NEWS RELEASE
FINANCIAL RESULTS FOR THE HALF YEAR ENDED 31 DECEMBER 2013

Stock Exchange Listings: New Zealand (FBU), Australia (FBU)

Auckland, February 20, 2014 – Fletcher Building today announced its unaudited interim results for the six months ended December 31, 2013. The group recorded net earnings after tax of $154 million, compared with $146 million in the prior corresponding period.

Operating earnings (earnings before interest and tax) of $281 million were $19 million or 7 per cent higher than the first six months of the 2013 financial year.

Adjusting for the adverse effects of foreign currency translation, operating earnings would have been up $32 million or 13 per cent in the period.

Total revenue for the group decreased 2 per cent to $4,273 million, as the strong New Zealand dollar more than offset underlying revenue growth. Adjusting for foreign exchange translation effects, revenue would have been $99 million higher, up 2 per cent.

Cash flow from operations was $179 million, down from $204 million in the prior period due to the acquisition of residential land in Auckland, increased inventory levels for the new Formica plant in China, and the timing of customer payments for major construction projects.

The interim dividend will be 18.0 cents per share, up 6 per cent, and will be paid on April 16, 2014. The dividend will not be franked for Australian tax purposes nor imputed for New Zealand tax purposes.

Fletcher Building chief executive Mark Adamson said the improved result was driven by further increased activity levels across most sectors in New Zealand and improved conditions in the USA, in addition to early benefits realised from restructuring and the FBUnite transformation programme.

In New Zealand, where residential housing consents have recovered to levels last seen in 2008, the continued improvement in house building activity is expected to underpin trading results for the rest of the year, with additional activity driven by rebuilding work in Canterbury.

"Across most of our Australian businesses, sales volumes were mixed with declines in the steel and concrete pipe businesses, while volumes in the insulation and laminates and panels businesses were steady and increased in the plastic pipes and quarry sands businesses. In our Tradelink distribution business we enjoyed improved earnings as a result of the business improvement initiatives underway in that business," Mr Adamson said.

In other regions, European activity levels stabilised with earnings improving following last year's restructuring, while volumes in the USA continued to improve. In Asia, the new $77 million Formica plant, commissioned in Jiujiang, China in November will provide a platform for further growth in that region.

News release
continued

The business transformation programme FBUnite continued on track and has already delivered pleasing results in its first full-year. The annual total benefit from FBUnite is expected to be approximately $100 million per annum once the rollout of all initiatives has been completed.

"I'm pleased with the progress we are making towards a more unified and agile company and our business units are already experiencing real financial benefits from the various FBUnite work streams," Mr Adamson said.

"Importantly, we are delivering on our earnings growth targets while at the same time implementing a programme of business enhancement initiatives that will underpin our operational and financial performance in the medium-term and beyond", Mr Adamson said.

Fletcher Building's financial outlook for the 2014 financial year remains unchanged from that given at the annual shareholders meeting in October 2013, with earnings before interest, tax and significant items expected to be in the range of $610 million and $650 million.

Results overview
NZ$

Revenue	$4,273 million, down from $4,380 million
Net earnings	$154 million, up from $146 million
Operating earnings (EBIT)	$281 million, up from $262 million
Cash flow from operations	$179 million, down from $204 million
Basic earnings per share	22.4 cents per share, up from 21.3 cents
Interim dividend	18.0 cents per share, up from 17.0 cents per share

ENDS

For further information please contact:

Philip King
Group General Manager
Investor Relations & Capital Markets
Phone: + 64 9 525 9043
Mobile: + 64 27 444 0203

MANAGEMENT COMMENTARY FOR THE HALF YEAR ENDED 31 DECEMBER 2013

EBIT growth of 7% with continued uplift in New Zealand volumes, tempered by soft conditions in Australia and a strong NZ dollar

Reported Results		**Six months ended 31 December**	
NZ$m (except EPS and DPS)	**2013**	**2012**	**Change %**
Total revenue	**4,273**	4,380	(2%)
Operating earnings ('EBIT')	**281**	262	7%
Funding costs	(72)	(75)	(4%)
Earnings before tax	**209**	187	12%
Tax expense	(50)	(36)	39%
Earnings after tax	**159**	151	5%
Minority interests	(5)	(5)	0%
Net earnings	**154**	146	5%
Earnings per share (EPS - cents)	**22.4**	21.3	5%
Dividends declared per share (DPS - cents)	**18.0**	17.0	6%
Capital expenditure	**97**	83	17%

- Revenue for the half of $4,273 million was $107 million lower when compared to the prior period. Of this decline $206 million was due to adverse foreign currency translation effects more than offsetting the $99 million of underlying revenue growth;
- Operating earnings of $281 million were $19 million or 7% higher than the prior corresponding period. Adjusting for the adverse effects of foreign currency translation, operating earnings would have been up by $32 million or 13% in the period;
- Net earnings of $154 million, up by $8 million or 5% from $146 million in the prior corresponding period;
- Restructuring costs of $20 million (December 2012: $16 million) were incurred during the period;
- Cash flow from operations was $179 million, down from $204 million in the prior period mainly due to the acquisition of residential land in Auckland, increased inventory levels for the new Formica plant in China, and the timing of customer payments for certain major construction projects;
- Basic earnings per share of 22.4 cents, up from 21.3 cents;
- Interim dividend of 18.0 cents per share, up 6%. The dividend will not be franked for Australian tax purposes nor imputed for New Zealand tax purposes;
- During the period Formica's new $77 million plant was commissioned in Jiujiang, China.

Financial Results

			Six months ended 31 December			
			Revenue			Operating Earnings
NZ$m	**2013**	**2012**	**Change**	**2013**	**2012**	**Change**
Infrastructure Products	1,044	1,052	(1%)	96	102	(6%)
Building Products	657	701	(6%)	61	56	9%
Laminates & Panels	866	881	(2%)	53	51	4%
Distribution	1,058	1,133	(7%)	33	23	43%
Construction	648	613	6%	56	37	51%
Corporate	-	-	-	(18)	(7)	-
Total	**4,273**	**4,380**	**(2%)**	**281**	**262**	**7%**
Funding costs				(72)	(75)	(4%)
Earnings before tax				209	187	12%
Tax expense				(50)	(36)	39%
Earnings after tax				159	151	5%
Minority interests				(5)	(5)	0%
Net earnings				**154**	**146**	**5%**

Geographic Segments			Six months ended 31 December			
Reported Results			Revenue			Operating Earnings
NZ$m	**2013**	**2012**	**Change**	**2013**	**2012**	**Change**
New Zealand	2,012	1,960	3%	167	124	35%
Australia	1,720	1,902	(10%)	77	106	(27%)
Rest of World	541	518	4%	37	32	16%
Total	**4,273**	**4,380**	**(2%)**	**281**	**262**	**7%**

Geographic Segments in Local Currency			Six months ended 31 December			
			Revenue			Operating Earnings
	2013	**2012**	**Change**	**2013**	**2012**	**Change**
Australia (A$m)	1,515	1,494	1%	68	83	(18%)
Rest of World (US$m)	436	421	4%	30	26	15%

- Total reported revenue of $4,273 million decreased by $107 million, or 2%, when compared to the prior period. Adjusting for foreign exchange translation effects, revenue would have been $99 million higher, (up 2%). Excluding the $206 million currency impact, NZ revenues would have been $52 million higher (up 3%), Australian revenues would have increased by NZ$23 million (up 1%) and revenues in the Rest of World would have been up NZ$24 million (up 4%).

