Appendix 4E (rule 4.3A.)

Annual Report

Fletcher Building Limited

Year ended 30 June 2015
ARBN - 002 232 368

1 Preliminary annual report on results for the year ended 30 June 2015 (including the comparative results for the year ended 30 June 2014) in accordance with Listing Rule 4.3A.

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

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

2 Results for Announcement to the Market

	NZm	30 June 2015	Up / (Down)	30 June 2014
2.1	Revenues from ordinary activities	8,661	3%	8,401
2.2	Profit (loss) from ordinary activities after tax attributable to members	270	(20%)	339
2.3	Net Profit (loss) after tax attributable to members	270	(20%)	339

2.4-2.5 Dividends (distributions)

	Amount per security	Franked amount per security
Current year; final dividend payable 14 October 2015	NZ 19.0 c	nil

New Zealand tax credits of NZ 7.3889 cps are attached to the dividend from the current year. Non New Zealand resident shareholders can benefit from New Zealand tax credits as outlined in the Press Release and Management Commentary.

There are no Australian franking credits attached to this dividend and the conduit foreign income component is nil.

The record date for determining entitlement to the current year dividend is 25 September 2015.

	Amount per security	Franked amount per security
Interim dividend paid 15 April 2015	NZ 18.0 c	nil

No New Zealand tax credits were attached to this dividend.
No Australian franking credits were attached to this dividend.
The record date for determining entitlement to the dividend was 27 March 2015.

3 Income Statement
Refer to the Financial Statements.

4 Balance Sheet
Refer to the Financial Statements.

5 Statement of Cash Flows
Refer to the Financial Statements.

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

Rules 4.7.3 and 4.10.3[1]

Appendix 4G

Key to Disclosures
Corporate Governance Council Principles and Recommendations

Name of entity:

Fletcher Building Limited

ABN / ARBN:

ARBN 002 232 368

Financial year ended:

30 June 2015

Our corporate governance statement[2] for the above period above can be found at:[3]

☒ These pages of our annual report: Pages 52 - 54

☐ This URL on our website:

The Corporate Governance Statement is accurate and up to date as at 19 August 2015 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date: 19 August 2015

Name of ~~Director or~~ Secretary authorising
lodgement: Charles Bolt

[1] Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

[2] "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

[3] Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …[4]
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*] … and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): ☒ at http://www.fletcherbuilding.com/media/42423/Charter-Board.pdf	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable

[4] If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …[4]
1.5	A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either: (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	… the fact that we have a diversity policy that complies with paragraph (a): ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*] … and a copy of our diversity policy or a summary of it: ☒ at http://www.fletcherbuilding.com/media/41857/policy-diversity.pdf … and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them: ☐ in our Corporate Governance Statement **OR** ☐ at [*insert location*] … and the information referred to in paragraphs (c)(1) or (2): ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☒ an explanation why that is so in our Corporate Governance Statement (in connection with the use of measurable objectives for achieving gender diversity) **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	… the evaluation process referred to in paragraph (a): ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*] … and the information referred to in paragraph (b): ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.7	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	… the evaluation process referred to in paragraph (a): ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*] … and the information referred to in paragraph (b): ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …[4]
PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE			
2.1	The board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	[If the entity complies with paragraph (a):] … the fact that we have a nomination committee that complies with paragraphs (1) and (2): ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*] … and a copy of the charter of the committee: ☒ at http://www.fletcherbuilding.com/media/42449/Charter-Nominations-Committee.pdf … and the information referred to in paragraphs (4) and (5): ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*] [If the entity complies with paragraph (b):] … the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively: ☐ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	… our board skills matrix: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …[4]
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	… the names of the directors considered by the board to be independent directors: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*] … and, where applicable, the information referred to in paragraph (b): ☐ in our Corporate Governance Statement **OR** ☐ at [*insert location*] … and the length of service of each director: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	… our code of conduct or a summary of it: ☐ in our Corporate Governance Statement **OR** ☒ at http://www.fletcherbuilding.com/media/45119/Code-of-Conduct.	☐ an explanation why that is so in our Corporate Governance Statement

<table>
<tr><th colspan="2">Corporate Governance Council recommendation</th><th>We have followed the recommendation in full for the whole of the period above. We have disclosed …</th><th>We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …[4]</th></tr>
<tr><td colspan="4">PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</td></tr>
<tr><td>4.1</td><td>The board of a listed entity should:
(a) have an audit committee which:
(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and
(2) is chaired by an independent director, who is not the chair of the board,
and disclose:
(3) the charter of the committee;
(4) the relevant qualifications and experience of the members of the committee; and
(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</td><td>[If the entity complies with paragraph (a):]
… the fact that we have an audit committee that complies with paragraphs (1) and (2):
☒ in our Corporate Governance Statement <u>OR</u>
☐ at [insert location]
… and a copy of the charter of the committee:
☒ at http://www.fletcherbuilding.com/media/42446/Charter-Audit-and-Risk-Committee.pdf
… and the information referred to in paragraphs (4) and (5):
☒ in our Corporate Governance Statement <u>OR</u>
☐ at [insert location]
[If the entity complies with paragraph (b):]
… the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:
☐ in our Corporate Governance Statement <u>OR</u>
☐ at [insert location]</td><td>☐ an explanation why that is so in our Corporate Governance Statement</td></tr>
<tr><td>4.2</td><td>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</td><td>… the fact that we follow this recommendation:
☒ in our Corporate Governance Statement <u>OR</u>
☐ at [insert location]</td><td>☐ an explanation why that is so in our Corporate Governance Statement</td></tr>
</table>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …[4]
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	… our continuous disclosure compliance policy or a summary of it: ☐ in our Corporate Governance Statement **OR** ☒ at http://www.fletcherbuilding.com/media/41858/policy-market-disclosure.pdf	☐ an explanation why that is so in our Corporate Governance Statement
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	… information about us and our governance on our website: ☒ at http://www.fletcherbuilding.com/investor-centre/governance/	☐ an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	… our policies and processes for facilitating and encouraging participation at meetings of security holders: ☐ in our Corporate Governance Statement **OR** ☒ at http://www.fletcherbuilding.com/media/41859/policy-shareholder-communication.pdf	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …[4]
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	[If the entity complies with paragraph (a):] … the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2): ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*] … and a copy of the charter of the committee: ☒ at http://www.fletcherbuilding.com/media/42446/Charter-Audit-and-Risk-Committee.pdf … and the information referred to in paragraphs (4) and (5): ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*] [If the entity complies with paragraph (b):] … the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework: ☐ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	… the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*] … and that such a review has taken place in the reporting period covered by this Appendix 4G: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …[4]
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	[If the entity complies with paragraph (a):] … how our internal audit function is structured and what role it performs: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*] [If the entity complies with paragraph (b):] … the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes: ☐ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	… whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks: ☐ in our Corporate Governance Statement **OR** ☒ at Page 32, Fletcher Building Annual Review 2015 at http://www.fletcherbuilding.com/investor-centre/reports/	☐ an explanation why that is so in our Corporate Governance Statement

<table>
<tr><th colspan="2">Corporate Governance Council recommendation</th><th>We have followed the recommendation in full for the whole of the period above. We have disclosed …</th><th>We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …[4]</th></tr>
<tr><td colspan="4">PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</td></tr>
<tr><td>8.1</td><td>The board of a listed entity should:
(a) have a remuneration committee which:
(1) has at least three members, a majority of whom are independent directors; and
(2) is chaired by an independent director,
and disclose:
(3) the charter of the committee;
(4) the members of the committee; and
(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</td><td>[If the entity complies with paragraph (a):]
… the fact that we have a remuneration committee that complies with paragraphs (1) and (2):
☒ in our Corporate Governance Statement <u>OR</u>
☐ at [insert location]
… and a copy of the charter of the committee:
☒ at http://www.fletcherbuilding.com/media/42452/Charter-Remuneration-Committee.pdf
… and the information referred to in paragraphs (4) and (5):
☒ in our Corporate Governance Statement <u>OR</u>
☐ at [insert location]
[If the entity complies with paragraph (b):]
… the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:
☐ in our Corporate Governance Statement <u>OR</u>
☐ at [insert location]</td><td>☐ an explanation why that is so in our Corporate Governance Statement <u>OR</u>
☐ we are an externally managed entity and this recommendation is therefore not applicable</td></tr>
<tr><td>8.2</td><td>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</td><td>… separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:
☐ in our Corporate Governance Statement <u>OR</u>
☒ at Remuneration Report, Pages 55-59, Fletcher Building Annual Report 2015, http://www.fletcherbuilding.com/investor-centre/reports/</td><td>☐ an explanation why that is so in our Corporate Governance Statement <u>OR</u>
☐ we are an externally managed entity and this recommendation is therefore not applicable</td></tr>
</table>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …[4]
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	… our policy on this issue or a summary of it: ☐ in our Corporate Governance Statement **OR** ☒ at Remuneration Report, Page 58, Fletcher Building Annual Report 2015, http://www.fletcherbuilding.com/investor-centre/reports/	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES			
-	*Alternative to Recommendation 1.1 for externally managed listed entities:* The responsible entity of an externally managed listed entity should disclose: (a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity; (b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.	… the information referred to in paragraphs (a) and (b): ☐ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement
-	*Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:* An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.	… the terms governing our remuneration as manager of the entity: ☐ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement

7 Dividends

Details of the final dividend for the 2015 financial year are provided in Section 2 above.

	$NZ millions	NZ Cents per share
Distributions recognised		
Final dividend for 2014 financial year on Ordinary shares	124	18
Interim dividend for 2015 financial year on Ordinary shares	124	18
Distributions paid		
Final dividend for 2014 financial year on Ordinary shares	124	18
Interim dividend for 2015 financial year on Ordinary shares	124	18

8 Dividend Reinvestment Plan

The Dividend Reinvestment Plan will be operative for this dividend payment. There will be no discount to the price applied to ordinary shares issued. Documentation for participation is available from the share registry or the website at www.fbu.com and must be received by the registry before 5pm Monday 28 September 2015.

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 23 September 2015. The new shares will rank equally with existing shares and will be issued on the dividend payment date of 14 October 2015.

		30 June 2015	Up / (Down)	30 June 2014
9	**Net Tangible assets per security NZ$**	2.88	11%	2.60

10 Control of Entities gained or lost during year

Control gained	
Name of subsidiary or group of subsidiaries	
Contribution to operating earnings for the period	-
Date from which such contribution has been calculated	-
Control Lost	
Name of subsidiary or group of subsidiaries	Hudson Building Supplies Pty Ltd
Date from which control lost	30-Sep-14
Contribution to net profit for the year attributable to members	Not Material

11 Associates and Joint Ventures

Refer to the Financial Statements.

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

Refer Press Release and Management Commentary.

13 Accounting Standards

Refer to the Financial Statements.

14 Commentary on results of the year

14.1.	**Details of basic and diluted EPS: NZ cents**	**30 June 2015**	**30 June 2014**
	Basic EPS	39.2	49.3
	Diluted EPS	39.1	49.2

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

Numerator	**30 June 2015**	**30 June 2014**
Net earnings	270	339
Numerator for basic earnings per share	270	339
Dilutive capital notes distribution	5	12
Numerator for diluted net earnings per share	275	351

Denominator (millions of shares)	**30 June 2015**	**30 June 2014**
Denominator for basic net earnings per share	688	687
Conversion of dilutive capital notes	15	27
Denominator for diluted net earnings per share	703	714

14.2 Returns to Shareholders including distributions and buy backs.
Refer to item 7 for details of dividend distributions. Refer to Management Commentary.

14.3 Significant features of operating performance
Refer to Press Release and Management Commentary.

14.4 Segment results
Refer to the Financial Statements and Management Commentary for industry and geographic segment information.

14.5 Trends
Refer to Press Release and Management Commentary.

14.6 Any other factors which have affected the results in the year, or which are likely to affect results in the future
Refer to Press Release and Management Commentary.

15 This report is based on audited accounts.

16 Audit: dispute of qualification
Nil

MANAGEMENT COMMENTARY FOR THE YEAR ENDED 30 JUNE 2015

Fletcher Building reports underlying net earnings growth of 10 per cent

Reported results – NZ$M (except EPS and DPS)	Year ended 30 June 2015 NZ$M	Year ended 30 June 2014 NZ$M	Change %
Total revenue	**8,661**	**8,401**	**3**
Operating earnings before significant items[1]	**653**	**624**	**5**
Significant items[2]	(150)	(32)	NM
Operating earnings (EBIT)	**503**	**592**	**(15)**
Funding costs	(127)	(130)	(2)
Earnings before tax	**376**	**462**	**(19)**
Tax expense	(96)	(111)	(14)
Earnings after tax	**280**	**351**	**(20)**
Non-controlling interests	(10)	(12)	(17)
Net earnings before significant items	**399**	**362**	**10**
Net earnings	**270**	**339**	**(20)**
Earnings per share before significant items (EPS – cents)	**58.0**	**52.7**	**10**
Earnings per share (EPS – cents)	**39.2**	**49.3**	**(20)**
Dividends declared per share (DPS – cents)	**37.0**	**36.0**	**3**
Capital expenditure	**278**	**260**	**7**

1 Operating earnings before significant items is a non-GAAP measure used by management to assess the performance of the business and has been derived from Fletcher Building Limited's group financial statements for the year ended 30 June 2015.

2 Details of the significant items incurred can be found in note 4 of the group's financial statements.

- Revenue for the year of $8,661 million was $260 million or 3% higher when compared with the prior year;
- Operating earnings before significant items were $653 million, 5% higher than the prior year;
- Significant items of $150 million (June 2014: $32 million) were incurred during the year;
- Operating earnings of $503 million were $89 million lower than the prior year;
- Net earnings were $270 million, down from $339 million in the prior year;
- Net earnings before significant items were $399 million, up 10% on the prior year;
- Cash flow from operations was $575 million, up 18% from $489 million in the prior year largely due to increased cash flows from construction and residential housing activity in New Zealand;
- Basic earnings per share were 39.2 cents, down from 49.3 cents. Earnings per share before significant items were 58.0 cents, up from 52.7 cents;
- Final dividend is 19.0 cents per share bringing the total dividend for the year to 37.0 cents per share.

Financial Results

	Revenue		
	Year ended 30 June 2015 NZ$M	Year ended 30 June 2014 NZ$M	Change %
Heavy Building Products	2,144	2,274	(6)
Light Building Products	1,306	1,312	–
Laminates & Panels	1,828	1,731	6
Distribution New Zealand	1,757	1,650	6
Distribution Australia	826	928	(11)
Construction	1,580	1,301	21
Other	5	7	(29)
Gross revenue	**9,446**	**9,203**	**3**
Less intercompany sales	(785)	(802)	(2)
Group external revenue	**8,661**	**8,401**	**3**

	Reported operating earnings			Operating earnings before significant items[1]		
	Year ended 30 June 2015 NZ$M	Year ended 30 June 2014 NZ$M	Change %	**Year ended 30 June 2015 NZ$M**	Year ended 30 June 2014 NZ$M	Change %
Heavy Building Products	120	194	(38)	177	214	(17)
Light Building Products	63	116	(46)	118	116	2
Laminates & Panels	129	124	4	129	124	4
Distribution New Zealand	90	84	7	108	84	29
Distribution Australia	18	5	NM	18	17	6
Construction	120	106	13	140	106	32
Corporate	(37)	(37)	–	(37)	(37)	–
Total	**503**	**592**	**(15)**	**653**	**624**	**5**
Funding costs	(127)	(130)	(2)	(127)	(130)	(2)
Earnings before tax	**376**	**462**	**(19)**	**526**	**494**	6
Tax expense	(96)	(111)	(14)	(117)	(120)	(3)
Earnings after tax	**280**	**351**	**(20)**	**409**	**374**	9
Non-controlling interests	(10)	(12)	(17)	(10)	(12)	(17)
Net earnings	**270**	**339**	**(20)**	**399**	**362**	**10**

1 Operating earnings before significant items is a non-GAAP measure used by management to assess the performance of the business and has been derived from Fletcher Building Limited's group financial statements for the year ended 30 June 2015. Details of the significant items incurred can be found in note 4 of the group's financial statements.

Geographic segments

	Gross revenue			External revenue		
	Year ended 30 June 2015 NZ$M	Year ended 30 June 2014 NZ$M	Change %	**Year ended 30 June 2015 NZ$M**	Year ended 30 June 2014 NZ$M	Change %
New Zealand	5,082	4,654	9	4,435	4,031	10
Australia	3,158	3,451	(8)	3,042	3,287	(7)
Rest of World	1,206	1,098	10	1,184	1,083	9
Total	**9,446**	**9,203**	**3**	**8,661**	**8,401**	**3**

	Operating earnings before significant items[1]		
	Year ended 30 June 2015 NZ$M	Year ended 30 June 2014 NZ$M	Change %
New Zealand	449	362	24
Australia	119	171	(30)
Rest of World	85	91	(7)
Total	**653**	**624**	**5**

Geographic segments in local currency

	Gross revenue			External revenue		
	Year ended 30 June 2015	Year ended 30 June 2014	Change %	**Year ended 30 June 2015**	Year ended 30 June 2014	Change %
Australia (A$M)	2,929	3,113	(6)	2,821	2,966	(5)
Rest of World (US$M)	936	907	3	919	895	3

	Operating earnings before significant items[1]		
	Year ended 30 June 2015	Year ended 30 June 2014	Change %
Australia (A$M)	110	154	(29)
Rest of World (US$M)	66	75	(12)

1 Operating earnings before significant items is a non-GAAP measure used by management to assess the performance of the business and has been derived from Fletcher Building Limited's group financial statements for the year ended 30 June 2015. Details of significant items can be found in note 4 of the group's financial statements.

- External revenue for the year of $8,661 million was $260 million higher than the prior year. Of this increase $404 million related to increased New Zealand revenues, partly offset by the lower revenues in Australia. In local currencies, revenues increased by 10% in New Zealand and 3% in the Rest of World, with a decrease of 5% in Australia.
- Reported operating earnings before interest and tax of $503 million were 15% lower than the prior year.
- 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 continued to benefit from an increase in construction activity and continued strong demand for houses in Fletcher Building's residential developments. Consents for new houses in New Zealand of 25,154 increased 8% over the prior year, the highest level since 2007. The positive revenue growth in New Zealand, along with cost reduction and efficiency measures, drove operating earnings before significant items 24% higher to $449 million.
- In **Australia**, the continued strength of the residential construction market assisted strong performances in our laminates and panels, insulation and distribution businesses. Residential consents increased by 10% to reach record levels. Conditions continued to be challenging in the infrastructure and mining sectors, with significant decline in activity, competitive pressures in the coated steel business and a notable decrease in demand for plastic pipes from coal seam gas projects.
- In the **Rest of World**, market conditions varied geographically with most markets experiencing strong competition and price pressures. Operating earnings in Formica North America increased by 14%, benefiting from improved prices and operating margins. In Asia, activity increased in all key locations with the exception of China where there were weaker market conditions and strong competition. In Europe, challenging economic conditions in Central Europe and Russia continued to put pressure on earnings.
- Reported operating earnings include significant items of $150 million relating to impairment of goodwill, site closure costs and the sale of businesses.
  - $78 million of goodwill has been impaired in the year, with $32 million relating to the Forman businesses, $30 million to Stramit, $15 million to Tasman Insulation and $1 million to Humes. The impairments are largely attributable to a reduction in the future earnings prospects of these businesses.
  - Site closure costs of $65 million were recognised in the year relating to the closure of the Crane Copper Tube business and site closures in Iplex Australia, Stramit, Humes and the Forman businesses.
  - Business disposal expenses of $7 million relate principally to the prior year sale of the long steel business with additional costs incurred in the year under the transitional agreements with the purchaser.
  - Of the $150 million significant items, $126 million were non-cash.
- Operating earnings before significant items were $653 million, 5% higher than the prior year.
- Funding costs of $127 million were 2% lower than the prior year, due to lower interest costs in New Zealand.
- The tax expense of $96 million represents an effective tax rate for the year of 26% (2014: 24%).
- Earnings per share were 39.2 cents, a decrease of 20% from 49.3 cents per share in the prior year. Earnings per share before significant items were 58.0 cents, an increase of 10%.

Segmental Operational Review

The following sections provide a commentary on individual division results for the year ended 30 June 2015.

Heavy Building Products

New Zealand Concrete Products; New Zealand Cement and Quarry Products; Australian Concrete Products; Australian Quarry Products; Plastic Pipes; Steel and Other

	Year ended 30 June 2015 NZ$M	Year ended 30 June 2014 NZ$M	Change NZ$M	Change %
Gross revenue	2,144	2,274	(130)	(6)
External revenue	1,782	1,859	(77)	(4)
Operating earnings before significant items[1]	177	214	(37)	(17)
Significant items[2]	(57)	(20)	(37)	NM
Operating earnings	120	194	(74)	(38)
Funds	1,666	1,719	(53)	(3)

	Operating earnings before significant items[1]		
	Year ended 30 June 2015 NZ$M	Year ended 30 June 2014 NZ$M	Change %
New Zealand Concrete Products	63	46	37
New Zealand Cement and Quarry Products	72	51	41
Australian Concrete Products	16	33	(52)
Australian Quarry Products	18	19	(5)
Plastic Pipes	(8)	45	NM
Steel and Other	16	20	(20)
Total	**177**	**214**	**(17)**

1 Operating earnings before significant items is a non-GAAP measure used by management to assess the performance of the business and has been derived from Fletcher Building Limited's group financial statements for the year ended 30 June 2015.

2 Details of significant items can be found in note 4 of the group's financial statements.

Heavy Building Products operating earnings were $120 million, compared with $194 million in the prior year.

The result includes significant items of $57 million relating to the closure of the Crane Copper Tube factory in Australia ($28 million), costs related to site closures in Iplex Australia ($17 million), the closure of a concrete pipe plant in New Zealand ($6 million) and the prior year divestment of the long steel business in New Zealand ($6 million).

The division's operating earnings before significant items were $177 million, compared with $214 million in 2014. The decline was attributable to reductions in Australian plastic and concrete pipe earnings, partially offset by increased earnings in the New Zealand concrete, cement and quarry businesses.

The New Zealand Concrete Products businesses recorded a 37% increase in operating earnings before significant items to $63 million. This was driven by increased demand from major infrastructure projects and greater building activity in the Auckland and Christchurch residential markets which drove ready-mix concrete and concrete pipes volumes 14% and 7% higher respectively.

Operating earnings of the New Zealand Cement and Quarry Products businesses increased by 41% to $72 million. Domestic cement volumes were 9% higher driven by growth in demand in most regions. Improvements to the mix of sales and manufacturing efficiencies also helped to lift earnings. A focus on higher value quarry products contributed to both increases in revenue and operating margins.

Operating earnings in Australian Concrete Products declined 52% to $16 million, principally due to lower demand from the infrastructure and mining sectors. Australian Quarry Products earnings were down slightly from the prior year as a result of lower market activity in Victoria and Western Australia.

The Plastic Pipes businesses recorded an $8 million operating loss before significant items. This was primarily attributable to weaker demand in most Australian market segments and intensifying competition. Of particular note was the significant reduction in demand from coal seam gas projects. New Zealand Plastic Pipes earnings were in line with the prior year.

Earnings from the long steel business were $10 million, compared with $13 million in the prior year. Long steel production will cease in the first quarter of FY16, and earnings from long steel will reduce to zero.

Light Building Products

New Zealand Building Materials; Australian Building Materials; Roof Tile Group

	Year ended 30 June 2015 NZ$M	Year ended 30 June 2014 NZ$M	Change NZ$M	Change %
Gross revenue	1,306	1,312	(6)	–
External revenue	1,156	1,166	(10)	(1)
Operating earnings before significant items[1]	118	116	2	2
Significant items[2]	(55)	–	(55)	NM
Operating earnings	63	116	(53)	(46)
Funds	612	637	(25)	(4)

	Operating earnings before significant items[1]		
	Year ended 30 June 2015 NZ$M	Year ended 30 June 2014 NZ$M	Change %
New Zealand Building Materials	81	71	14
Australian Building Materials	23	23	–
Roof Tile Group	14	22	(36)
Total	**118**	**116**	**2**

1 Operating earnings before significant items is a non-GAAP measure used by management to assess the performance of the business and has been derived from Fletcher Building Limited's group financial statements for the year ended 30 June 2015.

2 Details of significant items can be found in note 4 of the group's financial statements.

Light Building Products operating earnings before significant items were $118 million, an increase of 2% on the prior year.

A goodwill impairment charge of $30 million has been recognised in the Australian steel roll-forming business, and in the New Zealand insulation business goodwill has been impaired by $15 million. Other significant items of $10 million were incurred relating to the closures of the Christchurch glass wool insulation plant ($3 million), the Sydney insulated panels plant ($6 million) and the sale of a small New Zealand based garage doors business ($1 million).

Gross revenue in New Zealand businesses grew 4% to $431 million. In Australia revenue remained stable and a 10% decline in revenue, principally in North America and Europe, was reported in the Roof Tile Group.

New Zealand Building Materials operating earnings before significant items increased by $10 million. Plasterboard volumes increased 7%; prices remained generally stable and earnings in the business increased by 6% on the prior year. Insulation operating earnings increased by 51% due to higher sales of foil and laminate products. The aluminium windows and doors business recorded an 11% increase in volumes.

In the Australian Building Materials businesses, operating earnings before significant items were stable year-on-year. Roll-forming volumes were slightly ahead, however, higher overhead costs impacted adversely on overall earnings with a decrease of 25% on the prior year. Glass wool insulation volumes were 22% higher due to increased activity levels and market share increases, and earnings also benefited from restructuring initiatives.

Operating earnings in the Roof Tile Group fell by $8 million, primarily due to volume declines of 6% and 33% in the key markets of North America and Europe respectively. North America has suffered from increased competition in Southern States with negative margin impacts, and in Eastern Europe demand was adversely affected by both economic and political instability.

Laminates & Panels

Laminex and Formica

	Year ended 30 June 2015 NZ$M	Year ended 30 June 2014 NZ$M	Change NZ$M	Change %
Gross revenue	1,828	1,731	97	6
External revenue	1,809	1,710	99	6
Operating earnings	129	124	5	4
Funds	1,965	1,702	263	15

	Operating earnings		
	Year ended 30 June 2015 NZ$M	Year ended 30 June 2014 NZ$M	Change %
Laminex NZ and Australia	81	61	33
Formica	48	63	(24)
Total	**129**	**124**	**4**

Operating earnings in Laminates & Panels were $129 million compared with $124 million in the prior year, with a 33% increase in Laminex offset by a decline in Formica earnings.

Gross revenues were up by 6% to $1,828 million compared with $1,731 million in the prior year.

Prices and margins varied by major market. In North America, Australia and New Zealand prices and margins improved due to a combination of initiatives to drive revenue and improve market share in addition to demand remaining firm. However, in the Chinese and European markets, prices and margins were generally flat or down; the result of strong competition and pressure on volumes. Improvements in manufacturing efficiencies at the division's key manufacturing facilities coupled with improving input costs such as oil and resins delivered improved performances.

In the Laminex businesses, gross revenue increased by 6% over the prior year. This was driven by continuing growth of certain product categories such as engineered stone and plywood along with initiatives to improve service and optimise pricing. Coupled with increased activity in the residential sector, revenues increased by 7% in Australia, and 3% in New Zealand.

Laminex's operating earnings were up 33% to $81 million with operational and manufacturing efficiencies contributing to improved margins.

Formica's gross revenue of $888 million was up by 5% on the prior year, due to the translation effects of the New Zealand dollar, and down 1% in local currencies. Operating earnings were $48 million, down by 24% on the prior year.

Revenue in North America, in domestic currency, was up by 1% on the prior year, in line with the increase in volumes. Earnings were $49 million, up 14% on the prior year, largely the result of continued improvements in operational performance.

Revenues in Europe were up by 1% from the prior year. Volumes decreased by 3% driven by a change in mix towards compact laminate. Market conditions varied significantly by region with revenue in domestic currencies in Germany, Spain and Scandinavia up by 20%, 19%, and 10% respectively while in central Europe and the United Kingdom, revenues were down by 8% and 2% respectively. Revenues in Russia fell by 8% due to the economic deterioration in the region. Operating earnings for Europe were down by $6 million on the prior year due to competitive pressures and changing product mix.

Revenues in Asia were up by 1% in domestic currencies for the region but varied significantly by country. In all key markets, except China, revenue in domestic currencies was up on the prior year: Thailand up 12%; Taiwan up 8%; Singapore and Hong Kong up 22% and 12% respectively. These performances were aided by market activity and the successful development of new products. Revenue in domestic currency was down by 12% in China as a result of weaker market conditions and strong competitor activity. Earnings in Asia were down by 34% to $19 million due to lower earnings in China, coupled with increased costs associated with operating the new plant in Jiujiang.

Corporate costs of $20 million increased $5 million on the prior year as a result of investment initiatives in sales and marketing effectiveness and better customer engagement across all regions. These investments are aimed at growing sustainable long-term improvements in revenue. Investment in IT during the year increased as the division invested further in developing its global digital capabilities.

Distribution New Zealand

Building Supplies; Steel Distribution

	Year ended 30 June 2015 NZ$M	Year ended 30 June 2014 NZ$M	Change NZ$M	Change %
Gross revenue	1,757	1,650	107	6
External revenue	1,548	1,462	86	6
Operating earnings before significant items[1]	108	84	24	29
Significant items[2]	(18)	–	(18)	NM
Operating earnings	90	84	6	7
Funds	330	332	(2)	(1)

	Operating earnings before significant items[1]		
	Year ended 30 June 2015 NZ$M	Year ended 30 June 2014 NZ$M	Change %
Building Supplies	75	53	42
Steel Distribution	33	31	6
Total	**108**	**84**	**29**

1 Operating earnings before significant items is a non-GAAP measure used by management to assess the performance of the business and has been derived from Fletcher Building Limited's group financial statements for the year ended 30 June 2015.

2 Details of significant items can be found in note 4 of the group's financial statements.

Distribution New Zealand operating earnings before significant items for the year were $108 million, an increase of 29% on the prior year.

During the year, $18 million of significant items were recognised, relating to restructuring costs and goodwill impairments in the Forman Distribution business.

Revenues of $1,757 million increased by $107 million, reflecting a 6% growth in Building Supplies and 9% in the Steel Distribution businesses. Revenue growth was driven by both existing and new customers in Building Supplies businesses and through organic growth in the Steel Distribution businesses, especially in Fletcher Reinforcing and Easysteel with increased volumes of 20% and 17% respectively.

During the year, PlaceMakers grew core categories such as timber, frame and truss, and concrete, as well as increasing penetration into the kitchen sector. Mico also achieved significant growth in own brand and private label sales. The improved operating earnings before significant items reflects the benefits from increased revenues, margin retention in the building supplies business, operational efficiencies and well-controlled operating costs. Synergies were also realised from combining the Steel Distribution businesses into Distribution New Zealand during the year.

PlaceMakers recorded 26% operating earnings growth year-on-year. Additionally, a highlight of the year was the successful turnaround of the Mico plumbing supplies business from a loss of $2 million in the prior year to a profit of $7 million (including property gains of $3 million). During the year, a colocation programme of Mico stores with PlaceMakers branches was implemented with six stores now colocated. The division's revenue and earnings growth was also achieved without growing the division's funds base, which was largely unchanged at $330 million at 30 June 2015.

Distribution Australia

Tradelink

	Year ended 30 June 2015 NZ$M	Year ended 30 June 2014 NZ$M	Change NZ$M	Change %
Gross revenue	826	928	(102)	(11)
External revenue	825	927	(102)	(11)
Operating earnings before significant items[1]	18	17	1	6
Significant items[2]	–	(12)	12	NM
Operating earnings	18	5	13	NM
Funds	448	406	42	10

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

	Year ended 30 June 2015 A$M	Year ended 30 June 2014 A$M	Change A$M	Change %
Gross revenue	766	837	(71)	(8)
External revenue	765	836	(71)	(8)
Operating earnings before significant items[1]	17	15	2	13
Significant items[2]	–	(10)	10	NM
Operating earnings	17	5	12	NM
Funds	400	378	22	6

1 Operating earnings before significant items is a non-GAAP measure used by management to assess the performance of the business and has been derived from Fletcher Building Limited's group financial statements for the year ended 30 June 2015.

2 Details of significant items can be found in note 4 of the group's financial statements.

Distribution Australia operating earnings before significant items were $18 million, up 6% from $17 million in the prior year.

Revenue in domestic currency fell 8% on the prior year to A$766 million, primarily due to the sale of the Hudson Building Supplies business during the year.

Tradelink revenue, excluding Hudson Building Supplies, in domestic currency was A$732 million, up 3% on the prior year. This increase was a result of the successful turnaround programmes initiated in the previous year and improved residential building activity. The key pillars of the turnaround, being: sales effectiveness, merchandising, pricing and supply chain effectiveness, are now well established and set the platform for solid market share gain and consistent profitability. The business has also developed and tested a transformation to the customer value proposition focused on the largest segments of the Australian plumbing market, which will provide further opportunities for growth in future years.

Construction

Construction; Housing

	Year ended 30 June 2015 NZ$M	Year ended 30 June 2014 NZ$M	Change NZ$M	Change %
Gross revenue	1,580	1,301	279	21
External revenue	1,537	1,277	260	20
Operating earnings before significant items[1]	140	106	34	32
Significant items[2]	(20)	–	(20)	NM
Operating earnings	120	106	14	13
Funds	157	141	16	11

	Operating earnings before significant items[1]		
	Year ended 30 June 2015 NZ$M	Year ended 30 June 2014 NZ$M	Change %
Construction	74	57	30
Housing	66	49	35
Total	**140**	**106**	**32**

1 Operating earnings before significant items is a non-GAAP measure used by management to assess the performance of the business and has been derived from Fletcher Building Limited's group financial statements for the year ended 30 June 2015.

2 Details of significant items can be found in note 4 of the group's financial statements.

The Construction division operating earnings were $120 million, a 13% increase on the prior year.

Significant items of $20 million relate to restructuring costs and goodwill impairment for the Forman Contracting business. Operating earnings before significant items were $140 million, a 32% increase on the prior year.

All business units in the division reported record revenue and operating earnings for the year.

Gross revenue for the year was $1,580 million, an increase of 21% on the prior year as a result of increased residential sales and commercial activity in New Zealand and the South Pacific. Construction gross revenue increased by 19% to $1,342 million. Gross revenue for Fletcher Living rose by 35% to $238 million.

During the year, contracts in New Zealand and the South Pacific worth over $1.4 billion were awarded. The total construction backlog, being work secured but yet to be constructed, is now $2.4 billion, up 32% on the prior year. Major projects won in the last year include MXH Kirkbride Alliance SH20A roading improvements in Auckland, Auckland International Airport terminal, and the new National Biocontainment Lab in Wellington.

As project manager for the Canterbury Home Repair Programme since October 2010, over 65,000 homes have been repaired. A contract beyond the initial contract expiry date of April 2015 has been agreed with EQC, which provides for up to 12 months of further repair work to be carried out.

The strong Auckland residential housing market supported sales volumes and prices. Continued investment in securing land holdings will enable development of over 1,800 homes, and further sites across Auckland are being developed to allow increased volumes. In Christchurch, either agreement has been reached or Fletcher Living is the preferred partner with the Crown, to build over 1,200 residential properties in central Christchurch on the Awatea, Colombo and Welles sites and in the East and North Frame Residential Precinct development.

Group Cash Flow

	Year ended 30 June 2015 NZ$M	Year ended 30 June 2014 NZ$M	Change NZ$M
Operating earnings before significant items[1]	**653**	**624**	**29**
Depreciation and amortisation	201	203	(2)
Less cash tax paid	(72)	(73)	1
Less interest paid	(124)	(131)	7
Provisions, significant items and other	(42)	(44)	2
Results from operations before working capital movements	**616**	**579**	**37**
Land and developments	(58)	(28)	(30)
Other working capital movements	17	(62)	79
Cash flows from operating activities	**575**	**489**	**86**

1 Operating earnings before significant items is a non-GAAP measure used by management to assess the performance of the business and has been derived from Fletcher Building Limited's group financial statements for the year ended 30 June 2015. Details of significant items can be found in note 4 of the group's financial statements.

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

Cash flows from operating activities of $575 million were $86 million, or 18%, higher than the prior year, while cash flows from operations before working capital movements were $616 million, up from $579 million. The improvement in working capital was partially offset by the $58 million cash impact of further residential land acquisitions in Auckland for future development.

Capital expenditure

	Year ended 30 June 2015 NZ$M	Year ended 30 June 2014 NZ$M	Change NZ$M
Capital expenditure	**278**	**260**	**18**

Capital expenditure was $278 million, compared with $260 million in the prior year. Of this total, $173 million was for stay-in-business capital projects, including $23 million on IT projects, and $105 million related to new growth initiatives.

For 2016 capital expenditure is expected to be in the range of $275 million to $325 million.

Funding

Total available funding as at 30 June 2015 was $2,483 million. Of this, approximately $614 million was undrawn and there was an additional $228 million of cash on hand. Drawn debt facilities maturing within the next 12 months total $246 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 30 June 2015 was 31.8% compared with 32.3% at 30 June 2014. This is within the target range of 30-40%.

The group's leverage[2] at 30 June 2015 was 2.02 times compared with 1.99 times at 30 June 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 47% Australian dollar; 32% New Zealand dollar; 12% US dollar; and 9% spread over various other currencies.

Approximately 56% of all borrowings have fixed interest rates with an average duration of 3.0 years and a rate of 6.47%. Inclusive of floating rate borrowings, the average interest rate on the debt is approximately 5.5%.

Interest coverage[3] for the year was 5.1 times compared with 4.8 times in the previous year.

Dividend

The 2015 final dividend is 19 cents per share. The increase is in line with underlying earnings performance. In line with the group's tax crediting policy announced in 2011, the final dividend will be fully imputed with New Zealand tax credits and unfranked for Australian tax purposes. The imputed amount per share on the dividend is 7.3889 cents.

As a fully imputed dividend, a supplementary dividend is payable to non-New Zealand non-portfolio shareholders and has the effect of removing or reducing the cost of New Zealand non-resident withholding tax (NRWT). For most Australian resident shareholders receiving a supplementary dividend, the after tax return of the fully imputed dividend is equivalent to receiving a 41% franked dividend.

The dividend will be paid on 14 October 2015 to holders registered as at 5.00 pm Friday 25 September 2015 (NZT). The shares will be quoted on an ex-dividend basis from 23 September 2015 on the NZX and ASX.

The interim dividend of 18 cents per share was paid on 15 April 2015.

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. There will be no discount to the price applied to ordinary shares issued. 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 Monday 28 September 2015. 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 23 September 2015. The new shares will rank equally with existing shares and will be issued on the dividend payment date of 14 October 2015.

DIVIDEND POLICY

Fletcher Building seeks to maintain dividends through economic cycles, and to progressively grow the dividend over the medium term. The target dividend pay-out ratio, in the range of 50% to 75% of net earnings, is intended to provide sufficient flexibility for dividends to be maintained despite variations in economic conditions. Maintenance of a dividend in this range will be subject to there being no material adverse change in circumstances or outlook. In determining 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.

Fletcher Building's policy on franking and imputation is to frank with Australian tax credits, or alternatively impute with New Zealand tax credits, to the extent that there are sufficient franking or imputation credits available for distribution.

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

2015 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]	7.3889			
NZ supplementary dividend[3]		3.3529	3.3529	3.3529
Australian franking credits[4]		0.0000	0.0000	
Gross dividend for NZ tax purposes	**26.3889**	**22.3529**	**22.3529**	**22.3529**
NZ tax (33%)[5]	(8.7083)			
NZ non-resident withholding tax (15%)[6]		(3.3529)	(3.3529)	(3.3529)
Net cash received after NZ tax	**17.6806**	**19.0000**	**19.0000**	**19.0000**
Australian tax (49% and 15%)[7]		(10.9529)	(3.3529)	
Reduced by offset for NZ non-resident withholding tax		3.3529	3.3529	
Less Australian franking credit offset		0.0000	0.0000	
Net cash dividend to shareholders after tax	**17.6806**	**11.4000**	**19.0000**	**19.0000**

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 The dividend has imputation credits attached at a 28% tax rate.

