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.

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

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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.

- 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.

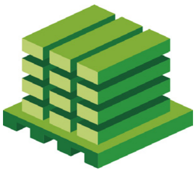
In Asia, while revenues were up 6%, earnings in domestic currencies were down 13%, reflecting the initial start-up operating costs of commissioning the new plant in Jiujiang, China, together with increased sales of lower margin products.

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.

Segmental Operational Review
Continued



Distribution

New Zealand – Placemakers and Mico Plumbing:

NZ$m	2013	2012	Change	Change %
			Six months ended 31 December	
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:

NZ$m	2013	2012	Change	Change %
			Six months ended 31 December	
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.

A$m	2013	2012	Change	Change %
			Six months ended 31 December	
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%