

- 01 Home
- 02 Half year review
- 04 Earnings statement
- 05 Balance sheet
- 07 Statement of movements in equity
- 08 Statement of cashflows
- 09 Notes to the financial statements
- 12 Noteholder information

HALF YEAR  
REVIEW

Fletcher Building  
Finance Limited  
2008



Report for the six month period  
ended 31 December 2007

## HALF YEAR REVIEW

### Fletcher Building Finance Limited 2008



Report for the six month period  
ended 31 December 2007

- 01 Home
- 02 [Half year review](#)
- 04 Earnings statement
- 05 Balance sheet
- 07 Statement of  
movements in equity
- 08 Statement of  
cashflows
- 09 Notes to the financial  
statements
- 12 Noteholder  
information

Directors are pleased to present the unaudited results for the six months ended 31 December 2007. Net profit after tax was \$6.5 million and the net assets of the company were \$110.3 million.

Fletcher Building Finance Limited is a wholly owned subsidiary of Fletcher Building Limited and was established to provide a valuable role in supporting Fletcher Building's financing requirements, particularly for its Australian acquisitions. As a result of a reorganisation of Fletcher Building's financing arrangements following the acquisition of the Formica Corporation, Fletcher Building Finance's role in funding the Australian acquisitions has been concluded. Its current role is principally to support the New Zealand financing requirements.

A key part of this financing has been through the issue of capital notes in December 2002. As these capital notes have been issued on terms that provide that they are guaranteed on an unsecured, subordinated basis, ranking pari passu with other capital notes issued by Fletcher Building Limited, the results and the financial position of Fletcher Building Finance needs to be considered in conjunction with those of the Fletcher Building Group.

Fletcher Building Finance continues to operate in compliance with the terms of the Trust Deed under which the capital notes were issued.

The company, under provisions available in the New Zealand Companies Act and the New Zealand Exchange Listing Rules, does not automatically send noteholders printed copies of its Annual Report and Half Year Review. Instead, in September each year, all noteholders receive a copy of the Fletcher Building Annual Review – a report that provides a succinct summary of the operational and financial activities for the year. Noteholders are given the opportunity each year to ask for printed copies of either or both of the Annual Report and the Half Year Review.

Further information on Fletcher Building and its operations is available on the Fletcher Building website, at [www.fletcherbuilding.com](http://www.fletcherbuilding.com).

As the financial performance of Fletcher Building Finance is ultimately contingent on that of Fletcher Building, it is relevant to note that Fletcher Building has reported net earnings of \$235 million for the six months ended 31 December 2007, 22 percent ahead of the previous corresponding period.

# Half Year Review

## HALF YEAR REVIEW

### Fletcher Building Finance Limited 2008



Report for the six month period  
ended 31 December 2007

- 01 Home
- 02 [Half year review](#)
- 04 Earnings statement
- 05 Balance sheet
- 07 Statement of  
movements in equity
- 08 Statement of  
cashflows
- 09 Notes to the financial  
statements
- 12 Noteholder  
information

Fletcher Building directors have recently reaffirmed that the 2008 financial year is expected to produce another satisfactory result. While world financial markets are volatile, provided that there is no significant change in these economic conditions the board of Fletcher Building remains comfortable with the consensus of analysts' forecast of net earnings in the range of \$450-\$460 million for the 2008 financial year.

Fletcher Building remains in a sound financial position with a financial gearing of 39.7 percent and cashflow from operations of \$245 million in the six months period ending 31 December 2007.