3 A supplementary dividend is only payable to non-New Zealand shareholders and has the effect of removing the cost of New Zealand non-resident withholding tax (NRWT). Non-resident shareholders with a 10% or greater direct shareholding are not eligible to receive supplementary dividends but are exempt from NRWT.

4 There are no Australian franking credits attached to this dividend and the conduit foreign income component is nil.

5 For all New Zealand resident shareholders who do not hold an exemption certificate, resident withholding tax (RWT) is required to be deducted at 5% from the gross dividend which has been credited with imputation credits at 28 percent. Accordingly, for those shareholders, a deduction of 1.3194 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 New Zealand non-resident withholding tax at the rate of 15% on the gross dividend for New Zealand 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	22.3529	22.3529
Plus franking credits	0.0000	0.0000
Gross dividend for Australian tax purposes	22.3529	22.3529
Australian tax	10.9529	3.3529

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.

Update on Business Transformation Programme

The FBUnite Business Transformation Programme has delivered benefits of $50 million (net of costs) up to 30 June 2015. Of this, the centralised procurement function has delivered $35 million, property consolidation and lease renegotiations have saved $10 million, and financial shared services has delivered $5 million in cost savings and other benefits.

These initiatives are forecast to deliver a further $50 million in benefits over the next two years. The procurement benefits will accelerate as the focus shifts to low cost country sourcing for product, primarily for the distribution businesses in New Zealand and Australia.

In addition, the Operations Excellence initiatives are now expected to fully offset annual inflation in manufacturing and distribution, estimated at $50 million per annum.

Outlook

For the 2016 financial year, New Zealand residential construction activity is expected to continue at above average levels but the strong growth in consents for new houses is likely to moderate. Recent high levels of net migration into New Zealand and continued strong demand for housing in Auckland will underpin volumes. Commercial construction activity should continue to grow in line with the significant upward trend in consented work observed over the past year. Government expenditure on core infrastructure is expected to remain at current levels.

In Australia, residential activity is likely to slow from recent peak levels but remain well above long run average levels driven by apartment and multi-family dwelling construction. Commercial construction is expected to remain relatively subdued, while government infrastructure spending will be constrained by deficits at federal and state levels. Construction activity in the mining and resources sectors is expected to trend down as large projects are completed and in response to weaker commodity prices.

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 Southeast Asian markets but market conditions in China are likely to remain highly competitive.

Divisions

Division	Business Groupings	Key Businesses
Heavy Building Products	New Zealand Concrete Products	Firth Concrete Humes Pipelines
	New Zealand Cement & Quarry Products	Golden Bay Cement Winstone Aggregates
	Australian Concrete Products	Rocla Pipelines
	Australian Quarry Products	Rocla Quarries
	Plastic Pipes	Iplex (NZ & Australia)
	Steel & Other	Crane Copper Tube (Australia)[now closed] Long Steel Manufacturing [will cease in FY16]
Light Building Products	New Zealand Building Materials	Dimond Fletcher Aluminium Tasman Insulation Winstone Wallboards
	Australian Building Materials	Fletcher Insulation Stramit Tasman Sinkware
	Roof Tile Group	Gerard Roofing Systems (NZ/Asia/Europe) DECRA Roofing Systems (USA)
Laminates & Panels	Formica	Formica Asia Formica Europe Formica North America Homapal (Europe)
	Laminex	Laminex NZ Laminex Australia
Distribution New Zealand	Building Supplies	PlaceMakers Mico Plumbing Forman Distribution
	Steel Distribution	Easysteel Fletcher Reinforcing Pacific Coilcoaters
Distribution Australia	Tradelink	Tradelink
Construction	Construction	Building + Interiors Infrastructure Earthquake Recovery South Pacific Forman Contracting
	Housing	Fletcher Living

Appendix: Supplemental split of Divisional Results

GROSS REVENUE

Heavy Building Products

Gross revenue	Year ended 30 June 2015 NZ$M	Year ended 30 June 2014 NZ$M	Change %
New Zealand Concrete Products	537	469	14
New Zealand Cement and Quarry Products	392	350	12
Australian Concrete Products	224	260	(14)
Australian Quarry Products	109	105	4
Plastic Pipes	545	699	(22)
Steel and other	337	391	(14)
Total	**2,144**	**2,274**	**(6)**

Light Building Products

Gross revenue	Year ended 30 June 2015 NZ$M	Year ended 30 June 2014 NZ$M	Change %
New Zealand Building Materials	431	414	4
Australian Building Materials	696	699	–
Roof Tile Group	179	199	(10)
Total	**1,306**	**1,312**	**–**

Laminates & Panels

Gross revenue	Year ended 30 June 2015 NZ$M	Year ended 30 June 2014 NZ$M	Change %
Laminex NZ and Australia	940	886	6
Formica	888	845	5
Total	**1,828**	**1,731**	**6**

Distribution New Zealand

Gross revenue	Year ended 30 June 2015 NZ$M	Year ended 30 June 2014 NZ$M	Change %
Building Supplies	1,413	1,333	6
Steel Distribution	344	317	9
Total	**1,757**	**1,650**	**6**

Distribution Australia

Gross revenue	Year ended 30 June 2015 NZ$M	Year ended 30 June 2014 NZ$M	Change %
Distribution Australia	826	928	(11)
Total	**826**	**928**	**(11)**

Construction

Gross revenue	Year ended 30 June 2015 NZ$M	Year ended 30 June 2014 NZ$M	Change %
Construction	1,342	1,125	19
Housing	238	176	35
Total	**1,580**	**1,301**	**21**

LOCAL CURRENCY GROSS REVENUE

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

Heavy Building Products

Gross revenue	Year ended 30 June 2015	Year ended 30 June 2014	Change %
New Zealand (NZ$M)	1,320	1,185	11
Australia (A$M)	761	970	(22)
Rest of World (US$M)	2	12	(83)

Light Building Products

Gross revenue	Year ended 30 June 2015	Year ended 30 June 2014	Change %
New Zealand (NZ$M)	479	486	(1)
Australia (A$M)	641	613	5
Rest of World (US$M)	106	121	(12)

Laminates & Panels

Gross revenue	Year ended 30 June 2015	Year ended 30 June 2014	Change %
New Zealand (NZ$M)	120	117	3
Australia (A$M)	761	694	10
Rest of World (US$M)	689	698	(1)

Distribution New Zealand

Gross revenue	Year ended 30 June 2015	Year ended 30 June 2014	Change %
New Zealand (NZ$M)	1,757	1,650	6

Distribution Australia

Gross revenue	Year ended 30 June 2015	Year ended 30 June 2014	Change %
Australia (A$M)	766	837	(8)

Construction

Gross revenue	Year ended 30 June 2015	Year ended 30 June 2014	Change %
New Zealand (NZ$M)	1,401	1,209	16
Rest of World (US$M)	139	76	83

Appendix: Supplemental split of Divisional Results continued

EXTERNAL REVENUE

Heavy Building Products

External revenue	Year ended 30 June 2015 NZ$M	Year ended 30 June 2014 NZ$M	Change %
New Zealand Concrete Products	465	409	14
New Zealand Cement and Quarry Products	226	205	10
Australian Concrete Products	223	260	(14)
Australian Quarry Products	105	104	1
Plastic Pipes	440	597	(26)
Steel and other	323	284	14
Total	**1,782**	**1,859**	**(4)**

Light Building Products

External revenue	Year ended 30 June 2015 NZ$M	Year ended 30 June 2014 NZ$M	Change %
New Zealand Building Materials	324	314	3
Australian Building Materials	663	663	–
Roof Tile Group	169	189	(11)
Total	**1,156**	**1,166**	**(1)**

Laminates & Panels

External revenue	Year ended 30 June 2015 NZ$M	Year ended 30 June 2014 NZ$M	Change %
Laminex NZ and Australia	922	861	7
Formica	887	849	4
Total	**1,809**	**1,710**	**6**

Distribution New Zealand

External revenue	Year ended 30 June 2015 NZ$M	Year ended 30 June 2014 NZ$M	Change %
Building Supplies	1,266	1,197	6
Steel Distribution	282	265	6
Total	**1,548**	**1,462**	**6**

Distribution Australia

External revenue	Year ended 30 June 2015 NZ$M	Year ended 30 June 2014 NZ$M	Change %
Distribution Australia	825	927	(11)
Total	**825**	**927**	**(11)**

Construction

External revenue	Year ended 30 June 2015 NZ$M	Year ended 30 June 2014 NZ$M	Change %
Construction	1,299	1,102	18
Housing	238	175	36
Total	**1,537**	**1,277**	**20**

LOCAL CURRENCY EXTERNAL REVENUE

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

Heavy Building Products

External revenue	Year ended 30 June 2015	Year ended 30 June 2014	Change %
New Zealand (NZ$M)	1,041	890	17
Australia (A$M)	685	863	(21)
Rest of World (US$M)	2	12	(83)

Light Building Products

External revenue	Year ended 30 June 2015	Year ended 30 June 2014	Change %
New Zealand (NZ$M)	382	395	(3)
Australia (A$M)	611	580	5
Rest of World (US$M)	89	106	(16)

Laminates & Panels

External revenue	Year ended 30 June 2015	Year ended 30 June 2014	Change %
New Zealand (NZ$M)	102	99	3
Australia (A$M)	761	687	11
Rest of World (US$M)	689	701	(2)

Distribution New Zealand

External revenue	Year ended 30 June 2015	Year ended 30 June 2014	Change %
New Zealand (NZ$M)	1,548	1,461	6

Distribution Australia

External revenue	Year ended 30 June 2015	Year ended 30 June 2014	Change %
Australia (A$M)	765	836	(8)

Construction

External revenue	Year ended 30 June 2015	Year ended 30 June 2014	Change %
New Zealand (NZ$M)	1,358	1,186	15
Rest of World (US$M)	139	76	83

Appendix: Supplemental split of Divisional Results continued

OPERATING EARNINGS BEFORE SIGNIFICANT ITEMS[1]

Heavy Building Products

Operating earnings[1]	Year ended 30 June 2015 NZ$M	Year ended 30 June 2014 NZ$M	Change %
New Zealand Concrete Products	63	46	37
New Zealand Cement and Quarry Products	72	51	41
Australian Concrete Products	16	33	(52)
Australian Quarry Products	18	19	(5)
Plastic Pipes	(8)	45	NM
Steel and other	16	20	(20)
Total	**177**	**214**	**(17)**

Light Building Products

Operating earnings[1]	Year ended 30 June 2015 NZ$M	Year ended 30 June 2014 NZ$M	Change %
New Zealand Building Materials	81	71	14
Australian Building Materials	23	23	–
Roof Tile Group	14	22	(36)
Total	**118**	**116**	**2**

Laminates & Panels

Operating earnings[1]	Year ended 30 June 2015 NZ$M	Year ended 30 June 2014 NZ$M	Change %
Laminex NZ and Australia	81	61	33
Formica	48	63	(24)
Total	**129**	**124**	**4**

Distribution New Zealand

Operating earnings[1]	Year ended 30 June 2015 NZ$M	Year ended 30 June 2014 NZ$M	Change %
Building Supplies	75	53	42
Steel Distribution	33	31	6
Total	**108**	**84**	**29**

Distribution Australia

Operating earnings[1]	Year ended 30 June 2015 NZ$M	Year ended 30 June 2014 NZ$M	Change %
Distribution Australia	18	17	6
Total	**18**	**17**	**6**

Construction

Operating earnings[1]	Year ended 30 June 2015 NZ$M	Year ended 30 June 2014 NZ$M	Change %
Construction	74	57	30
Housing	66	49	35
Total	**140**	**106**	**32**

1 Operating earnings before significant items is a non-GAAP measure used by management to assess the performance of the business and has been derived from Fletcher Building Limited's group financial statements for the year ended 30 June 2015. Details of significant items can be found in note 4 of the group's financial statements.

LOCAL CURRENCY RESULTS[1]

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

Heavy Building Products

Operating earnings[1]	Year ended 30 June 2015	Year ended 30 June 2014	Change %
New Zealand (NZ$M)	169	136	24
Australia (A$M)	6	70	(91)
Rest of World (US$M)	1	–	NM

Light Building Products

Operating earnings[1]	Year ended 30 June 2015	Year ended 30 June 2014	Change %
New Zealand (NZ$M)	90	81	11
Australia (A$M)	20	20	–
Rest of World (US$M)	5	11	(55)

Laminates & Panels

Operating earnings[1]	Year ended 30 June 2015	Year ended 30 June 2014	Change %
New Zealand (NZ$M)	11	7	57
Australia (A$M)	63	49	29
Rest of World (US$M)	39	52	(25)

Distribution New Zealand

Operating earnings[1]	Year ended 30 June 2015	Year ended 30 June 2014	Change %
New Zealand (NZ$M)	108	84	29

Distribution Australia

Operating earnings[1]	Year ended 30 June 2015	Year ended 30 June 2014	Change %
Australia (A$M)	17	15	13

Construction

Operating earnings[1]	Year ended 30 June 2015	Year ended 30 June 2014	Change %
New Zealand (NZ$M)	117	94	24
Rest of World (US$M)	18	10	80

1 Operating earnings before significant items is a non-GAAP measure used by management to assess the performance of the business and has been derived from Fletcher Building Limited's group financial statements for the year ended 30 June 2015. Details of significant items can be found in note 4 of the group's financial statements.

FLETCHER BUILDING LIMITED

NEWS RELEASE
FINANCIAL RESULTS FOR THE YEAR ENDED 30 JUNE 2015

Auckland, August 19, 2015 – Fletcher Building today reported net earnings of $270 million for the year ended 30 June 2015, compared with $339 million in the 2014 financial year. The result included significant items totalling $150 million relating to the impairment of goodwill and site closure costs. Net earnings before significant items were $399 million, 10 per cent higher than the prior year.

Operating earnings (earnings before interest and tax) were $503 million, compared with $592 million in the prior year. Operating earnings excluding significant items were $653 million, up 5 per cent on the prior year and in line with earnings guidance.

Cash flow from operations increased 18 per cent to $575 million from $489 million in the prior year. The increase was due to the growth in underlying operating earnings and reductions in working capital.

A final dividend of 19.0 cents per share will be paid on 14 October 2015, with full New Zealand tax credits attached, bringing the total dividend for the year to 37.0 cents per share. The dividend reinvestment plan will be operative for this dividend payment.

Fletcher Building chief executive officer Mark Adamson said the result was driven by a strong trading performance from the New Zealand based businesses.

"The New Zealand construction market was strong across the residential, commercial and infrastructure sectors, and we experienced strong volume growth in most of our businesses. Operating earnings before significant items for our New Zealand businesses were up 24 per cent compared with the prior year.

"Conditions in Australia were much more mixed, with a buoyant residential construction market but weak conditions in the mining, resources and infrastructure sectors. We experienced strong earnings growth in a number of businesses exposed to new housing construction, particularly Laminex, Fletcher Insulation and Tradelink, but our results were negatively impacted by the sudden fall in demand for plastic pipes from the coal seam gas sector," Mr Adamson said.

Operating earnings beyond New Zealand and Australia were lower, with continued weak conditions in Europe and a more difficult trading environment experienced in China but a strong performance from Formica in North America.

Mark Adamson said the strong cash flow performance during the year meant the company had continued to maintain a sound financial position while accommodating higher capital expenditure levels and increased investment in Fletcher Living, the residential development business.

Results overview

Comparisons are with the prior financial year ended 30 June 2014.

Revenue	$8,661 million, up from $8,401 million
Net earnings	$270 million, down from $339 million
Net earnings before significant items	$399 million, up from $362 million
Operating earnings (EBIT)	$503 million, down from $592 million
Operating earnings (EBIT) before significant items	$653 million, up from $624 million
Cash flow from operations	$575 million, up from $489 million
Basic earnings per share before significant items	58.0 cents per share, up from 52.7 cents
Final dividend	19.0 cents per share. The final dividend will be fully imputed for New Zealand taxation purposes.
Dividend payment dates	The dividend will be paid on 14 October 2015 to holders registered as at 5.00 pm Friday 25 September 2015 (NZT). The shares will be quoted on an ex-dividend basis from 23 September 2015 on the NZX and ASX.
Dividend reinvestment plan	The dividend reinvestment plan will be operative for this dividend. Applications to participate must be received by the registry before 5pm Monday 28 September 2015.

Please refer to the Financial Statements for terms and definitions.

For further information please contact:

Philip King
Group General Manager
Investor Relations & Capital Markets
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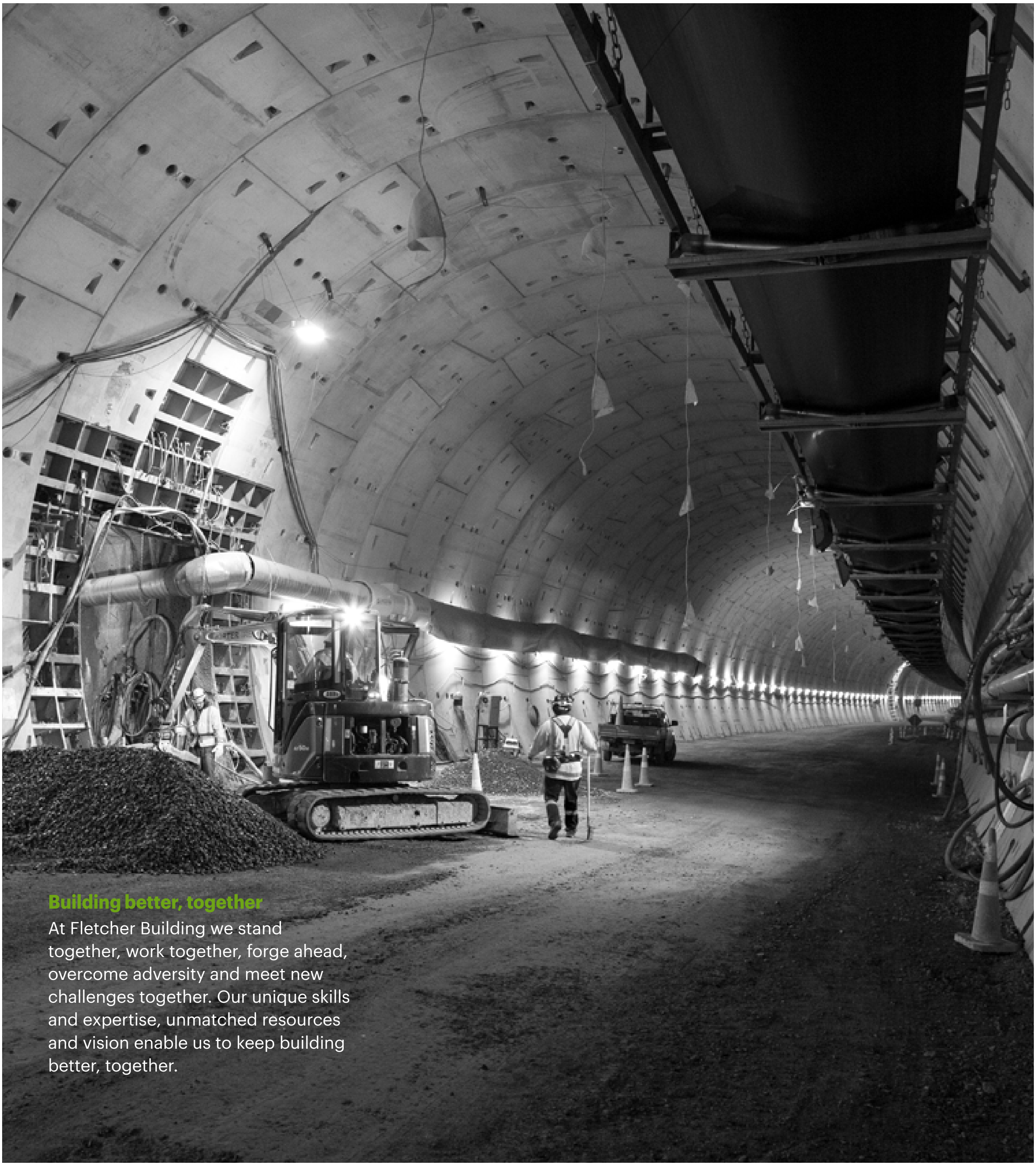
ANNUAL REPORT 2015



Building better, together

At Fletcher Building we stand together, work together, forge ahead, overcome adversity and meet new challenges together. Our unique skills and expertise, unmatched resources and vision enable us to keep building better, together.

Directors' responsibility

2015 annual report

The directors are pleased to present for Fletcher Building Limited and its subsidiaries the annual report and financial statements for the year ended 30 June 2015.

Strategy overview

The directors are responsible for assessing and overseeing strategy and how risks and opportunities are managed within Fletcher Building. Late last year, the board and management team undertook a review of the whole business portfolio and the returns that our businesses are generating. This work has informed the group's strategic direction. We recognise that we must deliver further value from our existing operations, through revenue growth and market share gains, and through effective cost and margin management.

In addition to pursuing organic growth, we will look to selectively invest where we can see strong returns and where such investments are sufficiently linked to our chosen growth priorities. Areas we are targeting for expansion include our residential development business in New Zealand, our civil and engineering construction business and our distribution businesses in both Australia and New Zealand.

At the same time, we will continue to actively manage the business portfolio and will divest businesses which we have determined are not core to our future.

Financial statements

The directors are responsible for preparing the annual report, including the financial statements, and ensuring that the financial statements comply with generally accepted accounting practices. The directors believe that proper accounting records have been kept which allow for the determination of the group's financial position with reasonable accuracy and that the financial statements comply with the requirements of the Companies Act 1993 and the Financial Markets Conduct Act 2013.

The annual report is dated 19 August 2015 and is signed on behalf of the board by:

Sir Ralph Norris
Chairman

Mark Adamson
Managing Director

When used in this annual report, references to the 'company' are references to Fletcher Building Limited. References to 'Fletcher Building' or the 'group' are to Fletcher Building Limited, together with its subsidiaries and its interests in associates.

All references to financial years (e.g. FY14 and FY15) in this annual report are to the financial year ended 30 June. References to $ and NZ$ are to New Zealand dollars unless otherwise stated.

Any references to documents and information included on external websites, including Fletcher Building's website, are provided for convenience alone and none of the documents or other information on those websites is incorporated by reference in this annual report.

You can obtain an electronic copy of this annual report at fbu.com/investor-centre/reports.

Contents

Directors

SIR RALPH NORRIS
FNZIM, HFIITP, KNZM, HON.DBUS (UNIVERSITY OF NEW SOUTH WALES)

Independent Chairman
Member of the Remuneration and Nominations Committees
First appointed 1 April 2014

Sir Ralph Norris retired as managing director and chief executive officer of the Commonwealth Bank of Australia in November 2011 following a 40 year career in the banking sector in Australia and New Zealand, including as chief executive officer of ASB Bank. He is a former chief executive officer of Air New Zealand. Sir Ralph is a director of Fonterra Co-Operative Group, Fonterra Shareholders' Fund, Origin Energy, New Zealand Treasury and Fletcher Building Industries and Chairman of RANQX Holdings. He is a member of the NZ Olympic Advisory Committee, the Juvenile Diabetes Research Foundation Advisory Board, The University of Auckland Council and trustee of Business Mentors New Zealand. He also served as an independent non-executive director of Fletcher Building from 2001 to 2005.

MARK ADAMSON
BA (HONS), ACA, ATII

Non-independent Executive Director
First appointed 1 October 2012

Mark Adamson is chief executive officer and managing director of the company. He joined the Formica Group in 1998 as chief financial officer of the European division followed by the role of managing director UK and Eire and in 2004 became president of Formica Europe. He became the chief executive of Formica Corporation in 2008 and of the Laminates & Panels division in 2011. Prior to joining Formica he was financial controller of the pharmaceutical company GlaxoSmithKline. Mark is a member of the English Institute of Chartered Accountants and the Institute of Taxation and a director of Fletcher Building Industries.

ANTONY CARTER
BE (HONS), ME, MPHIL (LOUGHBOROUGH)

Independent Non-executive Director
Member of the Remuneration and Nominations Committees
First appointed 1 September 2010

Tony Carter was previously managing director of Foodstuffs (Auckland) and Foodstuffs (New Zealand), New Zealand's largest retail organisation, and a director of a number of related companies. He has extensive experience in retailing, having joined Foodstuffs in 1994 and from having owned and operated several Mitre 10 hardware stores, and was a director and later chairman of Mitre 10 New Zealand. Tony is chairman of Fisher & Paykel Healthcare, Air New Zealand and the Blues LLP, a director of ANZ Bank New Zealand, Fletcher Building Industries and Avonhead Mall and a trustee of the Maurice Carter Charitable Trust.

DR ALAN JACKSON
BENG (HONS), PHD (AUCKLAND) MBA (IMD MANAGEMENT INSTITUTE)

Independent Non-executive Director
Chairman of the Remuneration Committee and member of the Sustainability, Environment, Health and Safety and Nominations Committees
First appointed 1 September 2009

Dr Alan Jackson was until 2009 chairman Australasia, senior vice president and director of The Boston Consulting Group. He has been an international management consultant since 1987 with The Boston Consulting Group and has proven experience at the most senior levels of international and government business. Alan has worked across a range of industries, including resources, diversified industrials, building products and construction sectors, including as chairman of Housing Corporation New Zealand. Alan is a Fellow of the Institution of Professional Engineers. He is a director of Delegat's Group and Fletcher Building Industries.

JOHN JUDGE
BCOM, FCA, MPP, FINSTD

Independent Non-executive Director
Chairman of the Audit and Risk Committee and member of the Nominations Committee
First appointed 9 June 2008

John Judge has considerable experience in Australasian business and brings financial and analytical knowledge to the board. His career includes various roles within Ernst & Young, culminating in the position of chief executive of Ernst & Young New Zealand. He is chairman of ANZ Bank New Zealand and the Auckland Arts Festival Trust, a director of Fletcher Building Industries and The New Zealand Initiative and a member of the Otago Business School Board of Advisors.

KATHRYN SPARGO
LLB (HONS), BA

Independent Non-executive Director
Chairman of the Sustainability, Environment, Health and Safety Committee and member of the Audit and Risk and Nominations Committees
First appointed 1 March 2012

Kate Spargo has extensive business experience from advisory roles on strategic and governance issues following a career in legal practice in both the public and private sectors. She is the chairman of ASX listed company UGL and a director of Adairs, Sonic Healthcare, SMEC Holdings (Australia) and Fletcher Building Industries. She also serves as a director on a number of 'not for profit' businesses. Kate is a Fellow of the Australian Institute of Company Directors.

CECILIA TARRANT
BA, LLB (HONS), LLM (BERKELEY)

Independent Non-executive Director
Member of the Audit and Risk, Sustainability, Environment, Health and Safety and Nominations Committees
First appointed 10 October 2011

Cecilia Tarrant has over 20 years of experience in international banking and finance, having worked as a lawyer and an investment banker in the USA and Europe. Prior to returning to New Zealand, she was a managing director at Morgan Stanley in London. She is a director of Fletcher Building Industries, Annuitas Management and Shopping Centres Australasia Property Group Trustee NZ and deputy chairman of the Government Superannuation Fund Authority. Cecilia is also a member of The University of Auckland Council, a trustee of The University of Auckland Foundation and an executive-in-residence at The University of Auckland Business School.

STEVEN VAMOS
BE (HONS)

Independent Non-executive Director
Member of the Nominations Committee
First appointed 6 July 2015

Steve Vamos has more than 30 years' experience in the information technology and online media industry. His previous executive roles include vice president, Worldwide Sales and International Operations for Microsoft Corporation Online Services Group, chief executive officer of Microsoft Australia and New Zealand, chief executive officer of ninemsn and senior executive roles at Apple and IBM. He is a non-executive director of Telstra and Fletcher Building Industries and is a member of the Advisory Board of the University of Technology Sydney Business School.

Steve Vamos joined the board after the end of FY15.

Financial review.
2015

Fletcher Building reports underlying net earnings growth of 10 percent

Reported results	Year ended June 2015 NZ$M	Year ended June 2014 NZ$M	Change %
Total revenue	**8,661**	**8,401**	3
Operating earnings before significant items[1]	**653**	**624**	5
Significant items[2]	(150)	(32)	NM
Operating earnings (EBIT)	**503**	**592**	(15)
Funding costs	(127)	(130)	(2)
Earnings before tax	**376**	**462**	(19)
Tax expense	(96)	(111)	(14)
Earnings after tax	**280**	**351**	(20)
Non-controlling interests	(10)	(12)	(17)
Net earnings before significant items	**399**	**362**	10
Net earnings	**270**	**339**	(20)
Earnings per share before significant items (EPS – cents)	**58.0**	**52.7**	10
Earnings per share (EPS – cents)	**39.2**	**49.3**	(20)
Dividends declared per share (DPS – cents)	**37.0**	**36.0**	3
Capital expenditure	**278**	**260**	7

Revenue	Year ended June 2015 NZ$M	Year ended June 2014 NZ$M	Change %
Heavy Building Products	2,144	2,274	(6)
Light Building Products	1,306	1,312	–
Laminates & Panels	1,828	1,731	6
Distribution New Zealand	1,757	1,650	6
Distribution Australia	826	928	(11)
Construction	1,580	1,301	21
Other	5	7	(29)
Gross revenue	**9,446**	**9,203**	**3**
Less intercompany sales	(785)	(802)	(2)
Total revenue	**8,661**	**8,401**	**3**

	Reported operating earnings			Operating earnings before significant items[1]		
	Year ended June 2015 NZ$M	Year ended June 2014 NZ$M	Change %	Year ended June 2015 NZ$M	Year ended June 2014 NZ$M	Change %
Heavy Building Products	120	194	(38)	177	214	(17)
Light Building Products	63	116	(46)	118	116	2
Laminates & Panels	129	124	4	129	124	4
Distribution New Zealand	90	84	7	108	84	29
Distribution Australia	18	5	NM	18	17	6
Construction	120	106	13	140	106	32
Corporate	(37)	(37)	–	(37)	(37)	–
Total	**503**	**592**	**(15)**	**653**	**624**	**5**
Funding costs	(127)	(130)	(2)	(127)	(130)	(2)
Earnings before tax	**376**	**462**	**(19)**	**526**	**494**	6
Tax expense	(96)	(111)	(14)	(117)	(120)	(3)
Earnings after tax	**280**	**351**	**(20)**	**409**	**374**	9
Non-controlling interests	(10)	(12)	(17)	(10)	(12)	(17)
Net earnings	**270**	**339**	**(20)**	**399**	**362**	**10**

1 Operating earnings before significant items is a non-GAAP measure used by management to assess the performance of the business and has been derived from Fletcher Building Limited's group financial statements for the year ended 30 June 2015.

2 Details of significant items can be found in note 4 of the financial statements.

Geographic segments

	Gross revenue			External revenue		
	Year ended June 2015 NZ$M	Year ended June 2014 NZ$M	Change %	**Year ended June 2015 NZ$M**	Year ended June 2014 NZ$M	Change %
New Zealand	5,082	4,654	9	4,435	4,031	10
Australia	3,158	3,451	(8)	3,042	3,287	(7)
Rest of World	1,206	1,098	10	1,184	1,083	9
Total	**9,446**	**9,203**	**3**	**8,661**	**8,401**	**3**

	Operating earnings before significant items[1]		
	Year ended June 2015 NZ$M	Year ended June 2014 NZ$M	Change %
New Zealand	449	362	24
Australia	119	171	(30)
Rest of World	85	91	(7)
Total	**653**	**624**	**5**

Geographic segments in local currency

	Gross revenue			External revenue		
	Year ended June 2015 NZ$M	Year ended June 2014 NZ$M	Change %	**Year ended June 2015 NZ$M**	Year ended June 2014 NZ$M	Change %
Australia (A$M)	2,929	3,113	(6)	2,821	2,966	(5)
Rest of World (US$M)	936	907	3	919	895	3

	Operating earnings before significant items[1]		
	Year ended June 2015 NZ$M	Year ended June 2014 NZ$M	Change %
Australia (A$m)	110	154	(29)
Rest of World (US$m)	66	75	(12)

1 Operating earnings before significant items is a non-GAAP measure used by management to assess the performance of the business and has been derived from Fletcher Building Limited's group financial statements for the year ended 30 June 2015. Details of the significant items incurred can be found in note 4 of the financial statements.

- External revenue for the year of $8,661 million was $260 million higher than the prior year. Of this increase $404 million related to increased New Zealand revenues, partly offset by the lower revenues in Australia. In local currencies, revenues increased by 10% in New Zealand and 3% in the Rest of World, with a decrease of 5% in Australia.
- Reported operating earnings before interest and tax of $503 million were 15% lower than the prior year.
- 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 continued to benefit from an increase in construction activity and continued strong demand for houses in Fletcher Building's residential developments. Consents for new houses in New Zealand of 25,154 increased 8% over the prior year, the highest level since 2007. The positive revenue growth in New Zealand, along with cost reduction and efficiency measures, drove operating earnings before significant items 24% higher to $449 million.
- In **Australia**, the continued strength of the residential construction market assisted strong performances in our laminates and panels, insulation and distribution businesses. Residential consents increased by 10% to reach record levels. Conditions continued to be challenging in the infrastructure and mining sectors, with significant decline in activity, competitive pressures in the coated steel business and a notable decrease in demand for plastic pipes from coal seam gas projects.
- In the **Rest of World**, market conditions varied geographically with most markets experiencing strong competition and price pressures. Operating earnings in Formica North America increased by 14%, benefiting from improved prices and operating margins. In Asia, activity increased in all key locations with the exception of China where there were weaker market conditions and strong competition. In Europe, challenging economic conditions in Central Europe and Russia continued to put pressure on earnings.
- Reported operating earnings include significant items of $150 million relating to impairment of goodwill, site closure costs and the sale of businesses.
  - $78 million of goodwill has been impaired in the year, with $32 million relating to the Forman businesses, $30 million to Stramit, $15 million to Tasman Insulation and $1 million to Humes. The impairments are largely attributable to a reduction in the future earnings prospects of these businesses.
  - Site closure costs of $65 million were recognised in the year relating to the closure of the Crane Copper Tube business and site closures in Iplex Australia, Stramit, Tasman Insulation, Humes and the Forman businesses.
  - Business disposal expenses of $7 million relate principally to the prior year sale of the long steel business with additional costs incurred in the year under the transitional agreements with the purchaser.
  - Of the $150 million significant items, $126 million were non-cash.

- Operating earnings before significant items were $653 million, 5% higher than the prior year.
- Funding costs of $127 million were 2% lower than the prior year, due to lower interest costs in New Zealand.
- The tax expense of $96 million represents an effective tax rate for the year of 26% (2014: 24%).
- Earnings per share were 39.2 cents, a decrease of 20% from 49.3 cents per share in the prior year. Earnings per share before significant items were 58.0 cents, an increase of 10%.

The following sections provide a commentary on individual division results for the year ended 30 June 2015.

Heavy Building Products.

New Zealand Concrete Products; New Zealand Cement and Quarry Products; Australian Concrete Products; Australian Quarry Products; Plastic Pipes; Steel and Other

	Year ended June 2015 NZ$M	Year ended June 2014 NZ$M	Change NZ$M	Change %
Gross revenue	2,144	2,274	(130)	(6)
External revenue	1,782	1,859	(77)	(4)
Operating earnings before significant items[1]	177	214	(37)	(17)
Significant items[2]	(57)	(20)	(37)	NM
Operating earnings	120	194	(74)	(38)
Funds	1,666	1,719	(53)	(3)

	Operating earnings before significant items[1]		
	Year ended June 2015 NZ$M	Year ended June 2014 NZ$M	Change %
New Zealand Concrete Products	63	46	37
New Zealand Cement and Quarry Products	72	51	41
Australian Concrete Products	16	33	(52)
Australian Quarry Products	18	19	(5)
Plastic Pipes	(8)	45	NM
Steel and Other	16	20	(20)
Total	177	214	(17)

1 Operating earnings before significant items is a non-GAAP measure used by management to assess the performance of the business and has been derived from Fletcher Building Limited's group financial statements for the year ended 30 June 2015.

2 Details of significant items can be found in note 4 of the group's financial statements.

Heavy Building Products operating earnings were $120 million, compared with $194 million in the prior year.

The result includes significant items of $57 million relating to the closure of the Crane Copper Tube factory in Australia ($28 million), costs related to site closures in Iplex Australia ($17 million), the closure of a concrete pipe plant in New Zealand ($6 million) and the prior year divestment of the long steel business in New Zealand ($6 million).

The division's operating earnings before significant items were $177 million, compared with $214 million in 2014. The decline was attributable to reductions in Australian plastic and concrete pipe earnings, partially offset by increased earnings in the New Zealand concrete, cement and quarry businesses.

The New Zealand Concrete Products businesses recorded a 37% increase in operating earnings before significant items to $63 million. This was driven by increased demand from major infrastructure projects and greater building activity in the Auckland and Christchurch residential markets which drove ready-mix concrete and concrete pipes volumes 14% and 7% higher respectively.

Operating earnings of the New Zealand Cement and Quarry Products businesses increased by 41% to $72 million. Domestic cement volumes were 9% higher driven by growth in demand in most regions. Improvements to the mix of sales and manufacturing efficiencies also helped to lift earnings. A focus on higher value quarry products contributed to both increases in revenue and operating margins.

Operating earnings in Australian Concrete Products declined 52% to $16 million, principally due to lower demand from the infrastructure and mining sectors. Australian Quarry Products earnings were down slightly from the prior year as a result of lower market activity in Victoria and Western Australia.

The Plastic Pipes businesses recorded an $8 million operating loss before significant items. This was primarily attributable to weaker demand in most Australian market segments and intensifying competition. Of particular note was the significant reduction in demand from coal seam gas projects. New Zealand Plastic Pipes earnings were in line with the prior year.

Earnings from the long steel business were $10 million, compared with $13 million in the prior year. Long steel production will cease in the first quarter of FY16, and earnings from long steel will reduce to zero.

Light Building Products.

New Zealand Building Materials; Australian Building Materials; Roof Tile Group

	Year ended June 2015 NZ$M	Year ended June 2014 NZ$M	Change NZ$M	Change %
Gross revenue	1,306	1,312	(6)	–
External revenue	1,156	1,166	(10)	(1)
Operating earnings before significant items[1]	118	116	2	2
Significant items[2]	(55)	–	(55)	NM
Operating earnings	63	116	(53)	(46)
Funds	612	637	(25)	(4)

	Operating earnings before significant items[1]		
	Year ended June 2015 NZ$M	Year ended June 2014 NZ$M	Change %
NZ Building Materials	81	71	14
Australian Building Materials	23	23	–
Roof Tile Group	14	22	(36)
Total	118	116	2

1 Operating earnings before significant items is a non-GAAP measure used by management to assess the performance of the business and has been derived from Fletcher Building Limited's group financial statements for the year ended 30 June 2015.

2 Details of significant items can be found in note 4 of the group's financial statements.

Light Building Products operating earnings before significant items were $118 million, an increase of 2% on the prior year.

A goodwill impairment charge of $30 million has been recognised in the Australian steel roll-forming business, and in the New Zealand insulation business goodwill has been impaired by $15 million. Other significant items of $10 million were incurred relating to the closures of the Christchurch glass wool insulation plant ($3 million), the Sydney insulated panels' plant ($6 million) and the sale of a small New Zealand based garage doors business ($1 million).

Gross revenue in New Zealand businesses grew 4% to $431 million. In Australia revenue remained stable and a 10% decline in revenue, principally in North America and Europe, was reported in the Roof Tile Group.

New Zealand Building Materials operating earnings before significant items increased by $10 million. Plasterboard volumes increased 7%; prices remained generally stable and earnings in the business increased by 6% on the prior year. Insulation operating earnings increased by 51% due to higher sales of foil and laminate products.

The aluminium windows and doors business recorded an 11% increase in volumes.

In the Australian Building Materials businesses, operating earnings before significant items were stable year-on-year. Roll-forming volumes were slightly ahead, however, higher overhead costs impacted adversely on overall earnings with a decrease of 25% on the prior year. Glass wool insulation volumes were 22% higher due to increased activity levels and market share increases, and earnings also benefited from restructuring initiatives.

Operating earnings in the Roof Tile Group fell by $8 million, primarily due to volume declines of 6% and 33% in the key markets of North America and Europe respectively. North America has suffered from increased competition in Southern States with negative margin impacts, and in Eastern Europe demand was adversely affected by both economic and political instability.

Laminates & Panels.

