FletcherBuilding

News Release

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

FLETCHER BUILDING LIMITED FINANCIAL RESULTS FOR THE YEAR ENDED 30 JUNE 2010

Auckland, 18 August 2010 – Fletcher Building today reported net earnings before unusual items of $301 million for the year ended 30 June 2010. The result compares with $314 million recorded in the previous year.

Operating earnings (earnings before interest and tax) before unusual items were $521 million compared with $558 million in the previous year. Cashflow from operations was $522 million compared with $533 million in 2009.

As announced in June 2010, an unusual item of $29 million was incurred due to a significant change to New Zealand taxation law, resulting in net earnings for the year of $272 million.

A final dividend of 15.0 cents per share will be paid on 20 October 2010, with partial New Zealand tax credits attached, bringing the total dividend for the year to 29.0 cents per share.

The result was driven by improved performances within a number of business units as a result of the cost reduction initiatives implemented during the current and previous years, and improved trading conditions in the New Zealand and Australian residential housing markets. Operating earnings in the Laminates & Panels division almost doubled to $141 million, however, the Steel division had lower operating earnings following a record earnings result in the prior year, and reduced concrete product volumes adversely impacted the Infrastructure division's earnings.

Chief Executive Officer Jonathan Ling said the result showed the benefit of the Fletcher Building group's diversity.

"While the underlying earnings figure is in line with last year's, the composition is quite different, reflecting the significant changes we have seen in our markets in the past year. Residential markets in Australia and New Zealand have shown modest recovery, but they remained weak in Europe and North America.

"Additionally, while government funded infrastructure spending in New Zealand and Australia has continued to underpin results, commercial construction activity in most of our key markets remained subdued. The result is therefore a strong one in the context of these mixed market conditions", Mr Ling said.

"What is especially pleasing is that we have seen excellent outcomes from the cost reduction initiatives we undertook through 2009 and 2010. This has ensured that we are appropriately scaled in terms of our manufacturing capacity to optimise earnings with lower activity levels. Coupled with our strong balance sheet, we are well positioned for the future and to pursue further growth opportunities", Mr Ling said.

Results overview

- Total revenues of $6,799 million compared with $7,103 million in 2009
- Operating earnings before unusual items of $521 million, compared with $558 million in 2009
- Net earnings, excluding unusual items, of $301 million, compared with $314 million in 2009
- Cashflow from operations of $522 million
- Final dividend of 15.0 cents per share with partial New Zealand tax credits giving a total dividend for the year of 29.0 cents per share
- Interest cover at 4.9 times
- Basic earnings per share excluding unusual items were 49.7 cents
- The dividend reinvestment plan will not be operative for the final dividend payment

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FINANCIAL RESULTS FOR THE YEAR ENDED 30 JUNE 2010

Directors today announced the financial results for the year ended 30 June 2010. Net earnings were $272 million, with a $29 million unusual charge incurred due to changes in New Zealand taxation law. Net earnings before unusual items were $301 million compared with $314 million in the 2009 year.

Operating earnings before unusual items decreased to $521 million, from $558 million in the 2009 year. Cashflow from operations was $522 million compared with $533 million in 2009.

Results	**Sales**		**Operating Earnings**	
NZ$ Million 12 months ended	**June 2010**	June 2009	**June 2010**	June 2009
Building Products	**798**	771	**114**	106
Distribution	**878**	883	**38**	30
Infrastructure	**1,880**	1,903	**144**	185
Property	**140**	149	**20**	18
Laminates & Panels	**1,930**	2,076	**141**	74
Steel	**1,172**	1,321	**82**	154
Corporate	**1**	0	**(18)**	(9)
Total excluding unusual items	**6,799**	7,103	**521**	558
Funding costs			**(107)**	(140)
Earnings before taxation and unusual items			**414**	418
Taxation excluding unusual items			**(103)**	(96)
Earnings after tax before unusual items			**311**	322
Minority interests			**(10)**	(8)
Net earnings pre-unusual items			**301**	314
Unusual items after tax			**(29)**	(360)
Net earnings / (loss) per published accounts			**272**	(46)

Group sales were 4 percent lower at $6,799 million, although there was some variation in trends across the business divisions:

- Building Products sales growth was due to higher insulation sales in Australia and New Zealand driven by government stimulus programmes, offset by lower plasterboard and roof tile sales.