**Roderick Deane** *Chairman of Directors*

HALF YEAR  
REVIEW

Fletcher Building  
Finance Limited  
2008



Report for the six month period  
ended 31 December 2007

- 01 Home
- 02 Half year review
- 04 Earnings statement
- 05 Balance sheet
- 07 Statement of movements in equity
- 08 Statement of cashflows
- 09 Notes to the financial statements
- 12 Noteholder information

## Earnings statement

for the six months ended 31 December 2007 (unaudited)

	<i>Six months Dec 2007 \$000</i>	<i>Year June 2007 \$000</i>	<i>Six months Dec 2006 \$000</i>
Investment income	<b>45,915</b>	109,910	49,449
Operating expenses	<b>(170)</b>	(574)	(241)
Operating earnings	<b>45,745</b>	109,336	49,208
Funding costs	<b>(37,687)</b>	(101,387)	(49,771)
Earnings before taxation	<b>8,058</b>	7,949	(563)
Taxation expense	<b>(1,583)</b>	67,527	1,300
<b>Net earnings</b>	<b>6,475</b>	75,476	737

# Financials

## HALF YEAR REVIEW

### Fletcher Building Finance Limited 2008



Report for the six month period  
ended 31 December 2007

- 01 Home
- 02 Half year review
- 04 Earnings statement
- 05 **Balance sheet**
- 07 Statement of movements in equity
- 08 Statement of cashflows
- 09 Notes to the financial statements
- 12 Noteholder information

### Balance sheet

as at 31 December 2007 (unaudited)

	Dec 2007 \$000	June 2007 \$000	Dec 2006 \$000
<b>Assets</b>			
Current assets			
Cash and bank	1	1	1
Debtors		9	58,443
Provision for current taxation	5,422		41,991
Amounts owing by related companies		538,605	
<b>Total current assets</b>	<b>5,423</b>	<b>538,615</b>	<b>100,435</b>
Non-current assets			
Amounts owing by related companies	258,605	1,034,328	1,399,479
<b>Total non-current assets</b>	<b>258,605</b>	<b>1,034,328</b>	<b>1,399,479</b>
<b>Total assets</b>	<b>264,028</b>	<b>1,572,943</b>	<b>1,499,914</b>

# Financials

## HALF YEAR REVIEW

Fletcher Building  
Finance Limited  
2008



Report for the six month period  
ended 31 December 2007

- 01 Home
- 02 Half year review
- 04 Earnings statement
- 05 **Balance sheet**
- 07 Statement of movements in equity
- 08 Statement of cashflows
- 09 Notes to the financial statements
- 12 Noteholder information

### Balance sheet continued

as at 31 December 2007 (unaudited)

	Dec 2007 \$000	June 2007 \$000	Dec 2006 \$000
<b>Liabilities</b>			
Current liabilities			
Accrued interest	<b>3,829</b>	5,667	5,748
Trade creditors		61	30
Provision for current taxation		41,789	
Capital notes	<b>112,670</b>	112,670	
Amounts owing to related companies	<b>390</b>		1,027,526
<b>Total current liabilities</b>	<b>116,889</b>	160,187	1,033,304
Non-current liabilities			
Capital notes	<b>36,880</b>	36,468	149,011
Term debt		281,969	286,706
Amounts owing to related companies		990,501	
<b>Total non-current liabilities</b>	<b>36,880</b>	1,308,938	435,717
<b>Total liabilities</b>	<b>153,769</b>	1,469,125	1,469,021
<b>Equity</b>			
Reported capital	<b>205,000</b>	205,000	150,000
Reserves	<b>(94,741)</b>	(101,182)	(119,107)
<b>Total equity</b>	<b>110,259</b>	103,818	30,893
<b>Total liabilities and equity</b>	<b>264,028</b>	1,572,943	1,499,914

# Financials

## HALF YEAR REVIEW

### Fletcher Building Finance Limited 2008



Report for the six month period  
ended 31 December 2007

- 01 Home
- 02 Half year review
- 04 Earnings statement
- 05 Balance sheet
- 07 [Statement of movements in equity](#)
- 08 Statement of cashflows
- 09 Notes to the financial statements
- 12 Noteholder information

### Statement of movements in equity

for the six months ended 31 December 2007 (unaudited)