Laminex and Formica

	Year ended June 2015 NZ$M	Year ended June 2014 NZ$M	Change NZ$M	Change %
Gross revenue	1,828	1,731	97	6
External revenue	1,809	1,710	99	6
Operating earnings	129	124	5	4
Funds	1,965	1,702	263	15

	Operating earnings		
	Year ended June 2015 NZ$M	Year ended June 2014 NZ$M	Change %
Laminex NZ and Australia	81	61	33
Formica	48	63	(24)
Total	129	124	4

Operating earnings in Laminates & Panels were $129 million compared with $124 million in the prior year, with a 33% increase in Laminex offset by a decline in Formica earnings.

Gross revenues were up by 6% to $1,828 million compared with $1,731 million in the prior year.

Prices and margins varied by major market. In North America, Australia and New Zealand prices and margins improved due to a combination of initiatives to drive revenue and improve market share in addition to demand remaining firm. However, in the Chinese and European markets, prices and margins were generally flat or down; the result of strong competition and pressure on volumes. Improvements in manufacturing efficiencies at the division's key manufacturing facilities coupled with improving input costs such as oil and resins delivered improved performances.

In the Laminex businesses, gross revenue increased by 6% over the prior year. This was driven by continuing growth of certain product categories such as engineered stone and plywood along with initiatives to improve service and optimise pricing. Coupled with increased activity in the residential sector, revenues increased by 7% in Australia, and 3% in New Zealand.

Laminex's operating earnings were up 33% to $81 million with operational and manufacturing efficiencies contributing to improved margins.

Formica's gross revenue of $888 million was up by 5% on the prior year, due to the translation effects of the New Zealand dollar, and down 1% in local currencies. Operating earnings were $48 million, down by 24% on the prior year.

Revenue in North America, in domestic currency, was up by 1% on the prior year, in line with the increase in volumes. Earnings were $49 million, up 14% on the prior year, largely the result of continued improvements in operational performance.

Revenues in Europe were up by 1% from the prior year. Volumes decreased by 3% driven by a change in mix towards compact laminate. Market conditions varied significantly by region with revenue in domestic currencies in Germany, Spain and Scandinavia up by 20%, 19%, and 10% respectively while in central Europe and the United Kingdom, revenues were down by 8% and 2% respectively. Revenues in Russia fell by 8% due to the economic deterioration in the region. Operating earnings for Europe were down by $6 million on the prior year due to competitive pressures and changing product mix.

Revenues in Asia were up by 1% in domestic currencies for the region but varied significantly by country. In all key markets, except China, revenue in domestic currencies was up on the prior year: Thailand up 12%; Taiwan up 8%; Singapore and Hong Kong up 22% and 12% respectively. These performances were aided by market activity and the successful development of new products. Revenue in domestic currency was down by 12% in China as a result of weaker market conditions and strong competitor activity. Earnings in Asia were down by 34% to $19 million due to lower earnings in China, coupled with increased costs associated with operating the new plant in Jiujiang.

Corporate costs of $20 million increased $5 million on the prior year as a result of investment initiatives in sales and marketing effectiveness and better customer engagement across all regions. These investments are aimed at growing sustainable long-term improvements in revenue. Investment in IT during the year increased as the division invested further in developing its global digital capabilities.

Distribution New Zealand.

Building Supplies; Steel Distribution

	Year ended June 2015 NZ$M	Year ended June 2014 NZ$M	Change NZ$M	Change %
Gross revenue	1,757	1,650	107	6
External revenue	1,548	1,462	86	6
Operating earnings before significant items[1]	108	84	24	29
Significant items[2]	(18)	–	(18)	NM
Operating earnings	90	84	6	7
Funds	330	332	(2)	(1)

	Operating earnings before significant items[1]		
	Year ended June 2015 NZ$M	Year ended June 2014 NZ$M	Change %
Building Supplies	75	53	42
Steel Distribution	33	31	6
Total	108	84	29

1 Operating earnings before significant items is a non-GAAP measure used by management to assess the performance of the business and has been derived from Fletcher Building Limited's group financial statements for the year ended 30 June 2015.

2 Details of significant items can be found in note 4 of the group's financial statements.

Distribution New Zealand operating earnings before significant items for the year were $108 million, an increase of 29% on the prior year.

During the year $18 million of significant items were recognised, relating to restructuring costs and goodwill impairments in the Forman Distribution business.

Revenues of $1,757 million increased by $107 million, reflecting a 6% growth in Building Supplies and 9% in the Steel Distribution businesses. Revenue growth was driven by both existing and new customers in Building Supplies businesses and through organic growth in the Steel Distribution businesses, especially in Fletcher Reinforcing and Easysteel with increased volumes of 20% and 17% respectively.

During the year, PlaceMakers grew core categories such as timber, frame and truss, and concrete, as well as increasing penetration into the kitchen sector. Mico also achieved significant growth in own brand and private label sales. The improved operating earnings before significant items reflects the benefits from increased revenues, margin retention in the building supplies business, operational efficiencies and well-controlled operating costs. Synergies were also realised from combining the Steel Distribution businesses into Distribution New Zealand during the year.

PlaceMakers recorded 26% operating earnings growth year-on-year. Additionally, a highlight of the year was the successful turnaround of the Mico plumbing supplies business from a loss of $2 million in the prior year to a profit of $7 million (including property gains of $3 million). During the year, a colocation programme of Mico stores with PlaceMakers branches was implemented with six stores now colocated. The division's revenue and earnings growth was also achieved without growing the division's funds base, which was largely unchanged at $330 million at 30 June 2015.

Distribution Australia.

Tradelink

	Year ended June 2015 NZ$M	Year ended June 2014 NZ$M	Change NZ$M	Change %
Gross revenue	826	928	(102)	(11)
External revenue	825	927	(102)	(11)
Operating earnings before significant items[1]	18	17	1	6
Significant items[2]	–	(12)	12	NM
Operating earnings	18	5	13	NM
Funds	448	406	42	10

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

	Year ended June 2015 A$M	Year ended June 2014 A$M	Change A$M	Change %
Gross revenue	766	837	(71)	(8)
External revenue	765	836	(71)	(8)
Operating earnings before significant items[1]	17	15	2	13
Significant items[2]	–	(10)	10	NM
Operating earnings	17	5	12	NM
Funds	400	378	22	6

1 Operating earnings before significant items is a non-GAAP measure used by management to assess the performance of the business and has been derived from Fletcher Building Limited's group financial statements for the year ended 30 June 2015.

2 Details of significant items can be found in note 4 of the group's financial statements.

Distribution Australia operating earnings before significant items were $18 million, up 6% from $17 million in the prior year.

Revenue in domestic currency fell 8% on the prior year to A$766 million, primarily due to the sale of the Hudson Building Supplies business during the year.

Tradelink revenue, excluding Hudson Building Supplies, in domestic currency was A$732 million, up 3% on the prior year. This increase was a result of the successful turnaround programmes initiated in the previous year and improved residential building activity. The key pillars of the turnaround being: sales effectiveness, merchandising, pricing and supply chain effectiveness are now well established and set the platform for solid market share gain and consistent profitability. The business has also developed and tested a transformation to the customer value proposition focused on the largest segments of the Australian plumbing market, which will provide further opportunities for growth in future years.

Construction.

Construction; Housing

	Year ended June 2015 NZ$M	Year ended June 2014 NZ$M	Change NZ$M	Change %
Gross revenue	1,580	1,301	279	21
External revenue	1,537	1,277	260	20
Operating earnings before significant items[1]	140	106	34	32
Significant items[2]	(20)	–	(20)	NM
Operating earnings	120	106	14	13
Funds	157	141	16	11

	Operating earnings before significant items[1]		
	Year ended June 2015 NZ$M	Year ended June 2014 NZ$M	Change %
Construction	74	57	30
Housing	66	49	35
Total	140	106	32

1 Operating earnings before significant items is a non-GAAP measure used by management to assess the performance of the business and has been derived from Fletcher Building Limited's group financial statements for the year ended 30 June 2015.

2 Details of significant items can be found in note 4 of the group's financial statements.

The Construction division operating earnings were $120 million, a 13% increase on the prior year.

Significant items of $20 million relate to restructuring costs and goodwill impairment for the Forman Contracting business. Operating earnings before significant items were $140 million, a 32% increase on the prior year.

All business units in the division reported record revenue and operating earnings for the year.

Gross revenue for the year was $1,580 million, an increase of 21% on the prior year as a result of increased residential sales and commercial activity in New Zealand and the South Pacific. Construction gross revenue increased by 19% to $1,342 million. Gross revenue for Fletcher Living rose by 35% to $238 million.

During the year, contracts in New Zealand and the South Pacific worth over $1.4 billion were awarded. The total construction backlog, being work secured but yet to be constructed, is now $2.4 billion, up 32% on the prior year. Major projects won in the last year include MXH Kirkbride Alliance SH20A roading improvements in Auckland, Auckland International Airport terminal and the new National Biocontainment Lab in Wellington.

As project manager for the Canterbury Home Repair Programme since October 2010, over 65,000 homes have been repaired. A contract beyond the initial contract expiry date of April 2015 has been agreed with EQC, which provides for up to 12 months of further repair work to be carried out.

The strong Auckland residential housing market supported sales volumes and prices. Continued investment in securing land holdings will enable development of over 1,800 homes, and further sites across Auckland are being developed to allow increased volumes. In Christchurch, either agreement has been reached or Fletcher Living is the preferred partner with the Crown, to build over 1,200 residential properties in central Christchurch on the Awatea, Colombo and Welles sites and in the East and North Frame Residential Precinct development.

Group cash flow.

	Year ended June 2015 NZ$M	Year ended June 2014 NZ$M	Change NZ$M
Operating earnings before significant items[1]	**653**	**624**	**29**
Depreciation and amortisation	201	203	(2)
Less cash tax paid	(72)	(73)	1
Less interest paid	(124)	(131)	7
Provisions, significant items and other	(42)	(44)	2
Results from operations before working capital movements	**616**	**579**	**37**
Land and developments	(58)	(28)	(30)
Other working capital movements	17	(62)	79
Cash flows from operating activities	**575**	**489**	**86**

1 Operating earnings before significant items is a non-GAAP measure used by management to assess the performance of the business and has been derived from Fletcher Building Limited's group financial statements for the year ended 30 June 2015.

Detailed disclosure of the above line items is included in Fletcher Building Limited's group financial statements which have been included in this annual report.

Cash flows from operating activities of $575 million were $86 million, or 18%, higher than the prior year, while cash flows from operations before working capital movements were $616 million, up from $579 million. The improvement in working capital was partially offset by the $58 million cash impact of further residential land acquisitions in Auckland for future development.

Capital expenditure

	Year ended June 2015 NZ$M	Year ended June 2014 NZ$M	Change NZ$M
Capital expenditure	278	260	18

The group defines capital expenditure as "additions to the balance sheet of property, plant and equipment and intangible assets, excluding the initial impacts of the acquisitions of companies or businesses".

Capital expenditure was $278 million, compared with $260 million in the prior year. Of this total, $173 million was for stay-in-business capital projects, including $23 million on IT projects, and $105 million related to new growth initiatives.

Funding.

Total available funding as at 30 June 2015 was $2,483 million. Of this, approximately $614 million was undrawn and there was an additional $228 million of cash on hand. Drawn debt facilities maturing within the next 12 months total $246 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 30 June 2015 was 31.8% compared with 32.3% at 30 June 2014. This is within the target range of 30–40%.

The group's leverage[2] at 30 June 2015 was 2.02 times compared with 1.99 times at 30 June 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 47% Australian dollar; 32% New Zealand dollar; 12% US dollar; and 9% spread over various other currencies.

Approximately 56% of all borrowings have fixed interest rates with an average duration of 3.0 years and a rate of 6.47%. Inclusive of floating rate borrowings, the average interest rate on the debt is approximately 5.5%.

Interest coverage[3] for the year was 5.1 times compared with 4.8 times in the previous year.

Dividend.

The 2015 final dividend is 19 cents per share. The increase is in line with underlying earnings performance. In line with the group's tax crediting policy announced in 2011, the final dividend will be fully imputed with New Zealand tax credits and unfranked for Australian tax purposes. The imputed amount per share on the dividend is 7.3889 cents.

As a fully imputed dividend, a supplementary dividend is payable to non-New Zealand non-portfolio shareholders and has the effect of removing or reducing the cost of New Zealand non-resident withholding tax (NRWT). For most Australian resident shareholders receiving a supplementary dividend, the after tax return of the fully imputed dividend is equivalent to receiving a 41% franked dividend.

The dividend will be paid on 14 October 2015 to holders registered as at 5.00 pm Friday 25 September 2015 (NZT). The shares will be quoted on an ex-dividend basis from 23 September 2015 on the NZX and ASX.

The interim dividend of 18 cents per share was paid on 15 April 2015.

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. There will be no discount to the price applied to ordinary shares issued. 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 Monday 28 September 2015. 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 23 September 2015. The new shares will rank equally with existing shares and will be issued on the dividend payment date of 14 October 2015.

Dividend Policy

Fletcher Building seeks to maintain dividends through economic cycles and to progressively grow the dividend over the medium term. The target dividend pay-out ratio, in the range of 50% to 75% of net earnings, is intended to provide sufficient flexibility for dividends to be maintained despite variations in economic conditions. Maintenance of a dividend in this range will be subject to there being no material adverse change in circumstances or outlook. In determining 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.

Fletcher Building's policy on franking and imputation is to frank with Australian tax credits, or alternatively impute with New Zealand tax credits, to the extent that there are sufficient franking or imputation credits available for distribution.

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

Trend statement.

	June 2015	June 2014	June 2013	June 2012	June 2011	June 2010	June 2009	June 2008	June 2007	June 2006
Notes				3	2			1		
	NZ$M	NZ$M	NZ$M	NZ$M	NZ$M	NZ$M	NZ$M	NZ$M	NZ$M	NZ$M
Financial performance										
Revenue	**8,661**	8,401	8,517	8,839	7,416	6,799	7,103	7,091	5,926	5,520
Earnings before interest and taxation (EBIT)	**503**	592	569	403	492	521	159	768	703	675
Net earnings	**270**	339	326	185	283	272	(46)	467	484	379
Cash flow from operations	**575**	489	559	448	402	522	533	434	483	560
Earnings per share – basic (cents per share)	**39.2**	49.3	47.6	27.2	45.0	44.9	(8.7)	93.2	101.9	81.3
Dividends for the period (cents per share)	**37.0**	36.0	34.0	34.0	33.0	29.0	38.0	48.5	45.0	40.0
Balance sheet										
Current assets	**3,272**	2,958	2,868	3,112	3,104	2,317	2,255	2,549	2,074	1,699
Non-current assets	**4,229**	3,983	4,257	4,367	4,388	3,397	3,550	3,686	2,359	2,400
Total assets	**7,501**	6,941	7,125	7,479	7,492	5,714	5,805	6,235	4,433	4,099
Current liabilities	**1,947**	1,596	1,557	1,936	1,700	1,384	1,313	1,436	1,187	1,207
Non-current liabilities	**1,844**	1,891	2,014	2,091	2,092	1,307	1,508	2,043	950	1,092
Total liabilities	**3,791**	3,487	3,571	4,027	3,792	2,691	2,821	3,479	2,137	2,299
Capital	**2,633**	2,624	2,606	2,582	2,553	1,912	1,895	1,364	1,325	970
Reserves	**1,050**	795	913	838	1,113	1,077	1,057	1,351	926	786
Minority equity	**27**	35	35	32	34	34	32	41	45	44
Total equity	**3,710**	3,454	3,554	3,452	3,700	3,023	2,984	2,756	2,296	1,800
Total liabilities and equity	**7,501**	6,941	7,125	7,479	7,492	5,714	5,805	6,235	4,433	4,099
Other financial data										
Return on average funds (%) [4]	**9.6**	11.7	10.8	7.4	10.6	12.7	3.4	19.0	24.8	26.1
Return on average equity (%) [5]	**7.7**	9.9	9.4	5.2	8.2	9.1	(1.6)	19.0	26.0	24.6
Gearing (%) [6]	**31.8**	32.3	33.5	37.4	34.3	26.8	31.1	40.1	22.2	37.1
Net tangible assets per share ($)	**2.88**	2.60	2.61	2.65	2.71	2.90	2.80	2.90	3.25	2.47
Market capitalisation (NZ$M)	**5,593**	6,060	5,784	4,009	5,850	4,763	3,967	3,197	6,166	4,296
Total shareholders' return (%) [7]	**(3)**	9	51	(27)	14	24	14	(43)	42	40

1 The Formica Corporation group was acquired on 2 July 2007.
2 The Crane group was acquired with an effective acquisition date of 28 March 2011.
3 The June 2012 balance sheet has been restated following revisions to IAS 19 Employee Benefits adopted by the group.
4 EBIT to average funds (net debt and equity less deferred tax asset).
5 Net earnings to average shareholders' funds.
6 Net debt (borrowings less cash and deposits) to net debt and equity.
7 Share price movement in year and gross dividend received, to opening share price.

Independent auditor's report.

EY

Building a better working world

Chartered Accountants

Independent auditor's report

To the Shareholders of Fletcher Building Limited

Report on the Financial Statements

We have audited the group financial statements of Fletcher Building Limited and its subsidiaries ("the Group") on pages 15 to 51, which comprise the balance sheet of the Group as at 30 June 2015, and the statement of comprehensive income, income statement, statement of changes in equity and statement of cash flows for the year then ended of the Group, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the company's shareholders, as a body, in accordance with section 461G(1) of the Financial Markets Conduct Act 2013. Our audit has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with generally accepted accounting practice in New Zealand, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). These auditing standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we have considered the internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

We have provided other services to the Group in relation to taxation and other assurance services. We have no other relationship, or interest in, the Group.

Partners and employees of our firm may deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group.

Opinion

In our opinion, the financial statements on pages 15 to 51:

- comply with generally accepted accounting practice in New Zealand;
- comply with International Financial Reporting Standards; and
- present fairly, in all material respects, the financial position of the Group as at 30 June 2015 and the financial performance and cash flows of the Group for the year then ended.

Ernst + Young

19 August 2015
Auckland

Financial statements.

2015

For the year ended 30 June 2015

Fletcher Building Group	Notes	Year ended June 2015 NZ$M	Year ended June 2014 NZ$M
Revenue		**8,661**	8,401
Cost of goods sold		**(6,553)**	(6,294)
Gross margin		**2,108**	2,107
Selling and marketing expenses		**(880)**	(929)
Administration expenses		**(606)**	(563)
Share of profits of associates and joint ventures	19	**23**	24
Other investment income			1
Other gains and losses	3	**8**	(16)
Significant items	4	**(150)**	(32)
Earnings before interest and taxation (EBIT)		**503**	592
Funding costs	5	**(127)**	(130)
Earnings before taxation		**376**	462
Taxation expense	6	**(96)**	(111)
Earnings after taxation		**280**	351
Earnings attributable to non-controlling interests		**(10)**	(12)
Net earnings attributable to the shareholders		**270**	339
Net earnings per share (cents)	8		
Basic		**39.2**	49.3
Diluted		**39.1**	49.2
Weighted average number of shares outstanding (millions of shares)	8		
Basic		**688**	687
Diluted		**703**	714
Dividends declared per share (cents)		**37.0**	36.0

On behalf of the Board, 19 August 2015

Sir Ralph Norris
Chairman

Mark Adamson
Managing Director

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

Statement of comprehensive income

For the year ended 30 June 2015

Fletcher Building Group	Year ended June 2015 NZ$M	Year ended June 2014 NZ$M
Net earnings – parent interest	**270**	339
Net earnings – non-controlling interests	**10**	12
Net earnings	**280**	351
Other comprehensive income		
Items that do not subsequently get reclassified to profit or loss:		
Movement in pension reserve		9
		9
Items that may be reclassified subsequently to profit or loss:		
Movement in cash flow hedge reserve	**12**	9
Movement in currency translation reserve	**217**	(245)
	229	(236)
Other comprehensive income	**229**	(227)
Total comprehensive income for the year	**509**	124

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

Statement of movements in equity

For the year ended 30 June 2015

Fletcher Building Group	Notes	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 2013		2,606	1,078	1	(31)	(55)	(80)	3,519	35	3,554
Total comprehensive income for the year			339		9	(245)	9	112	12	124
Movement in non-controlling interests	11								(12)	(12)
Issue of shares	10	17						17		17
Dividends paid to shareholders of the parent	9		(240)					(240)		(240)
Movement in share-based payments reserve				10				10		10
Movement in treasury stock	10	1						1		1
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	11								(18)	**(18)**
Issue of shares	10	8						8		**8**
Dividends paid to shareholders of the parent	9		(248)					(248)		**(248)**
Movement in share-based payments reserve				4				4		**4**
Movement in treasury stock	10	1						1		**1**
Total equity at 30 June 2015		**2,633**	**1,199**	**15**	**(10)**	**(83)**	**(71)**	**3,683**	**27**	**3,710**

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

Balance sheet

As at 30 June 2015

Fletcher Building Group	Notes	June 2015 NZ$M	June 2014 NZ$M
Assets			
Current assets:			
Cash and deposits	12	**228**	134
Current tax assets	23	**23**	55
Derivatives	25	**6**	6
Debtors	13	**1,509**	1,401
Inventories	14	**1,506**	1,362
Total current assets		**3,272**	2,958
Non-current assets:			
Property, plant and equipment	15	**2,222**	2,093
Goodwill	16	**1,131**	1,122
Intangible assets	17	**568**	507
Investments in associates and joint ventures	19	**98**	133
Other investments	18	**70**	62
Derivatives	25	**107**	41
Deferred tax assets	23	**33**	25
Total non-current assets		**4,229**	3,983
Total assets		**7,501**	6,941
Liabilities			
Current liabilities:			
Creditors and accruals	20	**1,315**	1,231
Provisions	21	**100**	57
Current tax liabilities	23	**28**	22
Derivatives	25	**8**	18
Construction contracts	22	**156**	130
Borrowings	24	**340**	138
Total current liabilities		**1,947**	1,596
Non-current liabilities:			
Creditors and accruals	20	**40**	66
Provisions	21	**16**	14
Retirement plan liabilities	31	**71**	79
Deferred tax liabilities	23	**58**	50
Derivatives	25	**45**	38
Borrowings	24	**1,614**	1,644
Total non-current liabilities		**1,844**	1,891
Total liabilities		**3,791**	3,487
Equity			
Capital	10	**2,633**	2,624
Reserves		**1,050**	795
Shareholders' funds		**3,683**	3,419
Non-controlling interests	11	**27**	35
Total equity		**3,710**	3,454
Total liabilities and equity		**7,501**	6,941

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

Statement of cash flows

For the year ended 30 June 2015

Fletcher Building Group	Year ended June 2015 NZ$M	Year ended June 2014 NZ$M
Cash flow from operating activities		
Receipts from customers	**8,635**	8,323
Dividends received	**19**	12
Total received	**8,654**	8,335
Payments to suppliers, employees and others	**7,883**	7,642
Interest paid	**124**	131
Income tax paid	**72**	73
Total applied	**8,079**	7,846
Net cash from operating activities	**575**	489
Cash flow from investing activities		
Sale of property, plant and equipment	**46**	13
Sale of investments	**1**	1
Sale of subsidiaries/businesses	**21**	21
Total received	**68**	35
Purchase of property, plant and equipment	**278**	260
Purchase of subsidiaries/businesses	**4**	4
Total applied	**282**	264
Net cash from investing activities	**(214)**	(229)
Cash flow from financing activities		
Net debt drawdown		25
Issue of capital notes		13
Total received		38
Net debt repayment	**11**	
Repurchase of capital notes	**10**	43
Distribution to non-controlling interests	**16**	14
Dividends	**240**	224
Total applied	**277**	281
Net cash from financing activities	**(277)**	(243)
Net movement in cash held	**84**	17
Add opening cash deposits	**134**	123
Effect of exchange rate changes on net cash	**10**	(6)
Closing cash and liquid deposits	**228**	134

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

Reconciliation of net earnings to net cash from operating activities

For the year ended 30 June 2015

Fletcher Building Group	Year ended June 2015 NZ$M	Year ended June 2014 NZ$M
Cash was received from:		
Net earnings	**270**	339
Earnings attributable to non-controlling interests	**10**	12
	280	351
Adjustment for items not involving cash:		
Depreciation, depletions, and amortisation	**201**	203
Significant items	**126**	22
Provisions and other adjustments	**4**	(34)
Taxation	**24**	38
Gain on disposal of businesses and property, plant and equipment	**(19)**	(1)
Non-cash adjustments	**336**	228
Cash flow from operations before net working capital movements	**616**	579
Net working capital movements	**(41)**	(90)
Net cash from operating activities	**575**	489
Net working capital movements		
Debtors	**(47)**	(108)
Inventories	**(1)**	(76)
Land and developments	**(58)**	(28)
Contracts	**21**	32
Creditors	**44**	90
	(41)	(90)

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

General information

The financial statements presented are those of Fletcher Building Limited (the company) and its subsidiaries (the group). The group is primarily involved in the manufacturing and distribution of building materials and residential and commercial construction.

Fletcher Building Limited is a company domiciled in New Zealand. The registered office of the company is 810 Great South Road, Penrose, Auckland.

The company is registered under the Companies Act 1993 and is a Financial Markets Conduct Act 2013 reporting entity in terms of the Financial Reporting Act 2013. The group is a profit-oriented entity.

Basis of presentation

These 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 also comply with International Financial Reporting Standards.

These financial statements are presented in New Zealand dollars ($), which is the group's functional and presentation currency and rounded to the nearest million unless otherwise stated.

The financial statements comprise the income statement, statement of comprehensive income, statement of movements in equity, balance sheet, statement of cash flows, and significant accounting policies, as well as the notes to these financial statements.

Accounting convention

The financial statements are based on the general principles of historical cost accounting, except that financial assets and liabilities, as described below are stated at their fair value.

The accounting policies have been applied consistently by all group entities throughout all periods presented, except as disclosed in note 1, changes in accounting policies.

Segmental reporting

Segmental information is presented in respect of the group's industry and geographical segments. The use of industry segments as the primary format is based on the group's management and internal reporting structure, which recognises groups of assets and operations with similar risks and returns. Inter-segment pricing is determined on an arm's length basis.

Critical accounting estimates and judgements

The preparation of financial statements in conformity with NZ IFRS requires the directors to make estimates and judgements that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis.

The estimates and judgements that are critical to the determination of the amounts reported in the financial statements relate to the following:

Revenue from construction contracts
The construction contract accounting policy below requires estimates to be made of the outcome under each contract, which requires assessments and judgements to be made on a range of factors, such as: recovery of pre-contract costs, changes in the scope of work, contract programmes, maintenance and defects liabilities, and changes in costs.

Intangible assets
Assessing the carrying value of goodwill and indefinite life brands requires management to estimate future cash flows to be generated by the related cash-generating unit or brand. The key assumptions used in the value-in-use models include the expected rate of growth of revenues and earnings, the terminal growth rate and the appropriate discount rate to apply. Refer to notes 16 and 17 for further details.

Deferred tax assets
Estimates are required relating to the availability and utilisation of losses to be carried forward (refer to note 23 for further details).

Retirement plan assets and liabilities
Principal assumptions made in the actuarial calculation of the defined benefit obligation relate to the discount rate, rate of salary inflation and life expectancy (refer to note 31 for further details).

Provisions and contingent liabilities
Management consults with legal counsel on matters related to litigation, with respect to matters in the ordinary course of business. In respect of all claims and litigation, the group provides for anticipated costs in line with the accounting policy stated below. Refer to note 21 and note 28 for further details.

Fair value of derivatives
The valuation of derivatives is determined in accordance with the accounting policy stated below and as discussed in note 25(g).

Basis of consolidation

The consolidated financial statements comprise the company and its subsidiaries and the group's interest in associates, partnerships and joint arrangements. Intercompany transactions are eliminated in preparing the consolidated financial statements.

Subsidiaries

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are included in the consolidated financial statements using the acquisition method of consolidation, from the date control commences until the date control ceases.

Non-controlling interests are allocated their share of profit for the year in the income statement and are presented separately within equity in the balance sheet. The effect of all transactions with non-controlling interests that change the group's ownership interest but do not result in a change in control are recorded in equity.

Associates

The equity method has been used for associate entities over which the group has significant influence but not control.

Goodwill on acquisition

Fair values are assigned to the identifiable assets and liabilities of subsidiaries and associates of the group at the date they are acquired. Goodwill arises to the extent of the excess of the cost of the acquisition over the fair value of the assets and liabilities.

Goodwill is stated at cost, less any impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment. Goodwill in respect of associates is included in the carrying amount of associates. Any discount on acquisition is recognised directly in earnings.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangibles are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with indefinite useful lives are not amortised but are tested for impairment annually, either individually or at the cash-generating unit level. Definite lived intangible assets are amortised on a straight-line basis.

Joint arrangements

A joint arrangement is an arrangement where two or more parties have joint control. The group classifies its joint arrangements as either joint operations or joint ventures depending on the legal, contractual and other rights and obligations.

Where the interest in the joint arrangement is in the net residual value of the business, the arrangement is a joint venture. Joint ventures are accounted for using the equity method. Under the equity method of accounting investments in joint ventures are initially recognised at cost. Subsequent to initial recognition, the consolidated financial statements include the group's share of profit or loss and other comprehensive income of equity accounted investees.

Where the group has rights to the assets and obligations for the liabilities of the joint arrangement, this is a joint operation. The group recognises its share of assets, liabilities, revenue and expenses of each joint operation.

Valuation of assets

Property, plant and equipment

The cost of purchasing land, buildings, plant and machinery, fixtures and equipment is the value of the consideration given to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to the location and the condition necessary for their intended service, including subsequent expenditure.

The costs of self-constructed assets include, where appropriate, the costs of all materials used in construction, direct labour on the project, site preparation and installation costs, costs of obtaining resource consents, financing costs attributable to the project, variable and fixed overheads and unrecovered operating costs incurred during planned commissioning. Costs cease to be capitalised as soon as the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management. All feasibility costs are expensed as incurred.

Leases in which the group assumes substantially all the risks and rewards of ownership are classified as finance leases and are measured at the lower of their fair value or the present value of the minimum lease payments at the inception of the lease.

Land, buildings, plant and machinery, finance leased assets and fixtures and equipment are stated at cost, less accumulated depreciation.

Site development costs incurred in order to commence extraction are capitalised as resource extraction assets. Resource extraction assets are held at historic cost and depleted over the shorter of the life of the site or right to use period.

Other investments

Other investments are valued at historical cost. Impairments in the value of investments are written off to earnings as they arise.

Inventories

Inventories are valued at the lower of cost or net realisable value, determined principally on the first-in, first-out basis. Cost includes direct manufacturing costs and manufacturing overheads at normal operating levels. Land and developments are stated at the lower of cost and net realisable value. Cost includes the cost of acquisition and development. Costs incurred after completion of development are expensed as incurred.

Debtors

Debtors are valued at estimated net realisable value. The valuation is net of a specific provision maintained for doubtful debts. All known losses are written off to earnings in the period in which it becomes apparent that the debts are not collectable. Trade debtors normally have 30 to 90 day terms.

Construction work in progress

Construction work in progress is stated at cost plus profit recognised to date, less progress billings and any provision for foreseeable losses. Cost includes all expenditure directly related to specific projects and an allocation of fixed and variable overheads incurred in the group's contract activities based on normal operating capacity.

Cash and deposits

Cash and deposits comprise cash and demand deposits with banks or other financial institutions and highly liquid investments that are readily convertible to cash.

Impairment

Impairment is deemed to occur when the recoverable amount of an asset falls below its carrying value. The recoverable amount is determined to be the greater of the fair value, less disposal costs or the sum of expected future discounted net cash flows arising from the ownership of the asset. Future net cash flows take into account the remaining useful life and the expected period of continued ownership, including any intended disposals, and any costs or proceeds expected to eventuate at the end of the remaining useful life or the end of the expected period of continued ownership.

For the purposes of considering whether there has been an impairment, assets are grouped at the lowest level for which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. When the book value of a group of assets exceeds the recoverable amount, an impairment loss arises and is recognised in earnings immediately.

Goodwill and brands with an indefinite life are tested for impairment annually and when an indication of impairment exists. Other assets are tested for impairment when an indication of impairment exists.

Brands

Brands for which all relevant factors indicate that there is no limit to the foreseeable net cash flows are considered to have an indefinite useful life and are held at cost and are not amortised but are subject to an annual impairment test.

Retirement plans

The group's plan assets and liabilities in respect of individual retirement plans are calculated separately for each plan by an independent actuary, as being the fair value of the plan's assets less the present value of the future obligations to the members. The value of the asset recognised cannot exceed the present value of any future refunds from the plans or reductions in future contributions to the plans, unless a constructive right to a refund of the surplus exists, in which case the amount to be refunded is recognised as an asset. In the group's balance sheet, plans that are in a surplus position are not offset with plans that are in a liability position.

Foreign currency

Translation of the financial statements of foreign operations

The assets and liabilities of the group's overseas operations are translated into New Zealand currency at the rates of exchange ruling at balance date. The revenue and expenditure of these entities are translated using an average exchange rate reflecting an approximation of the appropriate transaction rates. Exchange variations arising on the translation of these entities and other currency instruments designated as hedges of such investments are recognised directly in the currency translation reserve. The cumulative exchange variations would be reclassified subsequently to earnings if the overseas operation to which the reserve relates were to be sold or otherwise disposed of.

Foreign currency transactions

Transactions in foreign currencies are translated at exchange rates at the date of the transactions.

Monetary assets and liabilities in foreign currencies at balance date are translated at the rates of exchange ruling at balance date.

Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in earnings, except where deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Non-monetary assets and liabilities in foreign currencies are translated at the exchange rates in effect when the amounts of these assets and liabilities were determined.

Financial Instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise borrowings, trade and other payables, cash and cash equivalents, and trade and other receivables.

Non-derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

Derivative financial instruments

Derivative financial instruments, including foreign exchange contracts, interest rate swaps, currency swaps, options, forward rate agreements and commodity price swaps are utilised to reduce exposure to market risks.

Group policy specifically prohibits the use of derivative financial instruments for trading or speculative purposes. All the group's derivative financial instruments are held to hedge risk on underlying assets, liabilities and forecast and committed trading transactions.

The fair values of derivative financial instruments are determined by applying quoted market prices, where available, or by using inputs that are observable for the asset or liability. Further information is included in note 25(g).

The group holds derivative instruments until expiry except where the underlying rationale from a risk management point of view changes, such as when the underlying asset or liability which the instrument hedges no longer exists, in which case early termination occurs.

Derivative financial instruments are initially recorded at fair value and are then revalued to fair value at balance date. The gain or loss on revaluation is recorded either in earnings or equity depending on whether the instruments qualify for hedge accounting and the nature of the item being hedged. For a derivative instrument to be classified and accounted for as a hedge, it must be highly correlated with, and effective as a hedge of the underlying risk being managed. This relationship must be documented from inception.

Fair value hedges

Where a derivative financial instrument is designated as a hedge of a recognised asset or liability, or of a firm commitment, any gain or loss is recognised directly in earnings, together with any changes in the fair value of the hedged risk.

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of assets or liabilities, or of a highly probable forecasted transaction, the effective part of any gain or loss is recognised directly in the cash flow hedge reserve within equity and the ineffective part is recognised immediately in earnings. The effective portion is transferred to earnings when the underlying cash flows affect earnings.

Net investment hedges

Where the derivative financial instruments are designated as a hedge of a net investment in a foreign operation, the derivative financial instruments are accounted for on the same basis as cash flow hedges through the currency translation reserve within equity.

Derivatives that do not qualify for hedge accounting

Where a derivative financial instrument does not qualify for hedge accounting, or where hedge accounting has not been elected, any gain or loss is recognised directly in earnings.

Valuation of liabilities

Taxation

The provision for current tax is the estimated amount due for payment during the next 12 months by the group. The provision for deferred tax has been calculated using the balance sheet liability method. Deferred tax is recognised on the temporary difference between the carrying amount of assets and liabilities and their taxable value except for when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are not recognised on temporary differences and tax losses unless recovery is considered probable.

Finance leases

Finance leases are capitalised to reflect the borrowings incurred and the cost of the asset acquired. Such obligations are classified within borrowings. The finance cost portion of lease payments is expensed to earnings over the lease period. The leased asset is depreciated on a straight-line basis over the estimated useful life of the asset with regard to residual values.

Borrowings

Interest bearing borrowings are initially recognised at fair value on transaction date, less directly attributable transaction costs, and subsequently measured at amortised cost using the effective interest rate method.

Creditors

Trade creditors and other liabilities are stated at cost or estimated liability where accrued.

Annual leave

Annual leave is recognised on an accrual basis.

Long service leave

The liability for long service leave is recognised in the employee entitlements liability and is measured as the present value of expected future payments to be made in respect of services provided by employees. Consideration is given to expected future wage and salary levels, experience of employee turnover and periods of service.

Provisions

A provision is recognised when the group has a current obligation and it is probable that an economic benefit will be required to settle it.

Equity

Share capital

Ordinary shares are classified as shareholders' funds. Costs directly attributable to the issue of new shares or options are shown in shareholders' funds as a reduction from the proceeds.

Dividends are recognised as a liability in the period in which they are declared.

Where a member of the group purchases the company's share capital, the consideration paid is deducted from equity under the treasury stock method as if the shares were cancelled, until they are reissued or otherwise disposed of.

Income determination

Revenue recognition

Revenue is recognised in accordance with the terms of sale when the benefits of ownership and risk of loss passes to the customer.

Construction contracts

Earnings on construction contracts (including sub-contracts) are determined using the percentage-of-completion method. Earnings are not recognised until the outcome can be reliably estimated. The company uses its professional judgement to assess both the physical completion and the forecast financial result of the contract. Provision is made for estimated future losses on the entire contract from the date it is first recognised that a contract loss may be incurred.

Investment revenue

Dividends and distributions are taken to earnings when received and are accrued where declared prior to balance date.

Significant items

Transactions are classified as significant items when they meet certain criteria approved by the group's Audit and Risk Committee. Significant items are determined in accordance with the principles of consistency, relevance and clarity. Transactions considered for classification as significant items include acquisition and disposal costs; impairment or reversal of impairment of assets; business integration; and transactions or events outside of the group's ongoing operations that have a significant impact on reported profit.

Depreciation and amortisation

Depreciation of property, plant and equipment and amortisation of definite lived intangible assets are calculated on the straight-line method. Expected useful lives, which are regularly reviewed on a weighted average basis are:

Buildings	30 years
Plant and machinery	13 years
Fixtures and equipment	5 years
Leased assets capitalised	10 years
Intangible assets	5 to 10 years

Leasing commitments

Expenditure arising from operating leasing commitments is written off to earnings in the period in which it is incurred.

Funding costs

Net funding costs comprise interest expense, interest income, amortisation of prepaid expenses and gains/losses on certain financial instruments that are recognised in earnings.

Retirement plan expense

Obligations for contributions to defined contribution plans are recognised in earnings as incurred. The actuarial cost of providing benefits under defined benefit plans is expensed as it accrues over the service life of the employees, after taking account of the income expected to be earned by the assets owned by the plans.

All retirement plan related actuarial gains or losses are recognised in other comprehensive income in the pension reserve in the year in which they arise.

Research and development

Expenditure on research activities is recognised in earnings as incurred. Significant development expenditure is recognised as an asset if certain criteria, relating to technical feasibility and future economic benefits, are met. All other development expenditure is recognised in the income statement as incurred.

Executive share scheme

The group has a long-term share-based performance incentive scheme targeted at certain group executives most able to influence the results of the group.

The executive long-term share scheme introduced in 2008 allows group executives to acquire shares in the company at market price, funded by an interest-free loan from the group. The executives are entitled to vote on the shares and to receive cash dividends, the proceeds of which are used to reduce the loan. The shares are held in trust for the executives by the Trustee, Fletcher Building Share Schemes Limited. Payment of half of any entitlement under the executive long-term share scheme is dependent upon the group's total shareholder return exceeding the 51st percentile of the total shareholder return of a comparative group of companies over a three year restricted period.

Payment of the other half of any entitlement is dependent upon the group achieving an earnings per share target. Additionally, in respect of the entitlement which is dependent on total shareholders' return, the three year restrictive period is automatically extended for up to one year if total shareholders' return is less than the 51st percentile. Executives can elect to extend the restrictive period for up to one year if total shareholders return is between the 51st and 75th percentile. No extension is permitted for the entitlement which is dependent upon achieving an earnings per share target.