- Distribution's sales for the year overall were flat, but this understates the positive sales momentum seen in the second half of the year as residential housing starts continued a modest recovery.

- Concrete sales were down markedly in New Zealand, and to a lesser extent in Australia, with lower demand from the commercial construction market in particular.

- Construction billings were up on the prior year, driven by a strong work backlog throughout the year.

- Sales in local currencies in Laminates & Panels were comparable to the prior year's, although reported sales are lower due to adverse exchange rate movements on translation.

- Steel sales were down on the prior year, due to lower demand affecting volumes and prices.

Directors approved a final dividend of 15.0 cents per share. The interim dividend was 14.0 cents, bringing the total dividend for the year to 29.0 cents per share, down from 38.0 cents in the previous year. The final dividend will be paid on 20 October 2010 and will carry partial New Zealand taxation credits. The dividend will be unfranked for Australian tax purposes.

Earnings per share excluding unusual items were 49.7 cents, compared with 59.7 cents in the previous year.

OPERATIONAL REVIEW

Note: for the divisional commentaries, all prior year comparisons exclude unusual items unless otherwise stated.

Building Products

Building Products recorded 8 percent growth in operating earnings to $114 million, up from $106 million in the previous year, while sales increased 4 percent to $798 million. Key factors affecting earnings were the benefits of cost rationalisation and restructuring, a strengthening of residential construction markets, the impact of the New Zealand government insulation scheme, and reduced steel prices in the roof tiles business. These were partially offset by the impact of the termination of the Australian insulation scheme, and weakness in the New Zealand non-residential construction sector. Cashflow benefited from strong control of capital expenditure and working capital.

Operating earnings for the plasterboard business were up 3 percent as benefits were realised from cost rationalisation steps undertaken in the previous period notwithstanding the lower sales, and the New Zealand residential construction market strengthened over the second half.

Operating earnings for the insulation business were down 10 percent due to the impact of the termination in February of the Australian government's home insulation scheme. This resulted in the suspension of operations at the Sydney glasswool manufacturing plant and significant restructuring at the Melbourne plant. Consequently, $18 million of restructuring charges were incurred in the second half of the year. New Zealand glasswool volumes were stronger driven by the New Zealand government's insulation scheme. On the other hand, further weakening of conditions in the New Zealand non-residential construction sector unfavourably impacted the commercial insulation, and ceiling and wall systems, businesses.

Operating earnings for the roof tiles business were up 59 per cent due to the effect of favourable global steel prices, strong volumes into Africa, improved volumes in New Zealand and the receipt of final insurance proceeds from the fire at the United States plant in the previous year. These were partially offset by the impact of a strong New Zealand dollar on export returns and weak volumes in Europe and Japan. The new Hungarian plant continues to operate to expectations, albeit weaker European volumes impacted manufacturing efficiencies.

Operating earnings for the Australian based sinkware business and the New Zealand based aluminium business were up 23 percent on the previous year. The sinkware business offset weakness in its domestic and export markets with good cost control and a focus on higher value products. The aluminium business experienced a significant improvement in its domestic volumes as a result of market share growth, and improved margins due to better pricing and strong cost control.

Distribution

PlaceMakers sales were in line with the prior year, but with increased residential building activity in New Zealand emerging in the latter part of the year. Operating earnings were 27 percent higher at $38 million driven by reduced costs and steady margins.

A 13 percent increase in New Zealand residential building consents from 2009 assisted the results, nevertheless, the building materials market has continued to be impacted by the low level of residential building consents and the decline in non-residential consents. Forward indicators for commercial building materials markets have been slowing, while those for residential have improved in metropolitan areas but remain weak in rural and coastal areas.

The competitive landscape has seen most industry participants continuing to compete aggressively on price and margin to retain share. Pressure on the trade segment continues; however, PlaceMakers' market share has been maintained with the joint-venture ownership model proving resilient. An active margin management programme also mitigated pricing pressure.

The growth in operating earnings was attributable in part to a 5 percent reduction in employee and facility costs and improved freight cost recovery.

In frame and truss manufacturing, improvements to the plant network, production scheduling, quality control and plant layout occurred over the period resulted in productivity gains.

Working capital increased by 3 percent mainly as a result of inventory price increases, but free cashflow was 43 percent higher than the prior years. Cashflow management remained a primary focus which assisted in the achievement of an annualised return on funds employed of 27 percent.