	Six Months Dec 2007 \$000	Year June 2007 \$000	Six Months Dec 2006 \$000
Total equity at the beginning of the period	103,818	31,318	31,318
Net earnings for the period	6,475	75,476	737
Movement in currency translation reserve	(34)	(976)	(1,162)
<b>Total recognised revenue and expenses for the period</b>	<b>6,441</b>	74,500	(425)
Increase in share capital		55,000	
Dividend paid to Fletcher Building Limited		(57,000)	
<b>Total equity at the end of the period</b>	<b>110,259</b>	103,818	30,893

HALF YEAR  
REVIEW

Fletcher Building  
Finance Limited  
2008



Report for the six month period  
ended 31 December 2007

- 01 Home
- 02 Half year review
- 04 Earnings statement
- 05 Balance sheet
- 07 Statement of movements in equity
- 08 **Statement of cashflows**
- 09 Notes to the financial statements
- 12 Noteholder information

## Statement of cashflows

for the six months ended 31 December 2007 (unaudited)

	<i>Six Months Dec 2007 \$000</i>	<i>Year June 2007 \$000</i>	<i>Six Months Dec 2006 \$000</i>
Investment income received	<b>45,915</b>	109,910	49,449
Payments to suppliers, employees and other	<b>(170)</b>	(643)	(284)
Financial instruments	<b>(35,635)</b>	68,910	
Interest paid	<b>(39,261)</b>	(101,131)	(49,497)
Taxes paid	<b>(13,305)</b>	(30,053)	(2,249)
<b>Net cash from operating activities</b>	<b>(42,456)</b>	46,993	(2,581)
Advance from/(to) related companies	<b>335,866</b>	(44,994)	2,580
Net debt drawdowns/(settlements)	<b>(293,410)</b>		
Issue of shares		55,000	
Dividend paid to Fletcher Building Limited		(57,000)	
<b>Net cash from financing activities</b>	<b>42,456</b>	(46,994)	2,580
Net movement in cash held		(1)	(1)
Add opening cash and liquid deposits	<b>1</b>	2	2
<b>Closing cash and liquid deposits</b>	<b>1</b>	1	1



HALF YEAR  
REVIEW

Fletcher Building  
Finance Limited  
2008



Report for the six month period  
ended 31 December 2007

- 01 Home
- 02 Half year review
- 04 Earnings statement
- 05 Balance sheet
- 07 Statement of movements in equity
- 08 Statement of cashflows
- 09 [Notes to the financial statements](#)
- 12 Noteholder information

## 1 Basis of presentation

The interim financial statements presented are those of Fletcher Building Finance Limited (the “company”). The company is domiciled in New Zealand and 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 company is also registered in Australia as an overseas company under the Australian Corporations Act 2001. The interim financial statements have been prepared in accordance with NZ IAS 34 Interim Financial Reporting.

## 2 Changes in accounting policies

There have been no changes in accounting policy, however certain comparatives have been restated to comply with the current period’s presentation.

## 3 Tax expense

	<i>Six months Dec 2007 \$000</i>	<i>Year June 2007 \$000</i>	<i>Six months Dec 2006 \$000</i>
Earnings before taxation	<b>8,058</b>	7,949	(563)
Taxation at 33 cents per dollar	<b>(2,659)</b>	(2,623)	186
Adjusted for:			
Tax rate adjustment	<b>24</b>	121	74
Tax in respect of prior periods	<b>512</b>	(36)	
Tax benefit arising from the election of the branch equivalent tax account		70,000	
Foreign dividend withholding tax payable	<b>(9,646)</b>	(29,332)	(13,282)
Non-assessable income	<b>10,186</b>	29,397	14,322
	<b>(1,583)</b>	67,527	1,300

HALF YEAR  
REVIEW

Fletcher Building  
Finance Limited  
2008



Report for the six month period  
ended 31 December 2007

- 01 Home
- 02 Half year review
- 04 Earnings statement
- 05 Balance sheet
- 07 Statement of movements in equity
- 08 Statement of cashflows
- 09 **Notes to the financial statements**
- 12 Noteholder information