- Operating earnings before interest and tax ('EBIT') of $281 million were 7% higher than the prior corresponding period, and were 13% higher if currency impacts are excluded.

- The result was driven by increased activity levels across most sectors in New Zealand and improved conditions in the USA, partly offset by subdued markets in Australia and Europe.

Financial Results
continued

- In **New Zealand** earnings benefited from rising housing construction, strong momentum in the repairs and rebuilding work in Canterbury, and continued strong demand for houses in Fletcher Building's Auckland developments. Consents for new houses in New Zealand of 21,300 increased 26% when compared to the prior corresponding period, the highest level since 2008. The positive trading result in New Zealand along with cost reduction and efficiency measures, more than offset the adverse impacts of increased competition, restructuring activities, and additional corporate costs relating to centralisation initiatives.

- In **Australia** conditions remained mixed. There was an improvement in the residential market in NSW while other states were more subdued. Activity levels in the commercial construction sector were flat, and reduced State Government infrastructure expenditure and depressed mining activity impacted results. Across industry segments volume levels were mixed with declines in the steel and concrete pipe businesses, were steady in the insulation and laminates and panels businesses and increased in plastic pipes and quarry sands. The impact of margin declines and restructuring costs were partially compensated by the positive effects from efficiency initiatives, savings in headcount and other controllable costs. In local currency terms, the operating earnings of the group's Australian operations declined by 18% on the prior corresponding period.

- In the **Rest of World**, improvements were experienced in activity levels in the USA while Europe remained flat. The North American and Asian businesses benefitted from improved volumes, however competition negatively impacted prices. Operating earnings in North America increased by 21%, but Asian earnings fell by 14% mainly due to the to the initial operating costs associated with the new plant in Jiujiang, China, along with margin pressures.

- Restructuring costs of $20 million were incurred (December 2012: $16 million), as cost reduction and efficiency initiative programmes continued to be implemented across the Group. These initiatives included projects under the 'FBUnite' transformation programme, which is expected to deliver total annual benefits of approximately $100 million per annum once the programme has been fully implemented. FBUnite is a multi-year programme and benefits are expected to accrue from the 2015 financial year onwards while the full net benefit will take several years to be fully realised.

- Corporate costs of $18 million were up $11 million on the prior corresponding period due to costs associated with the 'FBUnite' transformation programme and centralisation of core functions including property, procurement and financial shared services.

- Funding costs of $72 million were 4% lower when compared to the previous period. The current period figure includes a $5 million charge from the required adoption of NZ IFRS 13 *'Fair value measurement'*. Excluding the one-off effect from adopting NZ IFRS 13, funding costs were $67 million, 11% lower than the previous period due to the continued reduction in the debt facility, as well as the strengthening New Zealand dollar resulting in a reduction in Australian dollar interest costs.

- The tax expense increased to $50 million as a result of the Group's increased earnings before tax and the benefits of tax losses recognised in the previous period which were not repeated this period.

- Earnings per share was 22.4 cents, an increase of 5% from 21.3 cents per share in the corresponding period.

Segmental Operational Review

The following sections provide a commentary on individual division results for the half year ended 31 December 2013.

Infrastructure Products

Cement, Concrete & Aggregates; Concrete Pipes & Products; Steel; Plastic Pipes & Copper Tube

			Six months ended 31 December	
NZ$m	**2013**	**2012**	**Change**	**Change %**
Revenue	1,044	1,052	(8)	(1%)
Operating earnings	96	102	(6)	(6%)
Funds	1,787	1,916	(129)	(7%)

Infrastructure Products reported revenues for the period were largely flat, but would have been 6% higher excluding the foreign currency translation effects. The improved underlying result reflects stronger market conditions in New Zealand, while the Australian market continued to be challenging. Market shares were largely stable for all businesses.

Infrastructure Products operating earnings were $96 million compared with $102 million in the prior corresponding period. The earnings to 31 December 2013 include $9 million of restructuring costs (31 December 2012: $3 million) and a negative foreign currency translation impact of $6 million when compared to the prior corresponding period.

Operating earnings of the Cement, Concrete and Aggregates businesses increased by $8 million (or 26%) to $39 million in the period. Cement volumes were up 23% and ready-mix concrete volumes were up 15%, with prices generally stable. Aggregates volumes were up 15% and 18% in New Zealand and Australia respectively, but earnings were adversely impacted by product mix in Australia.

The Concrete Pipes and Products businesses recorded a 29% decrease in operating earnings to $20 million. Australian pipe volumes were 18% lower due to difficult conditions particularly in infrastructure and mining. The result was also impacted by one-off costs relating to the integration in New Zealand of the Mico Civil and Pipeline business with Humes. This reorganisation provides improved customer focus in this segment, better leveraging of pipe supply chain capabilities and cost efficiencies.

Operating earnings in Iplex and Crane Copper Tube were 37% lower at $19 million when compared to the prior period due to increased competition and restructuring cost impacts. Plastic pipe volumes increased by 5% as contracts to supply coal seam gas projects more than offset weaker building markets in Australia. The results were impacted by $6 million of restructuring costs associated with the consolidations of manufacturing sites in New South Wales and Western Australia. Increased domestic competition has driven the decision to consolidate sites, which will enable optimisation of manufacturing operations and supply chain. In addition the Crane Copper Tube business was merged with Iplex leveraging a common customer value proposition. New Zealand plastic pipe volumes increased in line with activity levels in Canterbury and Auckland.

Segmental Operational Review
Continued

Steel earnings increased by 38% to $18 million. Steel distribution businesses experienced increased earnings over the prior corresponding period, benefiting from integration of Fletcher Reinforcing, a focus on product mix and reduced customer service costs.

Subsequent to period end, the conditional sale of the downstream long-products rolling and marketing operations of Pacific Steel to BlueScope Steel Limited was announced. The sale includes Pacific Steel's New Zealand rolling mill and wire drawing facilities together with its Fijian rolling mill. The purchase price for the assets is NZ$60 million, with half to be paid on completion of the transaction, and the second half to be paid once BlueScope's new billet caster has been commissioned, which is expected to be by the end of calendar 2015. In addition, BlueScope will purchase the working capital of the business, estimated to be around $60 million. Fletcher Building will also share in earnings of the business for the interim period, and will supply steel billet on commercial terms until commissioning of the billet caster.

Assuming completion by 30 June 2014, Fletcher Building expects to record a significant expense item of up to $19 million, reflecting the gain on sale of assets, offset by transaction costs and adjustments to retained asset carrying values.

Building Products

Plasterboard; Insulation; Aluminium Windows & Doors; Sinkware; Stramit; Dimond Roofing; Roof Tiles Group; Pacific Coil Coaters

				Six months ended 31 December
NZ$m	**2013**	**2012**	**Change**	**Change %**
Revenue	657	701	(44)	(6%)
Operating earnings	61	56	5	9%
Funds	734	783	(49)	(6%)

Building Products operating earnings were $61 million, a 9% increase on the $56 million earned in the prior corresponding period. The result includes a one-off cost of $3 million relating to the temporary closure of the Christchurch plasterboard factory for 8 weeks for roof repairs and a $2 million negative impact from the translation of earnings into NZ dollars. The New Zealand based businesses operating earnings increased by $10 million while operating earnings in Australia declined by $5 million.

The Plasterboard business recorded a strong increase in volume with market share remaining stable when compared to the prior corresponding period.

