Fletcher Building
Half Year Review December 2015

Building Better, Together.

Fletcher Building

COVER AND OPENING PAGE:
The Kathleen Kilgour Centre in Tauranga.
Photography by Simon Devitt.

Snapshot

REVENUE

$4,434m

$107 million, or 2%, higher

OPERATING EARNINGS
BEFORE SIGNIFICANT ITEMS

$278m

4% lower

OPERATING EARNINGS

$288m

$64 million, or 29%, higher

NET EARNINGS

$172m

up 51%, from $114 million

BASIC EARNINGS PER SHARE CENTS

24.9

up from 16.6 cents

INTERIM DIVIDEND CENTS

19.0

Half year in review

The result was driven by strong performances in the Building Products and Distribution divisions, offset by lower residential development and construction earnings.

Dear shareholders,

We are pleased to present Fletcher Building's unaudited interim results for the six months ended December 31, 2015.

The group recorded net earnings after tax of $172 million, compared with $114 million in the prior corresponding period.

The result included a net gain within significant items of $10 million relating to the gain on sale of certain Rocla Quarries assets, partly offset by closure costs for three manufacturing plants. The result for the prior corresponding period included a $66 million expense within significant items relating to impairment of goodwill and site closure costs. Net earnings before significant items were 7% lower at $159 million.

Operating earnings (earnings before interest and tax) were $288 million, up 29% on the $224 million earned in the prior corresponding period, while operating earnings excluding significant items were 4% lower at $278 million.

Revenue for the period of $4,434 million was 2% higher.

Cash flow from operations was $170 million, up 16% from $146 million in the prior corresponding period.

The interim dividend will be 19.0 cents per share, and the dividend reinvestment plan will be operative for this dividend payment.

The result was driven by strong performances in the Building Products and Distribution divisions, offset by lower Residential development earnings and the timing of key Construction contract earnings.

We saw increased earnings from most of our manufactured building products businesses in New Zealand and Australia, and continued strong growth in earnings from our distribution division. This was partly driven by the strength of the broader construction market, particularly in New Zealand, but also resulted from the efforts we have made to lift performance across our business portfolio. This was particularly evident in the performances in a number of our Australian businesses. Laminex, Iplex, Fletcher Insulation, Rocla Pipelines and Stramit all achieved improved earnings versus last year.

SIR RALPH NORRIS Chairman

MARK ADAMSON Chief Executive Officer

Earnings from the residential development business were lower than for the same period last year due to a reduction in earnings from the Stonefields development. However, we have made good progress in sourcing new land for future development and in bringing other developments to market sooner.

In our construction division, we had lower earnings this half than last year, which was solely due to the timing of key projects. The outlook for our construction businesses is encouraging, with committed future contracted work now standing at $3.3 billion compared with $2 billion a year ago.

During the period we continued to address portfolio composition. At the end of January we completed the sale of the Rocla Quarries assets, with an after-tax gain on sale of approximately $85 million. Early in February we announced the conditional acquisition of the Higgins contracting business for $315 million. More recently we announced the formation of a new aluminium windows

CONSTRUCTION – FUTURE CONTRACTED WORKS:

$3.3b

and doors joint venture with Nalco. Through these initiatives, we have completed a substantial reorientation of the group and focused our activities where we see the best opportunities.

OUTLOOK

The current strong market conditions in the New Zealand construction industry are expected to persist throughout the 2016 financial year, with ongoing demand for new housing particularly in Auckland and surrounding provinces, an increase in commercial construction activity off the back of the significant increase in the value of consents, and government expenditure on infrastructure to remain at the present healthy levels.

In Australia, the outlook is more mixed. Residential construction activity has remained strong but may slow particularly in the multi-dwelling segment, while stand-alone housing should be more resilient to potential changes in foreign capital inflows. Commercial construction activity is unlikely to lift from current levels. Despite a strong pipeline of infrastructure work, continued pressure on federal and state government fiscal positions has meant the timing of this work flow is uncertain.

Residential and commercial construction activity levels in North America are expected to remain broadly consistent with the past year.

European conditions are likely to remain mixed with a generally weak economic outlook. Further volume growth is expected in South East Asian markets but market conditions in China are likely to remain highly competitive.

For the 2016 financial year, operating earnings, (earnings before interest, tax and significant items) are expected to be in the range of $650 million to $690 million. This is consistent with what was communicated at the annual shareholders meeting last November, and compares with operating earnings of $653 million earned in the prior year. This excludes the pre-tax profits from the sale of the assets of Rocla Quarries.

SIR RALPH NORRIS
__Chairman

MARK ADAMSON
__Chief Executive Officer

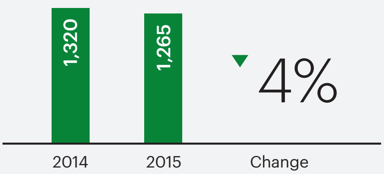
Building Products

Cement and Aggregates;
Concrete Pipes & Products;
Building Materials and Plastic Pipes

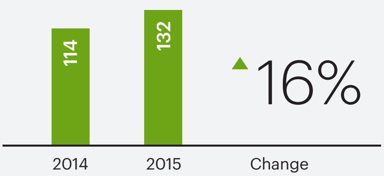
The Building Products division reported earnings of $142 million compared with $86 million in the prior corresponding period.