## 4 Reconciliation of net earnings to net cash from operating activities

	<i>Six months Dec 2007 \$000</i>	<i>Year June 2007 \$000</i>	<i>Six months Dec 2006 \$000</i>
Cash was received from net earnings	<b>6,475</b>	75,476	737
Adjustment for items not involving cash:			
Taxation	<b>(11,722)</b>	(97,581)	(3,549)
Prepayments	<b>413</b>	257	138
Trade creditors and accruals	<b>(1,987)</b>	(69)	93
Cash was paid on financial instruments	<b>(35,635)</b>	68,910	
<b>Net cash from operating activities</b>	<b>(42,456)</b>	46,993	(2,581)

## 5 Contingencies and commitments

There were no contingent liabilities or capital commitments as at 31 December 2007 (June 2007 nil; December 2006 nil).

HALF YEAR  
REVIEW

Fletcher Building  
Finance Limited  
2008



Report for the six month period  
ended 31 December 2007

- 01 Home
- 02 Half year review
- 04 Earnings statement
- 05 Balance sheet
- 07 Statement of movements in equity
- 08 Statement of cashflows
- 09 [Notes to the financial statements](#)
- 12 Noteholder information

## 6 Segmental information

The company is a finance company and operates in New Zealand and Australia.

<i>Geographical segments</i>	<i>New Zealand</i>	<i>Australia</i>	<i>Total</i>
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
	<i>Dec 2007</i>	<i>Dec 2007</i>	<i>Dec 2007</i>
Investment income	<b>14,225</b>	<b>31,690</b>	<b>45,915</b>
Earnings before taxation	<b>7,237</b>	<b>821</b>	<b>8,058</b>
Total assets	<b>263,055</b>	<b>973</b>	<b>264,028</b>
	<i>June 2007</i>	<i>June 2007</i>	<i>June 2007</i>
Investment income	17,196	92,714	109,910
Earnings before taxation	3,903	4,046	7,949
Total assets	296,486	1,276,457	1,572,943
	<i>Dec 2006</i>	<i>Dec 2006</i>	<i>Dec 2006</i>
Investment income	3,674	45,775	49,449
Earnings before taxation	(3,024)	2,461	(563)
Total assets	174,904	1,325,010	1,499,914

## HALF YEAR REVIEW

### Fletcher Building Finance Limited 2008



Report for the six month period  
ended 31 December 2007

- 01 Home
- 02 Half year review
- 04 Earnings statement
- 05 Balance sheet
- 07 Statement of movements in equity
- 08 Statement of cashflows
- 09 Notes to the financial statements
- 12 **Noteholder information**

### Enquiries

Noteholders with enquiries about transactions or changes of address should contact:

#### Computershare Investor Services Limited

Private Bag 92 119  
Auckland 1142  
Level 2, 159 Hurstmere Road  
Takapuna, North Shore City 0622  
New Zealand  
Tel: +64 9 488 8777, Fax: +64 9 488 8787  
Email: [enquiry@computershare.co.nz](mailto:enquiry@computershare.co.nz)

### Other investor enquiries

#### Fletcher Building Finance Limited

Private Bag 92 114  
Auckland 1142  
New Zealand  
Tel: +64 9 525 9000, Fax: +64 9 525 9032  
Email: [moreinfo@fb.co.nz](mailto:moreinfo@fb.co.nz)  
Website: [www.fletcherbuilding.com](http://www.fletcherbuilding.com)

### Interest payment dates

Interest on capital notes is paid semi-annually, on 15 March and 15 September. The company recommends that all noteholders have their interest payments direct credited to a bank account to ensure security and promptness of receipt. If you do not already have your payments direct credited, please contact Computershare Investor Services to register your bank account details.

### Quotation and transfers

The Fletcher Building Finance capital notes are quoted on the New Zealand Exchange under codes FBF010 and FBF020 and may be bought and sold through sharebrokers. No transfer will be registered if it would result in the transferor or the transferee holding capital notes with an aggregate principal amount of less than \$5,000. Subject to this minimum holding, transfers must be in multiples of \$1,000.