The Insulation businesses earnings declined by $4 million for Australia and New Zealand combined. In Australia volumes were flat and pricing conditions remained difficult, however, restructuring completed last year has maintained profitability. In New Zealand the insulation market remained competitive with adverse price impacts offsetting volume gains.

Operating earnings in the roll-forming, roof tiles and coated steel businesses improved by 8% to $26 million. This was primarily due to increased volumes in New Zealand and continued steady growth in African and North American markets for the roof tile business. In Australia roll-forming volumes were down slightly on the prior period.

Laminates & Panels

Formica and Laminex

			Six months ended 31 December	
NZ$m	**2013**	**2012**	**Change**	**Change %**
Revenue	866	881	(15)	(2%)
Operating earnings	53	51	2	4%
Funds	1,746	1,762	(16)	(1%)

Operating earnings in Laminates & Panels were $53 million, up $2 million or 4% from $51 million in the prior corresponding period.

Laminex Australia's operating earnings of $25 million were in line with the first half of the prior year in NZ dollar terms, however, in domestic currency operating earnings were 5% higher and revenues were 3% higher. Revenue growth was driven by several product and segment growth initiatives, including engineered stone. In response to the continuing pressure on margins, from both competitive pricing and increases in imported raw material costs, the business continued its programme of cost reduction and product rationalisation while pursuing a number of revenue initiatives. Significant savings in headcount and other controllable costs were delivered in the period.

Laminex New Zealand revenues were down 2% primarily due to the sale of the bench fabrication business at the end of the prior corresponding period, while earnings increased to $3 million. On a like for like basis excluding prior year bench fabrication revenues, total revenues were up 8%. Activity levels in the residential market continued to improve, while the commercial segment was flat.

Formica earnings were $25 million, up by $2 million or 9% from $23 million in the prior corresponding period. Revenue was up 5%, driven by overall volume growth out of Asia and North America but flat in Europe.

In Asia, while revenues were up 6%, earnings in domestic currencies were down 13%, reflecting the initial start-up operating costs of commissioning the new plant in Jiujiang, China, together with increased sales of lower margin products.

Asian volumes were mixed, with sales growth in China of 9% and South East Asia growth of 7%, while in Taiwan activity slowed.

In North America, US activity levels continued to improve but were partly offset by a slowdown in the previously buoyant Canadian market, and revenue in domestic currencies was up by 4%. Earnings in domestic currencies were up 20%, driven by improved margins and further operational and efficiency gains.

European revenue rose by 4% driven by further double digit growth in developing markets such as Russia and exports to South Africa. In core markets UK, Spain and France revenue was flat or slightly down, however, Benelux, Scandinavia and Germany posted increases. Earnings improved following the Bilbao factory closure in 2012, as well as further operational savings.

Distribution

New Zealand – Placemakers and Mico Plumbing:

			Six months ended 31 December	
NZ$m	**2013**	**2012**	**Change**	**Change %**
Revenue	582	606	(24)	(4%)
Operating earnings	25	16	9	56%
Funds	188	260	(72)	(28%)

Distribution New Zealand revenues of $582 million were 4% lower than the corresponding period, due to the sale of the Corys Electrical business in the prior year.

Placemakers recorded a 10% increase in revenues and experienced continuing improvement in trading conditions, particularly in Auckland and Canterbury. During the period a new branch was opened in Christchurch to cater for the increased demand arising from the Christchurch rebuild programme. Growth outside of these two regions was more subdued.

Operating earnings of Distribution New Zealand increased by 56% to $25 million. PlaceMakers operating earnings increased by 59% over the prior corresponding period to $27 million. While increased competitive pressure continued to negatively impact margins, this was more than offset by volume increases, as well as from operational efficiencies delivering procurement benefits and other cost savings. Mico recorded a loss of $2 million due to restructuring costs incurred in the period.

Australia – Tradelink and Hudson Building Supplies:

			Six months ended 31 December	
NZ$m	**2013**	**2012**	**Change**	**Change %**
Revenue	476	527	(51)	(10%)
Operating earnings	8	7	1	14%
Funds	421	493	(72)	(15%)

For comparative purposes the results of the Australian distribution business are presented in Australian dollars below.

			Six months ended 31 December	
A$m	**2013**	**2012**	**Change**	**Change %**
Revenue	419	414	5	1%
Operating earnings	7	5	2	40%
Funds	388	390	(2)	(1%)

Segmental Operational Review
Continued

Australian distribution revenues declined by $51 million to $476 million in the first half of 2014, due to foreign exchange translation effects. Revenues in domestic currency increased slightly on the prior corresponding period with a number of initiatives undertaken to counter the continuing soft Australian residential market. Operating earnings in domestic currency increased 40%, as the business focussed on recovering market share and growing margins, and the turnaround in Tradelink continues to lift performance with month on month increases in revenue.

Construction

Construction; EQR; South Pacific; Residential

			Six months ended 31 December	
NZ$m	**2013**	**2012**	**Change**	**Change %**
Revenue	648	613	35	6%
Operating earnings	56	37	19	51%
Funds	109	88	21	24%

Construction operating earnings were $56 million, 51% higher than the prior corresponding period as a result of uplifts across all business units. Significant infrastructure projects are underway, including two significant roading projects: the Waterview Alliance, with tunnelling activity commenced during the period, and the MacKay's to Peka Peka roading alliance contract which has commenced following several years of preparatory work.

Overall market conditions were positive in both residential and non-residential sectors, particularly residential activity in Auckland and Christchurch. The South Pacific results were in line with the prior period but with a number of projects awarded in the last two months the order book has increased substantially.

The construction backlog was $1,609 million at the end of December 2013 compared to $1,192 million at December 2012. The major contracts secured in the period were the construction phase of the MacKay's to Peka Peka roading alliance in Wellington and the Fonterra head office building in Auckland.

Earnings from residential house sales were slightly ahead of the prior corresponding period, with more units sold in the Stonefields development in Auckland. During the period, further land acquisitions, including the Manukau Golf Course and the Peninsula Golf Course in Orewa, were completed and will provide additional capacity in the medium-term.

As project manager for the Earthquake Commission in Canterbury, Fletcher Construction saw increased activity levels, with 50,000 home repairs completed to date out of an estimated total of 72,500 and 48,000 emergency repairs also completed. The Canterbury Home Repair Programme is on track to be completed by the end of the 2014 calendar year.

Group Cash Flow

NZ$m	2013	2012	Change
	Six months ended 31 December		
Cash flows from operating activities	179	204	(25)
Cash flows from investing activities	(92)	(25)	(67)
Cash flows from financing activities	(61)	(182)	121
Effects of exchange rate changes on net cash	(4)	(2)	(2)
Net movement in cash	**22**	**(5)**	**27**

Detailed disclosure of the above line items is included in Fletcher Building's condensed interim financial statements which have been released with the Management Commentary.

Cash flows from operating activities

Cash flows from operations of $179 million in the half year ended 31 December 2013 were $25 million lower than the $204 million in the prior period. While the group experienced increased cash flows from trading activities, these were more than offset by the cash impacts of increased inventory levels for the new Formica plant in China, the acquisition of residential land in Auckland, and the timing of customer payments for major construction projects.

Cash flows from investing activities

The net cash outflow from investing activities of $92 million in the current period was $67 million higher than the prior corresponding period largely due to $69 million of proceeds from divestment of businesses received in the prior corresponding period. The main investment spend for the half year ended 31 December 2013 related to capital expenditure, which is discussed below.