Six months ended 31 December

GROSS REVENUE



OPERATING EARNINGS BEFORE SIGNIFICANT ITEMS



The result includes a net gain within significant items of $10 million relating to the profit on sale of a number of joint ventures of the Rocla Quarries business ($16 million). This was offset by costs of $6 million associated with the closure of one Roda Pipes and two Iplex sites in Australia.

The Cement and Aggregates businesses lifted their operating earnings by 13% to $44 million. This was primarily driven by increased New Zealand cement volumes, up 3% against the prior corresponding period, combined with a favourable change in the mix of regional quarrying volumes.

Operating earnings for Concrete Pipes & Products were $27 million compared to $30 million in the prior corresponding period. Ready-mix concrete volumes in New Zealand were 8% higher than the prior corresponding period in line with overall market growth, while New Zealand concrete pipe volumes were marginally lower due to slowing activity in Canterbury. In Australia, performance was flat as a result of very weak demand in Western Australia and intensifying price competition in other regional markets.

Building Materials operating earnings were $48 million, an increase of 26% on the prior corresponding period. Plasterboard volumes were up 9% overall with volumes of performance board increasing 12% in the period. Insulation volumes also improved significantly in the period, with an increase of 12% in New Zealand and 9% in Australia. Market share has also improved in both insulation markets, through competitive pricing following the strengthening of the US dollar.

The Plastic Pipes businesses reported $2 million operating earnings before significant items, a $5 million improvement on the prior corresponding period. Volume in the Australian market was down 12% due to softening demand in the civil and mining segments and coal seam gas projects. The impact of this was more than offset by significant reductions in Iplex Australia's operating costs and the turnaround of this business is on track. The New Zealand plastic pipes business was in line with the prior corresponding period.

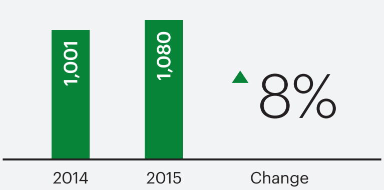
International

Laminex; Formica and Roof Tile Group

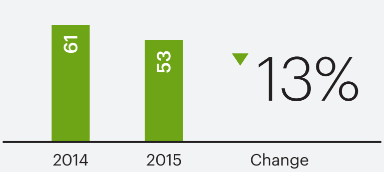
Operating earnings for the International division were $53 million, down 13% from $61 million in the prior corresponding period. Revenue was up 8%, largely due to a weakening of the New Zealand dollar, against the USD and the Euro.

Six months ended 31 December

GROSS REVENUE



OPERATING EARNINGS



Laminex operating earnings were $41 million, up by 11%. Gross revenue was 4% higher than the prior corresponding period. Australian revenue in domestic currency was 3% higher, driven by increased activity in the residential and commercial sectors as well as product growth initiatives, such as stone and plywood. New Zealand revenue was up by 8% on the prior corresponding period.

Operating earnings for Formica were $6 million. Revenue in domestic currencies was up by 1% on the prior corresponding period.

In North America, revenue in domestic currencies was up by 3%, while operating earnings in domestic currencies were down by 8% predominantly due to the timing of costs associated with new product promotions. The business continued to generate manufacturing and operational efficiency gains .

In Asia, revenue in domestic currencies was down 3%. This was driven by slowing activity levels and competitive response in China, which was down by 11%. Thailand and Taiwan saw revenue up by 8% and 6% respectively. Operating earnings were down by 4% in domestic currencies compared to the prior corresponding period due to revenue and margin softness in China. Despite these challenges, the new factory in Jiujiang, China continued to improve its operational capabilities.

Revenue in Europe in domestic currencies fell by 8%. Activity levels varied significantly by country, with improvements in the UK while France, the Netherlands and Spain were slightly down and Russia and Poland were significantly down. Operating losses were predominantly due to revenue shortfalls and competitive pressure on margins. Adverse operational issues at the North Shields factory in the UK also contributed to the result.

Roof Tile Group operating earnings were $6 million, up from $4 million in the prior corresponding period.

Sales volume improvement has been experienced in all markets other than the key African market. Low oil prices have had a negative impact on African demand and pricing has had to be reduced accordingly. The US market has grown on the back of long-term investment in that market, and the business has benefited from the stronger US dollar and lower steel prices.

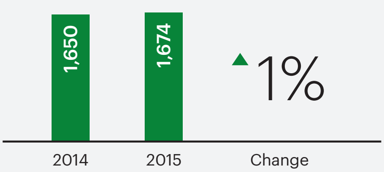
Distribution

NZ Building Supplies; NZ Steel Distribution; Australian Building Supplies and Australian Steel Distribution

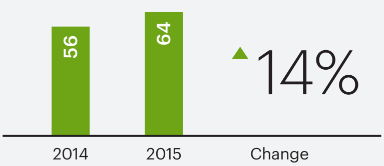
The Distribution division reported operating earnings of $64 million, an increase of 88% from the prior corresponding period.