At the end of the restrictive period or any extension, the group will pay a bonus to the executives to the extent that performance targets have been met, the after-tax amount of which will be generally sufficient for the executives to repay the balance of the loan in respect of the shares that are to be transferred. Due to the integrated nature of the scheme, for accounting purposes the group accounts for the incentive scheme as being equity-settled.

If the performance obligations are not met or are only partially met, the trustee will acquire the beneficial interest in some or all of the shares. The loan provided in respect of those shares that do not transfer to the executives (the forfeited shares) will be novated to the trustee and will be fully repaid by the transfer of the forfeited shares.

The group will recognise an expense in earnings, with a corresponding increase in the share-based payments reserve, over the restrictive period. If the performance targets based on total shareholder return are not met and the shares do not transfer to the executives, the amount in the share-based payments reserve will remain in equity and will not be released to earnings. If the performance targets based on earnings per share are not met and the shares do not transfer, the amount in the share-based payments reserve will be released to earnings.

The group accounts for the share schemes under the treasury stock method. The receivable owing from the executives, representing the shares held in the company, is deducted from the group's paid up capital. The shares are deducted from equity until the end of the restrictive period, at which point they transfer to the executive or novate to the Trustee.

Employee share purchase scheme – FBuShare

The global employee share purchase scheme, FBuShare, allows eligible group employees to regularly save up to NZ$5,000 per annum of their after-tax pay and purchase shares in the company (purchased shares) at market prices. At the end of rolling three year qualification periods, and provided they remain employed by a group company, employees will be awarded one free award share for every two purchased shares acquired in the first year of each three year qualification period and still held at the end of those periods.

Dividends payable will be reinvested in additional shares. Employees will receive award shares on any additional shares, subject to the same conditions set out above. The employees are responsible for any income tax liability payable on dividends and on the value of any award shares.

At the end of each three year qualification period, employees may continue to hold any purchased, additional and award shares or they may sell some or all of the shares.

The group accrues the liability to pay for award shares over the three year qualification periods.

1 Changes in accounting policies

The following sets out the new accounting standards and amendments to standards that were applicable to the group from 1 July 2014.

IAS 32 *Financial Instruments: Presentation (amendment)* clarifies the meaning 'legally enforceable right to set-off' and the criteria for certain financial instruments to qualify for offsetting and is applied retrospectively. This has not affected the measurement of any items recognised in the balance sheet or the income statement in the current year, however certain disclosures have been removed.

There has been no material impact of any relevant standards adopted in the year to 30 June 2015, however certain comparatives have been restated to conform with the current year's presentation.

A number of new standards, amendments and interpretations have been issued by the International Accounting Standards Board and the External Reporting Board in New Zealand that are not yet effective and have not been early adopted by the group. Those which may be relevant to the group are set out below:

NZ IFRS 9 *Financial Instruments* addresses the classification, measurement and recognition of financial assets and financial liabilities. It will eventually replace NZ IAS 39 *Financial Instruments – Recognition and Measurement* and is required to be adopted by the group in the financial statements for the year ending 30 June 2019.

NZ IFRS 15 *Revenue from Contracts with Customers* was issued on 28 May 2014 and addresses recognition and measurement of revenue. It is required to be adopted by the group in the financial statements for the year ending 30 June 2018.

The group has not applied these new standards in preparing these financial statements and is assessing the impact on the group's results.

2 Segmental information

Industry segments	**Year ended June 2015 NZ$M Gross revenue**	Year ended June 2014 NZ$M Gross revenue	**Year ended June 2015 NZ$M External revenue**	Year ended June 2014 NZ$M External revenue
Heavy Building Products	**2,144**	2,274	**1,782**	1,859
Light Building Products	**1,306**	1,312	**1,156**	1,166
Laminates & Panels	**1,828**	1,731	**1,809**	1,710
Distribution New Zealand	**1,757**	1,650	**1,548**	1,462
Distribution Australia	**826**	928	**825**	927
Construction	**1,580**	1,301	**1,537**	1,277
Other	**5**	7	**4**	
Group	**9,446**	9,203	**8,661**	8,401
less intercompany revenue	**(785)**	(802)		
Group external revenue	**8,661**	8,401	**8,661**	8,401

	EBIT before significant items	EBIT before significant items	**Significant items in EBIT (note 4)**	Significant items in EBIT (note 4)
Heavy Building Products	**177**	214	**(57)**	(20)
Light Building Products	**118**	116	**(55)**	
Laminates & Panels	**129**	124		
Distribution New Zealand	**108**	84	**(18)**	
Distribution Australia	**18**	17		(12)
Construction	**140**	106	**(20)**	
Other	**(37)**	(37)		
Group	**653**	624	**(150)**	(32)
Significant items	**(150)**	(32)		
Earnings before interest and taxation (EBIT) per income statement	**503**	592		

Industry segments	Year ended June 2015 NZ$M Depreciation, depletion and amortisation expense	Year ended June 2014 NZ$M Depreciation, depletion and amortisation expense	Year ended June 2015 NZ$M Capital expenditure	Year ended June 2014 NZ$M Capital expenditure
Heavy Building Products	**84**	85	**79**	64
Light Building Products	**28**	30	**29**	27
Laminates & Panels	**55**	53	**71**	115
Distribution New Zealand	**14**	16	**24**	17
Distribution Australia	**7**	8	**25**	3
Construction	**8**	8	**16**	9
Other	**5**	3	**34**	25
Group	**201**	203	**278**	260

	Funds*	Funds*
Heavy Building Products	**1,666**	1,719
Light Building Products	**612**	637
Laminates & Panels	**1,965**	1,702
Distribution New Zealand	**330**	332
Distribution Australia	**448**	406
Construction	**157**	141
Other (including debt and taxation)	**(1,468)**	(1,483)
Group	**3,710**	3,454

Geographic segments	External revenue	External revenue	Funds*	Funds*
New Zealand	**4,435**	4,031	**1,839**	1,747
Australia	**3,042**	3,287	**2,312**	2,263
North America	**412**	392	**304**	240
Asia	**272**	263	**524**	424
Europe	**320**	322	**373**	292
Other jurisdictions	**180**	106	**(43)**	(13)
Debt and taxation			**(1,599)**	(1,499)
Group	**8,661**	8,401	**3,710**	3,454

	EBIT before significant items	EBIT before significant items	Significant items in EBIT (note 4)	Significant items in EBIT (note 4)
New Zealand	**449**	362	**(69)**	(20)
Australia	**119**	171	**(81)**	(12)
North America	**46**	40		
Asia	**24**	36		
Europe	**(8)**	3		
Other jurisdictions	**23**	12		
Group	**653**	624	**(150)**	(32)
Significant items	**(150)**	(32)		
Earnings before interest and taxation (EBIT) per income statement	**503**	592		

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

2 Segmental information continued

	June 2015 NZ$M Non-current assets+	June 2014 NZ$M Non-current assets+
New Zealand	**1,088**	1,160
Australia	**1,867**	1,839
North America	**326**	256
Asia	**456**	357
Europe	**273**	236
Other jurisdictions	**11**	8
Group	**4,021**	3,856

+ Excludes deferred tax assets, retirement plan surplus and financial instruments.

During the year, there were changes to the organisational structure which resulted in two new divisions – Heavy Building Products and Light Building Products – being formed. In addition to these two new divisions, a number of business units have been incorporated into the Distribution New Zealand division. Prior year data has been re-presented.

Description of industry segments

Heavy Building Products	The Heavy Building Products division is a manufacturer, distributor and marketer of heavy construction material typically used in the early stages of the construction cycle.
Light Building Products	The Light Building Products division manufactures a broad range of building products for residential and commercial markets in New Zealand, Australia, USA, Europe and Asia.
Laminates & Panels	The Laminates & Panels division manufactures and distributes decorative surface laminates in Australia, New Zealand, North America, Europe and Asia.
Distribution	These divisions consist of building, plumbing, pipeline and steel distribution businesses in Australia and New Zealand.
Construction	Fletcher Construction is a general contractor in New Zealand and the South Pacific and a builder of residential homes in New Zealand.

3 Specific disclosures

Fletcher Building Group	Year ended June 2015 NZ$M	Year ended June 2014 NZ$M
The following items are specific disclosures required to be made and are included within the income statement:		
Net periodic pension cost	**6**	10
Employee related short-term costs [1]	**1,593**	1,370
Other long-term employee related benefits	**65**	62
Research and development expenditure	**1**	2
Amortisation of intangibles	**6**	3
Bad debts written off	**4**	5
Donations and sponsorships	**2**	3
Maintenance and repairs	**148**	158
Operating lease expense	**186**	184
Other gains and (losses) [2]	**8**	(16)

	NZ$000's	NZ$000's
Auditor's fees and expenses payable for:		
Audit of the financial statements – EY	**2,830**	
All other services performed – EY [3]	**490**	
Audit and review of the financial statements – KPMG	**338**	3,266
All other services performed – KPMG [3]	**162**	558

NOTES:

1 Remuneration for the executive committee included in the above is disclosed in note 29.

2 Other gains and (losses) include the following:

	Year ended June 2015 NZ$M	Year ended June 2014 NZ$M
Gain on sale of assets	20	2
Redundancies and restructuring costs	(8)	(18)
Other	(4)	
	8	(16)

3 Fees paid to the auditor during the year for other services are mainly with respect to tax advisory services.

4 Significant items

Fletcher Building Group – June 2015	Business disposal income and expenses[1] NZ$M	Site closure costs[2] NZ$M	Impairment of goodwill[3] NZ$M	Total NZ$M
Heavy Building Products	6	50	1	57
Light Building Products	1	9	45	55
Distribution New Zealand		2	16	18
Construction		4	16	20
Total significant items before taxation	7	65	78	150
Tax benefit on above items	(2)	(19)		(21)
Total significant items after taxation	5	46	78	129

Fletcher Building Group – June 2014	Business disposal income and expenses NZ$M	Impairment of property, plant and equipment NZ$M	Total NZ$M
Heavy Building Products[4]	5	15	20
Distribution Australia[5]	12		12
Total significant items before taxation	17	15	32
Tax benefit on above items	(5)	(4)	(9)
Total significant items after taxation	12	11	23

NOTES:

2015

1 During the year, the group recognised a $6 million charge relating to the prior year sale of the long steel business, comprising additional costs incurred under the transitional agreements with the purchaser, and $1 million in respect of the sale of the Taurean Doors business in New Zealand.

2 The group has recognised a charge of $65 million for costs associated with closing a number of sites:

- $28 million relating to the closure of the Crane Copper Tube factory in Penrith, due to a decision to exit the copper manufacturing business;
- $17 million relating to the decision to close two sites in the Iplex Australia business;
- $5 million relating to the closure of the Humes Rolleston pipe plant as part of a strategic review;
- $6 million relating to the closure of Stramit's insulated panels business;
- $3 million relating to the insulation manufacturing plant in Hornby, following a consolidation of operations in New Zealand; and
- $6 million relating to closures in the Forman businesses.

Included within site closure costs are fixed asset impairments disclosed in note 15 of $28 million.

3 During the year, the group has recognised a $78 million impairment charge, relating primarily to businesses where the carrying amount exceeded the recoverable amount.

- $32 million of this goodwill impairment relates to the Forman business, $30 million of the goodwill impairment relates to Stramit, $15 million of goodwill impairment relates to Tasman Insulation New Zealand and $1 million relates to site closures in the Humes business.

4 Significant items continued

NOTES:

2014

4 The group sold parts of the Pacific Steel Group to BlueScope Steel Limited in June 2014 in a transaction with sale proceeds of $60 million and a further consideration for net working capital of $52 million. The gain on sale, offset by transaction costs, amounted to a $4 million charge. In addition, there was a $15 million adjustment to retained asset carrying values. Included in other receivables at 30 June 2014 is an amount of $82 million relating to deferred consideration.

In a separate transaction, a $1 million loss was recorded on the sale of the group's investment in Fiji Industries Limited, a concrete business.

5 In June 2014 the group entered into an agreement to sell its Hudson Building Supplies business to HTH Stores Pty Limited, conditional upon a number of matters, including Australian Competition and Consumer Commission clearance (subsequently received on 7 August 2014). Due to the anticipated loss on sale of $12 million, the group recorded an impairment charge against goodwill of $8 million and provided for $4 million of other charges related to the disposal.

5 Funding costs/(income)

Fletcher Building Group	Year ended June 2015 NZ$M	Year ended June 2014 NZ$M
Interest expense		
Loans and derivatives	**87**	83
Capital notes	**28**	33
Other	**4**	5
Interest income		
Cash and deposits	**(1)**	(1)
	118	120
Bank fees, registry and issue expenses	**9**	10
	127	130

Included in interest expense is the net settlement of the group's interest derivatives. This consisted of $53 million of interest income and $60 million of interest expense (2014: $50 million interest income; $58 million interest expense).

For items applying fair value hedges, the gains or losses on the hedging instrument and on the hedged item net to zero.

6 Taxation expense

Fletcher Building Group	Year ended June 2015 NZ$M	Year ended June 2014 NZ$M
Earnings before taxation	**376**	462
Taxation at 28 cents per dollar	**105**	129
Adjusted for:		
Lower tax rate in overseas jurisdictions	**(1)**	(1)
Non-assessable income	**(15)**	(9)
Non-deductible expenses	**30**	5
Tax losses not recognised	**4**	3
Tax in respect of prior years		7
Other permanent differences	**(27)**	(23)
	96	111
Tax on earnings before significant items	**117**	120
Tax benefit on significant items	**(21)**	(9)
	96	111
Total current taxation expense	**99**	109
Total deferred taxation (benefit)/expense	**(3)**	2
	96	111

7 Shareholder tax credits

Fletcher Building Group	Year ended June 2015 NZ$M	Year ended June 2014 NZ$M
Imputation credit account		
Imputation credits at the beginning of the year	**1**	1
Taxation paid	**35**	34
Imputation credits attached to dividends paid	**(35)**	(34)
	1	1

Fletcher Building's practice is to attach imputation credits to the final dividend and the company has until 31 March the following year to fund any deficiency in its imputation credit account.

Fletcher Building Group	Year ended June 2015 A$M	Year ended June 2014 A$M
Franking credit account		
Franking credits at the beginning of the year	**16**	12
Taxation paid	**2**	(1)
Franking credits received	**8**	5
	26	16

8 Net earnings per share

The diluted net earnings per share calculation uses the weighted average number of shares as determined for basic net earnings per share, adjusted for dilutive securities. Capital notes and options are convertible into the company's shares and may therefore result in dilutive securities for purposes of determining the diluted net earnings per share. Fletcher Building may, at its option, purchase or redeem the capital notes for cash at the principal amount plus any accrued but unpaid interest.

Fletcher Building Group	Year ended June 2015 NZ$M	Year ended June 2014 NZ$M
Numerator		
Net earnings	**270**	339
Numerator for basic earnings per share	**270**	339
Dilutive capital notes distribution	**5**	12
Numerator for diluted net earnings per share	**275**	351
Denominator (millions of shares)		
Denominator for basic net earnings per share	**688**	687
Conversion of dilutive capital notes	**15**	27
Denominator for diluted net earnings per share	**703**	714

9 Dividends

Fletcher Building Group	Year ended June 2015 NZ$M	Year ended June 2014 NZ$M
Dividends paid to shareholders	**248**	240
	248	240

On 19 August 2015 the directors declared a dividend of 19 cents per share, payable on 14 October 2015.

10 Capital

Fletcher Building Group	June 2015 NZ$M	June 2014 NZ$M
Reported capital at the beginning of the year	**2,645**	2,628
Issue of shares	**8**	17
Reported capital at the end of the year including treasury stock	**2,653**	2,645
Treasury stock	**(20)**	(21)
	2,633	2,624

All ordinary shares are issued and fully paid and carry equal rights in respect of voting, dividend payments and distribution upon winding up.

Fletcher Building Group	June 2015	June 2014
Number of ordinary shares		
Number of shares on issue at the beginning of the year	**687,854,788**	686,096,427
Shares issued under the dividend reinvestment plan	**908,573**	1,758,361
Total number of shares on issue	**688,763,361**	687,854,788
Less accounted for as treasury stock	**(2,401,439)**	(2,575,905)
	686,361,922	685,278,883

Share options

On 1 September 2009, the company issued 500,000 share options under the executive option scheme. As at 30 June 2015, the exercise price of the share options was $10.22 adjusted annually by the amount of actual dividends paid. The restrictive period ended on 1 September 2012 and the final exercise date is 1 September 2015.

On 1 October 2012, the company issued a further 500,000 options under the executive option scheme. At 30 June 2015, the exercise price of these share options was $6.91. The restrictive period ends on 1 October 2015 and the final exercise date is 1 October 2018.

The options carry no dividend or voting rights. The company has calculated the fair value of granting these options and has expensed $0.1 million during the year in respect of the 2012 options to a share-based payments reserve.

11 Non-controlling interests

Fletcher Building Group	June 2015 NZ$M	June 2014 NZ$M
Share capital	**16**	20
Reserves	**11**	15
	27	35

12 Cash and deposits

Fletcher Building Group	June 2015 NZ$M	June 2014 NZ$M
Cash and bank balances	**154**	76
Short-term deposits	**74**	58
	228	134

Cash and deposits include the group's share of amounts held by joint operations of $25 million (2014: $4 million).

At 30 June 2015, approximately $40 million of total cash and deposits were held in subsidiaries that operate in countries where exchange controls and other legal restrictions apply and are therefore not immediately available for general use by the group.

13 Debtors

Fletcher Building Group	June 2015 NZ$M	June 2014 NZ$M
Trade debtors	**1,082**	1,004
Contract debtors	**164**	157
Contract retentions	**24**	16
Less provision for doubtful debts	**(26)**	(26)
Trade and contract debtors	**1,244**	1,151
Other receivables	**265**	250
	1,509	1,401
Current	**1,038**	859
0 – 30 days over standard terms	**151**	221
31 – 60 days over standard terms	**27**	33
61+ days over standard terms	**54**	64
Provision	**(26)**	(26)
Trade and contract debtors	**1,244**	1,151

14 Inventories

Fletcher Building Group	June 2015 NZ$M	June 2014 NZ$M
Raw materials	**479**	354
Work in progress	**121**	133
Finished goods	**860**	831
Consumable stores and spare parts	**46**	44
	1,506	1,362
Inventories held at cost	**1,388**	1,276
Inventories held at net realisable value	**118**	86
	1,506	1,362

Included in inventories are land and developments to the value of $368 million (June 2014: $280 million) of which $167 million is expected to be held for greater than 12 months (2014: $123 million).

The group also has conditional commitments for the purchase of land to be used for residential construction totalling $393 million (June 2014: $196 million), of which $259 million is to be delivered in the period to 30 June 2018.

15 Property, plant and equipment

Fletcher Building Group	Land NZ$M	Buildings NZ$M	Plant & machinery NZ$M	Fixtures & equipment NZ$M	Resource extraction NZ$M	Leased assets NZ$M	Total NZ$M
Gross value at 1 July 2014	**308**	**452**	**2,246**	**529**	**108**	**3**	**3,646**
Additions	**3**	**8**	**148**	**86**	**10**		**255**
Reclassification of joint operation plant & machinery			**28**				**28**
Disposals	**(21)**	**(13)**	**(29)**	**(1)**	**(5)**	**(1)**	**(70)**
Currency translation	**16**	**27**	**116**	**31**	**3**		**193**
Gross value at 30 June 2015	**306**	**474**	**2,509**	**645**	**116**	**2**	**4,052**
Accumulated depreciation at 1 July 2014		**(131)**	**(1,089)**	**(318)**	**(12)**	**(3)**	**(1,553)**
Disposals		**2**	**23**	**1**	**3**	**1**	**30**
Impairments in the income statement (note 4)		**(10)**	**(18)**				**(28)**
Reclassification of joint operation plant & machinery			**(20)**				**(20)**
Depreciation expense		**(16)**	**(139)**	**(35)**	**(5)**		**(195)**
Currency translation		**(8)**	**(48)**	**(8)**			**(64)**
Accumulated depreciation at 30 June 2015		**(163)**	**(1,291)**	**(360)**	**(14)**	**(2)**	**(1,830)**
Net book value at 30 June 2015	**306**	**311**	**1,218**	**285**	**102**		**2,222**
Gross value at 1 July 2013	335	483	2,340	475	113	4	3,750
Acquisitions during the year			4				4
Additions	2	9	132	81	13		237
Disposals	(3)	(7)	(100)	(3)	(11)	(1)	(125)
Currency translation	(26)	(33)	(130)	(24)	(7)		(220)
Gross value at 30 June 2014	308	452	2,246	529	108	3	3,646
Accumulated depreciation at 1 July 2013		(112)	(1,071)	(294)	(20)	(3)	(1,500)
Disposals		4	67	3	11	1	86
Impairments in the income statement (note 4)		(13)	(2)				(15)
Depreciation expense		(17)	(141)	(37)	(4)	(1)	(200)
Currency translation		7	58	10	1		76
Accumulated depreciation at 30 June 2014		(131)	(1,089)	(318)	(12)	(3)	(1,553)
Net book value at 30 June 2014	308	321	1,157	211	96		2,093

As at 30 June 2015 property, plant and equipment includes $184 million of assets under construction (June 2014: $134 million).

16 Goodwill

Fletcher Building Group	June 2015 NZ$M	June 2014 NZ$M
Goodwill acquired at cost	**1,367**	1,373
Accumulated currency translation	**15**	(70)
Accumulated impairment	**(251)**	(181)
Goodwill at the end of the year	**1,131**	1,122
Goodwill at the beginning of the year	**1,122**	1,219
Acquired during the year	**3**	
Disposed of during the year	**(1)**	
Impairments in the income statement (note 4)	**(78)**	(8)
Currency translation	**85**	(89)
	1,131	1,122

Goodwill by significant cash-generating units (CGUs)

The goodwill allocated to significant CGUs accounts for 66% (2014:60%) of the total carrying value of goodwill. The remaining 'other' CGUs, which comprise 25 (2014: 25) in total, are each less than 10% of total carrying value.

Formica Asia	**266**	208
Tradelink	**210**	201
Laminex Australia	**164**	159
Iplex New Zealand	**105**	105
Other	**386**	449
	1,131	1,122

Goodwill impairment review

Goodwill was tested for impairment in June 2015. Each CGU which carries goodwill is valued on a value-in-use basis using a discounted cash flow. Management has used its past experience of revenue growth, operating costs and margin, and external sources of information where appropriate, to determine their expectations for the future. These cash flow projections are principally based on the group's three year strategic plan approved by the directors, which has been extended for a further two years. Cash flows beyond five years have been extrapolated using estimated terminal growth rates, which do not exceed the long-term average growth rate for the industries and countries in which the business units operate. The terminal growth rates used range from 2.5%–3% (2014: 2.5%–3%), with the majority of the business units using 2.5% (2014: 2.5%).

The cash flows are discounted using a nominal rate after tax of 9.5% (2014: 9.5%) for New Zealand, 8.5% (2014: 9.5%) for Australia, 8.0% (2014: 9.0%) for Europe and North America and 9.0% (2014: 9.0%) for Asia, reflecting the risk profile for the regions in which the CGUs operate. The valuation models used are most sensitive to changes in the terminal year earnings and cash flows.

The group has identified certain business units that face particular challenges. The group operates in cyclical markets, which face uncertain market conditions that make it difficult to predict future profitability. Due to the deterioration of market conditions and the outlook of certain companies' sustainable mid-cycle earnings, the group impaired $78 million of goodwill where the carrying amount exceeded the recoverable amount. Of this goodwill impairment, $32 million relates to the Forman business, $30 million to Stramit and $15 million to Tasman Insulation New Zealand. The aggregate recoverable amount of these CGUs after the impairments is $286 million. Management has identified a number of strategies and initiatives to achieve an appropriate improvement in their earnings before interest and taxation. If this improvement does not eventuate there may be a need for further impairment.

Sensitivity to reasonably possible changes in assumptions

The impairment assessment confirmed that, for all other business units, the recoverable amounts exceed carrying values as at 30 June 2015. With the exception of Iplex Australia, Formica Asia and Tradelink, management considers that no reasonably possible change in assumptions would cause the carrying amount to exceed the recoverable amount.

For Iplex Australia, which has goodwill of $35 million, and brands of $38 million, a 29% decrease in the expected level of terminal year EBIT or a 2% increase in the post-tax discount rate would result in the elimination of the $102 million excess of recoverable amount over carrying amount. For Formica Asia, which has goodwill of $266 million and brands of $nil, a reduction of 11% in the expected level of terminal year EBIT, a 0.5% increase in the post-tax discount rate, or a 0.7% decrease in terminal growth rate would result in the elimination of the $47 million excess of recoverable amount over carrying amount. For Tradelink, which has goodwill of $210 million and brands of $54 million, a reduction in expected terminal year EBIT of 16% or an increase in the post-tax discount rate of 0.9% would result in the elimination of the $66 million excess of recoverable amount over carrying amount.

17 Intangible assets

Fletcher Building Group	June 2015 NZ$M	June 2014 NZ$M
Brands	503	459
Other intangible assets	65	48
	568	507

Brands		
Brands at the beginning of the year	459	504
Brands in subsidiaries sold during the year	(1)	
Currency translation	45	(45)
	503	459

Significant brands

The significant brand assets account for 64% (2014: 62%) of the total carrying value of brands. The remaining 'other' brand assets are each less than 10% of total carrying value.

Formica Corporation	143	112
Laminex Australia	127	122
Tradelink	54	52
Other	179	173
	503	459

Brands are considered to have an indefinite useful life as there are no factors that indicate that there is a limit on their capacity to generate foreseeable cash flows. Factors considered before arriving at this conclusion are whether the businesses that own the brands are going concerns, whether there is any evidence of obsolescence due to changes in either technology or regulatory conditions, whether the businesses are trading profitably and whether there are any other market based indications.

Brands have been tested for impairment in June 2015. Each CGU that carries a brand value, and determined to be not separately identifiable, has prepared a discounted cash flow of the CGU on a value-in-use basis as described in note 16. The impairment review confirmed that, for all intangible assets (excluding goodwill for which impairments are disclosed in note 16), the recoverable amounts exceed carrying values as at 30 June 2015.

Sensitivity analysis was performed on the key assumptions used in the value-in-use calculations and further disclosure has been made for certain CGUs in note 16.

Other intangible assets		
Other intangible assets at cost	108	85
Currency translation	(3)	(3)
Accumulated amortisation	(40)	(34)
Other intangible assets at the end of the year	65	48

Other intangible assets at the beginning of the year	48	30
Additions	23	23
Currency translation		(2)
Charged to earnings	(6)	(3)
	65	48

As at 30 June 2015 other intangible assets includes $20 million of assets under construction (June 2014: $27 million).

18 Other investments

Fletcher Building Group	June 2015 NZ$M	June 2014 NZ$M
Retirement plan surplus (note 31)	68	61
Other investments	2	1
	70	62

19 Investments in associates and joint ventures

Fletcher Building Group	June 2015 NZ$M	June 2014 NZ$M
Carrying amount of associates/joint ventures		
Carrying amount at the beginning of the year	133	124
New investment in associates/joint ventures		9
Loans to associates/joint ventures	(1)	
Share of profits of associates/joint ventures	23	24
Sale of investment in associates/joint ventures	(3)	(1)
Reclassification of assets and liabilities of joint operations	(27)	
Currency translation	5	(11)
Distributions from associates/joint ventures	(32)	(12)
Investment in associates and joint ventures	98	133
Investment by associate/joint venture		
Wespine Industries Pty Limited	45	44
Hexion Australia Pty Ltd (formerly Momentive Specialty Chemicals Australia Pty Ltd)	19	18
Sims Pacific Metals Limited*		26
Mt Marrow Blue Metal Quarries Pty Limited	7	10
Mittagong Sands Pty Limited	9	5
Regional Resources NW Quarrying	2	4
Other	16	26
	98	133

* During the year, Sims Pacific Metals Limited was reclassified from a joint venture to a joint operation.

Associate and joint venture information

	June 2015 NZ$M	June 2014 NZ$M
Balance sheet information for associates and joint ventures – 100%		
Assets	241	313
Liabilities	(133)	(147)
Equity	108	166
Equity – Fletcher Building share	49	77
Goodwill acquired at cost	47	52
Loans to associates and joint ventures	2	4
Investment in associates and joint ventures	98	133
Equity accounted earnings comprise:		
Revenue – 100%	366	519
Earnings before taxation – 100%	60	60
Earnings before taxation – Fletcher Building share	30	30
Taxation expense	(7)	(6)
Earnings after taxation – Fletcher Building share	23	24

20 Creditors and accruals

Fletcher Building Group	June 2015 NZ$M	June 2014 NZ$M
Trade creditors	911	857
Contract retentions	29	31
Accrued interest	34	30
Other liabilities	128	127
Employee entitlements	234	235
Workers' compensation schemes	19	17
	1,355	1,297
Current portion	1,315	1,231
Non-current portion	40	66
Carrying amount at the end of the year	1,355	1,297

The non-current portion of creditors and accruals relates to long service employee entitlement obligations and deferred land payments.

21 Provisions

Fletcher Building Group	Restructuring NZ$M	Warranty & environmental NZ$M	Other NZ$M	Total NZ$M
June 2015				
Carrying amount at the beginning of the year	4	26	41	71
Currency translation		2		2
Charged to earnings	24	29	43	96
Settled or utilised	(14)	(20)	(14)	(48)
Released to earnings		(3)	(2)	(5)
	14	34	68	116
June 2014				
Carrying amount at the beginning of the year	9	39	34	82
Currency translation	(1)	(3)	(1)	(5)
Charged to earnings	3	12	23	38
Settled or utilised	(5)	(15)	(9)	(29)
Released to earnings	(2)	(7)	(6)	(15)
	4	26	41	71

	June 2015	June 2014
Current portion	100	57
Non-current portion	16	14
Carrying amount at the end of the year	116	71

During the year the group utilised $14 million (30 June 2014: $5 million) in respect of restructuring obligations at certain businesses. The remaining balance is expected to be utilised in the next year.

Warranty and environmental provisions relate to products sold and services provided and are expected to be utilised over the next three years.

Other provisions relate to miscellaneous matters, including a $14 million provision for costs from the prior year divestment of the long steel business and a $27 million provision for costs associated with the development of the Penrose Campus, both of which are expected to be utilised within the next two years.

No other individual amounts are significant.

22 Construction contracts

Fletcher Building Group	June 2015 NZ$M	June 2014 NZ$M
Gross construction work in progress plus margin to date	**3,145**	2,855
Progress billings	**(3,301)**	(2,985)
	(156)	(130)
Construction contracts with net work in progress	**49**	12
Construction contracts with billing in advance of cost and margin	**(205)**	(142)
Carrying amount at the end of the year	**(156)**	(130)

Included in total group revenue is $1,327 million of contract revenue (June 2014: $1,069 million).

23 Taxation

Fletcher Building Group	June 2015 NZ$M	June 2014 NZ$M
Current tax assets/(liabilities)		
Included within the balance sheet as follows:		
Current tax assets	**23**	55
Current tax liabilities	**(28)**	(22)
	(5)	33
Opening provision for current tax assets/(liabilities)	**33**	15
Taxation expense	**(99)**	(109)
Transfer from deferred taxation	**(1)**	17
Transfers from other receivables		19
Non-controlling interest share of taxation expense	**3**	3
Tax recognised directly in reserves	**(13)**	15
Net tax payments	**72**	73
	(5)	33
Provision for deferred tax assets/(liabilities)		
Included within the balance sheet as follows:		
Deferred tax assets	**33**	25
Deferred tax liabilities	**(58)**	(50)
	(25)	(25)
Opening provision for deferred tax assets/(liabilities)	**(25)**	(8)
Taxation (expense)/benefit	**3**	(2)
Transfer to current tax	**1**	(17)
Tax recognised directly in reserves	**(4)**	2
	(25)	(25)
Composed of:		
Provisions	**130**	121
Inventories	**19**	17
Debtors	**7**	7
Property, plant and equipment	**(63)**	(65)
Brands	**(158)**	(139)
Tax losses	**20**	23
Pensions	**8**	7
Other	**12**	4
	(25)	(25)

23 Taxation continued

There are no significant deferred tax liabilities in respect of the undistributed profits of subsidiaries and associates. The group has recognised certain tax losses available in the USA, Germany and the UK on the basis that the respective companies will have future assessable income. The tax losses have been recognised on the basis of the forecast earnings before interest and taxation set out in the companies' strategic plans. The group reviews future loss utilisations at each reporting date.

The group has unrecognised tax losses in France, Spain, Sweden, the UK and China of $110 million representing $396 million of gross tax losses (June 2014: $96 million; $344 million gross losses).

24 Borrowings

Fletcher Building Group	June 2015 NZ$M	June 2014 NZ$M
Private placements	**144**	
Other loans	**102**	64
Capital notes	**94**	74
Current borrowings	**340**	138
Bank loans	**128**	122
Private placements	**1,176**	1,128
Other loans	**15**	68
Capital notes	**295**	326
Non-current borrowings	**1,614**	1,644
Carrying value of borrowings (as per balance sheet)	**1,954**	1,782
Less impact of debt hedging activities (included within derivatives)	**(53)**	5
Borrowings after impact of hedging activities	**1,901**	1,787
Less fair value adjustment included in borrowings	**(32)**	(25)
Borrowings excluding derivative adjustments	**1,869**	1,762
Total available funding	**2,483**	2,378
Unutilised banking facilities	**614**	616

The undrawn facilities have a weighted average maturity of 3.5 years (June 2014: 3.5 years).

Negative pledge

The group borrows certain funds based on a negative pledge arrangement. The negative pledge includes a cross guarantee between a number of wholly owned subsidiaries and ensures that external senior indebtedness ranks equally in all respects and includes the covenant that security can be given only in very limited circumstances. At 30 June 2015, the group had debt subject to the negative pledge of $1,418 million (June 2014: $1,308 million).

Bank loans

At 30 June 2015 the group had a syndicated revolving credit facility on an unsecured, negative pledge and borrowing covenant basis, with ANZ Bank New Zealand Limited, The Bank of Tokyo Mitsubishi UFJ, Bank of New Zealand, Commonwealth Bank of Australia, Citibank N.A., The Hongkong and Shanghai Banking Corporation Limited and Westpac New Zealand Limited. The funds under this facility can be borrowed in United States, Australian and New Zealand dollars. The borrowing covenants relate to net debt to EBITDA and interest cover and at 30 June 2015, and throughout the year, the group was in compliance with the covenants.

Private placements

The group has borrowed funds from private investors (primarily US and Japanese based) on an unsecured, negative pledge and borrowing covenant basis. These borrowings comprise NZ$144 million, AU$231 million, US$525 million and YEN10,000 million with maturities between 2015 and 2027. The borrowing covenants relate to net debt to EBITDA and interest cover and at 30 June 2015, and throughout the year, the group was in compliance with the covenants.

Other loans

At 30 June 2015 the group had $22 million (June 2014: $25 million) of loans which are secured against the subsidiaries' own balance sheet or against specific assets and had unsecured loans at 30 June 2015 of $95 million (June 2014: $107 million) some of which are subject to the negative pledge. Other loans include bank overdrafts, short-term loans, working capital facilities, finance leases, PlaceMakers joint venture funding, amortising loans and discounted receivables.

Capital notes

Capital notes are long-term fixed rate unsecured subordinated debt instruments. On each election date the coupon rate and term to the next election date of that series of the capital notes are reset. Holders may then choose either to keep their capital notes on the new terms or to convert the principal amount and any interest into shares, at approximately 98% of the current market price. Instead of issuing shares to holders who choose to convert, Fletcher Building may, at its option, purchase or redeem the capital notes for cash at the principal amount plus any accrued but unpaid interest.

Under the terms of the capital notes, non-payment of interest is not an act of default although unpaid interest is accrued and is interest bearing at the same rate as the principal of the capital notes. Fletcher Building Limited has covenanted not to pay dividends to its shareholders while interest due and payable on these capital notes has not been paid.

The capital notes do not carry voting rights and do not participate in any change in value of the issued shares of Fletcher Building Limited. If the principal amount of the capital notes held at 30 June 2015 were to be converted to Fletcher Building shares, 48 million (June 2014: 46 million) would be issued at the share price as at 30 June 2015 of $8.12 (June 2014: $8.81).

As at 30 June 2015, the group held $142 million (30 June 2014: $131 million) of its own capital notes.

Fair value adjustment included in borrowings

This is the revaluation of certain borrowings that have been designated in fair value hedge relationships for changes in benchmark interest rates.

Credit rating

The company has not sought and does not hold a credit rating from an accredited rating agency.

25 Financial instruments

Financial risk management overview

Exposures to credit, liquidity, currency, interest rate and commodity price risks arise in the normal course of the group's business. The principles under which these risks are managed are set out in policy documents approved under board delegated authority by the chief executive officer. The policy documents identify the risks and set out the group's objectives, policies and processes to measure, manage and report the risks. The policies are reviewed periodically to reflect changes in financial markets and the group's businesses. Risk management is carried out in conjunction with the group's central treasury function, which ensures compliance with the risk management policies and procedures set by the board.

The group enters into derivative financial instruments to assist in the management of the identified financial risks. The group does not enter into derivative financial instruments for trading or speculative purposes. All derivative transactions entered into are to hedge underlying exposures arising from normal business activities.

Risks and mitigation

(a) Credit risk

To the extent the group has a receivable from another party, there is a credit risk in the event of non-performance by that counterparty and arises principally from receivables from customers, derivative financial instruments and the investment of cash.

(i) Trade receivables

The group has a credit policy in place under which customers are individually analysed for credit worthiness and assigned a purchase limit. If no external ratings are available, the group reviews the customers' financial statements, trade references, bankers' references and/or credit agencies' reports to assess credit worthiness. These limits are reviewed on a regular basis. Due to the group's industry and geographical spread at balance date there were no significant concentrations of credit risk in respect of trade receivables. Refer to note 13 for debtor ageing analysis.

Most goods are sold subject to retention of title clauses, so that in the event of non-payment the group may have a secured claim. Credit risks may be further mitigated by registering an interest in the goods sold and the proceeds arising from that supply. The group does not otherwise require collateral in respect of trade receivables.

(ii) Derivative financial instruments and the investment of cash

The group enters into derivative financial instruments and invests cash with various counterparties in accordance with established limits as to credit rating and dollar value but does not require collateral or other security except in limited circumstances. In accordance with the established counterparty restrictions, there are no significant concentrations of credit risk in respect of the financial instruments and no loss is expected.

The group has not renegotiated the terms of any financial assets which would otherwise be overdue or impaired. The carrying amount of non-derivative financial assets represents the maximum credit exposure. The carrying amount of derivative financial assets are at their current fair value.

25 Financial instruments continued

(b) Liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in meeting its financial commitments as they fall due. The group manages its liquidity risk by maintaining a target level of undrawn committed credit facilities and a spread of the maturity dates of the group's debt facilities. The group reviews its liquidity requirements on an ongoing basis.

The following maturity analysis table sets out the remaining contractual undiscounted cash flows, including estimated interest payments for non-derivative financial liabilities and derivative financial instruments. Creditors and accruals are excluded from this analysis as they are not part of the group's assessment of liquidity risk because these are offset by debtors with similar payment terms.

