

# Fletcher Building Industries Limited

## 2024 Interim Financial Results



# Financial Statements

## Income Statement

For the six months ended 31 December 2023

	Note	Unaudited Six months Dec 2023 NZ\$'000	Unaudited Six months Dec 2022 NZ\$'000	Audited Year ended June 2023 NZ\$'000
Share of profits of associate	5	3,334	20,298	70,425
<b>Earnings before interest and taxation</b>		<b>3,334</b>	20,298	70,425
Interest expense		(11,652)	(10,484)	(21,452)
Interest income		10,988	8,982	17,816
<b>Funding costs</b>		<b>(664)</b>	(1,502)	(3,636)
Earnings before taxation		2,670	18,796	66,789
Taxation benefit	2	186	420	1,018
<b>Net earnings</b>		<b>2,856</b>	19,216	67,807

## Statement of Comprehensive Income

For the six months ended 31 December 2023

	Note	Unaudited Six months Dec 2023 NZ\$'000	Unaudited Six months Dec 2022 NZ\$'000	Audited Year ended June 2023 NZ\$'000
Net earnings		2,856	19,216	67,807
Share of associate's other comprehensive income/(losses)		(585)	(892)	(334)
<b>Total comprehensive income</b>		<b>2,271</b>	18,324	67,473

## Statement of Movements in Equity

For the six months ended 31 December 2023

	Note	Unaudited Six months Dec 2023 NZ\$'000	Unaudited Six months Dec 2022 NZ\$'000	Audited Year ended June 2023 NZ\$'000
Total equity at the beginning of the period		661,482	594,009	594,009
Total comprehensive income		2,271	18,324	67,473
<b>Total equity</b>		<b>663,753</b>	612,333	661,482

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

# Balance sheet

As at 31 December 2023

Assets	Note	Unaudited Dec 2023 NZ\$'000	Unaudited Dec 2022 NZ\$'000	Audited Jun 2023 NZ\$'000
<b>Current assets:</b>				
Amounts owed by related companies		468,357	382,206	468,963
Current taxation asset		1,204	2,960	1,018
<b>Total current assets</b>		<b>469,561</b>	385,166	469,981
<b>Non-current assets:</b>				
Investment in associate	5	700,933	733,499	698,184
<b>Total non-current assets</b>		<b>700,933</b>	733,499	698,184
<b>Total assets</b>		<b>1,170,494</b>	1,118,665	1,168,165
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Accrued interest		6,765	6,321	6,765
Capital notes	4	99,976	100,148	99,918
<b>Total current liabilities</b>		<b>106,741</b>	106,469	106,683
<b>Non-current liabilities:</b>				
Capital notes	4	400,000	399,863	400,000
<b>Total non-current liabilities</b>		<b>400,000</b>	399,863	400,000
<b>Total liabilities</b>		<b>506,741</b>	506,332	506,683
<b>Equity</b>				
Share capital		346,000	346,000	346,000
Reserves		317,753	266,333	315,482
<b>Total equity</b>		<b>663,753</b>	612,333	661,482
<b>Total liabilities and equity</b>		<b>1,170,494</b>	1,118,665	1,168,165

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

On behalf of the Board, 14 February 2024.



**Bruce Hassall**  
Chair



**Robert McDonald**  
Director

# Statement of Cash Flows

For the six months ended 31 December 2023

	Unaudited Six months Dec 2023 NZ\$'000	Unaudited Six months Dec 2022 NZ\$'000	Audited Year ended Jun 2023 NZ\$'000
<b>Cash flow from operating activities</b>			
Dividend received			86,000
Interest paid	(11,594)	(10,991)	(21,608)
Interest received from related parties	10,988	8,982	17,816
<b>Net cash from operating activities</b>	<b>(606)</b>	(2,009)	82,208
<b>Cash flow from financing activities</b>			
Advances from/(to) related companies	606	2,009	(82,208)
Issue of capital notes			100,000
Redemption of capital notes			(100,000)
<b>Net cash from financing activities</b>	<b>606</b>	2,009	(82,208)
Net movement in cash held			
Add opening cash and liquid deposits			
<b>Closing cash and liquid deposits</b>			

# Notes to the Financial Statements

## 1. CORPORATE INFORMATION

The interim financial statements presented are those of Fletcher Building Industries Limited (the "Company"). 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 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.

The interim financial statements comply with NZ IAS 34 and IAS 34 Interim Financial Reporting and do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with Fletcher Building Limited and Fletcher Building Industries Limited's 2023 audited annual financial statements for the period ended 30 June 2023 available at [www.fletcherbuilding.com](http://www.fletcherbuilding.com).