Six months ended 31 December

GROSS REVENUE



OPERATING EARNINGS BEFORE SIGNIFICANT ITEMS



The division's operating earnings before significant items were $64 million, an increase of 14%.

In the NZ Building Supplies businesses, gross revenue of $781 million increased by 10%. PlaceMakers grew revenue by 10% to $643 million, a record for the business, with growth in all trade related segments of the market and double digit sales growth arising in both the commercial and frame and truss categories. Mico also experienced strong revenue growth ahead of the market overall.

Both PlaceMakers' and Mico's operating earnings increased 34% on the prior corresponding period. Three new PlaceMakers stores and a new Frame and Truss manufacturing site were opened. The co-location programme continued for Mico and PlaceMakers, with seven sites currently co-located and other site deployments planned.

NZ Steel Distribution businesses reported a 13% increase in operating earnings, with record domestic volumes produced at Pacific Coilcoaters and record order-book levels at Fletcher Reinforcing.

Australian Building Supplies reported a loss of NZ$2 million, down from a NZ$6 million profit in the prior corresponding period, primarily due to restructuring costs incurred in the current period. The prior period earnings included contribution of the Hudson Building Supplies business prior to its divestment.

The Tradelink business recorded a 3% decrease in revenue in domestic currency as a result of market competition in the period. Despite the competitive pressures, underlying sales margin improved.

Tradelink remains committed to regaining its core trade customer base, growing its market share through targeted customer value proposition. While growth was seen in the commercial plumbing area, focus is clearly on the trade plumber, with programmes like the Customer Service Promise. A flatter management structure and reduced head office personnel has allowed for investment in more sales people and customer centric activities.

In the Australian Steel Distribution businesses operating earnings increased 67%, primarily driven by improvements in Stramit.

Residential and Land Development

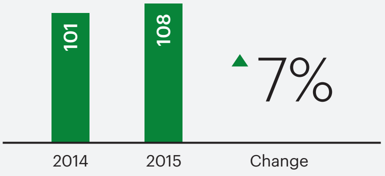
NZ Residential Development

REVENUE INCREASED BY

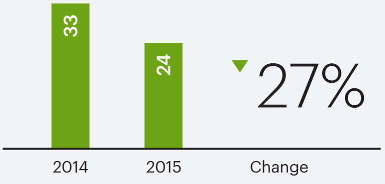
$7M

Six months ended 31 December

GROSS REVENUE



OPERATING EARNINGS



The Residential and Land Development division reported operating earnings of $24 million, a decrease of 27% on the prior corresponding period, primarily reflecting a reduction in home sales in the Stonefields development, offset in part by increased sales elsewhere.

Notwithstanding lower Stonefields volumes, revenue increased by $7 million, or 7%, due to sales at Jack's Point and the overall property market increases in Auckland.

The division has a significant level of land in ownership for development over the next few years with Greenhithe, Karaka and Wattle Cove in Auckland experiencing increased sales volumes. The housing construction phase will start at Red Beach and Eugenia Rise over the next 12 months.

Construction is also underway at Three Kings in Auckland and Awatea in Christchurch. During the period major partnership arrangements were also secured with the New Zealand Government in Christchurch, including the East and North Frame Residential Precinct to be created on the edge of the CBD. In addition, the division is working on a number of non-residential land development opportunities.

Construction

Construction New Zealand; Construction South Pacific

The Construction division reported operating earnings of $36 million, an increase of $6 million on the prior corresponding period.

GROSS REVENUE INCREASED BY

17%

SIGNIFICANT PROJECTS WON:

- New Zealand International Convention Centre
- Precinct Properties' Downtown site redevelopment
- Auckland International Airport international terminal upgrade
- National Biocontainment Laboratory for the Ministry of Primary Industries
- Greymouth Hospital
- Auckland Prison redevelopment

Operating earnings before significant items of $36 million were $10 million lower than the prior corresponding period. The reduction reflects the timing of projects, with a larger proportion in the prior corresponding period being at a more advanced stage of the construction process.

The Construction division has continued to grow, with gross revenue increasing by 17% when compared to the prior corresponding period.

At 31 December 2015, the value of contracted work awarded but not completed for the division reached $3.3 billion, a record level.

Performance for the New Zealand businesses continued to be strong. The Waterview project, MacKay's to PekaPeka Project north of Wellington and the Kirkbride Road Intersection interchange in Auckland have seen significant progress, with work on-going for Christchurch's Justice Precinct and science blocks for the University of Auckland and Victoria University.

In the South Pacific, the largest project is in Fiji, with work halfway through the remediation and completion of the Momi Bay Resort, while the construction of a casino and a government building in the Solomon Islands was completed in November.

Fletcher EQR continues to assist the Earthquake Commission in Christchurch, project managing housing repairs. This contract was extended in April 2015, expected to run until December 2016.