Cash flows from financing activities

Fletcher Building's outflows from financing activities largely reflect borrowing activities and dividend payments to shareholders. The net cash outflow for financing activities was $61 million compared to $182 million in the prior corresponding period. The increased outflow principally related to $47 million of net drawdowns of long-term debt in the period, compared to a $72 million net repayment in the prior period arising from the divestment of businesses in the prior period.

Capital expenditure

Capital expenditure was $97 million, compared with $83 million in the prior corresponding period. Of this total, $59 million was for stay-in-business capital projects and $38 million was for new growth initiatives, including $22 million in the period on the new Formica plant in China. For the 2014 full financial year, the current expectation is for capital expenditure, excluding acquisitions, to be at the lower end of the guidance range of $250 million to $300 million.

Funding

Total available funding as at 31 December 2013 was $2,451 million. Of this, approximately $617 million was undrawn and there was an additional $145 million of cash on hand. During the period the bank syndicate facility was restructured and reduced in size by $200 million which will result in a reduction in future funding costs. Drawn debt facilities maturing within the next 12 months total $62 million and a further $112 million of capital notes are subject to interest rate and term reset. These maturities are more than covered by the undrawn facilities and cash on hand.

Fletcher Building regularly reviews its gearing and leverage targets to ensure that the company maintains strong credit characteristics. In doing so, the company seeks to ensure that it benchmarks favourably against its Australian peer group of companies, and is able to continually access debt capital on reasonable terms.

Following a recent review, Fletcher Building has established fresh gearing and leverage targets which it considers to be optimal in the light of current financial market conditions.

The target gearing range, expressed as Net Debt to Net Debt plus Equity, is 30% to 40%. This is consistent with the group's balance sheet settings of the past 8 years and future planned debt levels.

In addition to the revised gearing policy, a target leverage range has been introduced that reflects the ratio of debt to cash flow. Expressed as a ratio of Net Debt to EBITDA, the target range is 2.0 to 2.5 times.

It is intended that the group will not be materially outside the target gearing and leverage ranges on a long-run basis.

The group's gearing[1] at 31 December 2013 was 33.1% compared with 33.3% at 30 June 2013. The group's leverage[2] at 31 December 2013 was 2.22 times compared with 2.25 times at 30 June 2013.

The average maturity of the debt is 5 years and the hedged currency split is 46% Australian dollar; 34% New Zealand dollar; 10% US dollar; and 10% spread over various other currencies.

Approximately 62% of all borrowings have fixed interest rates with an average duration of 3.5 years and a rate of 7.5%. Inclusive of floating rate borrowings the average interest rate on the debt is approximately 6.2%. All interest rates are inclusive of margins but not fees.

Interest coverage[3] for the period was 3.9 times compared with 3.5 times for the prior corresponding period.

[1] Interest bearing net debt (including capital notes) to interest bearing net debt (including capital notes) and equity

[2] Interest bearing net debt (including capital notes) to EBITDA

[3] EBIT to total interest paid including capital notes interest

Dividend

The 2014 interim dividend is 18 cents per share. The dividend will not be imputed for New Zealand tax purposes and will not be franked for Australian tax purposes. Accordingly, a supplementary dividend will not be payable to non-New Zealand shareholders.

Fletcher Building's policy on franking and imputation credits is for successive dividends to be alternately franked and imputed where possible, such that:

- all interim dividends are fully franked with Australian tax credits, or franked to the maximum extent possible
- all final dividends fully imputed with New Zealand tax credits, or imputed to the maximum extent possible.

Due to the reduction in Australian earnings over the past two years, there are insufficient Australian franking credits available for distribution with the 2014 interim dividend. The 2014 final dividend will be fully imputed for New Zealand tax purposes, and it is expected that the 2015 interim dividend will be franked to the maximum extent possible for Australian tax purposes.

The dividend will be paid on 16 April 2014 to holders registered as at 5.00 pm Friday 28 March 2014 (NZT). Shares will be quoted on an ex dividend basis from 24 March 2014 on the ASX and 26 March 2014 on the NZX.

A dividend summary is provided overleaf.

Dividend Reinvestment Plan

The Dividend Reinvestment Plan will not be operative for this dividend payment.

Dividend Policy

Fletcher Building seeks to maintain dividends through economic cycles, and to progressively grow the dividend over the medium term. The company has established a target dividend pay-out ratio, in the range of 50 to 75% of net earnings, to provide sufficient flexibility for dividends to be maintained despite variations in economic conditions. Maintenance of a dividend is this range will also be subject to there being no material adverse change in circumstances or outlook. In fixing a dividend for any year a number of factors are taken into consideration including current and forecast earnings and operating cash flows, capital requirements, and the company's debt equity position.

Beyond dividends, Fletcher Building will consider other means of distribution, should cash flows and future investment requirements allow.

2014 Interim Dividend Summary Table[1]

NZ cents per share	NZ Residents on Top of Marginal Tax Rate of 33%	Australian Residents on Top Marginal Tax Rate of 46.5%	Australian Residents on 15% Tax Rate	Other Non Residents[8]
Dividend declared	18.0000	18.0000	18.0000	18.0000
NZ imputation credits[2]	0.0000			
NZ supplementary dividend[3]		0.0000	0.0000	0.0000
Australian franking credits[4]		0.0000	0.0000	
Gross dividend for NZ tax purposes	**18.0000**	**18.0000**	**18.0000**	**18.0000**
NZ tax (33%)[5]	(5.9400)			
NZ non-resident withholding tax (15%)[6]		(2.7000)	(2.7000)	(2.7000)
Net cash received after NZ tax	**12.0600**	**15.3000**	**15.3000**	**15.3000**
Australian tax (46.5% and 15%)[7]		(8.3700)	(2.7000)	
Reduced by offset for NZ non-resident withholding tax		2.7000	2.7000	
Less Australian franking credit offset		0.0000	0.0000	
Net cash dividend to shareholders after tax	**12.0600**	**9.6300**	**15.3000**	**15.3000**

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. No imputation credits are attached to this dividend.
3. A supplementary dividend is only payable to non-New Zealand shareholders if the dividend is fully or partly imputed. It has the effect of removing the cost of New Zealand non-resident withholding tax (NRWT) on that part of the dividend which has imputation credits attached. As noted above, no imputation credits are attached to this dividend. Accordingly, no supplementary dividend is payable.
4. There are no Australian franking credits attached to this dividend and the conduit foreign income component is nil.
5. For all NZ resident shareholders who do not hold an exemption certificate, resident withholding tax (RWT) is required to be deducted at 33%. Accordingly, for those shareholders, a deduction of 5.94 cents per share will be made on the date of payment from the dividend declared of 18.0 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 credit for the difference between the 33% RWT deduction and their marginal tax rate.
6. NZ non-resident withholding tax at the rate of 15% on the gross dividend for NZ tax purposes.
7. This summary uses two examples of the effect of tax in Australia. The first uses the top marginal tax rate of 46.5%, including the Medicare levy. The second example 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.

The Australian tax is calculated as:	46.5% Rate	15% Rate
gross dividend for NZ tax purposes	18.0000	18.0000
plus franking credits	0.0000	0.0000
gross dividend for Australian tax purposes	18.0000	18.0000
Australian tax	8.3700	2.7000

8. This illustration does not purport to show the taxation consequences of the dividend for non-residents of New Zealand or Australia. Shareholders resident in other countries are encouraged to consult their own taxation adviser.

