News Release

STOCK EXCHANGE LISTINGS: NEW ZEALAND (FBU), AUSTRALIA (FBU), NEW YORK (FLB).

INTERIM RESULTS ANNOUNCEMENT

SUMMARY

Fletcher Building Limited achieved a substantial turnaround in performance in the six months to 31 December 2001 – its first complete half-year as a separately-listed company.

Net profit after tax and minority interests (and including unusual items) was $41 million, compared with a loss of the same amount in the six months to 31 December 2000 of $(41) million. EBIT for the latest period was $78 million pre unusuals, compared with $37 million in the comparable period of 2000.

The Chief Executive Officer, Mr Ralph Waters, said it was pleasing that the company had reached a reasonable level of earnings in a timeframe bettering earlier expectations. "It's particularly gratifying that most of the improvement over the year-earlier results was internally-generated, in the form of improved margins resulting from price movements, operational efficiency gains and reduced overheads.

"Improved performance was evident in almost all our operations, including those we have signalled as not forming part of our core business over the long term, for example the South American assets, and the Australian co-generation plants. This means our decision to focus in the short term on improving the performance of non-core businesses as well as seeking asset sales has already created shareholder value. We maintain our intent to sell non-core businesses for reasons of strategic fit, but will do so when value can be maximised."

Annualised Results

- Net profit after tax, minority interests and unusual items of $41 million
- Earnings before interest, tax and unusual items of $78 million
- Improved operating margins, lower overheads, assisted by stronger demand; partly offset by increased insurance and energy costs and higher depreciation
- Most significant improvement by Construction, Firth's Ready Mixed Concrete, South American operations and Upstream Steel

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- Cash flow from operations of $56 million
- 21% reduction in funding costs, to $15 million. Interest cover improves from 5.1 times at 30 June 2001 to 8.2 times
- A rise in net debt from $274 million to $293 million, after consolidation of PlaceMakers joint venture branches and the replacement of $20 million of capital notes with debt.

Outlook

- Given the expectation of reasonable demand in New Zealand, a satisfactory result should ensue in the second half.

Dividend

- Interim dividend of 6 cents per share, with full tax credits.

Full details of the announcement are attached. For further information, please contact:

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FLETCHER BUILDING LIMITED
FINANCIAL RESULTS FOR THE HALF YEAR ENDED 31 DECEMBER 2001

Directors today announced the financial results for the six months to 31 December 2001. Net profit after tax and minority interests was $41 million, and $37 million before unusual items. Unusual items represent a $6 million pre-tax gain on the sale of assets. In the comparative period last year, the net profit after tax and minority interests was a loss of $41 million and a profit of $8 million before unusual items.

Revenue for the six months was $1.455 billion including consolidation of the jointly owned PlaceMakers stores. On the same basis for the comparative period last year, revenue was $1.313 billion. Most of the revenue increase was in Construction. Concrete was up around 7%, Distribution 6%, and Building Products was up about 3% after eliminating disposals.

Though this improved result was assisted by stronger demand, it benefited more from improved margins through price movements, operational efficiency gains and reduced overheads. However, the result also incorporated significant increases in insurance costs as the company reduced its previously high level of self-insurance while encountering a much tighter insurance market. Depreciation was also higher as a result of the revaluation of assets following separation from Fletcher Challenge.

Nearly all businesses improved earnings over the comparative period, but the most significant improvers were Construction, aided particularly by the Varnsdorf co-generation plants in Australia, Firth's Ready-Mixed Concrete, South American operations and Upstream Steel.

On an annualised basis, the result represents a 12.1% return on equity after capital notes interest. The return on funds employed was 16% which was comparable with the first three months trading to June 2001.

Results

	Operating Revenue		**EBIT**	
Period Ended **NZ$million**	**6 Months to Dec 2001**	6 Months to Dec 2000	**6 Months to Dec 2001**	6 Months to Dec 2000
Building Products	**405**	447	**36**	35
Distribution *	**322**	304	**9**	6
Concrete	**232**	216	**24**	8
Construction	**496**	346	**13**	(5)
Corporate			**(4)**	(2)
Less restatement *		(220)		(5)
Total Before Unusuals	**1455**	1093	**78**	37
Unusuals			**6**	(56)
Total EBIT After Unusuals			**84**	(19)
Funding Costs			**(15)**	(19)
Earnings			**69**	(38)
Tax			**(25)**	(3)
Earnings After Tax			**44**	(41)
Minority Interests			**(3)**	
Net Earnings			**41**	(41)

* Note: Comparatives have been restated to reflect consolidation of JV PlaceMakers stores

Operational Review

Building Products

Assets in both Cyclone and Fletcher Aluminium were sold during the period, reducing revenue. The Building Products Group incurred the major portion of the increase in Fletcher Building's insurance premiums and the first quarter was impacted by the significant hike in energy costs. So in the circumstances, the 3% improvement in the Group's EBIT over the corresponding period last year was a satisfactory outcome.

Winstone Wallboards, Plyco Doors and Scott Panel & Hardware all met or exceeded earnings expectations, but Aluminium and Wood Panels had disappointing results. Upstream steel profitability improved markedly; however, of the downstream steel activities, Pacific Coilcoaters was the only significant improver over the comparative period. EasySteel and Dimond each had revenue declines, with some lost market share as a trade-off to maintaining margins.

Concrete

The result for the Concrete Group was significantly ahead of last year. The improvement was underwritten by much better performances in South America and in the concrete and concrete product businesses in New Zealand. Cement was in line with expectations and aggregates was below plan but ahead of the prior comparative period.