Infrastructure

Total sales for Infrastructure were down 2 percent with lower sales for most construction materials products in New Zealand and Australia; however, billings in the construction business were up on last year. Operating earnings declined by $39 million to $164 million as market activity weakened. In New Zealand, the significant decline in commercial construction activity and recent completion of a number of large infrastructure projects were only partially mitigated by an increase in residential construction activity.

Operating earnings from the New Zealand and Australian concrete businesses declined by $37 million to $105 million. Sales volumes of most products in New Zealand were significantly below last year. Cost savings could not mitigate the impact of the substantial declines in volumes and increasingly competitive environment. In Australia, concrete sleeper and pipe related volumes were down and the market for sand in New South Wales was more difficult than anticipated. Construction activity remained strong but earnings declined by $4 million while property and residential operations improved by $2 million.

Operating earnings from the cement business were $12 million lower primarily due to reduced volumes. In New Zealand, volumes were 9 percent lower and, while export sales volumes and prices increased, export margins remained low. Domestic prices were flat while production and distribution unit costs increased.

Aggregates sales volumes were 16 percent lower than last year and despite good progress in lowering costs, operating earnings declined by $5 million. A new construction and demolition waste recycling facility in Auckland will be commissioned in October 2010.

Readymix and masonry operating earnings were 26 percent lower. Sales volumes of concrete dropped by 10 percent as a number of large infrastructure jobs were completed in the year. Masonry sales volumes were similar to the previous year due to the increased volumes as a result of the Stevenson masonry business acquisition in March 2009.

The concrete pipe and precast markets softened throughout the year resulting in overall earnings being 27 percent below last year. Concrete product sales volumes (pipe and precast products) declined by 10 percent in the year. Overall margins were lower, due to mix, competitive pricing and slightly higher input costs. Some recovery was seen in the latter part of the year, and forward orders are 7 percent higher than last year although overall margins are lower.

In Australia, the pipeline and quarry businesses had combined operating earnings of $52 million compared with $64 million in 2009. The pipeline products business experienced weaker demand for most products to record the lowest overall volume since the business was acquired in 2005. Orders on hand are 16 percent lower than at the same time last year. The quarry business recorded a solid result despite a noticeable slowdown in building activity and particularly weak demand in New South Wales.

Construction's operating earnings were $39 million compared to $43 million in the previous year. The backlog of construction work is currently $930 million, with approximately $450 million worth of further work where the group is either the preferred bidder or in final contractual negotiations. The backlog at the same period last year was $1.1 billion, and the decline is due to the completion of several large projects and fewer major contracts secured during the year. The private sector is very weak and makes up only 14 percent of Construction's backlog. The Government's commitment to invest in infrastructure should provide opportunities across the New Zealand-based operations but the lead time is such that conditions in the construction market will remain challenging in the short term.

Earnings from property related activities include those from quarry end use and the residential business. Earnings from Fletcher Residential increased by $6 million to $18 million with higher average margins due to a favourable sales mix and stronger demand in Auckland. Property sales earned $2 million compared to $6 million last year and market conditions are not expected to improve materially in 2011.

Laminates & Panels

Operating earnings for Laminates & Panels were $141 million, compared with $74 million in the previous year. Sales were 7 percent lower at $1,930 million.

Laminex's operating earnings were $107 million for the year which included $16 million of one-off gains from the closure and sale of the Welshpool and Kumeu sites. Operating earnings excluding these one-off items were $91 million, up 63% compared with the prior year.

Australian domestic revenues were marginally higher, driven by improvements in the new housing and alterations and additions sectors, while conditions in the commercial sector remained constrained. Australian export sales declined year on year as a result of the closure of the Welshpool medium density fibreboard ("MDF") facility in Western Australia, which more than offset the increase in domestic sales. The tight conditions in the commercial market negatively affected the product mix with a higher proportion of commodity products sold into the general market.

New Zealand revenues were below the prior year due to the continued slowdown in the commercial sector.

Tighter conditions in Australia and the contraction in the New Zealand commercial market lead to intensified competition, with prices either flat or slightly lower. Programmes addressing customer cost-to-serve and product profitability were undertaken during the year. These and other cost saving initiatives have resulted in a reduction in employee numbers and, combined with a reduction in resin costs, have more than offset the impact of the lower revenue and pricing pressure.