Update on Business Transformation Programme

The FBUnite transformation programme seeks to drive benefits from greater collaboration, combining resources and leveraging the group's scale, improving operating efficiency, and investing in the resources and capabilities for growth.

It is still expected that the total benefits from FBUnite will be approximately $100 million per annum. FBUnite is, however, a multi-year programme, with individual work streams set to be completed within different timeframes such that this quantum of benefit will take several years to be fully realised. Capital and operating expenditure incurred in the 2014 financial year to enable a number of work streams to be implemented will offset early gains, with net benefits expected to become evident from the 2015 financial year onwards.

Outlook

In New Zealand, continued growth in new house building activity is expected to underpin trading results, assisted by the repair of houses and infrastructure in Canterbury. In addition, there is an improved outlook for commercial construction nationally and particularly in Christchurch. Demand for civil infrastructure is expected to benefit from government commitments around major projects in Auckland, Wellington and Canterbury as well as activity in the health and education sectors.

In Australia, the outlook is uncertain with continued variation in activity levels across each of the states. While some improvement in housing construction is expected, the mix of stand-alone versus medium and high density housing will impact financial performance, with stand-alone housing being the most important segment for Fletcher Building in terms of materials consumption. The outlook for commercial construction remains subdued, while declining investment in the mining and resources sectors and reduced State Government expenditure on infrastructure projects are likely to adversely impact activity levels with nearly a quarter of revenues derived from these sectors.

In North America, increases in new housing construction will benefit Formica, while the outlook for the commercial market is less assured with this segment being the most important for Formica. Improved performance in Europe is expected as a result of restructuring initiatives but overall volumes are likely to remain mixed.

In Asia, the commissioning of the new plant in Jiujiang, China will impact operational results for the balance of the year despite increased volumes. Political unrest in Thailand and weak conditions in Taiwan could adversely affect revenues in the second half of the 2014 financial year.

In terms of the financial outlook for the 2014 financial year, the guidance given at the annual shareholders meeting in October 2013 is unchanged with earnings before interest, tax and significant items expected to be in the range of $610 million and $650 million.

Divisions

Division	Business Groupings	Key Businesses
Infrastructure Products		
	Cement, Concrete & Aggregates	Winstone Aggregates (NZ) Rocla Quarries (Australia) Golden Bay Cement (NZ) Firth Concrete (NZ)
	Concrete Pipes & Products	Rocla Pipelines (Australia) Humes Pipes (NZ) Mico Pipelines (NZ)
	Steel	Pacific Steel (NZ) Fletcher Easysteel (NZ) Fletcher Reinforcing (NZ)
	Plastic Pipes & Copper Tube	Iplex (NZ & Australia) Crane Copper Tube (Australia)
Building Products		
	Building Products	Plasterboard (NZ) Insulation (NZ & Australia) Aluminium Windows & Doors (NZ) Sinkware (Australia)
	Coated Steel	Stramit (Australia) Dimond Roofing (NZ) Roof Tiles Group (NZ/Asia/Europe/USA) Pacific Coil Coaters (NZ)
Laminates & Panels		
	Formica	Formica Asia Formica Europe Formica North America Homapal (Europe)
	Laminex	Laminex (NZ & Australia)
Distribution		
	New Zealand	PlaceMakers Mico Plumbing
	Australia	Tradelink Hudson Building Supplies
Construction		
		Fletcher Construction Fletcher EQR Fletcher South Pacific Fletcher Residential

Appendix:
Supplemental split of Divisional results

Reported Results

Infrastructure Products		Six months ended 31 December	
Operating Earnings NZ$m	**2013**	**2012**	**Change**
Cement, Concrete and Aggregates	39	31	26%
Concrete, Pipes and Products	20	28	(29%)
Iplex & Crane Copper Tube	19	30	(37%)
Steel	18	13	38%
Total	**96**	**102**	**(6%)**

Building Products		Six months ended 31 December	
Operating Earnings NZ$m	**2013**	**2012**	**Change**
Building Products	35	32	9%
Coated Steel	26	24	8%
Total	**61**	**56**	**9%**

Laminates & Panels		Six months ended 31 December	
Operating Earnings NZ$m	**2013**	**2012**	**Change**
Laminex Australia	25	26	(4%)
Laminex NZ	3	2	50%
Formica	25	23	9%
Total	**53**	**51**	**4%**

Distribution		Six months ended 31 December	
Operating Earnings NZ$m	**2013**	**2012**	**Change**
Distribution New Zealand	25	16	56%
Distribution Australia	8	7	14%
Total	**33**	**23**	**43%**

Construction		Six months ended 31 December	
Operating Earnings NZ$m	**2013**	**2012**	**Change**
Construction	56	37	51%
Total	**56**	**37**	**51%**

Appendix:
Local Currency Results

The following presents the divisional results in key currency components. These local currency amounts are translated to New Zealand dollars to present the reported results on the previous page.

Infrastructure Products		Six months ended 31 December	
Operating Earnings	**2013**	**2012**	**Change**
New Zealand (NZ$m)	60	44	36%
Australia (A$m)	32	46	(30%)

Building Products		Six months ended 31 December	
Operating Earnings	**2013**	**2012**	**Change**
New Zealand (NZ$m)	51	41	24%
Australia (A$m)	4	8	(50%)
Rest of World (US$m)	4	4	-

Laminates & Panels		Six months ended 31 December	
Operating Earnings	**2013**	**2012**	**Change**
New Zealand (NZ$m)	3	2	50%
Australia (A$m)	22	21	5%
Rest of World (US$m)	20	19	5%

Distribution		Six months ended 31 December	
Operating Earnings	**2013**	**2012**	**Change**
New Zealand (NZ$m)	25	16	56%
Australia (A$m)	7	5	40%

Construction		Six months ended 31 December	
Operating Earnings	**2013**	**2012**	**Change**
New Zealand (NZ$m)	52	34	53%
Rest of World (US$m)	3	2	50%

FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2013

Fletcher Building Group

Consolidated earnings statement (unaudited)

NZ$m	Notes	6 Months Dec 2013	6 Months Dec 2012	Year ended June 2013
Sales		**4,273**	4,380	8,517
Cost of goods sold		**(3,179)**	(3,286)	(6,346)
Gross margin		**1,094**	1,094	2,171
Selling and marketing expenses		**(504)**	(535)	(1,040)
Administration expenses		**(297)**	(291)	(585)
Share of profits of associates		**12**	8	21
Other gains/(losses)	3	**(23)**	(13)	4
Amortisation of intangibles		**(1)**	(1)	(2)
Operating earnings (EBIT)		**281**	262	569
Funding costs		**(72)**	(75)	(147)
Earnings before taxation		**209**	187	422
Taxation expense	4	**(50)**	(36)	(85)
Earnings after taxation		**159**	151	337
Earnings attributable to non-controlling interests		**(5)**	(5)	(11)
Net earnings attributable to the shareholders		**154**	146	326
Net earnings per share (cents)				
Basic		**22.4**	21.3	47.6
Diluted		**22.4**	21.2	47.5
Weighted average number of shares outstanding (millions of shares)				
Basic		**686**	684	685
Diluted		**696**	693	711
Dividends declared per share (cents)		**18.0**	17.0	34.0

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

Financial Statements
continued

Fletcher Building Group

Consolidated statement of comprehensive income (unaudited)