The accounting policies have been applied consistently by the Group and are in line with prior year.

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

## 2. TAXATION BENEFIT

	Unaudited Six months Dec 2023 NZ\$'000	Unaudited Six months Dec 2022 NZ\$'000	Audited Year ended Jun 2023 NZ\$'000
Earnings before taxation	2,670	18,796	66,789
Taxation at 28 cents per dollar	(748)	(5,263)	(18,701)
<i>Adjusted for:</i>			
Non-assessable income	934	5,683	19,719
	186	420	1,018

## 3. CONTINGENCIES AND COMMITMENTS

There were no contingent liabilities or capital commitments as at 31 December 2023 (December 2022: nil; June 2023: nil).

## 4. 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:

		Dec 2023 (Unaudited)		Jun 2023 (Audited)	
	Classifications	Carrying value NZ\$'000	Fair value NZ\$'000	Carrying value NZ\$'000	Fair value NZ\$'000
Capital Notes	Amortised cost	499,976	476,222	499,918	472,783
Amounts owing by related companies	Amortised cost	468,357	468,357	468,963	468,963

### 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 used to discount future principal and interest cash flows are between 6.90% and 8.25% (June 2023: 6.74% and 7.50%) including margins.



## Notes to the Financial Statements (Continued)

5. INVESTMENT IN ASSOCIATE	Unaudited Dec 2023 NZ\$'000	Unaudited Dec 2022 NZ\$'000	Audited Jun 2023 NZ\$'000
<b>Carrying amount of associate - Fletcher Building Holdings New Zealand Group</b>			
Carrying amount at the beginning of the period	698,184	714,093	714,093
Share of profits of associate	3,334	20,298	70,425
Share of associate's other comprehensive income/(losses)	(585)	(892)	(334)
Dividend received from associate			(86,000)
<b>Investment in associate</b>	<b>700,933</b>	733,499	698,184
<b>Associate information - Fletcher Building Holdings New Zealand Group</b>			
<b>Balance sheet information for associate - 100%</b>			
External assets	5,782,317	5,384,130	5,689,873
External liabilities	(2,107,430)	(2,343,275)	(2,268,604)
Intercompany	(1,629,479)	(837,915)	(1,386,054)
Non-controlling interest	(23,229)	(17,931)	(26,778)
<b>Equity</b>	<b>2,022,179</b>	2,185,009	2,008,437
Equity - Fletcher Building Industries Limited share - 20%	404,436	437,002	401,687
Goodwill acquired at cost	296,497	296,497	296,497
<b>Investment in associate</b>	<b>700,933</b>	733,499	698,184
<b>Equity accounted earnings for Fletcher Building Holdings New Zealand Group comprise:</b>			
<b>Summarised income statement for associate - 100%</b>			
Gross Revenue	3,145,949	3,130,957	6,248,279
Net earnings*	16,672	101,489	352,125
<b>Net earnings - Fletcher Building Industries Limited share - 20%</b>	<b>3,334</b>	20,298	70,425

\*Net earnings include significant item costs of \$129 million (net of income tax) recognised in Fletcher Building Holdings New Zealand Group of which 20% is represented in FBIL's share of net earnings.

## 6. RELATED PARTY TRANSACTIONS

At 31 December 2023, \$157 million of listed capital notes were held by Fletcher Building Holdings Limited ("FBHL") as treasury stock (December 2022: \$141 million; June 2023: \$157 million). The Company and FBHL are wholly owned subsidiaries of Fletcher Building Limited (the "Group").

## 7. RECONCILIATION OF NET EARNINGS TO NET CASH FROM OPERATING ACTIVITIES

	Unaudited Six months Dec 2023 NZ\$'000	Unaudited Six months Dec 2022 NZ\$'000	Audited Year ended Jun 2023 NZ\$'000
Net Earnings	2,856	19,216	67,807
<i>Adjusted for:</i>			
Share of profits of associate	(3,334)	(20,298)	(70,425)
Dividend received from associate			86,000
Taxation	(186)	(420)	(1,018)
Accruals			444
Unwind of premium/(discount)	58	(507)	(600)
<b>Net cash from operating activities</b>	<b>(606)</b>	(2,009)	82,208



# 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 2 to 6 which comprise the balance sheet as at 31 December 2023, 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 2 to 6 of the Company do not present fairly, in all material respects, the financial position of the Company as at 31 December 2023, 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 as a body, 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 financial 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  
14 February 2024