Fletcher Building Group – June 2015	Contractual cash flows NZ$M	Up to 1 year NZ$M	1–2 years NZ$M	2–5 years NZ$M	Over 5 years NZ$M
Bank loans	128			128	
Capital notes	389	94	68	227	
Private placements	1,288	144	282	340	522
Other loans	117	102	7	7	1
Non-derivative financial liabilities – principal cash flows	1,922	340	357	702	523
Gross settled derivatives – to pay	616	257			359
Gross settled derivatives – to receive	(669)	(258)			(411)
Debt derivatives financial instruments – principal cash flows	(53)	(1)			(52)
Total principal cash flows	1,869	339	357	702	471
Contractual interest cash flows	424	95	76	107	146
Total contractual cash flows	2,293	434	433	809	617

Fletcher Building Group – June 2014	Contractual cash flows NZ$M	Up to 1 year NZ$M	1–2 years NZ$M	2–5 years NZ$M	Over 5 years NZ$M
Bank loans	122			122	
Capital notes	400	74	94	232	
Private placements	1,103		144	362	597
Other loans	132	64	60	6	2
Non-derivative financial liabilities – principal cash flows	1,757	138	298	722	599
Gross settled derivatives – to pay	540	197			343
Gross settled derivatives – to receive	(535)	(195)			(340)
Debt derivatives financial instruments – principal cash flows	5	2			3
Total principal cash flows	1,762	140	298	722	602
Contractual interest cash flows	523	105	92	170	156
Total contractual cash flows	2,285	245	390	892	758

(c) Foreign currency risk

(i) Currency translation risk

Currency translation risk arises from net investments in foreign operations. It is the group's policy to hedge this foreign currency translation risk by borrowing in the currency of the asset in proportion to the group's long-term debt to debt plus equity ratio. This reduces the variability in the debt to debt plus equity ratio due to currency translation. Where the underlying debt in any currency does not equate to the required proportion of total debt, debt derivatives, such as foreign exchange forwards, swaps and cross currency interest rate swaps are entered into for up to 12 years. Net investment, cash flow and fair value hedge accounting is applied to these instruments.

In addition, the group has entered into foreign exchange derivatives to hedge the taxation exposure arising from the translation of certain assets for a period of up to two years. Cash flow hedge accounting is applied to these instruments.

The group's exposure to foreign currency risk on foreign currency borrowings after hedging is summarised as follows:

Fletcher Building Group	June 2015 NZ$M	June 2014 NZ$M
Australian dollar	**873**	782
Euro	**79**	74
British pound	**26**	22
New Zealand dollar	**595**	649
United States dollar	**233**	175
Indian rupee	**13**	10
Chinese renminbi	**32**	50
Canadian dollar	**18**	
Currency translation risk – Foreign currency borrowings	**1,869**	1,762

(ii) Currency transaction risk

Currency transaction risk arises from committed or highly probable trade and capital expenditure transactions that are denominated in currencies other than the operation's functional currency. The objective in managing this risk is to reduce the variability from changes in currency exchange rates on the operation's income and cash flow to acceptable parameters. It is group policy that no currency exchange risk may be entered into or allowed to remain outstanding should it arise on committed transactions. In addition, the group hedges some highly probable forecast transactions for up to five years. When exposures are incurred by operations in currencies other than their functional currency, foreign exchange forwards and swaps are entered into to eliminate the exposure. The majority of these transactions have maturities of less than one year. Cash flow hedge accounting is applied to forecast transactions. The main currencies hedged are the Australian dollar, the United States dollar, the Japanese yen, the Euro and the British pound. The gross value of these foreign exchange derivatives at 30 June 2015 was $543 million (June 2014: $338 million).

(d) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will change due to changes in market interest rates and arises primarily from the group's interest bearing borrowings. The group manages the fixed interest rate component of its debt and capital notes obligations and aims to maintain this ratio between 40–70% and at 30 June 2015 the group was within the range at 56% fixed (June 2014: 60% fixed). The position in this range is managed depending upon underlying interest rate exposures and economic conditions. Cross currency interest rate swaps, interest rate swaps, forward rate agreements and options are entered into to manage this position. The financial instruments entered into are in Australian dollars, United States dollars, Euros, Japanese Yen and New Zealand dollars and will mature over the next 12 years.

Hedge accounting is applied on these instruments for floating-to-fixed instruments as cash flow hedges or for fixed-to-floating instruments as fair value hedges.

25 Financial instruments continued

Interest rate repricing

The following tables set out the interest rate repricing profile of interest bearing financial assets and liabilities. The group's overall weighted average interest rate excluding fees is 5.5% (June 2014: 6.22%).

Fletcher Building Group	June 2015 NZ$M	June 2014 NZ$M
Floating	**827**	701
Fixed up to 1 year	**125**	161
Fixed 1–2 years	**323**	118
Fixed 2–5 years	**482**	615
Fixed over 5 years	**112**	167
Total financial liabilities	**1,869**	1,762
Floating financial assets	**(228)**	(134)

(e) Commodity price risk

Commodity price risk arises from committed or highly probable trade and capital expenditure transactions that are linked to traded commodities. Where possible the group manages its commodity price risks through negotiated supply contracts and, for certain commodities, by using commodity price swaps and options. The group manages its commodity price risk depending on the underlying exposures, economic conditions and access to active derivatives markets. Currently the group's guideline is to hedge up to 50% of certain New Zealand business units' electricity requirements for up to 12 months. Cash flow hedge accounting is applied to commodity derivative contracts.

At balance date, the notional value of fixed electricity exposure was as follows:

Fletcher Building Group	June 2015 NZ$M	June 2014 NZ$M
Fixed up to 1 year	**4**	13
Fixed 1–2 years		18
Total	**4**	31

	NZ$/MWh	NZ$/MWh
Average hedge price	**99**	93

Aluminium and copper are also hedged but the volume and values are not material.

(f) Sensitivity analysis

The numbers in the sensitivity analysis for foreign currency risk, interest rate risk and commodity price risk have not been adjusted for tax and are based only on the group's financial instruments held at balance date and assume that all other variables remain constant, except for the change in the chosen risk variable.

(i) Foreign currency risk

It is estimated a 10% weakening of the New Zealand dollar against the major foreign currencies the group is exposed to on the net assets of its foreign operations would result in an increase to equity of approximately $250 million (June 2014: $260 million) and no material impact on earnings.

(ii) Interest rate risk

It is estimated a 100 basis point increase in interest rates would result in an increase in the group's interest costs in a year by approximately $8.3 million on the group's debt portfolio exposed to floating rates at balance date (June 2014: $7.0 million).

(iii) Commodity price risk

It is estimated a 10% increase in the New Zealand electricity spot price at balance date would not materially impact the group's earnings or equity position.

(g) Fair values

The estimated fair value measurements for financial assets and liabilities are compared to their carrying values in the balance sheet as follows:

Fletcher Building Group		June 2015		June 2014	
	Classification	Carrying value NZ$M	Fair value NZ$M	Carrying value NZ$M	Fair value NZ$M
Bank loans	Amortised cost	**128**	**128**	122	122
Private placements	Amortised cost	**1,320**	**1,400**	1,128	1,266
Other loans	Amortised cost	**117**	**117**	132	132
Capital notes	Amortised cost	**389**	**409**	400	407
Borrowings		**1,954**	**2,054**	1,782	1,927
Forward exchange contracts – fair value hedge	Fair value through P&L	**(1)**	**(1)**	1	1
Forward exchange contracts – net investment hedge	Fair value through P&L	**(1)**	**(1)**	1	1
Forward exchange contracts – cash flow hedge	Fair value through P&L	**1**	**1**	2	2
Forward exchange contracts – fair value through P&L	Fair value through P&L	**7**	**7**	(4)	(4)
Cross currency interest rate swaps – cash flow hedge	Fair value through P&L	**(3)**	**(3)**	5	5
Cross currency interest rate swaps – fair value hedge	Fair value through P&L	**(58)**	**(58)**	4	4
Cross currency interest rate swaps – FX spot value	Fair value through P&L	**5**	**5**	3	3
Interest rate swaps – fair value hedge	Fair value through P&L	**(26)**	**(26)**	(27)	(27)
Interest rate swaps – cash flow hedge	Fair value through P&L	**15**	**15**	16	16
Electricity price swaps – cash flow hedge	Fair value through P&L	**1**	**1**	8	8
Derivatives		**(60)**	**(60)**	9	9
Creditors and accruals	Amortised cost	**1,355**	**1,355**	1,297	1,297
Debtors	Loans and receivables	**(1,509)**	**(1,509)**	(1,401)	(1,401)
Cash and liquid deposits	Loans and receivables	**(228)**	**(228)**	(134)	(134)
Total financial instruments		**1,512**	**1,612**	1,553	1,698

Fair value measurement

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 is 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 is 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.

(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).

Fair value disclosures

The fair values of borrowings used for disclosure are measured under level 2, by discounting future principal and interest cash flows at the current market interest rate plus an estimated credit margin that is available for similar financial instruments with a similar credit profile to the group.

The interest rates across all currencies used to discount future principal and interest cash flows are between 1.49% and 9.05% (June 2014: 1.17% and 10.04%) including margins, for both accounting and disclosure purposes.

(h) Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns to shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The group monitors capital on the basis of net debt to net debt plus equity and the target gearing range is 30–40%. 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 2.0–2.5 times. It is intended that the group will not be materially outside the target gearing and leverage ranges on a long-term basis.

26 Capital expenditure commitments

Fletcher Building Group	June 2015 NZ$M	June 2014 NZ$M
Committed at year end	**157**	64
Approved by the directors but uncommitted at year end	**45**	31
	202	95

27 Lease commitments

Fletcher Building Group	June 2015 NZ$M	June 2014 NZ$M
Expected future minimum lease payments on non-cancellable leases:		
Within one year	**183**	177
Within two years	**139**	152
Within three years	**103**	110
Within four years	**77**	84
Within five years	**59**	58
After five years	**167**	133
	728	714

Operating lease commitments relate mainly to occupancy leases of buildings.

28 Contingent liabilities

Provision has been made in the ordinary course of business for all known and probable future claims. Contingent liabilities arise in respect of the following categories:

Fletcher Building Group	June 2015 NZ$M	June 2014 NZ$M
Contingent liabilities with respect to guarantees extended on trading transactions, performance bonds and other transactions	**237**	195
Letters of credit	**1**	1

29 Related party transactions

Trading activities with related parties	Sales to related parties NZ$M	Purchases from related parties NZ$M	Amounts owing from related parties (included within debtors) NZ$M	Amounts owing to related parties (included within creditors) NZ$M
Fletcher Building Group – 2015				
Sims Pacific Metals Limited		**100**		**4**
Wespine Industries Pty Limited and Hexion Australia Pty Ltd (formerly Momentive Specialty Chemicals Australia Pty Ltd)		**74**		**15**
Dongwha New Zealand Limited		**17**		**1**
Fletcher Residential Joint Ventures	**18**			
Fletcher Building Group – 2014				
Sims Pacific Metals Limited		104		5
Wespine Industries Pty Limited and Hexion Australia Pty Ltd (formerly Momentive Specialty Chemicals Australia Pty Ltd)		81		14
Dongwha New Zealand Limited		16		1
Mt Marrow Blue Metal Quarries Pty Limited		1		
Fletcher Residential Joint Ventures	14		4	

Fletcher Building Group	Year ended June 2015 NZ$M	Year ended June 2014 NZ$M
Key management personnel compensation		
Directors' fees	**2**	2
Executive committee remuneration paid, payable or provided for:		
Short-term employee benefits	**15**	15
Termination benefits	**2**	2
Share-based payments		2

Fletcher Building Retirement Plan

As at 30 June 2015 Fletcher Building Nominees Limited (the New Zealand retirement plan) held $3,800,000 of shares and $18,500,000 of capital notes in Fletcher Building (June 2014: $5,300,000 of shares; $18,500,000 of capital notes).

30 Principal operations

Fletcher Building Limited is the holding company of the Fletcher Building Group. The principal subsidiaries, associates and joint arrangements, as at 30 June 2015, are outlined below:

	Country of domicile	% holding	Principal activity
Principal subsidiaries			
Fletcher Building Holdings Limited	NZ	100	Holding company
Fletcher Building Holdings New Zealand Limited	NZ	100	Holding company
Fletcher Building Products Limited	NZ	100	Light Building Products
Fletcher Concrete and Infrastructure Limited	NZ	100	Heavy Building Products
Fletcher Distribution Limited	NZ	100	Distribution
Fletcher Steel Limited	NZ	100	Heavy Building Products
Fletcher Residential Limited	NZ	100	Construction
The Fletcher Construction Company Limited	NZ	100	Construction
Winstone Wallboards Limited	NZ	100	Light Building Products
Fletcher Property Limited	NZ	100	Property management
PlaceMakers subsidiaries – wholly owned	NZ	100	Distribution
PlaceMakers subsidiaries – joint venture ownership	NZ	50.1	Distribution
Fletcher Building Industries Limited	NZ	100	Holding company
Tasman Insulation New Zealand Limited	NZ	100	Light Building Products
AHI Roofing Limited	NZ	100	Light Building Products
Forman Group Limited	NZ	100	Construction/Distribution
Crane Distribution NZ Limited	NZ	100	Distribution
Fletcher Building (Australia) Pty Limited	Australia	100	Holding company
Laminex Group Limited	Australia	100	Laminates & Panels
Fletcher Insulation Pty Limited	Australia	100	Light Building Products
Tasman Sinkware Pty Limited	Australia	100	Light Building Products
Rocla Pty Limited	Australia	100	Heavy Building Products
Stramit Corporation Pty Limited	Australia	100	Light Building Products
Crane Distribution Limited	Australia	100	Distribution
Iplex Pipelines Australia Pty Limited	Australia	100	Heavy Building Products
Kingston Bridge Engineering Pty Limited	Australia	100	Heavy Building Products
Laminex Finance Pty Limited	Australia	100	Finance
Fletcher Building (Fiji) Limited	Fiji	100	Construction
Fletcher Construction (Solomon Islands) Limited	Solomon Islands	100	Construction
Fletcher Morobe Construction Pty Limited	Papua New Guinea	100	Construction
Decra Roofing Systems Inc.	USA	100	Light Building Products
Formica Corporation	USA	100	Laminates & Panels
Diller Corporation	USA	100	Laminates & Panels
Formica Canada Inc.	Canada	100	Laminates & Panels
Formica Limited	UK	100	Laminates & Panels
Formica S.A.	Spain	100	Laminates & Panels
Shanghai Formica Decorative Material Co. Ltd	China	100	Laminates & Panels
Formica Decorative Materials (China) Co. Ltd	China	100	Laminates & Panels
Formica IKI Oy	Finland	100	Laminates & Panels
Formica Scandinavian AB	Sweden	100	Laminates & Panels
Formica (Thailand) Co., Ltd	Thailand	100	Laminates & Panels
Homapal Plattenwerk GmbH & Co. KG.	Germany	100	Laminates & Panels
Formica Laminates (India) Pte Limited	India	100	Laminates & Panels
Formica Taiwan Corporation	Taiwan	100	Laminates & Panels
Formica (Asia) Limited	Hong Kong	100	Laminates & Panels

	Country of domicile	% holding	Principal activity
Associates and joint ventures			
Wespine Industries Pty Limited	Australia	50	Sawmill
Hexion Australia Pty Ltd (formerly Momentive Specialty Chemicals Australia Pty Ltd)	Australia	50	Light Building Products
Mt Marrow Blue Metal Quarries Pty Limited	Australia	50	Quarrying
Mittagong Sands Pty Limited	Australia	50	Quarrying
Regional Resources NW Pty Ltd	Australia	50	Quarrying
Dongwha New Zealand Limited	NZ	20	Laminates & Panels
Joint operations			
Well-Connected Joint Operation	NZ	32	Construction
MacKays to Peka Peka Alliance	NZ	75	Construction
Sims Pacific Metals Limited	NZ	50	Metal recycling

31 Retirement plans

Fletcher Building Limited is the principal sponsoring company of a plan that provides retirement and other benefits to employees of the group in New Zealand. Participation in this plan has been closed for a number of years, although defined contribution savings plans have been made available. Various defined benefit and defined contribution plans exist in Australia following the acquisition of Crane, Amatek, Tasman Building Products and the Laminex groups which companies contribute to on behalf of their employees. Various defined benefit plans and medical plans exist in other countries as a result of the acquisition of the Formica group, which companies contribute to on behalf of their employees. Where the plans have a deficit in their funded status, the companies are making additional contributions, as recommended by the trustees of the plans, to improve the funded status.

The calculation of the defined benefit obligations are based on years of service and the employees' compensation during their years of employment. Contributions are intended to provide not only for benefits attributed to service to date but also for those expected to be earned in the future. These obligations are accounted for in accordance with NZ IAS 19 Employee Benefits, which has the effect of recognising the volatility in the returns earned by the plans in the pension reserve.

Fletcher Building Limited has an obligation to ensure that the funding ratio of the New Zealand plan's assets is at least 115% of the plan's actuarial liability. This is based upon any two consecutive annual actuarial valuations as calculated by the plan's actuary. This calculation is done on the plan's funding basis, which differs from the calculation under NZ IAS 19. At 31 March 2015 the value of the assets was 137% of the actuarial liability and the funded surplus was $77 million (31 March 2014: 130%, $64 million).

During the year, the group contributed $3 million in respect of its Australian defined benefit plans and $22 million in respect of its Formica defined benefit and medical plans. It contributed $43 million in respect of its defined contribution plans worldwide, including Kiwisaver.

Fletcher Building Group	June 2015 NZ$M	June 2014 NZ$M
Net periodic pension cost		
Service cost	**5**	9
Net interest cost	**1**	1
Net periodic pension cost – recognised in earnings before interest and taxation	**6**	10
Recognised net liability		
Assets of plans	**851**	742
Projected benefit obligation	**(845)**	(760)
Funded surplus/(obligation)	**6**	(18)
Asset ceiling effect	**(9)**	
Recognised net liability	**(3)**	(18)
Recognised net liability by jurisdiction		
New Zealand plan	**52**	51
Australian plans	**16**	10
Retirement plan surplus – recognised within other investments (note 18)	**68**	61
Other overseas plans	**(71)**	(79)
Retirement plan liability – recognised within non-current liabilities	**(71)**	(79)
Recognised net liability	**(3)**	(18)

31 Retirement plans continued

Fletcher Building Group	June 2015 NZ$M	June 2014 NZ$M
Movement in recognised net liability		
Recognised net liability at the beginning of the year	**(18)**	(42)
Currency translation	**(15)**	5
Actuarial movements for the year	**11**	10
Net periodic pension cost	**(6)**	(10)
Employer contributions	**25**	19
Recognised net liability	**(3)**	(18)
Assets of the plans		
Assets of plans at the beginning of the year	**742**	743
Actual return on assets	**80**	59
Total contributions	**27**	24
Benefit payments	**(68)**	(57)
Currency translation	**70**	(27)
	851	742
Assets of the plans consist of:		
Australasian equities	**77**	72
International equities	**404**	331
Property	**35**	33
Bonds	**278**	222
Cash and short-term deposits	**34**	61
Other assets	**23**	23
	851	742
Projected benefit obligation		
Projected benefit obligation as at the beginning of the year	**(760)**	(785)
Service cost	**(9)**	(9)
Interest cost	**(34)**	(29)
Member contributions	**(4)**	(5)
Actuarial gain/(loss) arising on movements in the discount rate	**6**	(2)
Actuarial loss arising on changes in financial assumptions	**(42)**	(11)
Actuarial gain/(loss) arising on other assumptions – experience adjustments	**9**	(8)
Benefit payments	**74**	57
Currency translation	**(85)**	32
	(845)	(760)

Assumptions used

The following table provides the weighted average assumptions used to develop the net periodic pension cost and the actuarial present value of projected benefit obligations for the group's plans:

	2015 %	2014 %
Assumed discount rate on benefit obligations	**3.69**	4.14
Annual rate of increase in future compensation levels	**2.78**	2.77

Expected returns on plan assets have been determined by the independent actuaries as the weighted average of the expected return after tax and investment fees for each asset class by the target allocation of assets to each class.

The group expects to contribute at least $25 million to its overseas defined benefit plans during the year to 30 June 2016.

32 Share-based payments

Executive share schemes

The group has a long-term share-based incentive scheme targeted at the executives most able to influence the results of the group. Refer to the accounting policies for a description of the scheme.

The following are details with regard to the scheme:

	2014 award	2013 award	2012 award	2011 award
Grant date	1 October 2014	1 October 2013	1 October 2012	1 October 2011
Number of shares granted	815,164	771,038	1,542,549	1,340,033
Market price per share at grant date	$8.79	$9.52	$6.87	$7.43
Total value at grant date	$7,165,292	$7,340,282	$10,597,312	$9,956,445
Vesting date	30 September 2017	30 September 2016	30 September 2015	30 September 2014
Maximum bonus payable – expensed over three years	$11,338,812	$12,588,231	$19,317,505	$17,962,298
Number of shares:				
Number of shares originally granted	815,164	771,038	1,542,549	1,340,033
Less forfeited over life of scheme	(20,674)	(194,557)	(583,863)	(1,107,372)
Less vested over life of scheme			(158,693)	(2,186)
Number of shares held at 30 June 2015	**794,490**	**576,481**	**799,993**	**230,475**

	June 2015 NZ$M	June 2014 NZ$M
Total amount expensed in year for executive performance share scheme	**11**	12
Amount recognised at year end for related bonus payable	**25**	21

33 Post balance sheet events

On 29 July 2015, the group announced the closure of two manufacturing sites in Iplex Australia. Site closure costs of $17 million have been recorded at 30 June 2015, primarily relating to fixed asset impairments.

The board is committed to ensuring that Fletcher Building has appropriate corporate governance arrangements in place and that those arrangements are disclosed in a meaningful way to maximise transparency and investor confidence. Fletcher Building's framework of rules, relationships, systems and processes are designed to ensure that Fletcher Building meets best practice standards of governance.

Framework

Fletcher Building has securities listed on the New Zealand and Australian stock exchanges. Consequently, its corporate governance framework is informed by the principles, guidelines, recommendations and requirements of the NZX Listing Rules, the NZX Corporate Governance Best Practice Code, the Financial Markets Authority's 'Corporate Governance in New Zealand Principles and Guidelines', the ASX Listing Rules and the ASX Corporate Governance Council's Principles and Recommendations.

The company has followed the recommendations of the NZX Corporate Governance Code and the ASX Corporate Governance Council during the reporting period, except where specifically noted.

Shareholders should also refer to details of the board of directors (on pages 2–3) and the Remuneration Report (on page 55). Further information is also available on the company's website at www.fbu.com/investor-centre/governance.

This corporate governance statement is dated 19 August 2015 and has been approved by the board.

Lay solid foundations for management and oversight

Roles and responsibilities

The board's roles and responsibilities are formalised in a Board Charter, which is available on the company's website. The Board Charter sets out those functions that are delegated to management and those that are reserved for the board. It appoints the company secretary as secretary of the board, accountable directly to the board, through the chairman, on all matters to do with the proper functioning of the board.

Appointment

Before a person is appointed to the board, checks as to the person's character, experience, education, criminal record and bankruptcy history are conducted. During FY15, checks were commenced in connection with the appointment of Steve Vamos to the board. All material information in the company's possession relevant to whether or not to elect new directors or re-elect those directors who resign by rotation is included in the notice of meeting for the next annual shareholders' meeting.

Each director has a letter of appointment setting out the terms of his or her appointment. Each senior executive is a party to an employment agreement setting out the terms of his or her employment, including duties, responsibilities and remuneration. Further details of the terms of employment for Mark Adamson were provided to the NZX and ASX on 18 June 2012.

Diversity Policy

Fletcher Building has a Diversity Policy, which is available on the company's website. The remuneration committee reviews progress against diversity objectives and initiatives developed by the group to deliver outcomes against the Diversity Policy. The board is satisfied with the initiatives being implemented by the company and its performance with respect to the diversity policy. Further information on diversity initiatives can be found in the People and Community section (on pages 28–30 of the Annual Review).

The proportion of women and men within Fletcher Building as at 30 June 2015 is set out in the table below.

	2015 women	2015 men	2014 women	2014 men
Board of directors	**2 (29%)**	**5 (71%)**	2 (22%)	7 (78%)
Executive committee	**1 (11%)**	**8 (89%)**	1 (9%)	10 (91%)
Senior management[1]	**19 (25%)**	**58 (75%)**	20 (24%)	65 (76%)
All employees	**19%**	**81%**	21%	79%

[1] Senior management for these purposes includes any person who reports to a member of the executive committee

Performance

The board carried out a review of its performance and of the committees during the year. The review process involved each director completing and submitting to the chairman a comprehensive questionnaire relating to board performance. Those responses were then collated, analysed and circulated to the directors to use as a basis for their review.

The board annually evaluates the performance of the chief executive officer and the chief executive officer's direct reports. The evaluation is based on criteria that include the financial performance of the business and the accomplishment of other non-quantitative objectives established at the beginning of each year. Further information can be found in the Remuneration Report (on page 55). During the most recent financial year, performance evaluations of senior executives were conducted in accordance with this process.

Structure the board to add value

Nominations committee

The nominations committee makes recommendations to the board in respect of board and committee composition and, when required, identifies individuals believed to be qualified to become board members. The chairman of the board is the chairman of the nominations committee and all independent directors are members of the nominations committee. The roles and responsibilities are set out in a Nominations Committee Charter, which is available on the company's website.

Board Skills Matrix

The board has adopted a Board Skills Matrix which takes account of the breadth of the company's business interests and the nature of the company's strategic focus. Skills and diversity that are relatively underweight are considered in making appointments to the board.

BOARD SKILLS MATRIX

Industry	
Building products industry	
Construction industry	
Distribution industry	
Geography	
Australian business experience	
International business experience	
Expertise	
Strategy	
Management	
Finance/Accounting	
Legal/Governance	
Marketing	
Information technology	
Supply chain	
Diversity	
Gender	

Director independence

Information on the skills, experience and expertise of current directors and their independence status is contained under 'Directors' (on pages 2–3). The company follows recommendations that the chairman be an independent director who is not the same person as the chief executive officer and that a majority of the board are independent directors. The board considers all directors to be independent, with the exception of Mark Adamson.

Director induction and professional development

The board ensures that new directors are appropriately introduced to Fletcher Building and are acquainted with relevant industry knowledge and economics. The induction and continuing professional development includes visits to specific company operations and briefings from key executives and industry experts. Directors are provided with material health and safety information relevant to the business and attend site visits.

Committees

The current standing committees of the board are audit and risk, remuneration, nominations and sustainability, environment, health and safety. From time to time the board may create ad hoc committees to examine specific issues on its behalf. No ad hoc committees were formed during FY15.

Each committee is governed by a charter setting out its responsibilities, with the exception of the sustainability, environment, health and safety committee, which is in the process of developing its charter. Committees do not take action or make decisions on behalf of the board unless specifically mandated by prior board authority to do so.

The table below shows director membership and attendance at board and committee meetings.

	Board		Audit and Risk		Remuneration		Nominations		Sustainability, Environment, Health and Safety*	
	Member	Attend	Member	Attend	Member	Attend	Member	Attend	Member	Attend
Norris	11(C)	11	–	5	3	3	4(C)	4	–	1
Adamson	11	11	–	5	–	3	–	–	–	1
Carter	11	11	–	–	3	3	4	4	–	–
Jackson	11	11	–	–	3(C)	3	4	4	2	2
Judge	11	11	5(C)	5	–	–	4	4	–	–
Spargo	11	11	5	5	–	–	4	4	2(C)	2
Tarrant	11	11	5	5	–	–	4	4	2	2
Tilbrook	9	6	4	3	–	–	2	2	–	–
Waters	4	4	–	1	–	–	1	1	–	–

(C) denotes chairman at 30 June 2015

* The sustainability, environment, health and safety committee was formed with effect from 1 January 2015

Act ethically and responsibly

Code of Conduct

The company has a written Code of Conduct with which all directors, senior executives and employees are required to comply. The Code of Conduct is available on the company's website.

Safeguarding integrity in financial reporting

Audit and risk committee

The board has formed an audit and risk committee, which is subject to a formal charter available on the company's website. The charter sets out the roles and responsibilities of the audit and risk committee.

The audit and risk committee has three members, whose names and qualifications are presented under 'Directors' on pages 2-3. The committee is chaired by John Judge and all members are non-executive, independent directors. The audit and risk committee held five meetings during the year and attendance at those meetings is recorded under 'Committees' above.

Approval of financial statements

Prior to approving the interim and full year financial statements, the board received a declaration from the chief executive officer and chief financial officer that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

External auditor

The audit and risk committee performs an annual performance assessment of the external auditor to ensure ongoing quality and effectiveness. During the year the company conducted a competitive tender process for the external auditor appointment. As a result of the tender, EY were appointed in February 2015 to replace KPMG.

The Auditor Independence Policy includes requirements for the rotation of external audit engagement partners. The Auditor Independence Policy is available at www.fbu.com/investor-centre/governance. In addition, the policy covers the provision of non-audit services by the company's auditor. Auditors' fees and expenses paid to EY and KPMG are presented within Note 3 of the group financial statements included in this Annual Report. The other work performed by the external auditors beyond the statutory audit were pre-approved in accordance with the Auditor Independence Policy and is not considered to compromise independence as the services did not constitute material sums of money.

The company's external auditor attends its annual shareholders' meeting and is available to answer questions from security holders relevant to the audit.

Make timely and balanced disclosure

Continuous disclosure

The company has in place a Market Disclosure Policy designed to ensure compliance with its continuous disclosure requirements under NZX and ASX Listing Rules. The Market Disclosure Policy is available on the company's website.

Respect the rights of shareholders

Informed shareholders

Fletcher Building maintains a website, which includes current information about Fletcher Building's activities and governance, including information of specific relevance to investors. Core policies on communicating with shareholders are formalised in a Shareholder Communication Policy, which is available on the website.

The company operates an investor relations programme, which includes scheduled interactions with institutional investors, analysts and other market commentators. Presentations are also disclosed on the company's website and the NZX and ASX announcement platforms.

Electronic communications

Shareholders have the option to receive communications from, and send communications to, Fletcher Building electronically. Shareholders are actively encouraged to take up this option.

Recognising and managing risk

Risk

The audit and risk committee oversees risk. Further information on the composition of the audit and risk committee can be found above, under 'Safeguarding Integrity in Financial Reporting'.

The audit and risk committee has reviewed the company's Risk Management Framework during the year and satisfied itself that it continues to be sound. The Risk Management Framework includes a formalised system for identifying, overseeing, managing and controlling risk.

Internal audit

Fletcher Building has an internal audit function, which evaluates and improves the effectiveness of key risk management, control and governance processes. Internal audit develops an annual internal audit plan for approval by the audit and risk committee and is accountable for its implementation. To provide for the independence of the internal audit function, internal audit reports functionally to the audit and risk committee and administratively to the chief financial officer.

Sustainability

The Sustainability Report on pages 30–31 of the Annual Review discusses economic, environmental and social sustainability risks and how those risks are managed.

Remunerate fairly and responsibly

Remuneration committee

The board has formed a remuneration committee, which is subject to a formal charter available on the company's website. The charter sets out the roles and responsibilities of the remuneration committee.

The remuneration committee has three members, whose names and qualifications are presented under 'Directors' on pages 2-3. The committee is chaired by Alan Jackson and all members are non-executive, independent directors. The remuneration committee held three meetings during the year and attendance at those meetings is recorded under 'Committees' on page 53.

Remuneration Report

The company's policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives are included in the Remuneration Report (on page 55). The Remuneration Report also includes a discussion of the operation of, and policy for, equity-based remuneration.

The company seeks to ensure that it remunerates management and directors fairly and responsibly. Remuneration policies are designed to attract, retain and motivate talented executives and senior management as a way of enhancing the performance of the company and aligning their interests with the creation of value for shareholders.

Executive and senior management remuneration

The company's remuneration strategy aims to attract, retain and motivate high-calibre employees at all levels of the organisation and so drive performance and sustained growth in shareholder value. The company's remuneration committee is kept appraised of relevant market information and best practice, obtaining advice from external advisors when necessary. Remuneration levels are reviewed annually for market competitiveness and alignment with strategic and performance priorities.

The remuneration committee engaged PwC to provide remuneration benchmark data for the chief executive officer and other executive committee roles during FY15. The peer group consisted of New Zealand and Australian listed companies of comparable size, complexity and industry to Fletcher Building. An additional global peer group was considered in respect of the chief executive officer role, which included comparable companies from other regions where Fletcher Building has operations.

Total remuneration for executives and senior management comprises:

- fixed remuneration, including the value of base remuneration and any other benefits;
- a short-term variable incentive in the form of an annual performance-related cash bonus; and
- participation in the Executive Long-Term Share Scheme or Executive Long-Term Incentive Scheme.

For the purposes of determining total remuneration within the executive and senior management group, it is assumed that executives and senior management will, on average, achieve 75% of their potential incentives over time, such percentages to be reassessed periodically in the light of the actual earnings achieved over the business cycle.

Fixed remuneration

It is the company's policy to pay fixed remuneration comparable to the median and total remuneration comparable to the upper quartile for equivalent roles in the country or region in which the incumbent is located. The New Zealand/Australian peer group data compiled by PwC was used for this comparison for executives based in New Zealand and Australia.

Participation in retirement savings plans is made available to employees as required by remuneration practices in relevant jurisdictions.

Short-term variable incentive

Short-term variable incentives (STI) are designed to incentivise growth in net earnings by rewarding employees' performance against financial and personal objectives. Short-term variable incentive targets are expressed as a percentage of base remuneration. Participation in the plan is by annual invitation at the discretion of the company, at which time financial targets and personal objectives are established.

Financial component: For operating executives and senior management, the financial target is based on the EBIT and funds employed for the applicable division or business unit. For corporate executives and senior management, the financial target is based on the economic value added (EVA), which is an EBIT and funds employed calculation for the whole group, taking into account foreign exchange and taxation. The financial targets allow normalisation adjustments as agreed by the remuneration committee in advance for acquisitions, divestments and significant items, such as impairments. Financial targets are set at three levels; a threshold level, which must be met before any STI is paid, a target level and a maximum level, above which the STI paid will remain constant. For FY15, the financial threshold is set at achieving 90% of target. The maximum financial level is set at achieving 105% of target for the chief executive officer and 120% of target for other executives and senior management. Achievement of the maximum financial level results in a payment of 120% of STI for the chief executive officer and 150% of the financial component of STI for all others.

Personal component: Personal objectives comprise several challenging, measurable personal objectives. Objectives are strategic in nature and are cascaded through the management team according to role. Mark Adamson's objectives include portfolio management, margin enhancement, safety and environment outcomes and people targets such as employee engagement and are approved directly by the chairman. Payment for the personal component is calculated by reference to the individual performance against the personal objectives for the financial year. Maximum uplift for chief executive officer personal component is set at 120% and 100% for all other executives. If the threshold financial level (or the financial target with the greater weighting in the case of executives and senior management who have more than one financial target) is not met, no STI will be payable.

The components of STI by role are as follows:

	Personal component	Financial component		Total STI		
		Corporate EVA	EBIT/funds target	Threshold	Target	Maximum
Chief executive officer	30%	70%		0%	100%	120%
Corporate executives	15%	45%		0%	60%	82.5%
Operational executives[1]	15% – 20%	11.25% – 15%	33.75% – 45%	0%	60% – 80%	82.5% – 110%
Senior management[1]	7.5% – 10%	10% – 30%	10% – 30%	0%	20% – 40%	25% – 55%

[1] Varies depending on role

The board has the discretion to require repayment of an employee's STI for a period of up to three years where the company's reported financial statements are subsequently restated or there is misconduct that causes a financial trading loss that has not been taken into account in the STI calculations.

Executive Long-Term Share Scheme and Executive Long-Term Incentive Scheme

Long-term performance incentives are designed to align employee remuneration with financial outcomes for shareholders over the longer term. The company has implemented an Executive Long-Term Share Scheme (ELSS) targeted at the employees most able to influence financial results. In circumstances where shares cannot be acquired under applicable securities legislation in certain jurisdictions, equivalent economic entitlements are conveyed by way of cash bonus entitlements under an Executive Long-Term Incentive Scheme (ELIS). Participation in any year is by annual invitation at the discretion of the company.

Under the ELSS, participants purchase shares in the company at the offer price with an interest-free loan. The offer price is established at market value at the time of offer. The shares are held by a trustee on behalf of participants until the end of a restrictive period. Provided certain performance criteria are met and participants remain employed with the company throughout the restrictive period, a cash bonus is paid to meet the repayment of the interest-free loan and legal title in the shares is then transferred to the participants. To the extent that the performance criteria are not met or the participant ceases to be employed by the company, the shares will be forfeited and proceeds used to repay the interest-free loan.

The performance criteria under the ELSS and ELIS are split into two components as follows:

- **Total shareholder return (TSR) – 50% of shares**
  The TSR of the group for the period is compared with the average consolidated TSR for the same period of a comparator group to derive a percentile ranking. The 2014 offer is for the period 1 October 2014 – 30 September 2017, which may be extended for up to one more year until 30 September 2018. The comparator group used for the 2014 offer comprises Adelaide Brighton, Amcor, BlueScope, Boral, Brickworks, CSR, Downer EDI, GWA International, James Hardie, Leighton Holdings, Nuplex, Reece, Sims Group, Spark and Steel & Tube. The entitlement to the TSR tranche is determined as follows:

TSR percentile	Percentage entitlement
< 51st	nil
51st	50%
between 51st – 75th	50 – 100% linear pro-rata
> 75th	100%

- **Earnings per share (EPS) – 50% of shares**
  The EPS target for the year ended 30 June 2017 was set based on a required increase from the year ended 30 June 2014. The EPS for the year ended 30 June 2014, adjusted for significant items, was 52.7 cents and is required to increase by a minimum of 5% per annum before any of the EPS tranche will vest. The EPS tranche will fully vest if the EPS increases by 10% or more per annum. The entitlement to the EPS tranche is determined as follows:

EPS for year ended 30 June 2017[1]	Percentage entitlement
< 61.0 cents	nil
61.0 cents per share	50%
between 61.0 – 70.2 cents per share	50 – 100% linear pro-rata
> 70.2 cents per share	100%

[1] EPS will be adjusted for significant items

The board has retained discretion to determine the extent to which any shares held in the ELSS should be transferred in any takeover, merger or corporate reconstruction.

The granting, vesting and forfeiture of shares under the ELSS over the last six years was as follows:

Date of grant	Initial grant	Shares vested	Shares forfeited
October 2014	815,164		
October 2013	771,038		
October 2012	1,542,549		
October 2011	1,332,232		50.0%[1]
October 2010	956,940	46.0%	54.0%
October 2009	793,847	41.6%	58.4%

[1] The October 2011 tranche has forfeited the EPS component. The TSR component has been extended to 30 September 2015.

FBuShare

FBuShare is a broad-based employee share plan that promotes employee engagement and retention. Employees acquire shares in the company and, if they continue to be employed after a three year qualification period, become entitled to receive one award share for every two shares purchased in the first year of the qualification period and still owned at the end of that period. FBuShare does not require any performance criteria to be met. FBuShare has a maximum contribution rate of NZ$5,000 per annum (or the equivalent currency in other countries). Employees in certain countries are invited to participate in the Phantom Plan, which replicates the benefits of FBuShare. The chief executive officer is not eligible to participate in FBuShare.

Chief executive officer's remuneration

Mark Adamson's current base salary is $1,900,000. The remuneration he received in the current year comprised:

Base remuneration	$1,875,000
Short-term variable incentive (STI) FY14 – paid September 2014	$2,151,900
Medical insurance benefit	$3,225

Refer to 'Executive and Senior Management Remuneration' on page 55 for details of the STI.

The following short-term incentive was accrued in the current year:

Short-term variable incentive (STI) FY15 – accrued and payable in September 2015	$2,008,341

Refer above under 'Executive and Senior Management Remuneration' for details of the STI.

Mark Adamson was also granted the following long-term incentive during the year, which remains at risk:

Executive Long-Term Share Scheme (ELSS) 2014	173,788 shares	$1,527,600[1]

Refer to 'Executive and Senior Management Remuneration' on page 55 for details of the ELSS.

[1] Based on a share price of $8.79, being the volume-weighted average price for the five business days ended 30 September 2014

As an executive director, Mark Adamson did not receive any further remuneration in his capacity as director of Fletcher Building Industries Limited or other subsidiaries.

2012 Share Options Plan – chief executive officer

Shareholders approved the issue of up to 1,000,000 options to acquire ordinary shares in the company to Mark Adamson at the annual shareholders' meeting on 20 November 2012, pursuant to NZX Listing Rule 7.3.1 and ASX Listing Rule 10.14. Each option is issued for no cash consideration. Mark Adamson is the only eligible recipient under the 2012 Share Options Plan.

An initial issue of 500,000 options was made with effect on 1 October 2012 with an exercise price of $6.22, being the volume weighted average price of Fletcher Building shares sold on the NZSX in the five business days immediately preceding the announcement of Mark Adamson's appointment on 18 June 2012. The exercise price for any additional options issued will be the volume weighted average price of Fletcher Building shares sold on the NZSX in the five business days immediately preceding the date the options are issued. The exercise price is adjusted annually, with effect from the date of grant, by the company's cost of capital, less any dividends actually paid. There is a restrictive period of three years from the date of grant during which the options may not be exercised. Subject to the company's rules on the trading of securities, options may be exercised at any time between the third and sixth anniversary of the date of grant.