NZ$m	6 Months Dec 2013	6 Months Dec 2012	Year ended June 2013
Net earnings attributable to shareholders	**154**	146	326
Net earnings attributable to non-controlling interests	**5**	5	11
Net earnings	**159**	151	337
Other comprehensive income			
Items that will never be reclassified to profit or loss:			
Movement in pension reserve	**1**	-	71
	1	-	71
Items that are or may be reclassified subsequently to profit or loss:			
Movement in cashflow hedge reserve	**12**	(12)	22
Movement in currency translation reserve *	**(176)**	(21)	(111)
	(164)	(33)	(89)
Income and expense recognised directly in equity	**(163)**	(33)	(18)
Total comprehensive income for the period	**(4)**	118	319

Consolidated statement of movements in equity (unaudited)

Total equity			
Total equity at the beginning of the year as previously published	**3,554**	3,603	3,603
Change in accounting policy due to NZ IAS 19 (Employee benefits)	**-**	(151)	(151)
Total equity at the beginning of the year as restated	**3,554**	3,452	3,452
Total comprehensive income for the period	**(4)**	118	319
Movement in non-controlling interests equity	**(7)**	(8)	(8)
Movement in reported capital	**17**	14	25
Dividends	**(117)**	(116)	(233)
Movement in share-based payment reserve	**10**	-	-
Movement in treasury stock	**1**	(3)	(1)
Total equity	**3,454**	3,457	3,554

* Movements in the currency translation reserve arise from exchange variations when the assets and liabilities of the group's overseas operations are translated into New Zealand dollars at the rates of exchange ruling at balance date. The cumulative exchange variations would be reclassified subsequently to profit or loss if the overseas operation to which the reserve relates were to be sold or otherwise disposed of.

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

Fletcher Building Group

Consolidated balance sheet (unaudited)

NZ$m	Notes	6 Months Dec 2013	6 Months Dec 2012 (Restated)	Year ended June 2013
Current assets:				
Cash and deposits		**145**	163	123
Current tax assets		**53**	57	30
Derivatives		**7**	4	10
Debtors		**1,214**	1,283	1,346
Stocks		**1,380**	1,409	1,353
Total current assets		**2,799**	2,916	2,862
Non-current assets:				
Property, plant and equipment		**2,153**	2,302	2,261
Goodwill		**1,158**	1,234	1,219
Intangible assets		**475**	510	510
Investments		**181**	118	180
Derivatives		**33**	61	39
Deferred tax assets		**24**	53	32
Total non-current assets		**4,024**	4,278	4,241
Total assets		**6,823**	7,194	7,103

Fletcher Building Group

Consolidated balance sheet (unaudited)

NZ$m	Notes	6 Months Dec 2013	6 Months Dec 2012 (Restated)	Year ended June 2013
Liabilities				
Current liabilities:				
Creditors and accruals		**1,103**	1,087	1,187
Provisions		**54**	74	57
Current tax liabilities		**18**	14	15
Derivatives		**16**	15	12
Construction contracts		**77**	119	102
Borrowings	5	**176**	133	144
Total current liabilities		**1,444**	1,442	1,517
Non-current liabilities:				
Creditors and accruals		**81**	90	87
Provisions		**18**	20	20
Retirement plan liabilities		**77**	98	84
Deferred taxation liabilities		**36**	36	40
Derivatives		**38**	47	46
Borrowings	5	**1,675**	2,004	1,755
Total non-current liabilities		**1,925**	2,295	2,032
Total liabilities		**3,369**	3,737	3,549
Equity				
Reported capital		**2,624**	2,593	2,606
Revenue reserves		**1,119**	1,015	1,078
Other reserves		**(322)**	(180)	(165)
Shareholders' funds		**3,421**	3,428	3,519
Non-controlling interests equity		**33**	29	35
Total equity		**3,454**	3,457	3,554
Total liabilities and equity		**6,823**	7,194	7,103

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

On behalf of the Board, 20 February 2014

Ralph Waters Chairman of Directors

Mark Adamson Managing Director

Fletcher Building Group

Consolidated statement of cashflows (unaudited)

NZ$m	6 Months Dec 2013	6 Months Dec 2012	Year ended June 2013
Cashflow from operating activities			
Receipts from customers	**4,326**	4,513	8,539
Dividends received	**4**	3	19
Interest received	**-**	1	-
Total received	**4,330**	4,517	8,558
Payments to suppliers, employees and other	**4,053**	4,197	7,790
Interest paid	**66**	75	149
Income tax paid	**32**	41	60
Total applied	**4,151**	4,313	7,999
Net cash from operating activities	**179**	204	559
Cashflow from investing activities			
Sale of property, plant and equipment	**9**	5	18
Sale of investments	**-**	4	9
Sale of subsidiaries	**-**	60	64
Total received	**9**	69	91
Purchase of property, plant and equipment and intangible assets	**97**	82	233
Purchase of investments	**-**	1	2
Purchase of subsidiaries	**4**	11	11
Total applied	**101**	94	246
Net cash used in investing activities	**(92)**	(25)	(155)
Cashflow from financing activities			
Net debt drawdown/(repayment)	**47**	(72)	(170)
Total received	**47**	(72)	(170)
Repurchase of capital notes	**-**	-	57
Distribution to minority shareholders	**8**	8	12
Dividends	**100**	102	208
Total applied	**108**	110	277
Net cash used in financing activities	**(61)**	(182)	(447)
Net movement in cash held	**26**	(3)	(43)
Add opening cash and liquid deposits	**123**	168	168
Effect of foreign exchange rate changes on net cash	**(4)**	(2)	(2)
Closing cash and deposits	**145**	163	123

Fletcher Building Group

Reconciliation of net earnings to net cash from operating activities (unaudited)

NZ$m	6 Months Dec 2013	6 Months Dec 2012	Year ended June 2013
Cash was received from:			
Net earnings attributable to shareholders	**154**	146	326
Earnings attributable to minority interests	**5**	5	11
	159	151	337
Adjustment for items not involving cash:			
Depreciation, depletions, and amortisation	**104**	112	220
Provisions and other adjustments	**(15)**	(43)	(51)
Taxation	**18**	(5)	25
Non-cash and other adjustments	**107**	64	194
Cashflow from operations[1]	**266**	215	531
Less (gain) / loss on disposal of affiliates and fixed assets	**1**	2	(6)
Cashflow from operations before net working capital movements	**267**	217	525
Net working capital movements	**(88)**	(13)	34
Net cash from operating activities[2]	**179**	204	559

1. Includes gain/(loss) on disposal of affiliates, property, plant and equipment and intangible assets.
2. As per the statement of cashflows.

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

Fletcher Building Group

Breakdown of financial performance (unaudited)

NZ$m	6 Months Dec 2013	6 Months Dec 2012	Year ended June 2013
Results for the period's performance			
Sales - gross	**4,511**	4,589	8,977
Sales - inter-segment	**(238)**	(209)	(460)
Sales - external	**4,273**	4,380	8,517
Operating earnings (EBIT)	**281**	262	569
Cashflow from operations	**179**	204	559
Net earnings attributable to shareholders	**154**	146	326
External sales			
Infrastructure Products	**1,044**	1,052	2,095
Building Products	**657**	701	1,350
Laminates & Panels	**866**	881	1,738
Distribution	**1,058**	1,133	2,141
Construction	**648**	613	1,193
Other	**-**	-	-
Total	**4,273**	4,380	8,517
Operating earnings			
Infrastructure Products	**96**	102	222
Building Products	**61**	56	122
Laminates & Panels	**53**	51	120
Distribution	**33**	23	50
Construction	**56**	37	87
Other	**(18)**	(7)	(32)
Total	**281**	262	569
Funds *			
Infrastructure Products	**1,787**	1,916	1,841
Building Products	**734**	783	770
Laminates & Panels	**1,746**	1,762	1,788
Distribution	**609**	753	703
Construction	**109**	88	69
Other (including debt and taxation)	**(1,531)**	(1,845)	(1,617)
Total	**3,454**	3,457	3,554

* Funds represent the external assets and liabilities of the Group and are used for internal reporting purposes.

