



News Release

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

2008 RESULTS UPDATE

Auckland, 20 May 2008 – As part of the Half Year results announcement directors advised that provided there was no significant change in economic conditions the 2008 year would produce another satisfactory result, and that the board was comfortable with the then consensus of analysts forecasts for net earnings in the range of \$450 - \$460 million.

Following a review of the April 2008 results, and the outlook for the next two months, directors are of the view that net earnings for the 2008 financial year will still be in the range of \$450 - \$460 million. However this outcome will reflect:

- expected one-off gains, primarily from property transactions, of \$58 million net of tax, an increase of \$43 million net of tax over the prior year;
- a reduction in Formica USA's earnings due to
 - the severe downturn in the USA markets, adversely affecting results by around \$21 million net of tax;
 - restructuring costs and continued additional operating costs from the consolidation of Formica's North American operations, of around \$29 million net of tax; and
- reduced group taxation expense of around \$11 million.

The Group, with the exception of Formica's USA operations, has performed satisfactorily. After taking into account all of these matters, operating earnings (earnings before interest and tax) are expected to be in the range of \$750-\$760 million.

While Formica's initial trading and operational results have been disappointing, and conditions in the USA market in particular are tougher than the acquisition assumptions, directors are still confident the synergies and improvements identified on acquisition will be achieved.

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