



Impact of New Zealand taxation changes

Auckland, 24 June 2010 – Fletcher Building Limited (“Fletcher Building”) announced today that it will incur an unusual tax expense of NZ\$30 million in its financial results for the year ended 30 June 2010.

The unusual expense arises from the significant taxation changes announced by the New Zealand Government in its budget in May 2010. These 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.

Fletcher Building has carried out a preliminary review of its future tax obligations in the light of these changes. Based on this review, the company has assessed that it is required to increase its provision for deferred tax by NZ\$30 million. The final amount, which will be confirmed at the full year audit, will be recorded in the financial result for the year ended 30 June 2010 to be announced on 18 August 2010.

The increased provision is a one-off accounting entry that is non-cash in nature and will not affect 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.

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For further information contact:

Philip King
General Manager Investor and Media Relations
Ph: +64 9 525 9043
Mob: +64 27 444 0203