Notes to the consolidated financial statements

1. Basis of presentation

The condensed consolidated interim financial statements presented are those of Fletcher Building Limited and its subsidiaries (the "Group"). Fletcher Building Limited is a company domiciled in New Zealand, is registered under the Companies Act 1993, and is an issuer in terms of the Securities Act 1978 and the Financial Reporting Act 1993. The interim financial statements have been prepared in accordance with NZ IAS 34 Interim Financial Reporting and should be read in conjunction with the 30 June 2013 annual report available on the Group website at www.fbu.com.

2. Changes in accounting policies

There are various new accounting standards and amendments to standards that are applicable to the Group from 1 July 2013.

NZ IAS 1 *Presentation of Financial Statements (amendment)*, requires entities to separate items presented in other comprehensive income into two groups, based on whether they may be recycled to profit or loss in the future. This has not affected the measurement of any of the items recognised in the balance sheet or the profit or loss in the current period; however it has changed the way items of other comprehensive income are presented.

NZ IFRS 13 *Fair Value Measurement* explains how to measure fair value and aims to enhance fair value disclosures. Adoption of NZ IFRS 13 has resulted in a change in the valuation methodology of the Group's financial instruments. In accordance with the transitional provisions of IFRS 13, the Group has applied the new fair value measurement guidance prospectively from 1 July 2013, and is not required to provide any comparative information for new disclosures. The one-off impact for the Group from adopting NZ IFRS 13 was a charge of $4 million (net of tax).

There has been no material impact of all other relevant standards (NZ IFRS 10, NZ IFRS 11, NZ IFRS 12), however certain comparatives have been represented to conform with the current period's presentation.

The International Accounting Standards Board has issued a number of other standards, amendments and interpretations which are not yet effective. The group has not applied these in preparing these interim financial statements and although the application of these standards, amendments and interpretations would require further disclosures, they are not expected to have a material impact on the group's results.

Notes
continued

3. Other gains and losses

NZ$m	6 Months Dec 2013	6 Months Dec 2012	Year ended June 2013
Other gains/(losses) include the following:			
Sale of assets	**-**	2	13
Redundancies and restructuring costs	**(20)**	(16)	(11)
Other gains/(losses)	**(3)**	1	2
	(23)	(13)	4

4. Taxation expense

NZ$m	6 Months Dec 2013	6 Months Dec 2012	Year ended June 2013
Earnings before taxation:	209	187	422
Taxation at 28 cents per dollar	59	52	118
Adjusted for:			
Effective tax rates in foreign jurisdictions	(1)	1	1
Non-assessable income	(3)	(3)	(9)
Non-deductible expenses	1	2	3
Tax in respect of prior periods	2	(5)	(2)
Tax losses not recognised	3	4	3
Benefit of tax losses recognised	-	(5)	(5)
Other permanent differences	(11)	(10)	(24)
	50	36	85

5. Borrowings

NZ$m	6 Months Dec 2013	6 Months Dec 2012	Year ended June 2013
Borrowings - current	176	133	144
Borrowings - non-current	1,675	2,004	1,755
Borrowings	1,851	2,137	1,899
Less fair value hedge adjustment included in borrowings	(17)	(77)	(28)
	1,834	2,060	1,871
Total available funding	2,451	2,741	2,690
Unutilised banking facilities	617	681	819

In addition the Group had $145 million of cash on hand at 31 December 2013 (31 December 2012: $163 million; 30 June 2013: $123 million). Funding costs for the period of $72 million (31 December 2012: $75 million; 30 June 2013: $147 million) include a $5 million one-off impact from the prospective application of NZ IFRS 13.

6. Fair value measurement

Financial instruments are measured at fair value using the following fair value measurement hierarchy:
(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).

Financial instruments measured and recognised at fair value are derivatives and borrowings that are designated in hedge relationships. The fair value of base metal price swaps is based on the quoted market prices of those instruments and are measured under level 2. All other derivatives are level 2 valuations based on accepted valuation methodologies. Forward exchange fair value is calculated using quoted forward exchange rates and discounted using yield curves derived from quoted interest rates matching maturity of the contract. The fair value of electricity price swaps are measured using a derived forward curve and discounted using yield curves derived from quoted interest rates matching the maturity of the contract. Interest rate derivatives are calculated by discounting the future principal and interest cash flows at current market interest rates that are available for similar financial instruments.

The estimated fair value measurements for financial assets and liabilities approximates their carrying values in the balance sheet.

Fair value disclosures

The fair values of borrowings used for disclosure are measured by discounting future principal and interest cash flows at current market interest rates plus an estimated credit margin that are available for similar financial instruments. The interest rates across all currencies used to discount future principal and interest cash flows are between 1.18% and 11.03% (December 2012: 0.34% and 10.64%; June 2013: 1.2% and 11.12%) including margins.

7. Contingencies and commitments

Provision has been made in the ordinary course of business for all known and probable future claims to the extent they can bereliably measured. There have been no material movements in capital expenditure commitments, lease commitments, contingent liabilities or contingent assets to those disclosed in the 2013 annual report.

8. Subsequent events

On 17 February 2014 the Company announced the conditional sale of the Pacific Steel business to BlueScope Steel in a transaction valued at approximately $120 million, with an expected completion date of 30 June 2014 (subject to Commerce Commission approval). Assuming completion by 30 June 2014, Fletcher Building expects to record a significant expense item of up to $19 million, reflecting the gain on sale of assets, offset by transaction costs and adjustments to retained asset carrying values.

On 20 February 2014 the directors declared a dividend of 18 cents per share, payable on 16 April 2014.

Financial Highlights
(unaudited)

Fletcher Building Group

NZ$m	6 Months Dec 2013	6 Months Dec 2012	Year ended June 2013
Pre-tax return on average funds employed (% annualised)[1]	11.0	9.8	10.8
Post-tax return on average equity (% annualised)[2]	8.9	8.3	9.4
Earnings per share (cents)	22.4	21.3	47.6
Dividends per share (cents)	18.0	17.0	34.0
Gearing (%)[3]	33.1	36.3	33.3
Leverage (times, annualised)[4]	2.2	2.6	2.3
Interest cover (times)	3.9	3.5	3.9

1. EBIT to average funds employed.
2. Net earnings to average total equity (excluding minority interests).
3. Interest bearing net debt (including capital notes) to interest bearing net debt (including capital notes) and equity.
4. Interest bearing net debt (including capital notes) to EBITDA.

Appendix 4D (rule 4.2A.3.)

Annual Report

Fletcher Building Limited

Half Year ended 31 December 2013
ARBN - 002 232 368

1 Preliminary half year report on results for the half year ended 31 December 2013 (including the comparative results for the half year ended 31 December 2012) in accordance with Listing Rule 4.3A.