Significant projects won include the New Zealand International Convention Centre, Precinct Properties' Downtown site redevelopment, Auckland International Airport international terminal upgrade, the new National Biocontainment Laboratory for the Ministry of Primary Industries, Greymouth Hospital and the redevelopment of Auckland Prison in a Public Private Partnership (PPP) with the Department of Corrections. Fletcher Construction has been selected to join the New Zealand Transport Agency in an alliance to construct the Hamilton Section of the Waikato Expressway.

In the South Pacific, new projects secured include a wharf contract in American Samoa and preparatory work for a new hotel in Papua New Guinea.

Financial Review

FUNDING

Total available funding as at 31 December 2015 was $2,287 million. Of this, $382 million was undrawn and there was an additional $221 million of cash on hand. Drawn debt facilities maturing within the next 12 months total $84 million and a further $94 million of capital notes are subject to interest rate and term reset. These maturities are more than covered by the undrawn facilities and available cash.

The group's gearing[1] at 31 December 2015 was 32.8% compared with 34.1% at 31 December 2014. This is within the target range of 30-40%.

The group's leverage[2] at 31 December 2015 was 2.4 times compared with 2.3 times at 31 December 2014. This is within the target range of 2.0-2.5 times.

The average maturity of the debt is 3.7 years and the hedged currency split is 44% Australian dollar; 36% New Zealand dollar; 12% US dollar; and 8% spread over various other currencies.

Approximately 54% of all borrowings have fixed interest rates with an average duration of 2.5 years and a rate of 6.47%. Inclusive of floating rate borrowings, the average interest rate on the debt is approximately 5.3%.

Interest coverage[3] for the period was 4.6 times compared with 4.4 times in the prior corresponding period.

CASH FLOW

Cash flows from operating activities of $170 million were $24 million, or 16%, higher than the prior corresponding period. The $47 million improvement in working capital was offset by the $85 million cash impact of further residential land acquisitions for future development.

Capital expenditure was $122 million, compared with $116 million in the prior corresponding period. Of this total, $77 million was for stay-in-business capital projects.

For the financial year, capital expenditure is expected to be in the range of $275 million to $325 million.

DIVIDEND

The 2016 interim dividend is 19 cents per share. The dividend will not be franked for Australian tax purposes and will not be imputed for New Zealand tax purposes. Accordingly, a supplementary dividend will not be payable to non-New Zealand shareholders.

Due to the level of Australian earnings, there are insufficient Australian franking credits available for distribution with the 2016 interim dividend. However, in line with the group's tax crediting policy, the 2016 final dividend is expected to be fully imputed for New Zealand tax purposes.

The dividend will be paid on 13 April 2016 to holders registered as at 5.00 pm Thursday 24 March 2016 (NZT). Shares will be quoted on an ex dividend basis from 22 March 2016 on the NZX and ASX.

[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 before significant items.

[3] EBIT before significant items to total interest paid including capital notes interest.

DIVIDEND REINVESTMENT PLAN

Fletcher Building shareholders (excluding those in jurisdictions where the issue of shares is not permitted by law) can participate in a Dividend Reinvestment Plan ("the Plan"), under which they have the opportunity to reinvest their dividends in additional shares. The Plan will be operative for this dividend payment. Documentation for participation is available from the share registry or the website www.fbu.com and must be received by the registry before 5.00 pm Tuesday 29 March 2016.

There will be no discount to the price applied to ordinary shares issued. The price used to determine entitlements under the Plan is the average of the individual daily volume weighted average sale prices of price-setting trades of the company's shares sold on the NZX on each of the five business days from and including the ex-dividend date of 22 March 2016. The new shares will rank equally with existing shares and will be issued on the dividend payment date of 13 April 2016.

Financial highlights (unaudited)

Fletcher Building Group	Six months Dec 2015	Six months Dec 2014	Year ended June 2015
Return on average funds employed (% annualised) (1)	**10.7**	8.6	9.6
Return on average equity (% annualised) (2)	**9.3**	6.5	7.7
Earnings per share (cents)	**24.9**	16.6	39.2
Dividends per share (cents)	**19.0**	18.0	37.0
Gearing (%) (3)	**32.8**	34.1	31.8
Leverage (times, annualised) (4)	**2.4**	2.3	2.0
Interest cover (times) (5)	**4.6**	4.4	5.2

(1) EBIT after significant items to average funds (net debt and equity less deferred tax asset).

(2) Net earnings attributable to shareholders after significant items to average shareholders' funds.

(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 before significant items.

(5) EBIT before significant items to total interest paid including capital notes interest.