While the South American operations continue to experience very difficult trading conditions, both Peru and Bolivia have been cashflow positive as the businesses benefited from the management changes last year and the subsequent major restructuring. Longer term options for these businesses are being progressed. In New Zealand, while rural activity has been a significant contributor to the result, most major urban markets, and roading in particular, were subdued. Prices have improved marginally in a number of key products.

Construction

The Construction Group performed strongly during the period. Both the New Zealand and the Australian commercial building businesses had significantly increased billings. Fletcher Residential also had a strong lift in sales.

The result for this period was buoyed by the coincidence of above plan earnings from most profit centres and an absence of the one-time claim settlement costs that were in the prior period. Two other matters contributed around $6 million to EBIT and these are not sustainable. The Victorian Hospitals Co-Generation assets (Varnsdorf) purchased in March last year to end a long running dispute have performed well, but as non-core assets they are expected to be sold. Also, the finalisation of contractual issues on a number of completed projects in the USA allowed construction profits to be recognised.

Distribution

The Distribution Group benefited from improving trading conditions. Solid sales gains have been achieved through improving retail sales and through a strong performance in wholly owned stores which were up 10%. However, the key to improved half year profit performance has been ongoing internal productivity gains, category enhancement and the continuing competitive strength of the PlaceMakers Joint Venture Partnerships. The Building Depot enjoyed good sales growth and successfully piloted a new Point of Sale system that will give benefits in the next period. The growing strength of the Hire A Hubby franchise was recognised through a number of awards from the Franchise Association of New Zealand.

Balance Sheet

Net bank debt at 31 December 2001 was $293 million after the addition of $14 million as a result of the consolidation of the PlaceMakers Joint Venture branches, and the replacement of $20 million capital notes with debt. This compares to net bank debt of $274 million at June 2001. Capital notes reduced from $250 million to $230 million.

Net working capital increased by $47 million as a result of consolidating the PlaceMakers Joint Venture branches, and a further $49 million primarily as a result of a reduction in creditors in Construction due to timing of contract payments. Stock remained at similar levels to June 2001.

Fletcher Building's ratio of debt to total capitalisation (bank debt plus equity and capital funds at book value) was 26.5% compared to 25.8% at 30 June 2001. Interest cover (EBITDA/Interest) was 8.2 times compared to 5.1 times for the year ended 30 June 2001.

Dividend

Directors declared an interim dividend of 6 cents per share payable on 10 April 2002. The dividend will carry full tax credits. After providing for $8 million interest net of tax on capital notes, the dividend represents a payout ratio of 63%.

Strategic

Non-core asset sales realised $30 million during the half year. The improved earnings from South American operations have reduced the urgency for asset sales there, but this remains a priority. Since taking over 100% ownership and operational responsibility for the co-generation plants in Australia, there has been consistent improvement in output and the plants were comfortably profitable during the period. This should assist the planned sale of these non-core assets during the second half. Steel manufacturing also improved, and was around $8 million trading cash positive for the half year. Whilst the company has no strategic requirement to be in steel making long term, there is no case for closure or a heavily discounted sale of these assets while generating these cash flows.

With the company returning to acceptable operational performance, the major strategic priorities are to ensure earnings reliability through the economic cycle, and to achieve value creating growth.

Outlook

Whilst export and South American markets will remain difficult, the expectation of a continuation of reasonable demand in New Zealand, where most of Fletcher Building's profits are generated, should ensure a satisfactory result in the second half.

DIVIDEND SUMMARY

DIVIDEND PROCEDURE

Fletcher Building has previously paid dividends to resident shareholders with Dividend Withholding Payment ("DWP) credits, and Conduit Tax Relief ("CTR") credits to non-resident shareholders. The Company will no longer be able to provide CTR credits, but for the dividend payable on 10 April 2002, full DWP credits will be attached to dividends paid to all shareholders. It is the Company's current expectation that DWP credits will also be paid on future dividends.

New Zealand companies receiving dividends from overseas are required to deduct DWP, and remit it to the Inland Revenue Department. This tax gives rise to a DWP credit that can be attached to dividends paid to shareholders. After setting-off an amount of non resident withholding tax payable on the dividend the excess DWP credit will be refunded.

The Company has undertaken to pay DWP credit refunds to non-resident shareholders, which it recovers on the shareholders' behalf from the Inland Revenue Department. This practice of paying the DWP credit refund at the same time as the dividend is the same as that applied by Fletcher Challenge Limited, on dividends paid to Building Division shareholders until late 1997. New Zealand resident shareholders holding shares on behalf of, or as agents for, non-residents will need to have advised the Share Registry of this fact (if you have not already done so), to ensure that the DWP credit refund is made.

	NZ cents per share
New Zealand resident shareholder (plus DWP credits)	**6.0000**
Non-resident shareholder	6.0000
DWP credit refund	2.9552
	8.9552
Less 15% non-resident withholding tax	1.3433
Net Dividend for non-resident shareholder	**7.6119**
American Depositary Receipt Holder (ADR)	**76.119**

As individual shareholders circumstances may differ, the above New Zealand tax and non-resident withholding tax calculations are a guide only.

KEY DIVIDEND DATES

Shares quoted cum dividend on New Zealand Stock Exchange until close of business: 22 March 2002. Dividend entitlement date: 22 March 2002. Payment date: 10 April 2002.

Shares quoted cum dividend on Australian Stock Exchange until close of business: 15 March 2002. Dividend entitlement date: 22 March 2002. Payment date: 10 April 2002.

ADRs quoted cum dividend on New York Stock Exchange until close of business: 20 March 2002. Dividend entitlement date: 22 March 2002. Payment date: 11 April 2002.

DIVIDEND REINVESTMENT PLAN

A dividend reinvestment plan will be operative for dividends paid by Fletcher Building, including this dividend. Documentation for participation in the plan for eligible shareholders is available from the share registrar.