A further issue of up to 500,000 options may be made to Mark Adamson at the discretion of the board during the period from 1 October 2015 to 20 November 2015.

Non-executive directors' remuneration

The remuneration scale for non-executive directors was as follows:

	2015 calendar year		2014 calendar year	
	Member per annum	**Chairman[1] per annum**	Member per annum	Chairman[1] per annum
Board of directors	**$159,000**	**$422,500**	$159,000	$422,500
Audit and risk committee	**$23,000**	**$46,000**	$23,000	$34,500
Remuneration committee	**$17,500**	**$35,000**	$17,500	$26,500
Nominations committee	**$10,000**	**–**	$10,000	–
Sustainability, environment, health and safety committee	**$17,500**	**$35,000**	–	–
Travel allowance – Australian residents	**$18,000**	**–**	$18,000	–

[1] The chairmen's amounts are not additional to the corresponding member amounts.

All non-executive directors were also paid a non-vouchable expense reimbursement allowance of $5,000 per annum. Where an ad hoc committee is convened, such as for due diligence, additional remuneration may be payable at $1,200 per half day. However, no payments for ad hoc committees were made in the current year. Directors do not receive any further remuneration for also being directors of Fletcher Building Industries Limited, the NZX listed issuer of the group's debt securities.

Director fees are reviewed annually in the last quarter of the calendar year. The company engaged PwC to benchmark directors' fees against the director fees paid by a peer group consisting of New Zealand and Australian listed companies of comparable size, complexity and industry to Fletcher Building. As a result of the benchmark findings, adjustments were made to the committee chairmen fees to bring them more in line with the peer group market data. A new fee was also introduced for membership of the sustainability, environment, health and safety committee, commencing on 1 January 2015, to reflect increased structure and focus being placed on this committee. All other directors' fees remained unchanged.

The maximum aggregate remuneration able to be provided to all non-executive directors was set at $2,000,000 at the 2011 annual shareholders' meeting. The remuneration paid to non-executive directors in the year ended 30 June 2015 was as follows:

	Remuneration paid
A J Carter	$186,500
A T Jackson	$208,500
J F Judge	$209,250
R J Norris	$344,815
K D Spargo	$227,500
C Tarrant	$200,750
G T Tilbrook	$169,750
R G Waters	$135,468
Total	$1,682,533

Non-executive directors do not participate in any company share or option plan. However, the Board Charter requires non-executive directors (or their associates) to hold at least 20,000 shares in the company to demonstrate their commitment and alignment with the company. There are no schemes for retirement benefits for non-executive directors.

Directors' and officers' indemnification and insurance

The company has arranged a programme of directors' and officers' liability insurance covering directors, executives and employees acting on behalf of the company. Cover is for damages, judgments, fines, penalties, legal costs awarded and defence costs arising from wrongful acts committed whilst acting for the company. Actions not covered include dishonest, fraudulent or malicious acts or omissions, wilful breach of a statute, regulation or a duty to the company, improper use of information to the detriment of the company and breach of professional duty.

The insurance cover is supplemented by an indemnity from the company. However, the indemnity does not cover liabilities that cannot be indemnified under the Companies Act 1993 or other statutes, including liability arising from criminal acts or a failure to act in good faith and in the best interests of the company.

Holding the company's securities

A standard term in the executive and senior management employment contract is a requirement that, over time, executives and senior managers must acquire and maintain a holding in the company's ordinary shares until such time as the greater of the sum invested or the market value of their shareholding exceeds 50% of their base remuneration. In meeting this obligation, executives and senior managers may not sell any shares that vest under the ELSS, or any similar scheme, until the shareholding equals or exceeds the shareholding threshold. For executives or senior managers who are domiciled outside New Zealand or Australia, any net after-tax payments made under the ELIS, or any similar scheme, are to be used to acquire shares on or before 31 March of the following financial year (i.e. 31 March immediately following the payment from the scheme) until the shareholding equals or exceeds the shareholding threshold. In addition, for members of the executive committee who are domiciled in New Zealand or Australia, if at the time of appointment to an executive role, the greater of the market value or cost of the individual shareholding is less than the value of 10% of base remuneration, the executive is required to apply no less than 25% of the after-tax value of any short-term incentive payment to acquire Fletcher Building Limited shares on or before 31 March of the following financial year (i.e. 31 March immediately following the short-term incentive payment). This requirement applies for the first two years of employment as an executive unless the shareholding equals or exceeds the shareholding threshold.

The company believes this shareholding strengthens the alignment of executives and senior management with the interests of shareholders and puts their own remuneration at risk to long-term company performance. Directors may, in any year at their discretion, ease the share investment percentage required in respect of any incentive payment arising in that year.

Shares issued to executives and senior management under the ELSS, but still subject to the restrictive period, do not count towards the required minimum shareholding. The company does, however, allow New Zealand-based executives or senior management to include an economic exposure to the shares through a defined contribution investment account in the Fletcher Building Retirement Plan, the value of which is calculated by reference to the Fletcher Building share price.

The company has a policy that prohibits entering into transactions in associated products that limit the economic risk of participating in unvested entitlements under equity-based remuneration schemes.

Employee remuneration

Section 211(1)(g) of the New Zealand Companies Act 1993 requires disclosure of the number of employees or former employees of the company whose remuneration and any other benefits received by them during the year in their capacity as employees, was equal to or exceeded $100,000 per annum and to state the number of such employees or former employees in brackets of $10,000. These amounts are included below and include all applicable employees or former employees of Fletcher Building worldwide. The remuneration amounts include all monetary amounts and benefits actually paid during the year, including redundancies and the face value of long-term incentives vested. Amounts paid to the chief executive officer, which are presented in the table above, are not included in the disclosure on the following page.

Employee remuneration

From NZ$	–	To NZ$	International business activities	New Zealand business activities	Total
100,000	–	110,000	451	363	814
110,000	–	120,000	370	245	615
120,000	–	130,000	249	208	457
130,000	–	140,000	166	145	311
140,000	–	150,000	123	121	244
150,000	–	160,000	112	103	215
160,000	–	170,000	96	70	166
170,000	–	180,000	84	52	136
180,000	–	190,000	73	39	112
190,000	–	200,000	52	36	88
200,000	–	210,000	49	30	79
210,000	–	220,000	30	23	53
220,000	–	230,000	32	28	60
230,000	–	240,000	24	18	42
240,000	–	250,000	17	20	37
250,000	–	260,000	15	17	32
260,000	–	270,000	12	7	19
270,000	–	280,000	8	14	22
280,000	–	290,000	9	8	17
290,000	–	300,000	7	3	10
300,000	–	310,000	13	4	17
310,000	–	320,000	10	7	17
320,000	–	330,000	10	4	14
330,000	–	340,000	5	4	9
340,000	–	350,000	6	3	9
350,000	–	360,000	13	3	16
360,000	–	370,000	6	4	10
370,000	–	380,000	7	2	9
380,000	–	390,000	3	6	9
390,000	–	400,000	5	1	6
400,000	–	410,000	1	2	3
410,000	–	420,000	3	1	4
420,000	–	430,000	2		2
430,000	–	440,000	4		4

From NZ$	–	To NZ$	International business activities	New Zealand business activities	Total
440,000	–	450,000	2	3	5
450,000	–	460,000		2	2
460,000	–	470,000	1	1	2
470,000	–	480,000		4	4
480,000	–	490,000	3	1	4
490,000	–	500,000	1	1	2
500,000	–	510,000	1	3	4
510,000	–	520,000	1		1
520,000	–	530,000	1	2	3
530,000	–	540,000		1	1
540,000	–	550,000		3	3
550,000	–	560,000	1	1	2
570,000	–	580,000		3	3
580,000	–	590,000	2		2
610,000	–	620,000	1	1	2
620,000	–	630,000	1		1
650,000	–	660,000	1		1
660,000	–	670,000	1		1
710,000	–	720,000		1	1
720,000	–	730,000		1	1
730,000	–	740,000	1		1
780,000	–	790,000	1		1
800,000	–	810,000		1	1
850,000	–	860,000		1	1
880,000	–	890,000	1		1
900,000	–	910,000	1	1	2
920,000	–	930,000	1		1
1,000,000	–	1,010,000	1		1
1,050,000	–	1,060,000	1		1
1,140,000	–	1,150,000		1	1
1,150,000	–	1,160,000	1		1
1,310,000	–	1,320,000		2	2
1,960,000	–	1,970,000		1	1
2,090,000	–	2,100,000		1	1
Grand total			**2,092**	**1,627**	**3,719**

Regulatory disclosures

Directors' relevant interests in equity securities at 30 June 2015

	Relevant interests 30 June 2015	
	Ordinary shares	Capital notes
M D Adamson[1]	1,062,485	
A J Carter	32,843	150,000
A T Jackson	20,000	
J F Judge	58,155	200,000
R J Norris	26,474	
K D Spargo	25,000	
C Tarrant	22,639	
Total	1,247,596	350,000

[1] Includes 500,000 options over ordinary shares

Directors' interests register

Directors have advised changes in their interests during the year ended 30 June 2015 of:

Affected interest	Disclosure of directors' interests
A T Jackson	• Ceased to be a trustee of the Icehouse Trust
	• Ceased to be chairman of Thorough Vision Pty
J F Judge	• Director of The New Zealand Initiative Limited
	• Chairman of the Auckland Arts Festival Trust
R J Norris	• Director of Fonterra Co-Operative Group
	• Director of Fonterra Shareholders' Fund
	• Director of Origin Energy
	• Director of New Zealand Treasury
	• Member of the NZ Olympic Advisory Committee
	• Member of the Juvenile Diabetes Research Foundation Advisory Board
	• Trustee of Business Mentors New Zealand
	• Member of The University of Auckland Council
	• Chairman of RANQX Holdings Limited
K D Spargo	• Ceased to be a member of the International Ethics Standards Board for Accountants
	• Chairman of UGL Limited
	• Director of Adairs Limited

During the year directors disclosed that they (or their associated persons) acquired or disposed of a relevant interest in securities as follows:

	Relevant interests in shares			
Affected interest	Transaction	Class	Number	Consideration
M D Adamson	Purchase	Ordinary shares	173,788	$1,527,597
	Purchase	Ordinary shares	1,262	$10,749
A J Carter	Purchase	Ordinary shares*	434	$3,698
J F Judge	Purchase	Ordinary shares*	20	$171
R J Norris	Purchase	Ordinary shares*	45	$387
C Tarrant	Purchase	Ordinary shares*	2,000	$17,260
	Purchase	Ordinary shares	284	$2,417
R G Waters	Sale	Ordinary shares	250,000	$2,297,080

* Includes non-beneficial interests

The following directors' certificates were disclosed in the interests register:

Affected interest	Nature of interest
All directors	• Directors' and officers' insurance effected for the period 1 July 2014 – 30 June 2015.
Non-executive directors	• Payment of director fees to non-executive directors for the period 1 January 2014 – 31 December 2014. Base director fees to increase to $159,000 and chairman's remuneration to continue to be paid at a ratio of 2.5 times that of the base fee for non-executive directors, inclusive of the nominations committee fee.
	• Payment of director fees to non-executive directors to increase from 1 January 2015. Base director fees and committee member fees to remain the same. Committee chairman fees increased to two times that of the committee members. New committee member fee introduced for sustainability, environment, health and safety committee of NZ$17,500.
M D Adamson	• Increase in base salary to $1,900,000 per annum effective 1 October 2014.

Stock exchange listings

The company's shares are listed on the New Zealand (NZX) and Australian (ASX) stock exchanges.

20 largest shareholdings as at 31 July 2015

Name	Number of shares	% of shares
New Zealand Central Securities Depository Limited	351,085,027	50.97
JP Morgan Nominees Australia Limited	39,970,843	5.80
National Nominees Limited	22,568,949	3.27
Citicorp Nominees Pty Limited	18,847,825	2.73
HSBC Custody Nominees (Australia) Limited	15,454,414	2.24
RBC Investor Services Australia Nominees Pty Limited	14,009,664	2.03
BNP Paribas Noms Pty Ltd	13,488,087	1.95
FNZ Custodians Limited	8,260,571	1.19
RBC Investor Services Australia Nominees Pty Limited	7,129,160	1.03
Custodial Services Limited	6,777,654	0.98
Southern Steel Group Pty Limited	3,876,365	0.56
Investment Custodial Services Limited	3,537,312	0.51
UBS Nominees Pty Limited	2,795,030	0.40
Forsyth Barr Custodians Limited	2,781,061	0.40
Custodial Services Limited	2,768,806	0.40
New Zealand Depository Nominee Limited	2,329,177	0.33
Custodial Services Limited	2,268,749	0.32
HSBC Custody Nominees (Australia) Limited	2,149,258	0.31
Masfen Securities Limited	2,137,898	0.31
Custodial Services Limited	2,084,585	0.30

New Zealand Central Securities Depository Limited provides a custodial depository service that allows electronic trading of securities to its members. It does not have a beneficial interest in these shares. Its major holdings of Fletcher Building shares are:

Name	Number of shares	% of shares
JP Morgan Chase Bank NA NZ Branch	65,087,082	9.48
HSBC Noms (NZ) Ltd	64,283,742	9.37
HSBC Nominees (NZ) Limited	43,392,741	6.32
Citibank Nominees (NZ) Limited	40,229,425	5.86
National Nominees NZ Ltd	32,816,854	4.78
Accident Compensation Corporation	22,218,333	3.24
BNP Paribas Nominees (NZ) Limited	16,530,395	2.41
NZ Superannuation Fund Noms Ltd	15,568,945	2.27
TEA Custodians Ltd	10,129,148	1.48
ANZ Wholesale Australasian Share Fund	9,365,649	1.36
BNP Paribas Nominees (NZ) Limited	7,950,651	1.16
Guardian Nominees	5,138,619	0.75
BNP Paribas Nominees (NZ) Limited	4,782,257	0.70
Private Nominees Ltd	4,389,140	0.64
BNP Paribas Nominees (NZ) Limited	2,485,749	0.36
ANZ Wholesale NZ Share Fund	2,200,132	0.32

Substantial security holders

According to notices given to the company under the Financial Markets Conduct Act 2013, as at 31 July 2015, the substantial security holders in the company and their relevant interests are noted below. The total number of issued voting securities of Fletcher Building Limited as at that date was 686,375,286.

Substantial security holders	Number of voting securities	Date of notice
Perpetual Limited	40,396,726	13 March 2015
Blackrock, Inc	34,427,194	23 March 2015

Distribution of holdings as at 31 July 2015

	Ordinary shares		Capital notes	
Size of holdings	Number of holders	%	Number of holders	%
1 to 1,000	15,918	38.94	–	–
1,001 to 5,000	18,548	45.37	888	12.74
5,001 to 10,000	3,804	9.31	1,136	16.30
10,001 to 100,000	2,472	6.04	4,490	64.43
100,000 and over	139	0.34	455	6.53
Total	40,881	100.00	6,969	100.00

All shares issued are fully paid and have full voting rights. The number of shareholders holding less than the marketable parcel of A$500 under the listing rules of the ASX is 1,075 as at 31 July 2015.

There is no current on-market buy-back of shares.

A total of 557,250 ordinary shares were purchased on market for the purposes of employee share schemes during FY15 at an average price per share of $8.46.

Fletcher Building Industries Limited has 531 million capital notes on issue, which can convert to Fletcher Building Limited ordinary shares on the basis of 98% of the then current value of the shares. Unless the capital notes convert into Fletcher Building Limited ordinary shares, they carry no voting rights in Fletcher Building Limited. There were 6,969 holders of the capital notes at 31 July 2015. Fletcher Building Holdings Limited held $142 million capital notes at 31 July 2015. The capital notes are quoted on the NZX but are not quoted on the ASX.

ASX waivers

The terms of the company's admission to the ASX and ongoing listing require disclosure that the company is incorporated in New Zealand and is not subject to Chapters 6, 6A, 6B and 6C of the Australian Corporations Act dealing with the acquisition of shares (such as substantial holdings and takeovers). Securities in the company are, in general, freely transferable and the only significant restrictions or limitations in relation to the acquisition of securities are those imposed by New Zealand laws relating to takeovers, overseas investment and competition, as follows:

(a) The New Zealand Takeovers Code creates a general rule under which the acquisition of more than 20% of the voting rights in the company or the increase of an existing holding of 20% or more of the voting rights in the company can only occur in certain permitted ways. These include a full takeover offer in accordance with the Takeovers Code, a partial takeover offer in accordance with the Takeovers Code, an acquisition approved by an ordinary resolution, an allotment approved by an ordinary resolution, a creeping acquisition (in certain circumstances) or compulsory acquisition if a shareholder holds 90% or more of the shares in the company.

(b) The New Zealand Overseas Investment Act 2005 and Overseas Investment Regulations 2005 regulate certain investments in New Zealand by 'overseas persons'. In general terms, the consent of the New Zealand Overseas Investment Office is likely to be required where an 'overseas person' acquires shares or an interest in shares in the company that amount to more than 25% of the shares issued by the company or, if the overseas person already holds 25% or more, the acquisition increases that holding.

(c) The New Zealand Commerce Act 1986 is likely to prevent a person from acquiring shares in the company if the acquisition would have, or would be likely to have, the effect of substantially lessening competition in a market.

On 31 March 2009, ASX granted the company an ongoing waiver from ASX Listing Rule 7.1 which regulates the circumstances where companies listed on ASX are required to seek shareholder approval for the issue of securities. One of the conditions of the waiver is that the company remains subject to, and complies with, the listing rules of NZX with respect to the issue of new securities.

In accordance with the requirements of the ASX waiver, the company certifies that during the 12 months to 30 June 2015 it has been subject to, and has complied with, the requirements of the NZX with respect to the issue of new securities and that it continues to comply with those requirements.

NZX waivers

The company has been granted a waiver from NZX Listing Rule 7.6.6(a), to allow its chief executive officer and managing director, Mark Adamson, to participate in the Fletcher Building Limited Executive Long-Term Share Scheme (ELSS) and to receive financial assistance as part of that ELSS, for as long as Mark Adamson remains an employee of the company and a participant in the ELSS.

This waiver was granted subject to the following conditions:

(a) the company obtained shareholder approval for the provision of financial assistance to Mark Adamson in connection with his participation in the ELSS at its annual shareholders' meeting; and

(b) the notice of meeting contained the precise terms and conditions of Mark Adamson's participation in the ELSS, and a description of the waiver and its implications, being that financial assistance may continue to be provided to Mark Adamson for the period for which he is a participant in the ELSS, which may be beyond 36 months.

Approval in accordance with these conditions was given at the annual shareholders' meeting on 20 November 2012.

Subsidiary company directors.

Section 211(2) of the New Zealand Companies Act 1993 requires the company to disclose, in relation to its subsidiaries, the total remuneration and value of other benefits received by directors and former directors and particulars of entries in the interests registers made during the year ended 30 June 2015.

No employee of Fletcher Building appointed as a director of Fletcher Building Limited or its subsidiaries receives or retains any remuneration or other benefits as a director. The remuneration and other benefits of such employees, received as employees, are included in the relevant bandings for remuneration disclosed under Employee remuneration.

Except where shown below, no other director of any subsidiary company within the group receives director's fees or other benefits as a director.

The following persons respectively held office as directors of subsidiary companies at the end of the year.

Alternate directors are indicated by the letter (A) after their name.

Directors who retired during the year are indicated by the letter (R) after their name.

Directors who died during the year are indicated by the letter (D) after their name.

AHI Roofing (Malaysia) SDN BHD

I Bin Harun, P Lamb, T Richards (R), P Wilson (R), C Bolt, S-J Goh

AHI Roofing (Middle East) Limited

T Richards (R), N Olson (R), G Bollman, C Bolt (R), F Irazusta

AHI Roofing Gyarto Es Kereskedelmi Korlatolt Felelossegu Tarasag

T Richards (R), O Pascutiu, P Wilson (R), C Bolt, D Shulz

AHI Roofing Limited

T Richards (R), N Olson (R), G Bollman, C Bolt (R), F Irazusta

AHI Roofing Proizvodnja In Distribucija Stresnih Sistemov D.O.O.

T Richards (R), O Pascutiu, P Wilson (R), C Bolt

Amatek Holdings Limited

D Le Quesne, N Olson (R), L Huynh (R), G Bollman, S Lo Ricco

Amatek Industries Pty Limited

D Le Quesne, N Olson (R), L Huynh (R), G Bollman, S Lo Ricco

Amatek Investments Limited

D Le Quesne, N Olson (R), L Huynh (R), G Bollman, S Lo Ricco

Andy Sellar Building Supplies Limited

A Sellar(R), D Fradgley

Anson Building Supplies Limited

V G Grant

Austral Bronze Crane Copper Limited

R McLeod (R), N Olson (R), L Mayne (R), G Bollman, S Lo Ricco, N Sumich

Australian Construction Products Pty Limited

S Baker, M Malpass (R), C Bolt

Australian Fibre Glass Pty Limited

D Le Quesne, L Huynh (R), S Lo Ricco

Bandelle Pty Limited

D Le Quesne, L Huynh (R), S Lo Ricco

Baron Insulation Pty Ltd

T Richards (R), C Zeitlyn (R), C Bolt, J Hodgkinson (R), J Hollis

Boden Building Supplies Limited

P Boden, D Fradgley

Building Choices Limited

D Close, D Fradgley

Cameron Building Supplies Limited

D Cameron, D Fradgley

Caravan Components Pty Limited

D Le Quesne, L Huynh (R), S Lo Ricco

Cleaver Building Supplies Limited

M Cleaver, D Fradgley

Consort Laminates Limited

P Hall, N Mason (R), M Gill

Crane Distribution Limited

L Mayne (R), N Olson (R), T Hickey, G Bollman, S Lo Ricco

Crane Enfield Metals Pty Limited

N Olson (R), L Mayne (R), G Bollman, S Lo Ricco

Crane Group Limited

D Le Quesne, N Olson (R), L Mayne (R), G Bollman, S Lo Ricco

Crevet Ltd

R McLeod (R), N Olson (R), L Mayne (R), G Bollman, S Lo Ricco, N Sumich

Crevet Pipelines Pty Ltd

R McLeod (R), N Olson (R), L Mayne (R), G Bollman, N Sumich

CTCI Pty Limited

D Surveyor (R), E Woldhuis, N Olson (R), G Bollman, A Webster (A), P Zuckerman

Cullen Building Supplies Limited

R Cullen, D Fradgley

Dale King Building Supplies Limited

D King, D Fradgley

Davis & Casey Building Supplies Limited

T Davis, D Fradgley

Decra Roofing Systems, Inc.

W Hudson (R), T Richards (R), N Olson (R), S Henwood, G Bollman, C Bolt

Delcon Holdings (No. 1) Limited

P Zuckerman, N Olson (R), G Bollman

Delcon Holdings (No. 2) Limited

P Zuckerman, N Olson (R), G Bollman

Delcon Holdings (No. 3) Limited

A Cadman (R), N Olson (R), G Bollman, F Irazusta

Delcon Holdings (No. 8) Limited

T Richards (R), N Olson (R), G Bollman C Bolt (R), F Irazusta

Delcon Holdings (No. 11) Limited

N Olson (R), G Bollman, C Bolt (R), F Irazusta

Delcon Holdings (No. 15) Limited

G Darlow, N Olson (R), G Bollman

EE-Fit Pty Limited

T Richards (R), C Zeitlyn (R). C Bolt, J Hodgkinson (R), J Hollis

EFA Technologies Pty Limited

D Le Quesne, M Malpass (R), C Bolt

Evans Building Supplies Limited

M Evans, D Fradgley

FBHS (Aust) Pty Limited

T Richards (R), M Negri (R), G Bollman, A Pidcock

FBSOL Pty Limited

T Richards (R), M Negri (R), G Bollman, A Pidcock

FDL No. 30 Limited

D Fradgley

Fletcher Building (Australia) Pty Limited

D Le Quesne, N Olson (R), L Huynh (R). G Bollman, C Bolt, S Lo Ricco

Fletcher Building (Fiji) Limited

A Kumar, C White, A Brown, M Malpass (R), C Bolt

Fletcher Building Holdings Limited

N Olson (R), G Bollman, C Bolt

Fletcher Building Holdings New Zealand Limited

N Olson (R), M Adamson (R), G Bollman, C Bolt

Fletcher Building Holdings USA Inc.

M Quint, N Olson (R), G Bollman

Fletcher Building Industries Limited

A Carter, A Jackson, J Judge, K Spargo, C Tarrant, G Tilbrook (R), R Waters (R), R Norris, M Adamson

Fletcher Building Netherlands B.V.

N Olson (R), D Slob (R), C Bolt, A Van De Werken (EUR 2,500) (R) G Bollman

Fletcher Building Nominees Limited

J McDonald, G Niccol, M Farrell, C Munkowits, K Daly (R), N Olson (R), J Chapman, P Demarie-Crook

Fletcher Building Products Limited
T Richards (R), N Olson (R), G Bollman, C Bolt (R), F Irazusta

Fletcher Building Share Schemes Limited
G Niccol, J McDonald

Fletcher Building Trading (Shanghai) Company Limited
C Rawlinson, P Wilson, G Bollman, C Bolt

Fletcher Challenge Building Bolivia S.A.
M Binns, K Cowie, H Ritchie

Fletcher Challenge Building UK Limited
J Ollard

Fletcher Challenge Finance Investments Limited
N Olson (R), C Bolt, G Bollman

Fletcher Challenge Forest Industries Limited
M August, J Ollard

Fletcher Challenge Industries S.A.
M Binns, K Cowie, H Ritchie

Fletcher Challenge Overseas Holdings Limited
N Olson (R), C Bolt, G Bollman

Fletcher Concrete (Fiji) Limited
A Kumar, A Brown, M Malpass (R), C White, C Bolt

Fletcher Concrete & Infrastructure Limited
M Malpass (R), N Olson (R), G Bollman, C Bolt

Fletcher Construction (Nouvelle Caledonie) S.A.R.L.
A Brown

Fletcher Construction (Solomon Islands) Limited
A Brown, L Gray (D)

Fletcher Construction Company (Fiji) Limited
A Brown, L Gray (D), J Matthews

Fletcher Distribution Limited
N Olson (R), D Fradgley, G Bollman, B McEwen

Fletcher Insulation Pty Limited
T Richards (R), C Zeitlyn (R), C Bolt, J Hodgkinson (R), J Hollis

Fletcher Morobe Construction Limited
A Brown, K Fletcher, L Gray (D), L Mathias

Fletcher Property Developments UK Limited
M August, J Ollard

Fletcher Property Investments UK Limited
M August, J Ollard

Fletcher Property Limited
G Darlow, N Olson (R), G Bollman

Fletcher Residential Limited
G Darlow, N Olson (R), G Bollman

Fletcher Steel Limited
M Malpass (R), T Richards (R), N Olson (R), G Bollman, C Bolt (R), F Irazusta

FM Holdings Inc.
L Box, M Quint, P Zuckerman, N Olson (R), G Bollman

Forman Building Systems Limited
T Richards (R), N Olson (R), G Bollman, C Bolt

Forman Commercial Interiors Limited
T Richards (R), N Olson (R), G Bollman, C Bolt

Forman Group Limited
T Richards (R), N Olson (R), G Bollman, C Bolt

Forman Insulation Limited
T Richards (R), N Olson (R), G Bollman, C Bolt

Forman Manufacturing Limited
T Richards (R), N Olson (R), G Bollman, C Bolt

Formica (Asia) Ltd
C Rawlinson, P Wilson

Formica (China) Trading Co., Ltd
C Rawlinson, P Wilson, P List

Formica (Malaysia) Sdn. Bhd.
J Yang, C Chiu, C Rawlinson, P Wilson

Formica (Nederland) B.V.
J Ruurd de Pater, N Mason

Formica (Singapore) Pte. Ltd
C Chang, C Rawlinson, P Wilson

Formica (Thailand) Co., Ltd
W Kunanantakul, S Mahacharoenkeat, C Rawlinson, P Wilson

Formica Canada Inc.
L Box, C Sarrazin, M Quint

Formica Corporation
M Adamson, L Box, M Quint, N Olson (R), G Bollman

Formica Danmark A/S
I Delen, U Hector, R Pollington

Formica de Mexico SA DE CV
L Box , M Quint, B Strobel

Formica Decorative Materials (China) Co. Ltd
C Rawlinson, P Wilson, P List

Formica Finance Limited
P Hall, N Mason (R), R Pollington, M Gill

Formica Global LLC
L Box, M Quint, B Strobel, R Rosado Jr.

Formica Holdco UK Limited
P Hall, N Mason (R), R Pollington, M Gill

Formica Holding Corp.
L Box, M Quint, P Zuckerman, N Olson (R), G Bollman

Formica Holding GmbH
E Hoernisch, T Ruhnke

Formica Holdings Limited
P Hall, N Mason (R), R Pollington, M Gill

Formica II Corporation
L Box, M Quint, P Zuckerman, N Olson (R), G Bollman

Formica Iki Oy
I Delen, R Pollington, P Zuckerman

Formica International LLC
L Box, M Quint, B Strobel, R Rosado Jr.

Formica Korea Corporation
T Ren, C Rawlinson, P Wilson

Formica Laminates (India) Private Limited
S Badri, L Box , N Mason, R Pollington, P Zuckerman

Formica Limited
L Box, P Foreman, P Hall, N Mason (R), R Pollington, P Zuckerman, N Olson (R), J M De Pater, M Gill

Formica LLC
I Delen, N Mason, R Pollington, A Tsvetov

Formica Middle East B.V.
M Adamson

Formica Norge A/S
I Delen, U Hector

Formica PSM Limited
P Hall, N Mason (R), M Gill

Formica S.A. (Spain)
P Hall, H Ruloffs, P Zuckerman

Formica S.A.S (France)
N Mason, P Zuckerman, J M de Pater

Formica Skandinavien AB
I Delen, R Pollington

Formica SP.zo.O.
N Mason

Formica Taiwan Corporation
T Ren, C Rawlinson, P Wilson

Gatic Pty Limited
R McLeod (R), N Olson (R), L Mayne (R), G Bollman, N Sumich

Geoff Brown Building Supplies Limited
G Brown, D Fradgley

Geraldton Independant Building Supplies Pty Limited
D Surveyor (R), N Olson (R), P Zuckerman, G Bollman, A Webster

Graeme Joy Building Supplies Limited
G Joy, D Fradgley

Gravure et Polissage de Surfaces Metalliques
M Adamson, P Hall, N Mason

Homapal GmbH
T Ruhnke

Home&Dry Limited
T Richards (R), N Olson (R), G Bollman, C Bolt (R), F Irazusta

Iplex Pipelines Australia Pty Limited
R McLeod (R), N Olson (R), L Mayne (R), G Bollman, N Sumich

Iplex Pipelines NZ Limited
N Olson (R), C Bolt, G Bollman

Iplex Properties Pty. Limited
R McLeod (R), N Olson (R), L Mayne (R), G Bollman, N Sumich

John Cockburn Building Supplies Limited
J Cockburn, D Fradgley

Ken Jones Building Supplies Limited
K Jones, D Fradgley

Kenna Building Supplies Limited
L Kenna, D Fradgley

Key Plastics Pty. Ltd.
R McLeod (R), N Olson (R), L Mayne (R), G Bollman, N Sumich

Kimura Building Supplies Limited
D Fradgley

Kingston Bridge Engineering Pty Ltd
R McLeod (R), N Olson (R), L Mayne (R), G Bollman, N Sumich

Kinsey Kydd Building Supplies Limited
S Kinsey, D Fradgley

Koning Building Supplies Limited
J Koning, D Fradgley

Kusabs Building Supplies Limited
G Kusabs, D Fradgley

Laminates Acquisition Co.
L Box, M Quint, P Zuckerman, N Olson (R), G Bollman

Laminates Holdings Pty Limited
D Surveyor (R), N Olson (R), P Zuckerman, A Webster, G Bollman

Laminex Finance Pty Limited

D Le Quesne, L Huynh (R), S Lo Ricco

Laminex Group (N.Z.) Limited

N Olson (R), P Zuckerman, G Bollman

Laminex Group Pty Limited

D Surveyor (R), N Olson (R), P Zuckerman, A Webster, G Bollman

Laminex Overseas Holdings Pty Limited

D Le Quesne, L Huynh (R), S Lo Ricco

Laminex US Holdings Pty Limited

D Le Quesne, L Huynh (R), S Lo Ricco

Leary Building Supplies Limited

D Fradgley, B McEwen, B Leary

Macready Building Supplies Limited

J Macready, D Fradgley

Mico New Zealand Ltd (*formerly Crane Distribution NZ Limited*)

D Fradgley, G Bollman

Milnes Holdings Limited

R McLeod (R), N Olson (R), L Mayne (R), G Bollman, N Sumich, S Lo Ricco

Monday Company Limited

D Hargovind (FJ$2,500), I Jones, A Kumar

Morinda Australia Pty Limited

T Richards (R), M Negri (R), G Bollman, A Pidcock

New Zealand Ceiling & Drywall Supplies Limited

D Jones (R), D Thomas

Ngapo-Kimura Building Supplies Limited

J Ngapo-Kimura, D Fradgley

Northern Iron and Brass Foundry Pty. Ltd.

R McLeod (R), N Olson (R), L Mayne (R), G Bollman, N Sumich

Perstorp Warerite Limited

P Hall, N Mason (R), M Gill

PinkFit Limited

T Richards (R), N Olson (R), C Bolt (R), G Bollman, F Irazusta

PlaceMakers Limited

N Olson (R), D Fradgley, B McEwen, G Bollman

Polymer Fusion Education Pty Ltd

R McLeod (R), N Olson (R), L Mayne (R), G Bollman, N Sumich

Rocla Australia Pty Limited

D Le Quesne, M Malpass (R), C Bolt

Rocla Concrete Pipes Pty Limited

D Le Quesne, M Malpass (R), C Bolt

Rocla Drilling Pty Limited

D Le Quesne, M Malpass (R), C Bolt

Rocla Group Superannuation Fund Pty Limited

J Gardiner, L Box

Rocla Industries Pty Limited

D Le Quesne, L Huynh (R), S Lo Ricco

Rocla Masonry Pty Limited

D Le Quesne, M Malpass (R), C Bolt

Rocla Materials Pty Limited

M Malpass (R), A Pidcock (R), C Bolt, S Baker

Rocla NSW Pty Limited

D Le Quesne, M Malpass (R), C Bolt

Rocla Pty Limited

S Baker, M Malpass (R), A Pidcock (R), C Bolt

Rocla SA Pty Limited

D Le Quesne, M Malpass (R), C Bolt

Rocla Vic Pty Limited

D Le Quesne, L Huynh (R), S Lo Ricco

S Cubed Pty Limited

T Richards (R), M Negri (R), G Bollman, A Pidcock

Seabar Holdings (No 16) Limited

G Darlow, N Olson (R), G Bollman

Servicios Formica de Mexico SA DE CV

L Box , M Quint, B Strobel

Shanghai Formica Decorative Material Co., Ltd

J Hu, C Rawlinson, P Wilson, P List

Shed Boss NZ Limited

N Olson (R), C Bolt (R) G Bollman, F Irazusta

Southbound Building Supplies Limited

A Rance, D Fradgley

Stanley Building Supplies Limited

D Fradgley, B McEwen, B Stanley-Joblin

Steven Marshall Building Supplies Limited

S Marshall, D Fradgley

Stickland Building Supplies Limited

L Stickland, D Fradgley

Stramit Corporation Pty Limited

T Richards (R), M Negri (R), G Bollman, A Pidcock

Sullivan & Armstrong Building Supplies Limited

J Sullivan, D Fradgley

Tasman Australia Pty Limited

D Le Quesne, L Huynh (R), S Lo Ricco

Tasman Building Products Pty Limited

D Le Quesne, L Huynh (R), S Lo Ricco

Tasman Insulation New Zealand Limited

T Richards (R), N Olson (R), G Bollman, C Bolt (R), F Irazusta

Tasman Sinkware North America, Inc.

N Olson (R), G Bollman

Tasman Sinkware Pty Limited

T Richards (R), L Mayne (R), N Olson (R), M Freeman (R), M Watters, G Bollman

TBP Group Pty Limited

D Le Quesne, L Huynh (R), S Lo Ricco

Tenedora Formica Mexico, S.A. de C.V.

L Box , M Quint, B Strobel

Terrace Insurances (PCC) Limited

J Crowder (R), M Eades (£2,500), N Olson (R), C Bolt, G Bollman, K Carten

The Diller Corporation

L Box, M Quint, P Zuckerman, N Olson (R), G Bollman

The Fletcher Construction Company Cook Islands Limited

A Brown, L Gray (D)

The Fletcher Construction Company Limited

G Darlow, N Olson (R), G Bollman

The Fletcher Organisation (Vanuatu) Limited

A Brown, L Gray (D), Diract Limited, Lotim Limited

The Fletcher Trust and Investment Company Limited

G Darlow, N Olson (R), G Bollman

Thomas Street Pty Limited

D Le Quesne, M Malpass (R), C Bolt

Trade Mart Limited

N Olson (R), D Fradgley, G Bollman, B McEwen

Unidur GmbH

T Ruhnke

Winstone Wallboards Limited

T Richards (R), N Olson (R), G Bollman, C Bolt (R), F Irazusta

Companies amalgamated

Crane Distribution Properties Limited

N Olson (R), C Bolt, G Bollman

G. E. Crane N.Z. Holdings Ltd

N Olson (R), C Bolt, G Bollman

G. E. Crane N.Z. Limited

N Olson (R), C Bolt, G Bollman

Annual shareholders' meeting

The annual shareholders' meeting of Fletcher Building Limited will be held in the Auckland Room, Level 4, SKYCITY Auckland Convention Centre, 88 Federal Street, Auckland, at 10.30am on Tuesday 17 November 2015.

Final dividend information

The company has declared a final dividend for the year of 19 cents per share payable on 14 October 2015. This is in addition to the interim dividend of 18 cents per share paid on 15 April 2015. The final dividend has imputation credits attached at a 28 per cent tax rate. There are no Australian franking credits attached.

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, under which they have the opportunity to reinvest their dividends in additional shares. To participate, please contact the share registry. The Dividend Reinvestment Plan will operate for the FY15 final dividend.

Further information online

Details on Fletcher Building, its governance policies, and its operations for the year ended 30 June 2015 can be viewed on the Fletcher Building website at fbu.com. This website contains all announcements to NZX and ASX and financial presentations made by the company.

Shareholder communications

The company is not required to send printed copies of the annual report and half year review to shareholders. Instead, Fletcher Building sends a snapshot of the company's operational and financial activities for the year. An annual review is also available containing further information on Fletcher Building's operations. Shareholders can view the annual report, annual review, snapshot and half year review on the company's website. In addition, shareholders have a right to receive a copy of the annual report and half year review on request.

Direct crediting of dividends

To minimise the risk of fraud and misplacement of dividend cheques, shareholders are strongly recommended to have all payments made by way of direct credit to their nominated New Zealand or Australian bank account. This can be done simply by giving the share registry written notice.

Share registries

Details of the company's share registries are given in the Directory on the inside back cover of this report.

Shareholders with enquiries about share transactions, changes of address or dividend payments should contact the share registry in the country in which their shares are registered.