Consolidated income statement (unaudited)

For the six months ended 31 December 2015

Fletcher Building Group	Notes	Six months Dec 2015 NZ$M	Six months Dec 2014 NZ$M	Year ended June 2015 NZ$M
Sales		**4,434**	4,327	8,661
Cost of goods sold		**(3,347)**	(3,268)	(6,553)
Gross margin		**1,087**	1,059	2,108
Selling and marketing expenses		**(477)**	(453)	(880)
Administration expenses		**(332)**	(320)	(606)
Share of profits of associates and joint ventures		**8**	12	23
Other gains/(losses)	5	**(8)**	(8)	8
Significant items	3	**10**	(66)	(150)
Earnings before interest and taxation (EBIT)		**288**	224	503
Funding costs		**(60)**	(66)	(127)
Earnings before taxation		**228**	158	376
Taxation expense	6	**(52)**	(40)	(96)
Earnings after taxation		**176**	118	280
Earnings attributable to non-controlling interests		**(4)**	(4)	(10)
Net earnings attributable to the shareholders		**172**	114	270
Net earnings per share (cents)				
Basic		**24.9**	16.6	39.2
Diluted		**24.4**	16.6	39.1
Weighted average number of shares outstanding (millions of shares)				
Basic		**690**	688	688
Diluted		**744**	688	703
Dividends declared per share (cents)		**19.0**	18.0	37.0

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

Consolidated statement of comprehensive income (unaudited)

For the six months ended 31 December 2015

Fletcher Building Group	Six months Dec 2015 NZ$M	Six months Dec 2014 NZ$M	Year ended June 2015 NZ$M
Net earnings attributable to shareholders	**172**	114	270
Net earnings attributable to non-controlling interests	**4**	4	10
Net earnings	**176**	118	280
Other comprehensive income			
Items that do not subsequently get reclassified to profit or loss:			
Movement in pension reserve	**5**		
	5		
Items that may be reclassified subsequently to profit or loss in the future:			
Movement in cash flow hedge reserve	**9**	10	12
Movement in currency translation reserve	**(116)**	21	217
	(107)	31	229
Income and expense recognised directly in equity	**(102)**	31	229
Total comprehensive income for the period	**74**	149	509

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

Consolidated balance sheet (unaudited)

As at 31 December 2015

Fletcher Building Group	Notes	Dec 2015 NZ$M	Dec 2014 NZ$M	June 2015 NZ$M
Assets				
Current assets:				
Cash and deposits		**221**	124	228
Current tax assets		**68**	44	23
Derivatives		**12**	10	6
Debtors		**1,264**	1,283	1,509
Inventories		**1,555**	1,411	1,506
Assets held for sale	4	**105**	43	
Total current assets		**3,225**	2,915	3,272
Non-current assets:				
Property, plant and equipment		**2,034**	2,131	2,222
Goodwill		**1,107**	1,099	1,131
Intangible assets		**602**	478	568
Investments in associates and joint ventures		**84**	135	98
Other investments		**68**	63	70
Derivatives		**113**	83	107
Deferred tax assets		**14**	21	33
Total non-current assets		**4,022**	4,010	4,229
Total assets		**7,247**	6,925	7,501

On behalf of the Board,
17 February 2016

Sir Ralph Norris
Chairman of Directors

Mark Adamson
Managing Director

Fletcher Building Group	Notes	Dec 2015 NZ$M	Dec 2014 NZ$M	June 2015 NZ$M
Liabilities				
Current liabilities:				
Creditors and accruals		**1,105**	1,118	1,315
Provisions		**73**	63	100
Current tax liabilities		**24**	16	28
Derivatives		**9**	15	8
Construction contracts		**166**	108	156
Borrowings	7	**178**	302	340
Liabilities held for sale	4	**22**		
Total current liabilities		**1,577**	1,622	1,947
Non-current liabilities:				
Creditors and accruals		**39**	49	40
Provisions		**14**	14	16
Retirement plan liabilities		**61**	75	71
Deferred tax liabilities		**66**	51	58
Derivatives		**31**	39	45
Borrowings	7	**1,820**	1,612	1,614
Total non-current liabilities		**2,031**	1,840	1,844
Total liabilities		**3,608**	3,462	3,791
Equity				
Share capital		**2,633**	2,624	2,633
Reserves		**986**	817	1,050
Shareholders' funds		**3,619**	3,441	3,683
Non-controlling interests		**20**	22	27
Total equity		**3,639**	3,463	3,710
Total liabilities and equity		**7,247**	6,925	7,501

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

Consolidated statement of movements in equity (unaudited)

For the six months ended 31 December 2015

Fletcher Building Group	Share capital NZ$M	Retained earnings NZ$M	Share-based payments reserve NZ$M	Cash flow hedge reserve NZ$M	Currency translation reserve NZ$M	Pension reserve NZ$M	Total NZ$M	Non-controlling interests NZ$M	Total equity NZ$M
Total equity at 30 June 2014	2,624	1,177	11	(22)	(300)	(71)	3,419	35	3,454
Total comprehensive income for the period		114		10	21		145	4	149
Movement in non-controlling interests								(17)	(17)
Dividends paid to shareholders of the parent		(124)					(124)		(124)
Movement in share-based payment reserve			1				1		1
Total equity at 31 December 2014	2,624	1,167	12	(12)	(279)	(71)	3,441	22	3,463
Total equity at 30 June 2014	2,624	1,177	11	(22)	(300)	(71)	3,419	35	3,454
Total comprehensive income for the year		270		12	217		499	10	509
Movement in non-controlling interests								(18)	(18)
Issue of shares	8						8		8
Dividends paid to shareholders of the parent		(248)					(248)		(248)
Movement in share-based payment reserve			4				4		4
Movement in treasury stock	1						1		1
Total equity at 30 June 2015	2,633	1,199	15	(10)	(83)	(71)	3,683	27	3,710
Total comprehensive income for the period		172		9	(116)	5	70	4	74
Movement in non-controlling interests								(11)	(11)
Issue of shares	13						13		13
Dividends paid to shareholders of the parent		(131)					(131)		(131)
Movement in share-based payment reserve			(3)				(3)		(3)
Movement in treasury stock	(13)						(13)		(13)
Total equity at 31 December 2015	**2,633**	**1,240**	**12**	**(1)**	**(199)**	**(66)**	**3,619**	**20**	**3,639**