The amounts as presented have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand which is the New Zealand equivalent to International Financial Reporting Standards (NZIFRS). They also comply with International Financial Reporting Standards. The amounts presented give a true and fair view of the matters to which the report relates and are based on unaudited accounts.

The Listed Issuer (Fletcher Building Limited) has a formally constituted Audit Committee of the Board of Directors.

2 **Results for Announcement to the Market**

	NZm	31 Dec 2013	Up / (Down)	31 Dec 2012
2.1	Revenues from ordinary activities	4,273	(2%)	4,380
2.2	Profit (loss) from ordinary activities after tax attributable to members	154	5%	146
2.3	Net Profit (loss) and extraordinary Items after tax attributable to members	154	5%	146

2.4-2.5 Dividends (distributions)

	Amount per security	Franked amount per security
Interim dividend payable 16 April 2014	NZ 18.0 c	nil

No New Zealand tax credits will be attached to this dividend. No Australian franking credits will be attached to the dividend. Please refer to the press release for further details.

The record date for determining entitlement to the interim dividend is 28 March 2014.

3 **Earnings Statement**
Refer to the Financial Statements.

4 **Balance Sheet**
Refer to the Financial Statements.

5 **Statement of Cash Flows**
Refer to the Financial Statements.

6 **Statement of Comprehensive Income and Movements in Equity**
Refer to the Financial Statements.

7 **Dividends**

Details of the interim dividend for the 2014 financial year are provided in Section 2 above.

	$NZ millions	NZ Cents per share
Distributions recognised in the period		
Final dividend for 2013 financial year on Ordinary shares	117	17
Distributions paid in the period		
Final dividend for 2013 financial year on Ordinary shares	117	17

8 Dividend Reinvestment Plan

The Dividend Reinvestment Plan will not be operative for this dividend payment.

		31 Dec 13	Up / (Down)	31 Dec 12
9	**Net Tangible assets per security NZ$**	2.60	(3%)	2.68

10 Control of Entities gained or lost during year

Control gained

Name of subsidiary or group of subsidiaries	Minor acquisitions totalling $4m
Contribution to operating earnings for the period	-
Date from which such contribution has been calculated	-

Control Lost

Name of subsidiary or group of subsidiaries	-

11 Associates

Fletcher Building's Share of Associates NZ$m:	**31 Dec 13**	**31 Dec 12**
Carrying amount at the beginning of the year	137	150
Acquisitions of associates	2	
Loans to associates	1	2
Disposal during the period		(7)
Equity accounted earnings of associates	12	8
Dividends from associates	(4)	(3)
Foreign currency translation movement to reserves	(9)	
Carrying amount at the end of the period	139	150

Material Interests in Associates

Fletcher Building has an interest (that is material to it) in the following associates:

	Percentage of ownership interest (ordinary shares, units, etc) held at end of year		Contribution to Operating Profit after Taxation NZ$m	
Name of Associates	**31 Dec 13**	**31 Dec 12**	**31 Dec 13**	**31 Dec 12**
Equity Accounted Associates			*Equity Accounted*	*Equity Accounted*
Sims Pacific Metals	50.0%	50.0%	3	2
Laminex associates -Wespine and Dynea	50.0%	50.0%	4	4
Miscellaneous			5	2
Total			12	8
Other Material Interests				
NIL				
Total			12	8

12 Other Significant information to assess entity's financial performance and financial position

Refer Press Release.

13 Accounting Standards

Refer to the Financial Statements.

14 Commentary on results of the year

14.1. Details of basic and diluted EPS: NZ cents	31 Dec 13	31 Dec 12
Basic EPS	22.4	21.3
Diluted EPS	22.4	21.2

Diluted net earnings per share uses the weighted average number of shares used for basic net earnings per share, adjusted for dilutive securities. Capital notes and options are convertible into the Company's shares, and are therefore considered dilutive securities for diluted net earnings per share.

Numerator	31 Dec 13	31 Dec 12
Net earnings	154	146
Numerator for basic earnings per share	154	146
Dilutive capital notes distribution	2	1
Numerator for diluted net earnings per share	156	147

Denominator (millions of shares)	31 Dec 13	31 Dec 12
Denominator for basic net earnings per share	686	684
Conversion of dilutive capital notes	10	9
Denominator for diluted net earnings per share	696	693

14.2 Returns to Shareholders including distributions and buy backs.

Refer to item 7 for details of dividend distributions. Refer to press release.

14.3 Significant features of operating performance

Refer to press release.

14.4 Segment results

Refer to attachment and press release for industry segment information.

Geographical, 31 December 2013

NZ$million	Operating Revenue by Origin	EBIT
New Zealand	2,012	167
Australia	1,720	77
North America	197	17
Asia	142	20
Europe	155	(4)
Other	47	4
Total	4,273	281

14.5 Trends

Refer to press release.

14.6 Any other factors which have affected the results in the year, or which are likely to affect results in the future

Refer to press release.

15 This report is based on unaudited accounts.

FLETCHER BUILDING LIMITED

Directors' Declaration in respect of the Group Interim Financial Statements for the period ended 31 December 2013

Declaration

The directors' of Fletcher Building Limited hereby declare that:

- the interim financial statements dated 31 December 2013 have been prepared in accordance with NZ IAS 34 Interim Financial Reporting and give a true and fair view of the financial position of Fletcher Building Limited as at 31 December 2013; and
- in the directors' opinion at the date of this declaration there are reasonable grounds to believe that Fletcher Building Limited will be able to pay its debts as and when they become due and payable.

This declaration is dated 20 February 2014 and is signed for and on behalf of the board of directors by the Managing Director.

Signed:

____
M D Adamson – Managing Director

FLETCHER BUILDING LIMITED

DIRECTORS DETAILS

The directors of Fletcher Building Limited at 31 December 2013 are as follows:

Mr Ralph Waters	Chairman
Mr Mark Adamson	Chief Executive Officer and Managing Director
Mr Antony Carter	Director
Dr Alan Jackson	Director
Mr John Judge	Director
Ms Kathryn Spargo	Director
Ms Cecilia Tarrant	Director
Mr Gene Tilbrook	Director

Auditors' review report

To the shareholders of Fletcher Building Limited

We have completed a review of the interim financial statements in accordance with the Review Engagement Standard RS-1 issued by the External Reporting Board. The financial statements provide information about the past financial performance of Fletcher Building Limited and its subsidiaries (the group) and its financial position as at 31 December 2013.

Directors' responsibilities

The Directors of Fletcher Building Limited are responsible for the preparation of interim financial statements which give a true and fair view of the financial position of the group as at 31 December 2013 and the results of its operations and cash flows for the six month period ended on that date.

Reviewers' responsibilities

It is our responsibility to express an independent opinion on the interim financial statements presented by the Directors and report our opinion to you.

Basis of opinion

A review is limited primarily to enquiries of group personnel and analytical review procedures applied to the financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Our firm has also provided other services to the group in relation to taxation and general accounting services. Subject to certain restrictions, partners and employees of our firm may also deal with the group on normal terms within the ordinary course of trading activities of the business of the group. These matters have not impaired our independence as auditors of the group. The firm has no other relationship with, or interest in, the group.

Review opinion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements do not give a true and fair view of the financial position of group as at 31 December 2013 and the results of its operations and cash flows for the six month period ended on that date in accordance with NZ IAS 34 *Interim Financial Reporting*.

Our review was completed on 20 February 2014 and our opinion is expressed as at that date.

KPMG

Auckland