The closures of the MDF plant in Western Australia, and the particleboard facility in Auckland were completed with realised cost savings and cashflows better than planned. These closures have better aligned capacity with domestic demand. All major manufacturing facilities are now running at or around full capacity with the exception of the high pressure laminate (“HPL”) facility in Melbourne. Upgrading of the MDF plant in Queensland is underway, and commissioning is scheduled for late 2011.

Laminex continued to undertake new product initiatives during the year with 25 new product launches and range updates, including expansion of the Formica range in Australia and New Zealand.

Formica’s operating performance for the current year improved substantially over last year largely as a result of continuing operational improvements and efficiency gains in all key areas of the business.

Operating earnings were $34 million, compared with $18 million in the prior year. The result included $7 million of redundancy costs. Sales were 13 percent lower, although this was due to the relative changes in the value of the New Zealand dollar versus trading currencies. In local currencies sales were down by only 3 percent on last year.

Market conditions however varied significantly across the world. Volumes in North America were down by a further 5 percent on the prior year with continued depressed levels of demand. While activity in the new housing sector has shown some recovery in the USA, this was from a low base and had minimal impact on the business. Commercial markets in North America and to a lesser extent Europe have continued to contract during the year and in both these regions the business has a higher dependency on commercial than residential activity.

Conditions in Europe have been less variable declining by a further 2 percent over last year. The main markets in Northern Europe showed some improvement, Central Europe and the UK remained relatively flat, but Southern Europe including Spain was lower. Markets in Asia have remained solid with volumes up by 6 percent on last year. A moderate pick up in volumes in China and Thailand was achieved after last year’s slowing in activity levels, while conditions in Taiwan and other Asian markets have also been firm.

During the year Formica undertook an extensive rationalisation of its product range with the elimination of low volume and low margin products, and the consolidation and harmonisation of the product range across the three regions. This has enabled the business to better leverage its scale in purchasing, with larger tonnages of raw material paper able to be procured at lower prices. Initiatives to consolidate logistics and freight providers were also undertaken.

Operations at the main manufacturing and distribution facilities, particularly in North America but also in Europe and Asia, continued to improve, with further reductions in manufacturing scrap rates, increased machine utilisation, and reductions in fixed factory operating costs.

Service levels generally improved across all regions and as a result Formica was able to increase market shares in some of its larger markets while maintaining share in all other significant markets.

While product prices were subject to competitive pressure, the initiatives aimed at improving service and new product innovations enabled Formica to improve both pricing and margins in some areas. Input costs for major materials such as resins and papers generally remained stable throughout the year.

Steel

Steel's operating earnings for the year were $82 million, which was 47 percent lower than the prior year's record levels. Prior year earnings were driven by historically high steel prices and very strong demand in the first half of the year. The global financial crisis subsequently resulted in the steel industry reducing global inventories in response to lower demand. Accordingly, 2010 was a difficult operating environment characterized by uncertain demand and declining prices.

Sales for the year declined by 11 percent to $1,172 million, continuing the trend seen in the second half of the prior year.

Capacity reduction initiatives implemented in the prior year meant that businesses were well positioned for a sustained downturn, and as such only modest restructuring was required in 2010.

The rollforming and coated steel businesses in both Australia and New Zealand experienced volume declines over the prior year. Rollforming volumes in the residential and light commercial markets continued to be weak in 2010, however, Australian government stimulus spending in schools and other areas boosted sales. Competition in rollforming was intense with margins, particularly in the New Zealand market, adversely impacted. Operating earnings declined by 14 percent.

Operating earnings in the long steel businesses declined by 63 percent with a reversal in the record steel prices seen in 2009. In Pacific Steel, average selling prices reduced by 30 percent from the prior year. Volumes were 4 percent higher driven by increased export volumes, offsetting lower demand within New Zealand. A key driver in improving the consistency of Pacific Steel's earnings has been its focus on improving its customer service offering, including investment to reduce plant shut-down risk, improve delivery time reliability, and providing an expanded product offering.

Earnings in the distribution and services business declined by 63 percent. The primary driver of this decline was the Easysteel distribution business. Easysteel's operating earnings were well down on the prior year due to a combination of contracting margins and low volumes. Easysteel's margins contracted as lower prices reduced the value of existing inventories.