Directory

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

Level 11, Tower B, Zenith Centre
821 Pacific Highway
Chatswood, NSW 2067, Australia
T. +61 2 8986 0900
ARBN 096 046 936

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

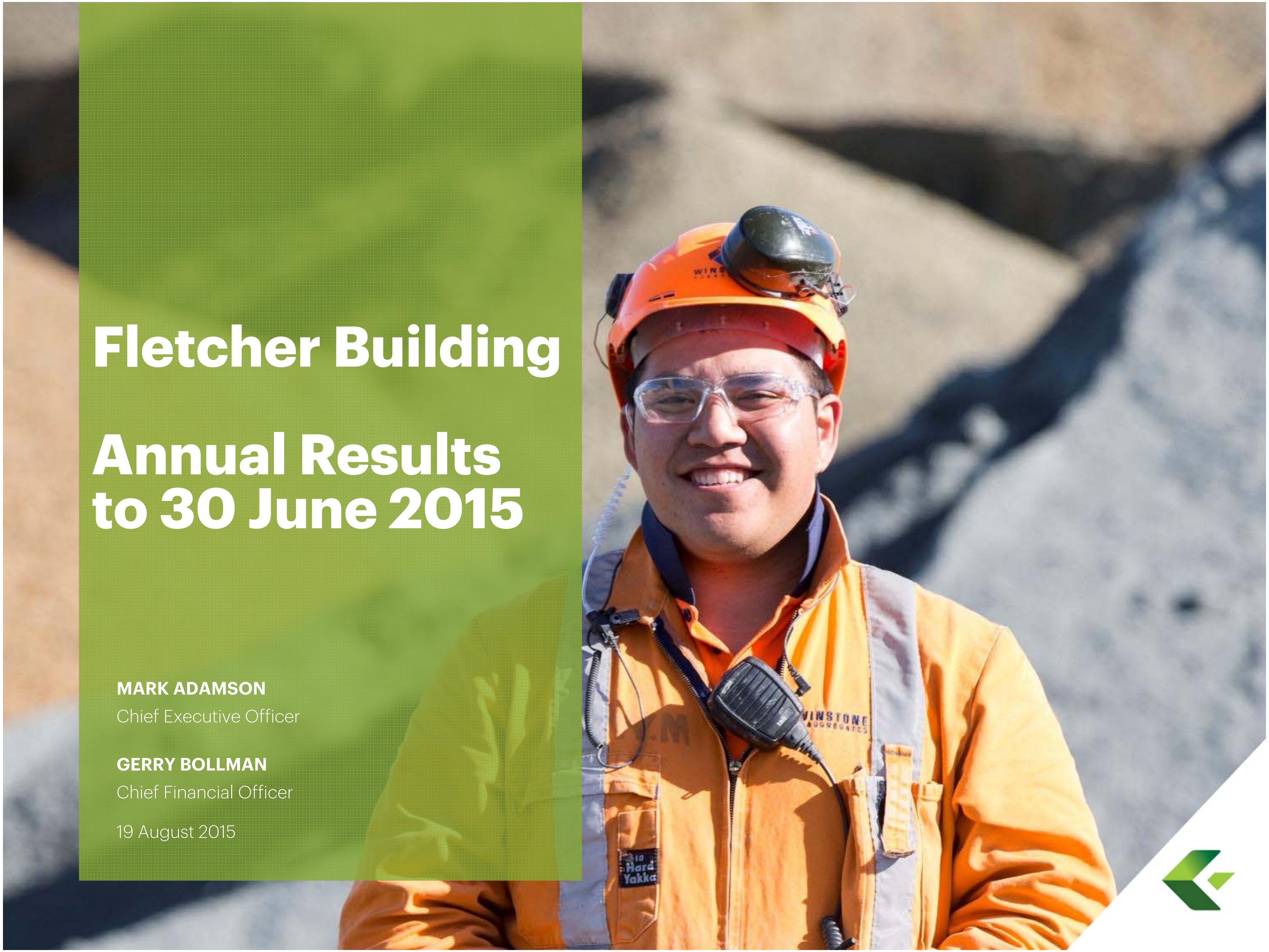
Other investor enquiries

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

Company secretary
Charles Bolt

Other information
www.fbu.com

Fletcher Building



Fletcher Building

Annual Results to 30 June 2015

MARK ADAMSON
Chief Executive Officer

GERRY BOLLMAN
Chief Financial Officer

19 August 2015

Disclaimer

This Annual Results presentation dated 19 August 2015 provides additional comment on the management commentary of the same date. As such, it should be read in conjunction with, and subject to, the explanations and views of future outlook on market conditions, earnings and activities given in that commentary.

Agenda

Results Overview

Geographic & Sectoral Analysis

Divisional Performances

Financial Results

Strategy Update

Outlook

Appendix

Fletcher Building Annual Results Presentation 2015

Results Overview

▶ **Construction**

WATERVIEW TUNNEL ALLIANCE

Results overview

Net earnings	Revenue
$270m ▼ 20%	$8,661m ▲ 3%

Operating earnings $503m ▼ 15%	**Dividend per share** 37c ▲ 3%
	Earnings per share 39.2c ▼ 20%

Results overview
10% increase in net earnings before significant items

NZ$m (except EPS and DPS)	Reported Results June 2014 12 months	Reported Results June 2015 12 months	% change
Revenue	8,401	**8,661**	+3
Operating earnings before significant items	624	**653**	+5
Significant items	(32)	**(150)**	NM
Operating earnings (EBIT)	592	**503**	-15
Net earnings before significant items	362	**399**	+10
Net earnings	339	**270**	-20
Earnings per share before significant items (EPS – cents)	52.7	**58.0**	+10
Dividend declared per share (DPS – cents)	36.0	**37.0**	+3

Full year highlights

Volume Growth

Australian Insulation	▲ 22%	NZ Steel Distribution	▲ 17%
NZ Cement	▲ 9%	NZ Steel Reinforcing	▲ 20%
NZ Concrete Product	▲ 7%	Plasterboard	▲ 7%
NZ Concrete	▲ 14%	Windows & Doors	▲ 11%

Canterbury

- Over 65,000 permanent repairs completed
- Extension of home repairs programme for a further 12 months from April 2015

Further FBUnite Progress

- $50m of benefits delivered in total to 30 June 2015
  - Procurement $35m
  - Property $10m
  - Financial shared services $5m
- Operational excellence initiatives offsetting inflation in manufacturing and distribution

Residential & Construction

- Homes sold ▲ 35%
- Concluded several development partnerships in Christchurch
- Construction: awarded $1.4bn of new contracts during the year

Results overview
Revenue

Revenue

$8,661m

▲ 3%

- Reported revenue $260m or 3% higher than FY14

REVENUE GROWTH RATES *Geographic segments in local currency*	
New Zealand	+10%
Australia	-5%
Rest of World	+3%

- Adjusting for business divestments, revenue grew 5% year-on-year

Results overview
Operating earnings

Operating earnings

$503m

▼15%

Operating earnings

$653m

before significant items

▲ 5%

- Operating earnings before significant items up 5%
- Within guidance range of $650m - $690m
- Reported operating earnings (EBIT) down 15%

SIGNIFICANT ITEMS *Significant items related to goodwill impairment, site closures and sale of businesses*	
Goodwill impairment	$78m
Site closures	$65m
Disposal of businesses	$7m
Total	**$150m**

- $126m of significant items non-cash

Results overview
Net earnings

Net earnings

$270m

▼20%

Net earnings

$399m

before significant items

▲ 10%

- Net earnings before significant items were up 10% to $399m

EARNINGS PER SHARE		
Earnings per share	39.2 cents	-20%
Earnings per share *(before significant items)*	58.0 cents	+10%

Results overview
Dividend

Dividend per share

37c

▲ 3%

- Final dividend fully imputed for NZ taxation purposes
- Dividend Reinvestment Plan will be operative for this dividend

DIVIDEND	
Final dividend per share	19 cents
Total dividend for the year	37 cents

Results overview
Cashflow from operations

Cashflow from operations

$575m

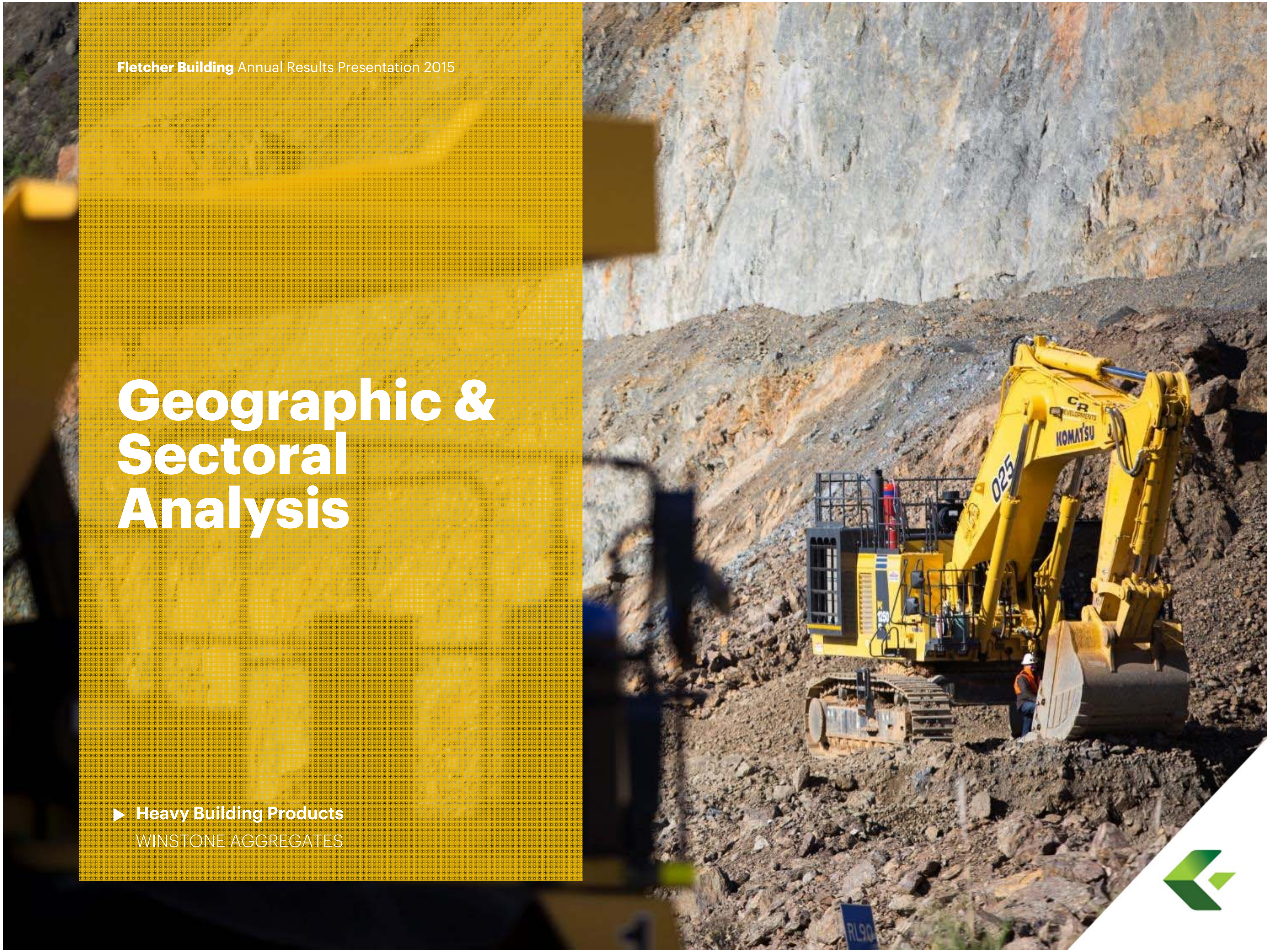
▲ 18%

- Cashflow from operations $575m an increase of $86m from FY14 ($489m)
- Increase is due to:
  - Growth in EBIT (before significant items)
  - Timing of cash collections for construction contracts
  - Reduced working capital requirements

Geographic & Sectoral Analysis

▶ **Heavy Building Products**

WINSTONE AGGREGATES



Sectoral exposure
Exposures based on revenues

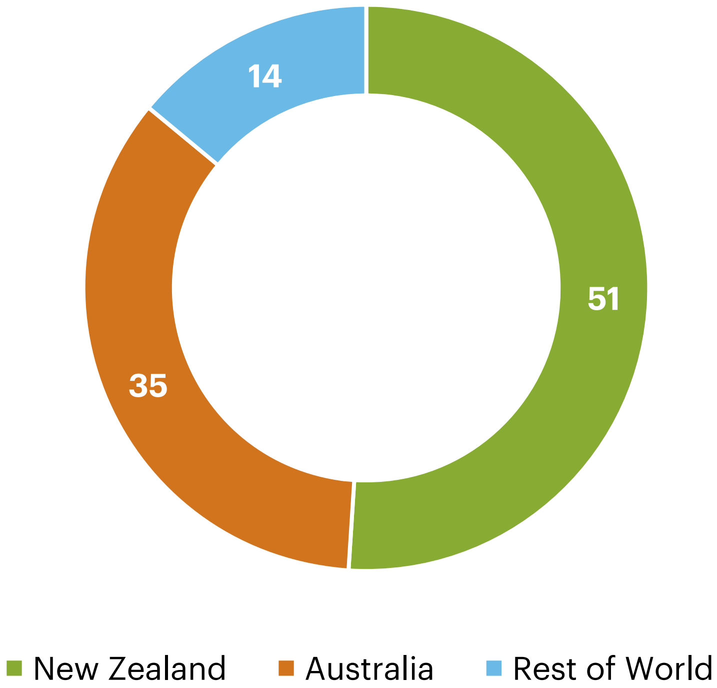
Geographical Exposure by Sector[1]	Residential (New/A&A)*	Commercial	Infrastructure	Other
New Zealand	43%	28%	13%	16%
Australia	49%	25%	13%	13%
Rest of World	43%	51%	0%	6%
Total Manufacturing	46%	31%	11%	12%
New Zealand	81%	17%	0%	2%
Australia	58%	42%	0%	0%
Total Distribution	72%	27%	0%	1%
New Zealand	19%	48%	33%	0%
Rest of World	0%	50%	50%	0%
Total Construction	17%	48%	35%	0%

1. *Excludes business sold or closed during the year*

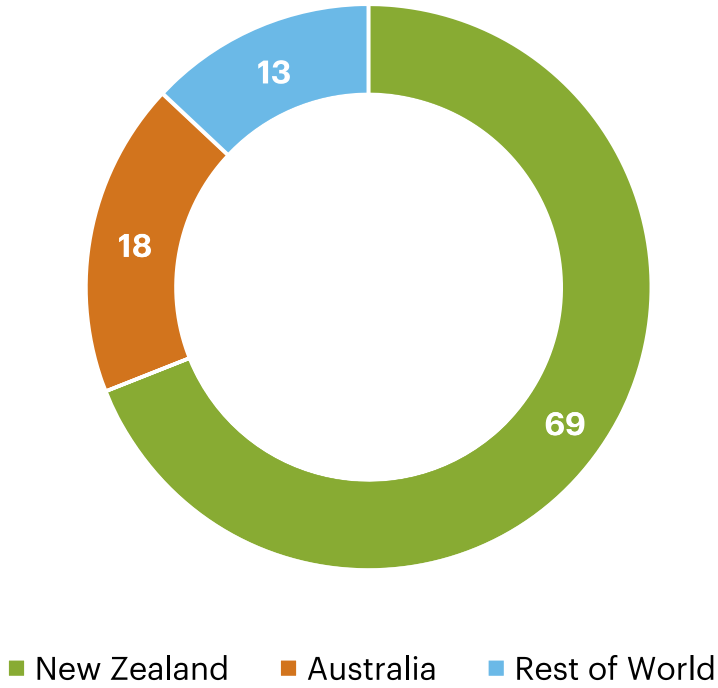
** A&A – Additions and Alterations*

Geographic earnings mix reflects economic performance of key markets

External Revenue
(12 months to 30 June 2015)



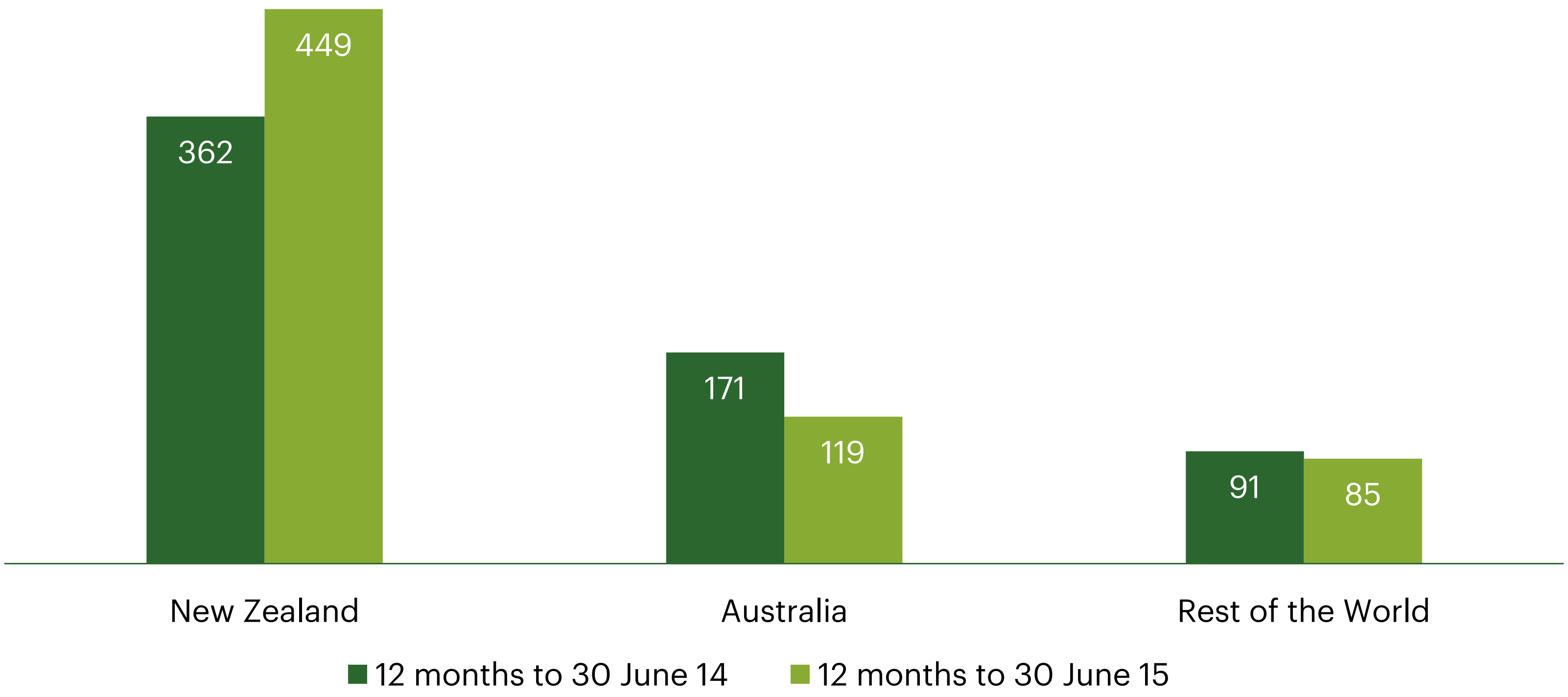
EBIT[1]
(12 months to 30 June 2015)



1. *Before significant items*

New Zealand operating earnings up 24% on prior year

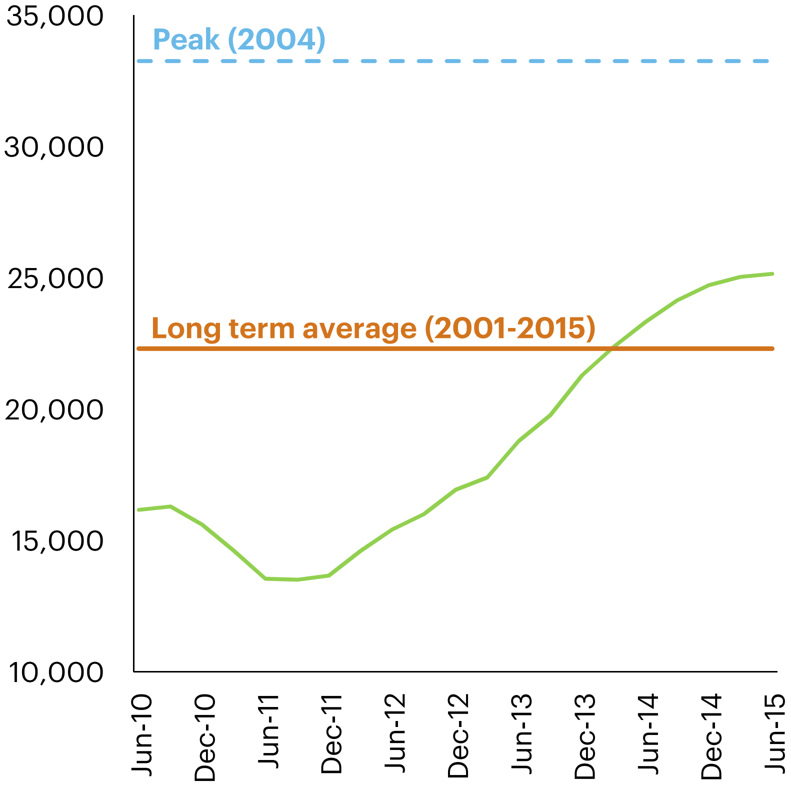
EBIT[1]
NZ$m



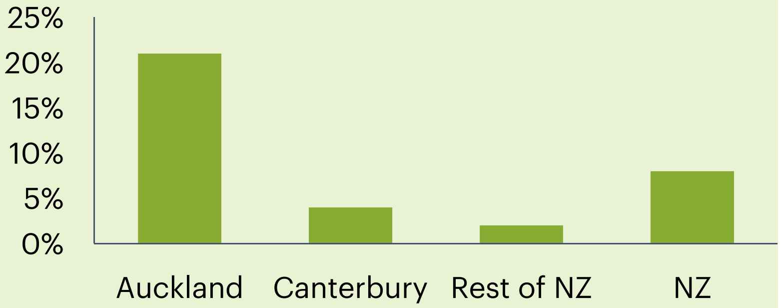
1. *Before significant items*

New Zealand residential consents up 8% to 25,154 driven by growth in Auckland

Total residential consents[1]

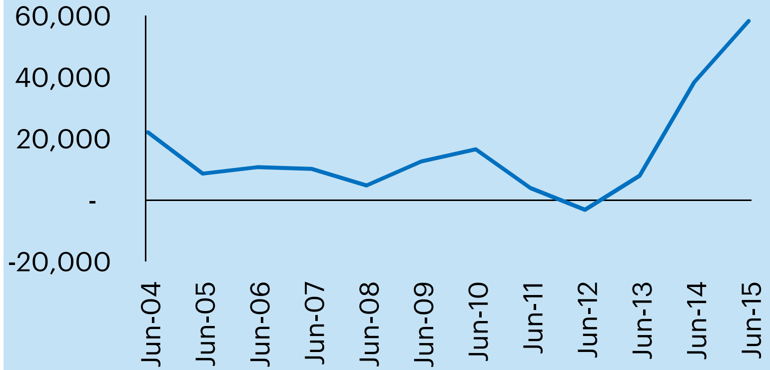


Change % year on year



Auckland and Christchurch represent 59% of total consents

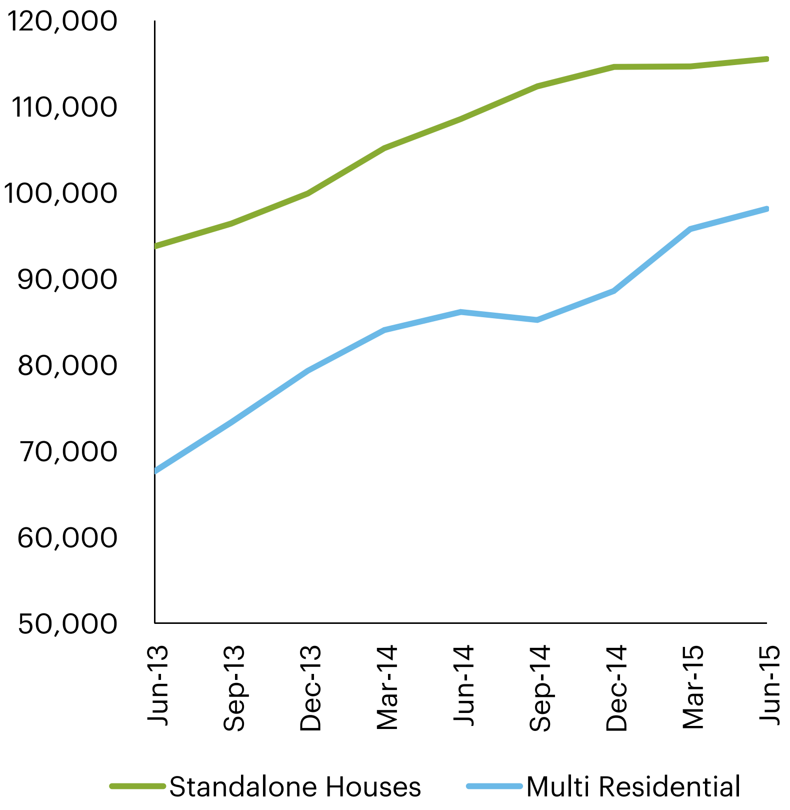
Net migration 12 month rolling

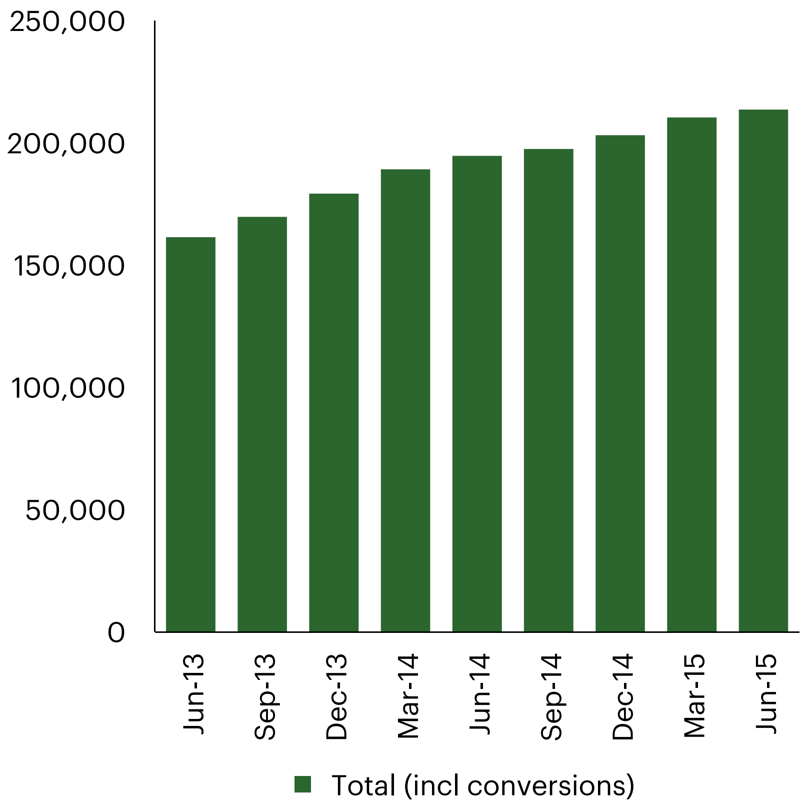


Source: Statistics NZ, Infometrics
1 – Twelve months rolling

Australian residential consents rose to record levels, with further growth in the multi-unit dwellings

Total residential consents[1]

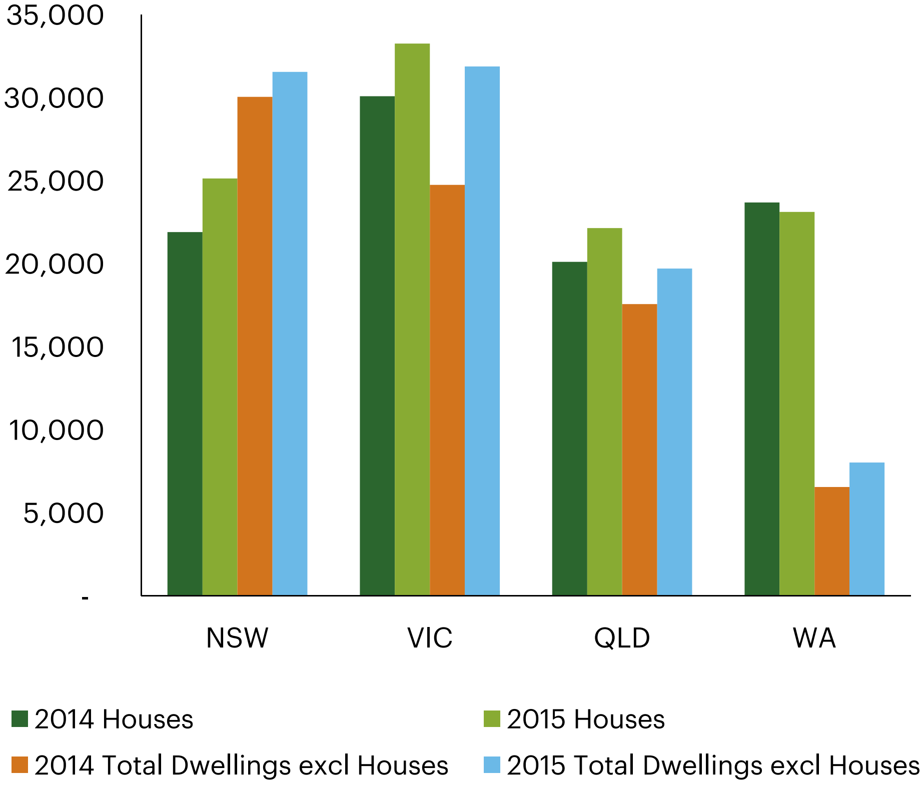




Source: Australian bureau of statistics, BIS Shrapnel
1 – Twelve months rolling

Strongest growth in Victoria, with NSW also up substantially

Change in housing approvals – by state
12 months ended 30 June 2015 vs 2014



Source: HIS Global Insight

	June 2014 12 months	June 2015 12 months	% change
Stand-alone	108,553	115,525	+6
Multi + other Residential	86,144	98,113	+14
Total	194,697	213,638	+10

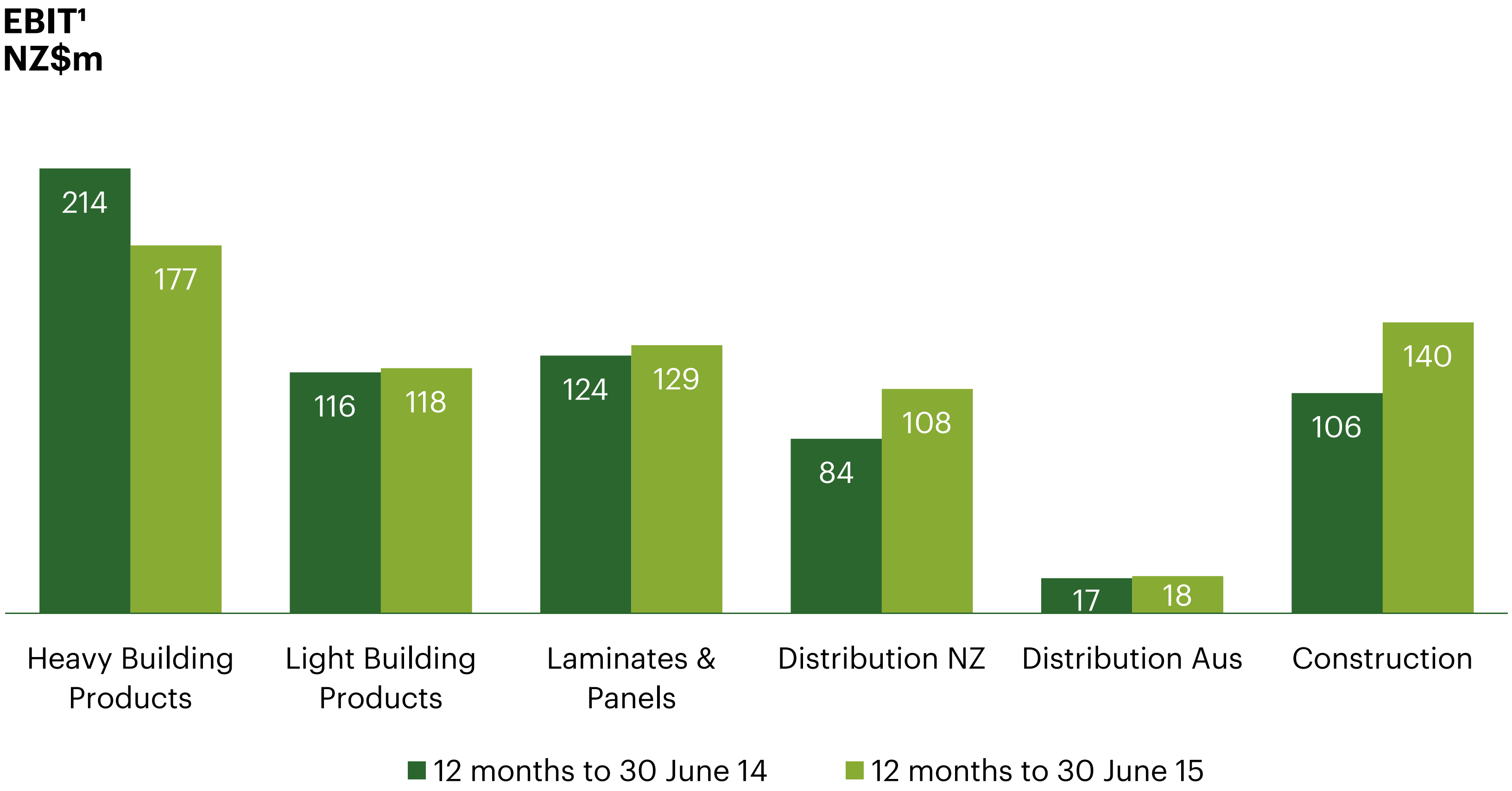
Multi residential and other dwellings drove increase in consents and increased their proportional share to 46% of total dwellings approved

Divisional Performances

▶ **Laminates & Panels**

LAMINEX

Divisional operating earnings overview



1. *Before significant items*

Heavy Building Products
Result

NZ$m	June 2014 12 months	June 2015 12 months	% change
Gross Revenue	2,274	2,144	-6
External Revenue	1,859	1,782	-4
EBITDA[1]	299	261	-13
EBIT[1]	214	177	-17
NZ Concrete Products	*46*	*63*	*+37*
NZ Cement + Quarry Products	*51*	*72*	*+41*
Aus Concrete Products	*33*	*16*	*-52*
Aus Quarry Products	*19*	*18*	*-5*
Plastic Pipes	*45*	*(8)*	*NM*
Steel and other	*20*	*16*	*-20*
Funds Employed	1,719	1,666	-3
EBITDA/gross revenue %[1]	13.1	12.2	
EBIT/gross revenue %[1]	9.4	8.3	
ROFE %[1]	12.4	10.6	

1. Before significant items

Total revenue down due to sale of Pacific Steel in prior year

NZ Concrete Products
- Ready-mix concrete volumes +14%
- Concrete products volumes +7%

NZ Cement & Quarry Products
- Cement volumes +9%
- Aggregates volumes -3%

Australian Concrete Products
Volumes down, particularly in infrastructure and mining sectors

Australian Quarry Products
Volumes stable but earnings negatively impacted by product mix

Plastic Pipes
Australian business impacted by increased competition and decline in coal seam gas pipe demand

Light Building Products
Result

NZ$m	June 2014 12 months	June 2015 12 months	% change
Gross Revenue	1,312	1,306	-
External Revenue	1,166	1,156	-1
EBITDA[1]	146	146	-
EBIT[1]	116	118	+2
NZ Building Materials	*71*	*81*	*+14*
Australian Building Materials	*23*	*23*	-
Roof Tile Group	*22*	*14*	*-36*
Funds Employed	637	612	-4
EBITDA/gross revenue %[1]	11.1	11.2	
EBIT/gross revenue %[1]	8.8	9.0	
ROFE %[1]	18.2	19.3	

1. Before significant items

NZ Building Materials

Earnings up in line with construction activity:

- Plasterboard volumes increased and prices were stable
- Insulation recorded higher sales of foil and laminate products
- Window and door volumes up 11%

Australian Building Materials

Glasswool volumes up 22% due to improved activity and market share increases

Steel roll-forming volumes up slightly but margins down due to higher operating costs

Roof Tile Group

Volumes declined in North America and Europe

Laminates & Panels
Result

NZ$m	June 2014 12 months	June 2015 12 months	% change
Gross Revenue	1,731	1,828	+6
External Revenue	1,710	1,809	+6
EBITDA	177	184	+4
EBIT	124	129	+4
Laminex	*61*	*81*	*+33*
Formica	*63*	*48*	*-24*
Funds Employed	1,702	1,965	+15
EBITDA/gross revenue %	10.2	10.1	
EBIT/gross revenue %	7.2	7.1	
ROFE %	7.3	6.6	

Laminex

Earnings up 33% with strong operational performance

Australian revenue up 7% driven by growth in key product categories and strong residential demand

Formica

Earnings down 24% at $48m

Revenue up 5% driven by volume growth in North America

Asia volumes up overall, stable in Thailand

Asia earnings down due to increased competitive pressures and operating costs in China

Formica: continued volume and earnings growth in North America

EBIT (NZ$m)	June 2014 12 months	June 2015 12 months	% change
North America	43	**49**	+14
Asia	29	**19**	-34
Europe	6	**-**	NM
Formica EBIT pre-corporate costs	78	**68**	-13
L&P corporate costs	(15)	**(20)**	-33
Total EBIT	63	**48**	-24

Distribution New Zealand
Result

NZ$m	June 2014 12 months	June 2015 12 months	% change
Gross Revenue	1,650	1,757	+6
External Revenue	1,462	1,548	+6
EBITDA[1]	100	122	+22
EBIT[1]	84	108	+29
Building Supplies	*53*	*75*	*+42*
Steel Distribution	*31*	*33*	*+6*
Funds Employed	332	330	-1
EBITDA/gross revenue %[1]	6.1	6.9	
EBIT/gross revenue %[1]	5.1	6.1	
ROFE %[1]	25.3	32.7	

1. *Before significant items*

Building Supplies

Revenues up 6% with growth from both new and existing customers

Operating earnings up 42%

Turnaround of the Mico business from a loss of $2m to a profit of $7m including a property gain of $3m
26% growth in earnings in PlaceMakers

Steel Distribution

Operating earnings up 6% with strong volume growth in reinforcing and other steel categories

Distribution Australia
Result

NZ$m	June 2014 12 months	June 2015 12 months	% change
Gross Revenue	928	826	-11
External Revenue	927	825	-11
EBITDA[1]	25	25	-
EBIT[1]	17	18	+6
Funds Employed	406	448	+10
EBITDA/gross revenue %[1]	2.7	3.0	
EBIT/gross revenue %[1]	1.8	2.2	
ROFE %[1]	4.2	4.0	

Tradelink

Revenue up 3% in domestic currency

Increase in operating earnings to A$15m (2014:A$12m) in domestic currency terms

Improved residential building activity

Business improvement initiatives continue to drive market share gains:
- Sales effectiveness
- Merchandising
- Pricing
- Supply chain effectiveness

1. *Before significant items*

Construction
Result

NZ$m	June 2014 12 months	June 2015 12 months	% change
Gross Revenue	1,301	1,580	+21
External Revenue	1,277	1,537	+20
EBITDA[1]	114	148	+30
EBIT[1]	106	140	+32
Construction	57	74	+30
Housing	49	66	+35
Funds Employed	141	157	+11
EBITDA/gross revenue %[1]	8.8	9.4	
EBIT/gross revenue %[1]	8.1	8.9	
ROFE %[1]	75.2	89.2	

1. *Before significant items*

Increased residential sales and commercial construction activity in New Zealand and the South Pacific