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

Consolidated statement of cash flows (unaudited)

For the six months ended 31 December 2015

Fletcher Building Group	Six months Dec 2015 NZ$M	Six months Dec 2014 NZ$M	Year ended June 2015 NZ$M
Cash flow from operating activities			
Receipts from customers	**4,623**	4,399	8,635
Dividends received	**6**	7	19
Total received	**4,629**	4,406	8,654
Payments to suppliers, employees and other	**4,332**	4,168	7,883
Interest paid	**60**	63	124
Income tax paid	**67**	29	72
Total applied	**4,459**	4,260	8,079
Net cash from operating activities	**170**	146	575
Cash flow from investing activities			
Sale of property, plant and equipment	**7**	8	46
Sale of investments	**40**		1
Sale of subsidiaries/businesses		21	21
Total received	**47**	29	68
Purchase of property, plant and equipment and intangible assets	**122**	116	278
Purchase of subsidiaries/businesses			4
Total applied	**122**	116	282
Net cash from investing activities	**(75)**	(87)	(214)
Cash flow from financing activities			
Net debt drawdown	**53**	73	
Total received	**53**	73	
Net debt repayment			11
Repurchase of capital notes			10
Treasury stock purchased	**16**		
Distribution to non-controlling interests	**14**	19	16
Dividends	**118**	124	240
Total applied	**148**	143	277
Net cash from financing activities	**(95)**	(70)	(277)
Net movement in cash held		(11)	84
Add opening cash and liquid deposits	**228**	134	134
Effect of exchange rate changes on net cash	**(7)**	1	10
Closing cash and deposits	**221**	124	228

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

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

For the six months ended 31 December 2015

Fletcher Building Group	Six months Dec 2015 NZ$M	Six months Dec 2014 NZ$M	Year ended June 2015 NZ$M
Cash was received from:			
Net earnings	**172**	114	270
Earnings attributable to non-controlling interests	**4**	4	10
	176	118	280
Adjustment for items not involving cash:			
Depreciation, depletions and amortisation	**97**	103	201
Significant items	**(20)**	60	126
Provisions and other adjustments	**(30)**	(11)	4
Taxation	**(15)**	11	24
(Gain)/loss on disposal of businesses and property, plant and equipment		1	(19)
Non-cash adjustments	**32**	164	336
Cash flow from operations before net working capital movements	**208**	282	616
Net working capital movements	**(38)**	(136)	(41)
Net cash from operating activities	**170**	146	575
Net working capital movements			
Debtors	**176**	100	(47)
Inventories	**(9)**	(5)	(1)
Land and developments	**(85)**	(57)	(58)
Assets held for sale		(43)	
Contracts	**13**	(23)	21
Creditors	**(133)**	(108)	44
	(38)	(136)	(41)

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

Breakdown of financial performance (unaudited)

Fletcher Building Group	Six months Dec 2015 NZ$M	Six months Dec 2014 NZ$M	Year ended June 2015 NZ$M
Gross sales			
Building Products	**1,265**	1,320	2,656
International	**1,080**	1,001	2,007
Distribution	**1,674**	1,650	3,198
Residential & Land Development	**108**	101	238
Construction	**748**	640	1,342
Other	**5**	3	5
Total	**4,880**	4,715	9,446
Intercompany sales	**(446)**	(388)	(785)
External sales per income statement	**4,434**	4,327	8,661
External sales			
Building Products	**1,021**	1,069	2,184
International	**1,067**	990	1,978
Distribution	**1,531**	1,535	2,958
Residential & Land Development	**108**	101	238
Construction	**707**	632	1,299
Other			4
External sales per income statement	**4,434**	4,327	8,661

With effect from 31 December, the group changed its reporting segments. The above tables reflect these changes.
Prior period data has been re-presented.

Breakdown of financial performance (unaudited) (continued)

Fletcher Building Group	Six months Dec 2015 NZ$M	Six months Dec 2014 NZ$M	Year ended June 2015 NZ$M
EBIT before significant items			
Building Products	**132**	114	259
International	**53**	61	143
Distribution	**64**	56	148
Residential & Land Development	**24**	33	66
Construction	**36**	46	74
Other	**(31)**	(20)	(37)
Total	**278**	290	653
Significant items	**10**	(66)	(150)
Earnings before interest and taxation (EBIT) per income statement	**288**	224	503
Funds *			
Building Products	**1,748**	1,880	1,877
International	**2,041**	1,908	2,098
Distribution	**1,049**	991	1,046
Residential & Land Development	**295**	209	211
Construction	**(37)**	(19)	(54)
Other (including debt and taxation)	**(1,457)**	(1,506)	(1,468)
Total	**3,639**	3,463	3,710

With effect from 31 December, the group changed its reporting segments. The above tables reflect these changes. Prior period data has been re-presented.