UNUSUAL ITEMS

As indicated in June, an unusual tax expense of NZ$29 million was incurred in the financial results for the year ended 30 June 2010. The unusual expense arises from the significant taxation announcement by the New Zealand Government in its budget in May 2010. The changes include the elimination of depreciation on buildings for tax purposes, and a reduction in the corporate taxation rate from 30 percent to 28 percent, both with effect from 1 July 2011.

Based on a review of its future tax obligations in the light of these changes, the company has assessed that it is required to increase its provision for deferred tax by NZ$29 million. The increased provision is a one-off accounting entry that is non-cash in nature and it has not affected underlying profitability or the dividend payout in respect of the 2010 financial year. Whilst the recognition of the deferred tax liability is non-cash in nature, the elimination of the tax deductibility on buildings will result in a small increase in future income tax payments.

FINANCIAL REVIEW

Balance Sheet

The balance sheet continued to be strengthened during the year with positive operating cashflows used to further reduce debt levels. Gearing[1] at 30 June 2010 was 26.8 percent compared with 31.1 percent at the end of the prior financial year. It is intended to maintain a low level of gearing until a sustained improvement has been seen in the liquidity and accessibility of both domestic and international debt markets.

Funding

The group had total available funding of $2,349 million as at 30 June 2010, of which $1,130 million was undrawn. Debt facilities from banks account for 50 percent of total available funding, US private placement 33 percent, and capital notes 17 percent. Debt requiring refinancing within the next 12 months is very low at approximately $116 million. This includes $68 million of capital notes subject to interest rate and term reset, $18 million of expiring drawn facilities, and $30 million of undrawn facilities.

Debt Maturity

The average maturity of the drawn debt of $1,219 million is over 5 years and the currency split is 52 percent Australian dollar; 18 percent New Zealand dollar; 23 percent US dollar; 5 percent Euro; and 1 percent Pounds Sterling.

Interest Rates

Approximately 93 percent of all borrowings have fixed interest rates with an average duration of 4.4 years and at a rate of 7.5 percent. Inclusive of the floating rate borrowings the average interest rate on debt is currently 7.3 percent. All interest rates are inclusive of margins but not fees.

Interest coverage[2] for the year was 4.9 times and represents a further improvement on the 4.0 times for the prior year.

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[1] Net debt to net debt plus equity

[2] EBIT before unusual items to total interest paid including capital notes interest

Cashflow

Cashflow from operations was $522 million compared with $533 million in the prior year. The continued strong positive cashflow was driven by the ongoing focus on tight working capital management and a reduction in capital expenditure. It is expected that cashflow from operations will be negatively impacted by increasing inventory and debtor levels as sustained market growth emerges.

Capital expenditure for the year was $191 million compared with $289 million in the prior year. Of this, $137 million related to "stay-in-business" capital expenditure, and $54 million to new growth initiatives. Significant projects included completion of the new port cement facility in Auckland; the upgrading of the Laminex MDF plant in Queensland, and the insulation plant investment in Victoria.

Dividend

The final dividend of 15.0 cents per share is partly credited for New Zealand tax purposes. This dividend has been imputed at a 30 percent tax rate to the extent of 3.2143 cents per share. For the un-imputed amount of the dividend, resident withholding tax at 33 percent has been deducted and, to the extent the 30 percent tax rate credits are attached, an additional 3 percent resident withholding tax must be deducted for New Zealand shareholders without exemption certificates.

Non-New Zealand shareholders benefit from the New Zealand supplementary dividends attached to the imputation credits, as these 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.

The final dividend is not franked for Australian tax purposes. To maximise the value of available franking credits the company's policy is to accumulate them and attach these to dividends only when the franking percentage is at or near to 100 percent, rather than spreading them over every dividend.

In view of the group's strong balance sheet and low level of gearing at present, the dividend reinvestment plan will not be operative for this dividend payment.

The dividend will be payable to holders registered as at 5.00pm Friday 1 October 2010 (New Zealand time). The shares will be quoted on an ex dividend basis from 27 September 2010 on the ASX and 4 October 2010 on the NZX.

STRATEGY

Fletcher Building continues to seek to improve the reliability of its earnings through geographic and industry expansion to counter the effects of industry cyclicality. In addition the company seeks to maintain and improve its internal capabilities, and to pursue any acquisition opportunities where these meet its investment criteria.

In Building Products, increased focus is being given to innovation and new product development, with the goal of achieving sustained organic growth and expansion into adjacent product and service areas.

