
Amounts owing by related companies	Loans and receivables	<b>253,658</b>	<b>253,658</b>	258,622	258,622

### 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 under level 2, by discounting future principal and interest cash flows at the current market interest rate that are available for similar financial instruments.

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Inputs that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) other than quoted prices included within level 1.

Level 3 Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The interest rates across all currencies used to discount future principal and interest cash flows are between 2.90% and 4.10% (June 2021: 2.28% and 2.50%) including margins.

## Notes to the Financial Statements (Continued)

### 6. INVESTMENT IN ASSOCIATE

	31 Dec 2021 NZ\$'000	31 Dec 2020 NZ\$'000 Restated <sup>(1)</sup>	30 Jun 2021 NZ\$'000 Restated <sup>(1)</sup>
Carrying amount of associate - Fletcher Building Holdings New Zealand Group			
Carrying amount at the beginning of the period	749,733	783,360	783,360
Adjustment as a result of change in accounting policy		(2,995)	(2,995)
Adjusted carrying amount at the beginning of the period	749,733	780,365	780,365
Share of profits of associate	37,037	53,798	88,044
Share of associate's other comprehensive income	80	335	1,324
Dividend received from associate			(120,000)
<b>Investment in associate</b>	<b>786,850</b>	<b>834,498</b>	<b>749,733</b>
Associate information - Fletcher Building Holdings New Zealand Group			
Balance sheet information for associate - 100%			
External assets	4,380,319	4,100,285	4,223,523
External liabilities	(2,062,711)	(2,006,462)	(2,042,123)
Intercompany	146,689	606,900	99,093
Non-controlling interest	(12,533)	(10,719)	(14,314)
<b>Equity</b>	<b>2,451,764</b>	<b>2,690,004</b>	<b>2,266,179</b>
Equity - Fletcher Building Industries Limited share - 20%	490,353	538,001	453,236
Goodwill acquired at cost	296,497	296,497	296,497
<b>Investment in associate</b>	<b>786,850</b>	<b>834,498</b>	<b>749,733</b>
Equity accounted earnings for Fletcher Building Holdings New Zealand Group comprise:			
Summarised income statement for associate – 100%			
Gross Revenue	3,035,778	2,948,982	6,024,293
Net earnings	185,185	269,555	442,223
<b>Net earnings – Fletcher Building Industries Limited share – 20%</b>	<b>37,037</b>	<b>53,911</b>	<b>88,445</b>

<sup>(1)</sup> The comparatives have been restated as a result of a change in accounting policy as detailed in note 2.

### 7. RELATED PARTY TRANSACTIONS

At 31 December 2021, \$140 million of listed capital notes were held by Fletcher Building Holdings Limited ("FBHL") as treasury stock (December 2020:\$95 million; June 2021:\$140 million). The Company and FBHL are wholly owned subsidiaries of Fletcher Building Limited.

## Independent Auditor's Review Report to the Shareholder of Fletcher Building Industries Limited

### CONCLUSION

We have reviewed the interim financial statements of Fletcher Building Industries Limited ("the Company") on pages 1 to 6 which comprise the balance sheet as at 31 December 2021, and the income statement, statement of comprehensive income, statement of movements in equity and statement of cash flows for the six months ended on that date, and a summary of significant accounting policies and other explanatory information. Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements on pages 1 to 6 of the Company do not present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the six months ended on that date, in accordance with New Zealand Equivalent to International Accounting Standard 34: *Interim Financial Reporting* and International Accounting Standard 34: *Interim Financial Reporting*.

This report is made solely to the Company's shareholder. Our review has been undertaken so that we might state to the Company's shareholder 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 shareholder, for our review procedures, for this report, or for the conclusion we have formed.

### BASIS FOR CONCLUSION

We conducted our review in accordance with NZ SRE 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Statements* section of our report. We are independent of the Company in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements.

Other than in our capacity as auditor we have no relationship with, or interest in, the Company. Partners and employees of our firm may deal with the Company on normal terms within the ordinary course of trading activities of the business of the Company.

### DIRECTORS' RESPONSIBILITY FOR THE INTERIM FINANCIAL STATEMENTS

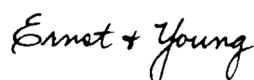
The Directors are responsible, on behalf of the entity, for the preparation and fair presentation of the interim statements in accordance with New Zealand Equivalent to International Accounting Standard 34: *Interim Financial Reporting* and International Accounting Standard 34: *Interim Financial Reporting* 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.

### AUDITOR'S RESPONSIBILITIES FOR THE REVIEW OF THE INTERIM FINANCIAL STATEMENTS

Our responsibility is to express a conclusion on the interim financial statements based on our review. NZ SRE 2410 (Revised) 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* and International Accounting Standard 34: *Interim Financial Reporting*.

A review of interim financial statements in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, 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) and consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on those interim financial statements.

The engagement partner on the review resulting in this independent auditor's review report is Brent Penrose.



Chartered Accountants  
Auckland  
16 February 2022