* 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 a FMC Reporting Entity under the Financial Markets Conduct Act 2013 under which the financial statements are prepared. The group is a profit oriented entity. The condensed consolidated interim financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand, which is the New Zealand equivalent to International Financial Reporting Standards (NZ IFRS). They comply with NZ IAS 34 *Interim Financial Reporting* and should be read in conjunction with the 30 June 2015 annual report available on the group website at www.fbu.com.

2. CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies in the six months ended 31 December 2015, however, certain comparatives have been re-presented to conform with the current period's presentation.

3. SIGNIFICANT ITEMS

Six months ended 31 December 2015

Fletcher Building Group	Business disposal income and expenses (1) NZ$M	Site closure costs (2) NZ$M	Total NZ$M
Rocla Quarries	16		16
Iplex Australia		(2)	(2)
Rocla Pipes		(4)	(4)
Total significant items before taxation	16	(6)	10
Tax benefit/(charge) on above items	1	2	3
Total significant items after taxation	17	(4)	13

(1) On 18th August 2015, the group entered into an agreement to sell the operations of Rocla Quarry Products to Hanson Construction Materials Pty Limited. The transaction, which had been subject to ACCC clearance, completed on 29 January 2016.

As part of the overall sale process, the group has separately sold joint ventures of this business in the period ended 31 December 2015 with total sale proceeds of $40 million. The net gain on sale in the period amounts to $16 million.

(2) In the six months ended 31 December 2015 the group has recognised a charge of $6 million for costs associated with site closures:

- $2 million relating to the closure of two sites in the Iplex Australia business in July 2015; and

- $4 million relating to the closure of Rocla Pipes' Atlantic Civil business in October 2015.

Six months ended 31 December 2014

Fletcher Building Group	Site closure costs (1) NZ$M	Impairment of goodwill (2) NZ$M	Total NZ$M
Building Products	(28)		(28)
Distribution	(6)	(16)	(22)
Construction		(16)	(16)
Total significant items before taxation	(34)	(32)	(66)
Tax benefit/(charge) on above items	9		9
Total significant items after taxation	(25)	(32)	(57)

(1) In the six months ended 31 December 2014 the group recognised a charge of $34 million for costs associated with closing a number of sites.

(2) The group recognised a $32 million impairment charge, relating to the Forman business.

Year ended 30 June 2015

Fletcher Building Group	Business disposal income and expenses (1) NZ$M	Site Closure Costs (2) NZ$M	Impairment of Goodwill (3) NZ$M	Total NZ$M
Building Products	(6)	(53)	(16)	(75)
Distribution	(1)	(8)	(46)	(55)
Construction		(4)	(16)	(20)
Total significant items before taxation	(7)	(65)	(78)	(150)
Tax benefit/(charge) on above items	2	19		21
Total significant items after taxation	(5)	(46)	(78)	(129)

(1) The group recognised $7 million of costs relating to business disposals.

(2) The group recognised a charge of $65 million for costs associated with closing a number of sites.

(3) The group recognised a $78 million impairment charge, relating to the Stramit, Forman and Tasman Insulation businesses.

4. ASSETS HELD FOR SALE

At 31 December 2015 the Rocla Quarries business has been classified as held for sale, comprising total assets of $105 million and total liabilities of $22 million. Comparatives have not been restated.

On 29 January 2016, the sale became unconditional and the transaction completed. The group expects to report a net gain after tax of $85 million at 30 June 2016.

The $43 million asset held for sale at 31 December 2014 related to a property which was sold in June 2015.

5. OTHER GAINS AND LOSSES

Fletcher Building Group	Six months Dec 2015 NZ$M	Six months Dec 2014 NZ$M	Year ended June 2015 NZ$M
Other gains/(losses) include the following:			
Sale of assets	**2**	3	20
Redundancies and restructuring costs	**(10)**	(7)	(8)
Other gains/(losses)		(4)	(4)
	(8)	(8)	8

6. TAXATION EXPENSE

Fletcher Building Group	Six months Dec 2015 NZ$M	Six months Dec 2014 NZ$M	Year ended June 2015 NZ$M
Earnings before taxation:	**228**	158	376
Taxation at 28 cents per dollar	**64**	44	105
Adjusted for:			
Higher/(lower) tax rate in overseas jurisdictions	**(1)**	(1)	(1)
Non assessable income	**(6)**	(4)	(15)
Non deductible expenses	**3**	11	30
Tax in respect of prior years	**1**	2	
Tax losses not recognised	**4**	2	4
Other permanent differences	**(13)**	(14)	(27)
	52	40	96
Tax on earnings before significant items	**55**	49	117
Tax benefit on significant items	**(3)**	(9)	(21)
	52	40	96