Distribution's strategy is focused on growing market share by better servicing of the trade builder segment, and leveraging the strength of the joint-venture partner network.

Infrastructure will continue to develop high-returning organic growth opportunities, and seek selected acquisition opportunities in existing or adjacent product areas.

Laminates & Panels will maintain a focus on further improvements in operational performance and capability, emphasising service and product innovation especially in mature markets. Growth opportunities in Asia and other developing markets will be actively pursued.

Steel will continue to explore high return growth opportunities through both organic growth and acquisitions. Improving the resilience of the business for the longer term remains a priority.

Capital expenditure is expected to increase in 2011 from 2010 levels. Beyond stay-in-business investment, Fletcher Building will continue to pursue opportunities to invest in areas of organic growth and potential acquisition opportunities where appropriate. Australasia continues to be the principal area of focus for further expansion.

OUTLOOK

Caution is required in formulating an outlook for the current year. With the effects of the global financial crisis still being felt around the world, there continues to be uncertainty around the timing and pace of a recovery in economic activity.

In New Zealand, the residential market is expected to continue a slow and gradual recovery in new building activity, albeit remaining below mid-cycle levels. Removal of the present monetary policy stimulus is expected to constrain the rate of growth in new housing starts. Commercial construction activity is expected to remain at very low levels throughout 2011. The volume of government-funded infrastructure projects is expected to reduce in 2011, with a number of large projects scheduled for completion later in the current calendar year. A rebound is anticipated in the 2012 year with several significant new projects scheduled to commence.

In Australia, the rebound in residential activity seen in 2010 is expected to continue in the current year. Government infrastructure spending should remain strong, but this will only offset in part weakness in the commercial construction sector. The Australian insulation business will need to work through high inventory levels following the abrupt termination of the Australian government insulation scheme, but with improved manufacturing efficiency it is strongly positioned once that process has been completed.

Trading conditions in both North America and Europe continue to remain uncertain and no recovery of significance is expected in these markets in the near term. Markets in China, South-East Asia and Taiwan are exhibiting growth which is expected to continue throughout the current year.

Given the degree of uncertainty in many markets, and as it is early in the financial year, any quantitative earnings guidance on 2011 results would be premature. An update on the outlook for the year will be provided at the annual shareholders meeting on Wednesday, 17 November 2010.

2010 FINAL DIVIDEND SUMMARY TABLE [1]			
NZ cents per share	**NZ RESIDENTS**	**AUSTRALIAN RESIDENTS**	**OTHER NON**
Dividend declared	15.0000	15.0000	15.0000
NZ tax credits [2]	3.2143		
NZ supplementary dividend [3]		1.3235	1.3235
Australian franking tax credits [4]		0.0000	
Gross dividend for NZ tax purposes	**18.2143**	**16.3235**	**16.3235**
NZ tax (33%) [5]	(6.0107)		
NZ non-resident withholding tax (15%) [6]		(2.4485)	(2.4485)
Net cash received after NZ tax	**12.2036**	**13.8750**	**13.8750**
Australian tax (15%) [7]		(2.4485)	
Reduced by credit for NZ non-resident withholding tax		2.4485	
Net cash dividend to shareholders	**12.2036**	**13.8750**	**13.8750**

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. They are comprised wholly of imputation credits and do not include any dividend withholding payment credits. The dividend has imputation credits attached at the rate of 3.2143 cents per share.

(3) The supplementary dividend is payable to non-New Zealand shareholders and has the effect of removing the cost of New Zealand non-resident withholding tax on that part of the dividend which is fully imputed. From 1 February 2010, non resident shareholders with 10% or greater shareholding and/or shareholders from jurisdictions for which the NRWT rate on dividends paid from New Zealand is less than 15% are no longer eligible to receive supplementary dividends. These shareholders are eligible for an exemption from NRWT to the extent the dividend is fully imputed.

(4) 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.

(5) For all NZ resident shareholders who do not hold an exemption certificate, resident withholding tax (RWT) is required to be deducted at 33% from that part of the gross dividend which has not been credited with imputation credits and at 3% from that part of the gross dividend which has been credited with imputation credits at 30%. Accordingly, for those shareholders, a deduction of 2.7964 cents per share will be made on the date of payment from the dividend declared of 15.0 cents per share and forwarded to Inland Revenue. Resident shareholders who have a tax rate less than 33% will need to file a tax return to obtain a refund of the RWT.

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

(7) 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.