7. BORROWINGS

Fletcher Building Group	Dec 2015 NZ$M	Dec 2014 NZ$M	June 2015 NZ$M
Borrowings – current	**178**	302	340
Borrowings – non-current	**1,820**	1,612	1,614
Carrying value of borrowings (as per balance sheet)	**1,998**	1,914	1,954
Less impact of debt hedging activities (included within derivatives)	**(69)**	(28)	(53)
Borrowings after impact of hedging activities	**1,929**	1,886	1,901
Less fair value hedge adjustment included in borrowings	**(24)**	(33)	(32)
Borrowings excluding derivative adjustments	**1,905**	1,853	1,869
Total available funding	**2,287**	2,396	2,483
Unutilised banking facilities	**382**	543	614

In addition the group had $221 million of cash on hand at 31 December 2015 (31 December 2014: $124 million; 30 June 2015: $228 million).

8. GOODWILL

The group performs a detailed impairment assessment annually and considers indicators of impairment at each interim reporting date. At 31 December 2015, the group performed a review of indicators of impairment for all significant CGUs. These reviews did not give rise to any impairment charges.

9. 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 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.

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 1.83% and 9.12% (December 2014: 1.37% and 9.42%; June 2015: 1.49% and 9.05%) including margins.

10. 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 be reliably measured.

There have been no material movements in capital expenditure commitments, lease commitments, contingent liabilities or contingent assets to those disclosed in the 2015 annual report.

11. SUBSEQUENT EVENTS

On 29 January 2016, the group completed the sale of Rocla Quarries. For details refer to note 4.

On 2 February 2016, the group announced that it will acquire the New Zealand road construction and maintenance business Higgins Group Holdings Limited ("Higgins") and other related assets, together with Higgins' Fiji contracting business, for a total consideration of NZ$315 million. The agreement is conditional on a number of factors including Overseas Investment Office and Commerce Commission consent.

On 17 February 2016 the directors declared a dividend of 19 cents per share, payable on 13 April 2016.

Dividend Information

2016 FINAL DIVIDEND SUMMARY TABLE[1]

NZ cents per share	NZ Residents on top marginal tax rate of 33%	Australian residents on top marginal tax rate of 49%	Australian residents on 15% tax rate	Other non residents[8]
Dividend declared	19.0000	19.0000	19.0000	19.0000
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	**19.0000**	**19.0000**	**19.0000**	**19.0000**
NZ tax (33%)[5]	(6.2700)			
NZ non-resident withholding tax (15%)[6]		(2.8500)	(2.8500)	(2.8500)
Net cash received after NZ tax	**12.7300**	**16.1500**	**16.1500**	**16.1500**
Australian tax (49% and 15%)[7]		(9.3100)	(2.8500)	
Reduced by offset for NZ non-resident withholding tax		2.8500	2.8500	
Less Australian franking credit offset		0.0000	0.0000	
Net cash dividend to shareholders after tax	**12.7300**	**9.6900**	**16.1500**	**16.1500**

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 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 6.27 cents per share will be made on the date of payment from the dividend declared of 19.0 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 RWT deduction in excess of 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 49%, including the Medicare levy and the Temporary Budget Repair 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:	49% Rate	15% Rate
Gross dividend for NZ tax purposes	19.0000	19.0000
plus franking credits	0.0000	0.0000
Gross dividend for Australian tax purposes	19.0000	19.0000
Australian tax	9.3100	2.8500

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 advisor.

Shareholder Information

Shareholder enquiries

Changes of address, payment instructions and investment portfolios can be viewed and updated online: **investorcentre.com/nz**

Enquiries may be addressed to the Share Registrar, Computershare Investor Services:

New Zealand

Computershare Investor Services Limited
Private Bag 92 119
Auckland 1142
New Zealand

Level 2, 159 Hurstmere Road
Takapuna, Auckland 0622
New Zealand
T. +64 9 488 8777
F. +64 9 488 8787
E. enquiry@computershare.co.nz

Australia

Computershare Investor Services Pty Limited
GPO Box 3329
Melbourne, VIC 3001, Australia

Yarra Falls, 452 Johnston Street
Abbotsford, VIC 3067, Australia
T. 1800 501 366 (within Australia)
T. +61 3 9415 4083 (outside Australia)
F. +61 3 9473 2500

Other investor enquiries

Fletcher Building Limited
Private Bag 92 114
Auckland 1142, New Zealand
T. +64 9 525 9000
E. moreinfo@fbu.com

Other information

www.fbu.com

Registered offices

New Zealand

Fletcher Building Limited
Private Bag 92 114
Auckland 1142
New Zealand

Fletcher House
810 Great South Road
Penrose, Auckland 1061
New Zealand
T. +64 9 525 9000

Australia

Fletcher Building Australia
Locked Bag 7013
Chatswood DC 2067
NSW 2067, Australia

68 Waterloo Road
Macquarie Park
NSW 2113, Australia
T. +61 2 8986 0900
ARBN 096 046 936

Fletcher Building