Strong Auckland residential housing market

Canterbury Home Repair Programme – extended for up to 12 months from April 2015

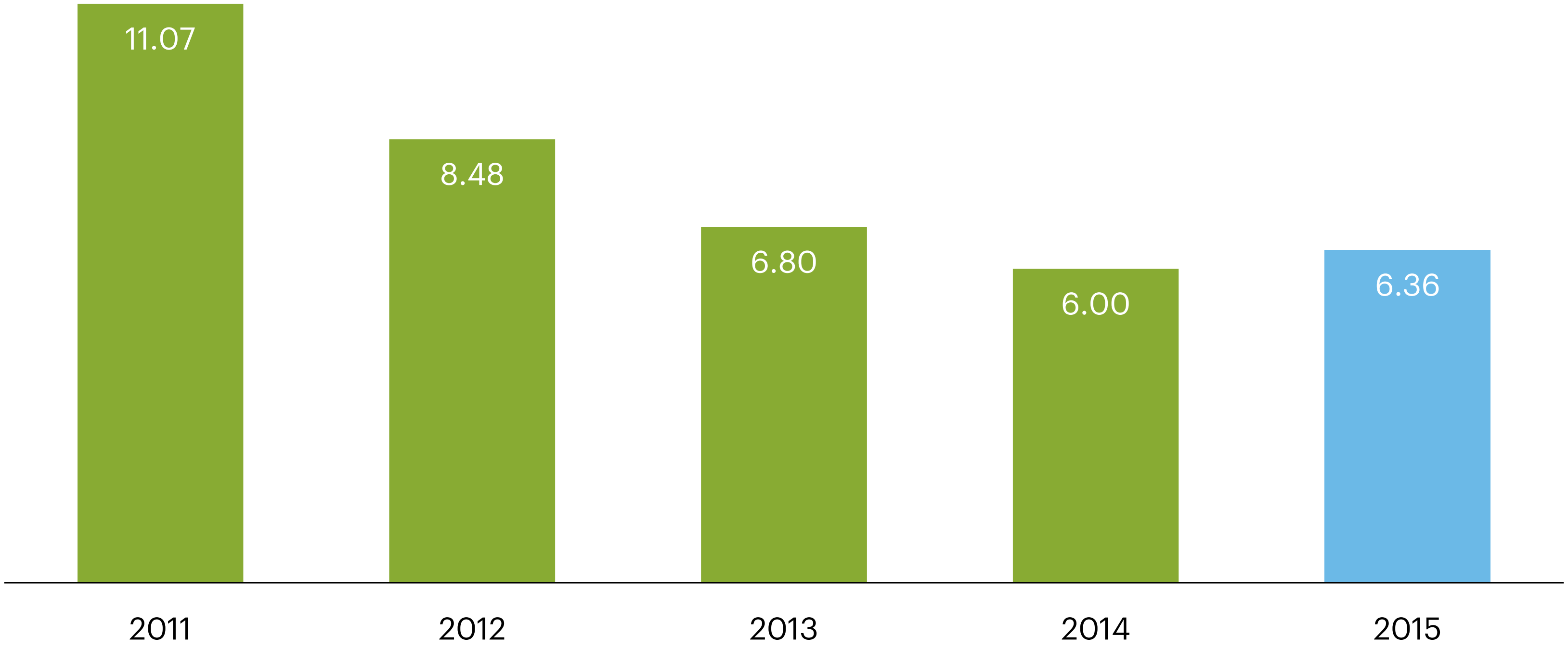
Home Repair programme in Canterbury with over 65,000 home repairs completed to date

Construction backlog of $2.4bn as at June 2015

Major projects secured in the period
- SH20A improvements in Auckland
- Auckland International Airport terminal
- National Biocontainment Lab in Wellington

Health and safety performance

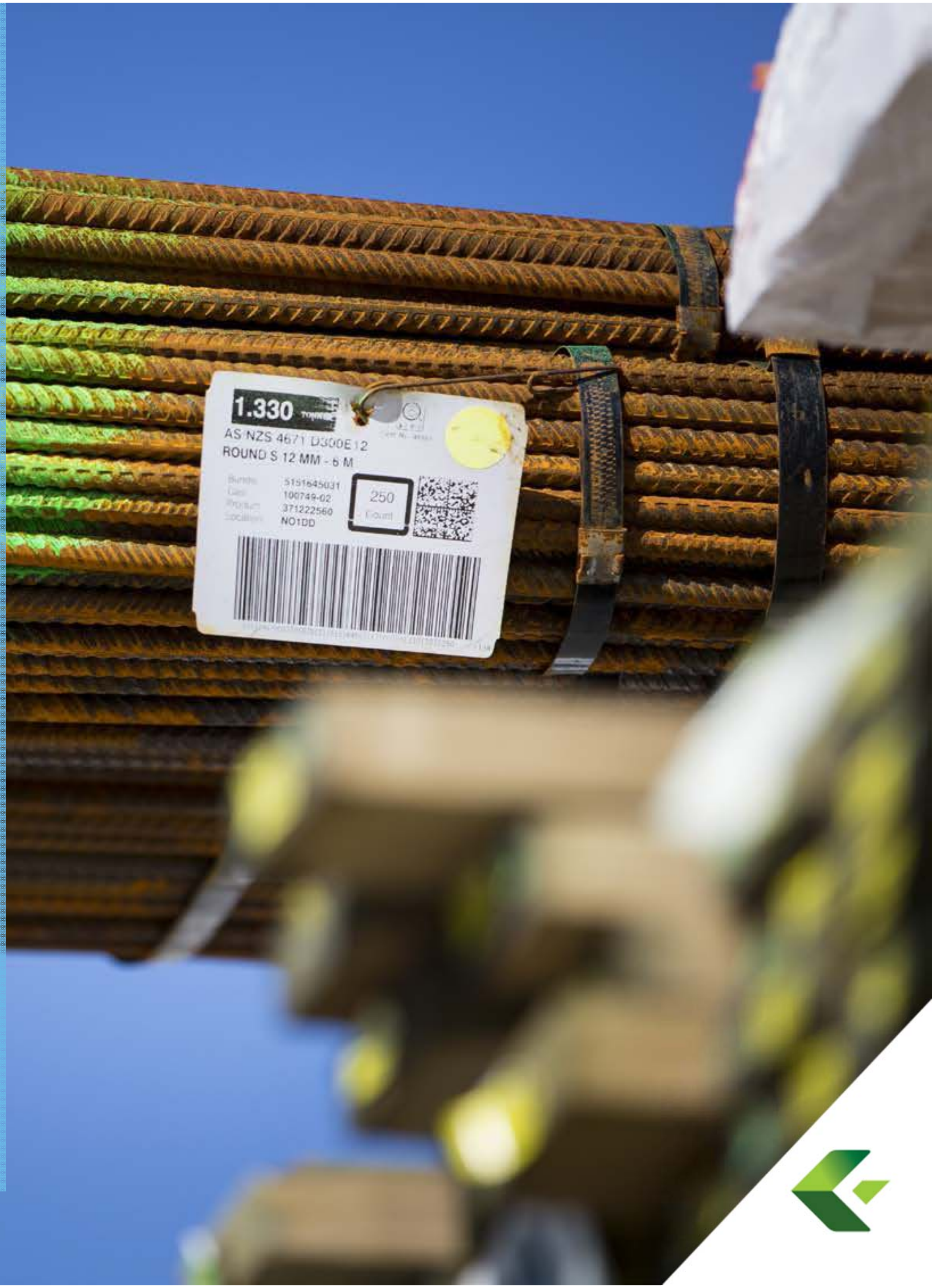
Total recordable injury frequency rate*



** Total injuries per million employee and contractor hours*

Fletcher Building Annual Results Presentation 2015

Financial Results



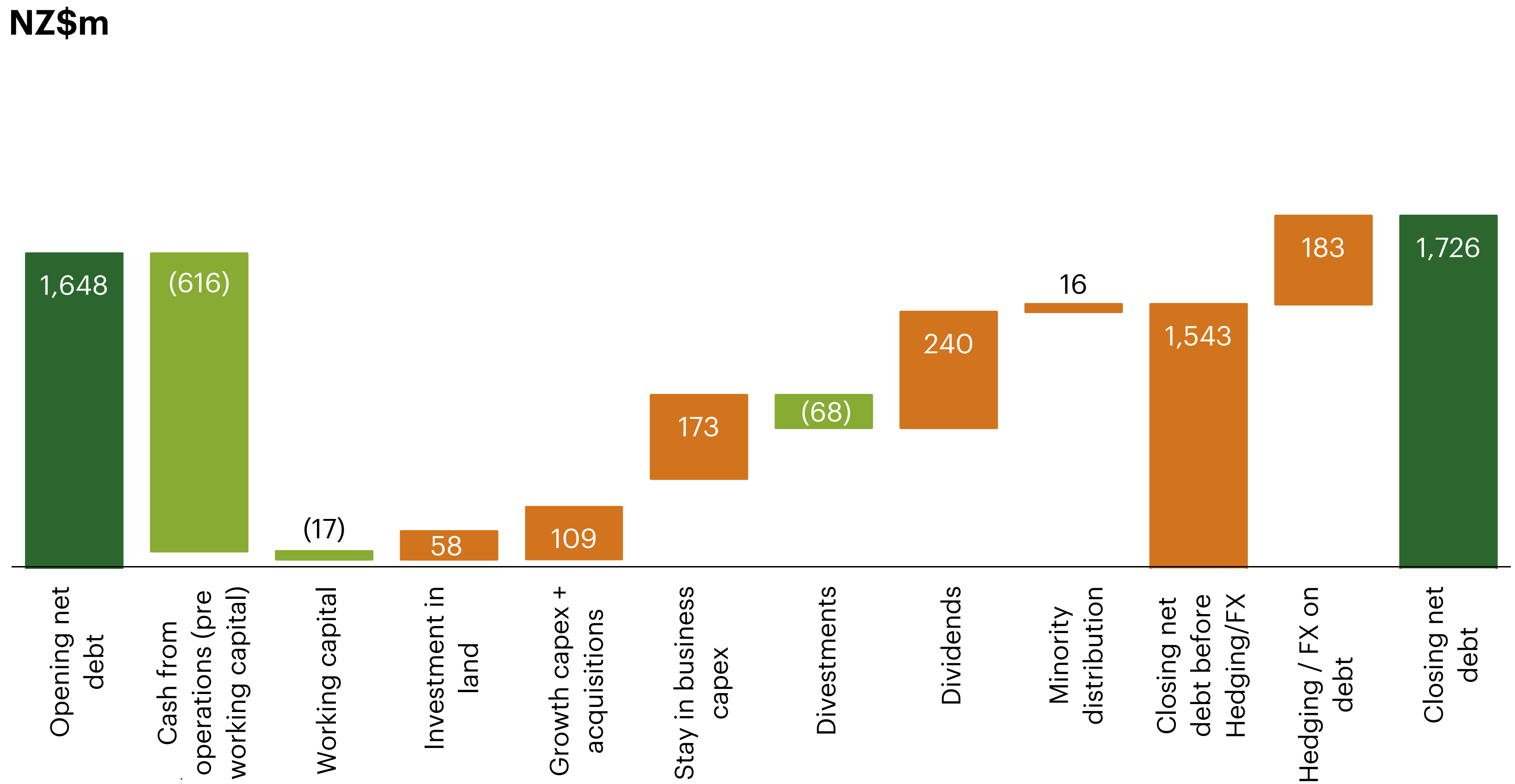
▶ **Distribution New Zealand**

REINFORCING

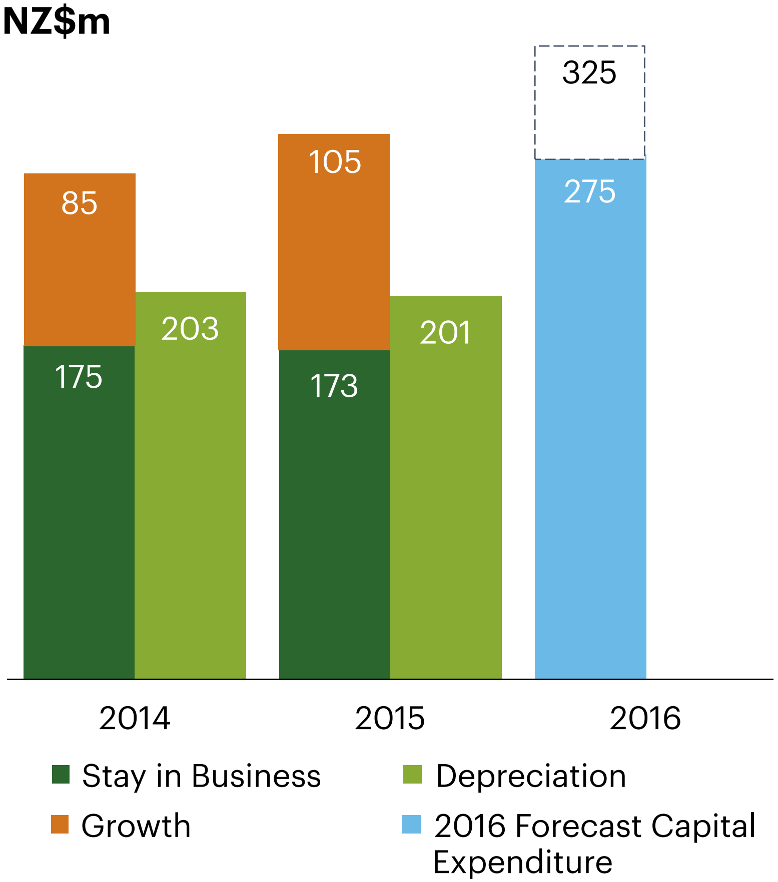
Operating cashflow

NZ$m	June 2014 12 months	June 2015 12 months	% change
Operating earnings before significant items	624	**653**	+5
Depreciation and amortisation	203	**201**	-1
Less cash tax paid	(73)	**(72)**	-1
Less interest paid	(131)	**(124)**	-5
Provisions, significant items and other	(44)	**(42)**	-5
Results from operations before working capital adjustments	579	**616**	+6
Land and developments	(28)	**(58)**	+107
Other working capital movements	(62)	**17**	NM
Cash flows from operating activities	489	**575**	+18

Underlying net debt lower, driven by strong cash flows and divestments



Capital expenditure

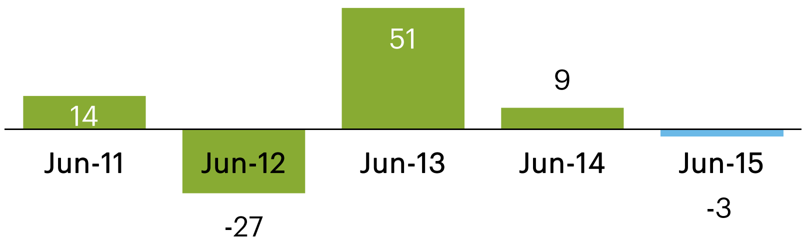


NZ$m	June 2014 12 months	June 2015 12 months	% change
Stay-in-business	175	**173**	-1
Growth	85	**105**	+24
Total Capex	260	**278**	+7
Acquisitions	4	**4**	-
Depreciation	203	**201**	-1

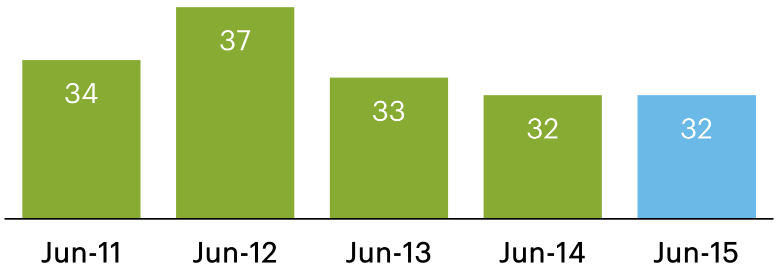
- For FY16, Capital expenditure is expected to be in the range of $275m - $325m

Key ratios

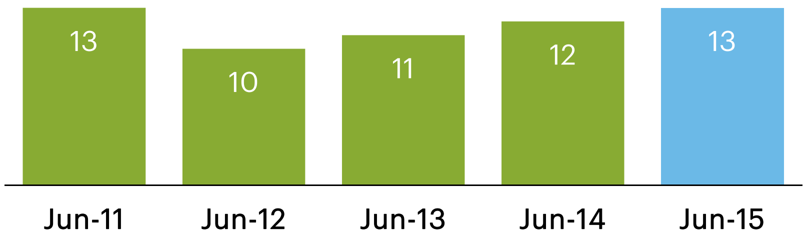
Total Shareholder Return (TSR)
Percentage



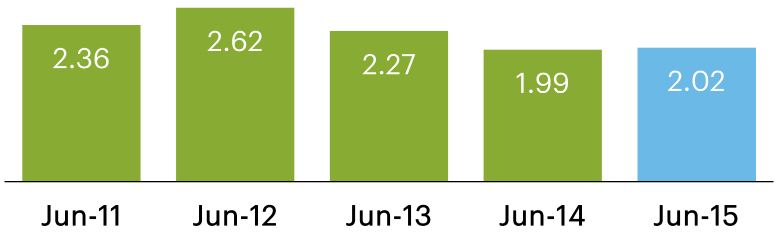
Debt/Debt Plus Equity
Percentage



Return on Average Funds
Percentage[1]



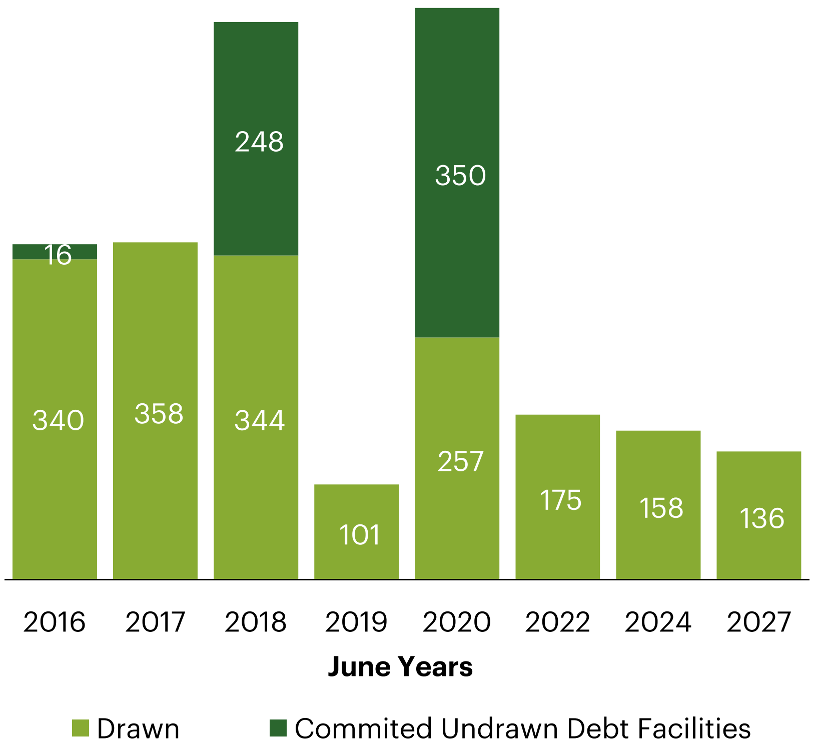
Net Debt/EBITDA
Times



1. *Earnings before interest, tax and significant items / average funds*

Debt profile

Funding and Maturity Profile
June 2015



Undrawn credit lines of $614m and cash of $228m

Average maturity of debt is 3.7 years

Approximately 56% of all borrowings have fixed interest rates

Average interest rate on debt is 5.5%

Mix of currency (hedged)

- NZ$ 32%
- AU$ 47%
- US$ 12%
- Other 9%

Capital management settings

Fletcher Building will continue to target strong 'BBB' credit characteristics

Gearing

- Target of Net Debt to Net Debt + Equity (including Capital Notes) of 30-40%
- As at 30 June 2015: 32%

Leverage

- Target Net Debt to EBITDA of 2.0 to 2.5 times
- As at 30 June 2015: 2.02 times

It is intended that the group will not be materially outside target Gearing and Leverage ranges on a long run basis

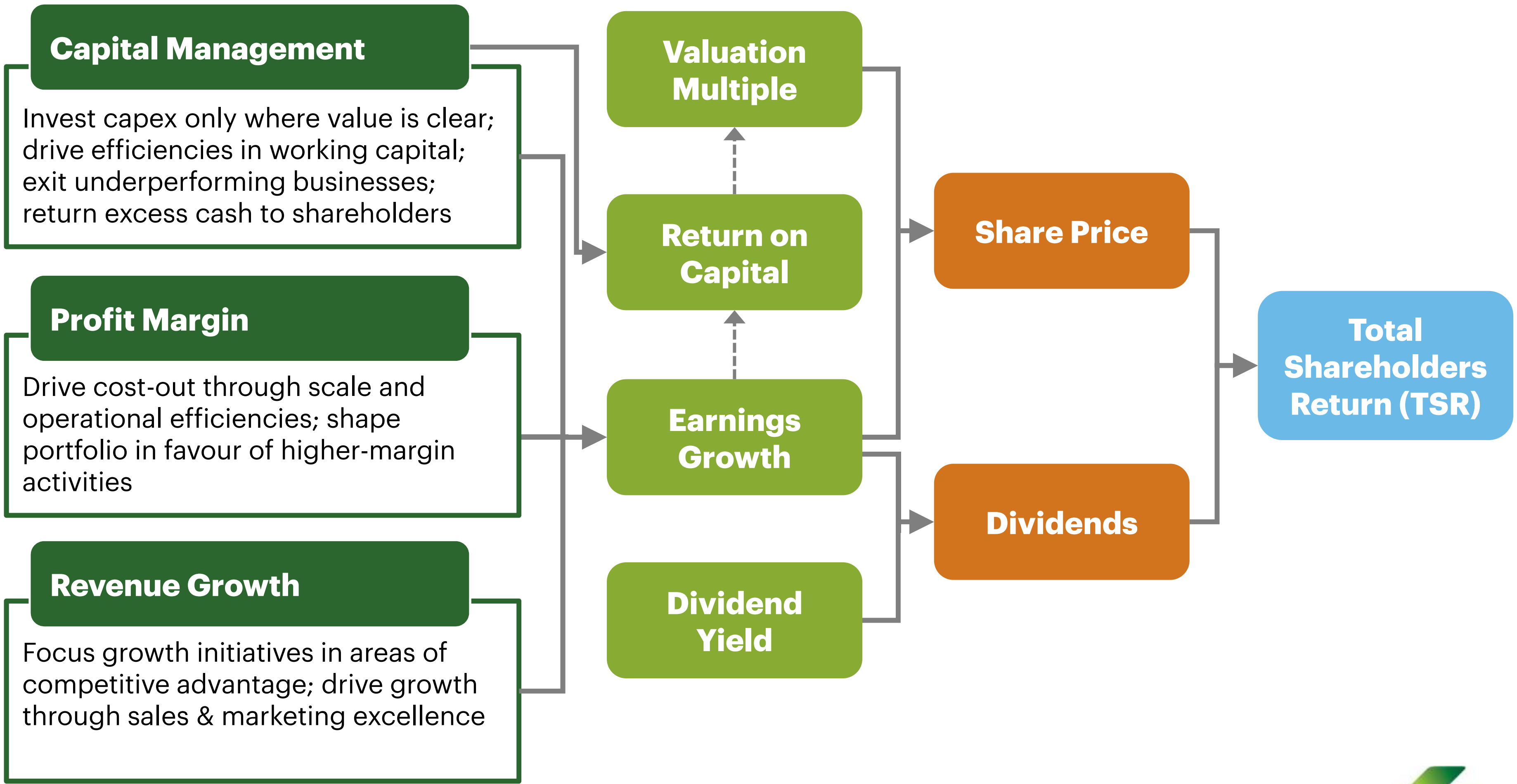
Target dividend pay-out ratio is 50% to 75% of net earnings (before significant items)

Strategy Update

▶ **Construction**

WATERVIEW TUNNEL ALLIANCE

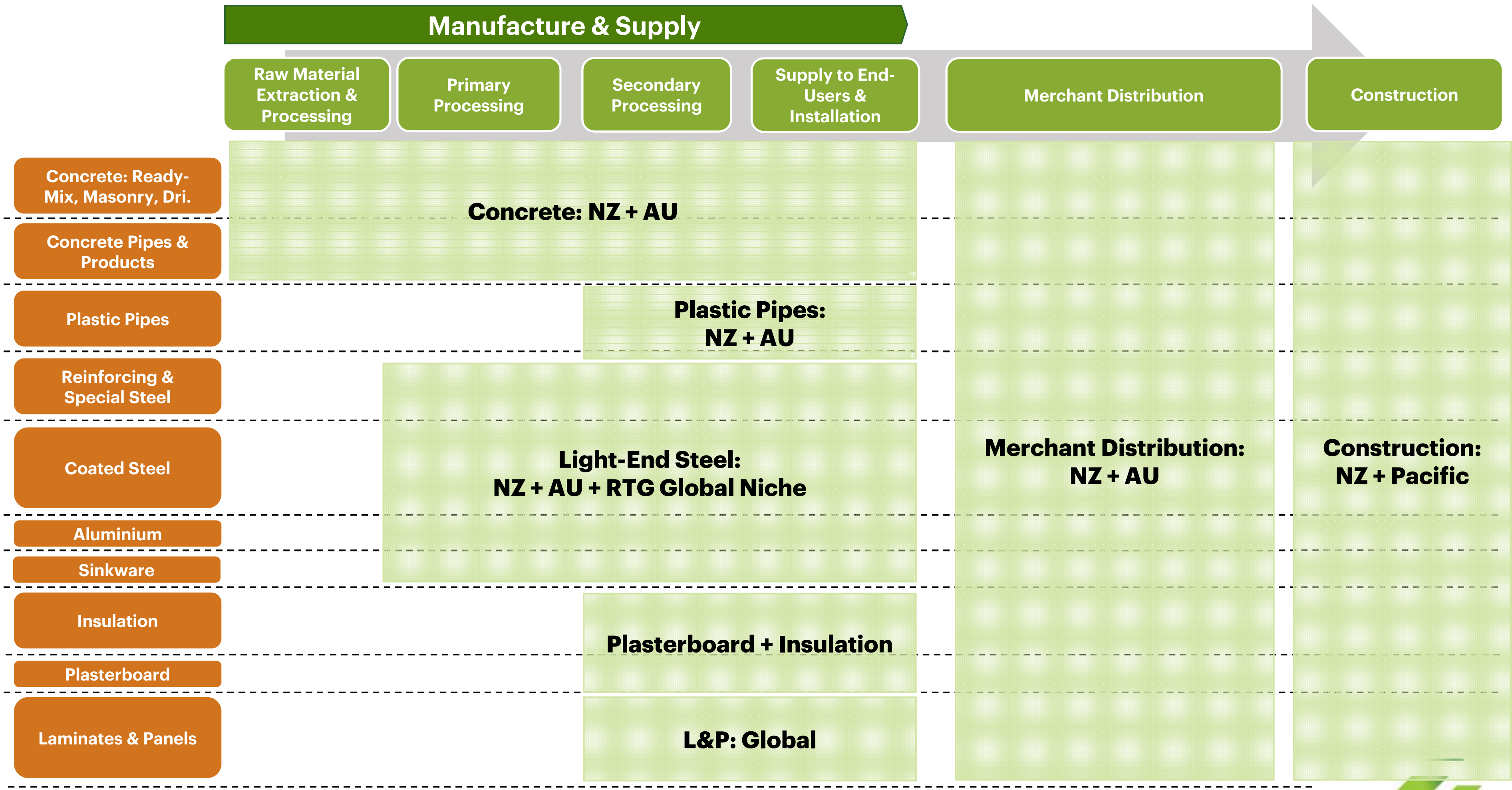
Our aspiration: to deliver top-quartile shareholder value creation through driving core operational levers



Our strategy is deployed at three levels of the organisation

		Where are we now?
Group Portfolio Management	• Clear view of sustainable competitive advantage • Focus on greatest value-creating opportunities • Clarity on where to invest, hold and divest	• Vision defined • In execution phase • M&A outcomes pending
Support from an Active Centre	• Leveraging scale and skill to create a whole that is greater then the sum of the parts • Central functions and centres of excellence	• Organisation in place • Programs ~80% developed • Need to drive benefits
Business Unit Strategy	• Clarity on how to win in the market • Aligned, focused execution of initiatives • Development of people and capability	• Variable performance • Capability being lifted • Opportunities to improve execution, incl. leveraging off the Centre

The portfolio can broadly be grouped into 7 core sectors



Portfolio strategy

Invest for Growth above the Base

- **New Zealand construction** => leverage capability in the core
- **Australasian merchant distribution** => growth through omni-channel
- **Laminates & Panels** => unlock earnings potential of leading global business

Attractive Hold

- **Integrated concrete NZ** => develop supply chain and successor resource
- **Advantaged manufacturing businesses** => protect position, leverage channels & customers, develop product & service innovation; drive efficiency

Prove or Position for Divestment

- **Large underperforming businesses** => return to sustainable profitability, then assess long-term position
- **Non-core and disadvantaged manufacturing businesses** => position for divestment, especially where business is worth more to another

FBUnite business transformation programmes are now fully integrated into the FBU business model

CUSTOMER

Business Units: Customer-Leading Performance

Central Functions

Finance
HR
Legal
ICT
Procurement
Property
Shared Services

Leverage Scale

Common, efficient practices

Accountable to Corporate CE's

Centres Of Excellence

Manufacturing
Supply Chain
Sales and Marketing
Strategy
Health & Safety

Leverage Skill

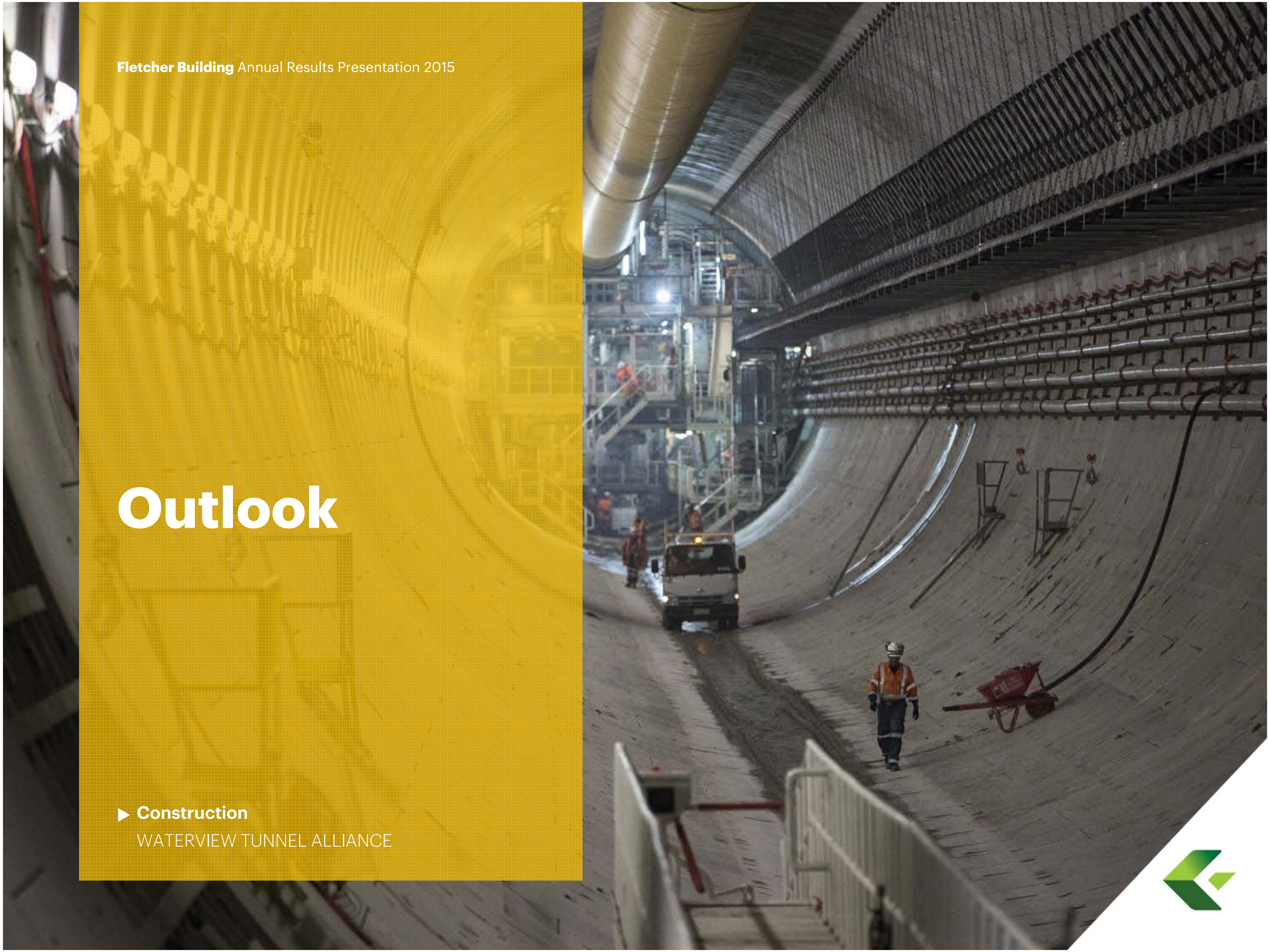
Enabling improved performance

BU accountability for outcomes

Outlook

▶ **Construction**

WATERVIEW TUNNEL ALLIANCE



Outlook FY16

New Zealand

- Residential construction activity expected to continue at above average levels, but growth in consents likely to moderate
- Net migration and Auckland housing demand key drivers
- Commercial construction should track the upward trend in consents
- Government infrastructure spending expected to remain at current levels

Australia

- Residential activity likely to slow from recent peak levels, with multi-dwelling and apartments continuing to drive the market
- Non-residential expected to remain subdued, especially mining, resources and infrastructure sectors

North America

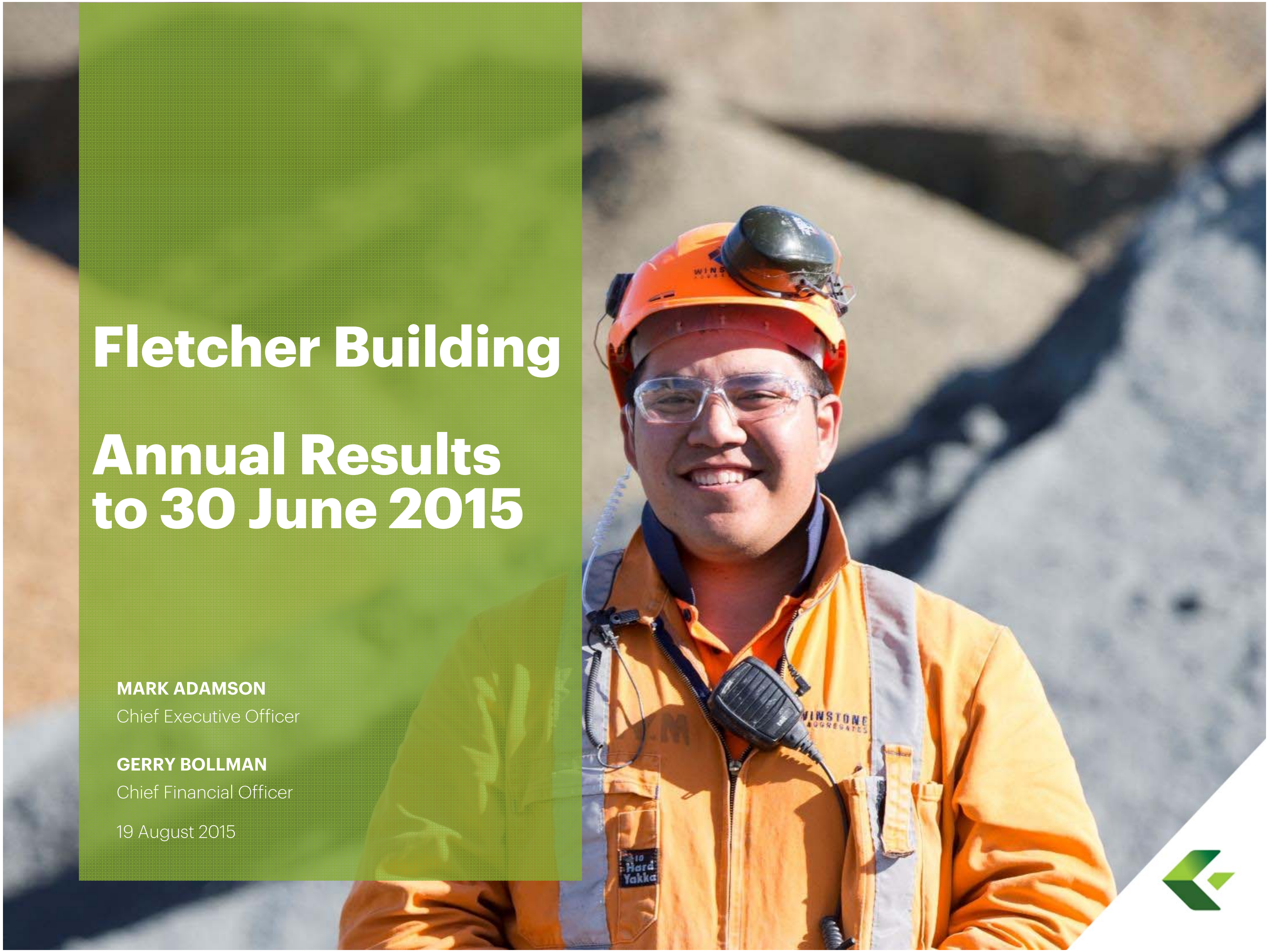
- Activity levels in residential and commercial should remain broadly consistent with prior year

Europe

- Continued mixed conditions expected with a weak economic outlook

Asia

- Further growth in South-East Asia, China to likely remain highly competitive



Fletcher Building

Annual Results to 30 June 2015

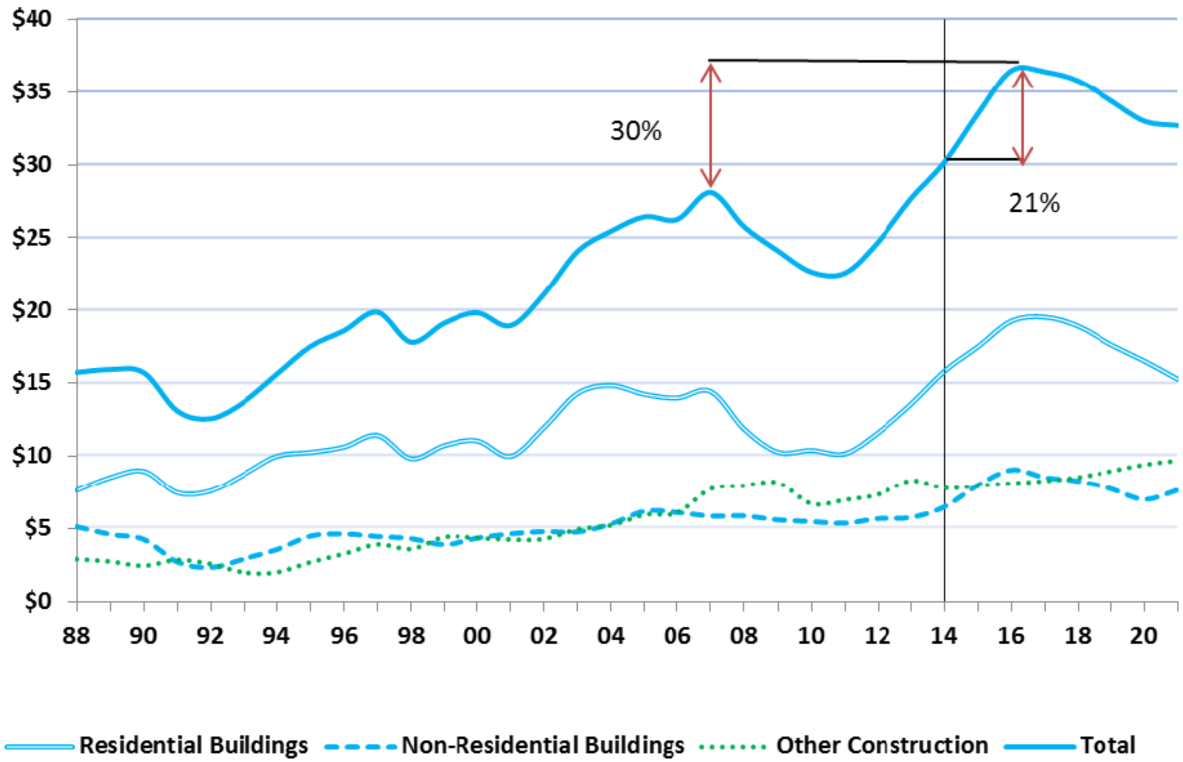
MARK ADAMSON
Chief Executive Officer

GERRY BOLLMAN
Chief Financial Officer

19 August 2015

Appendix: New Zealand construction activity expected to continue at record levels

Value of all construction (historic and forecast)
NZ$bn



Source: Statistics NZ/BRANZ/Pacifecon

Appendix: Building consent data

NZ$m		June 2013 12 months	June 2014 12 months	June 2015 12 months	15/14 % Mvmt
New Zealand					
Residential Consents		18,783	23,316	**25,154**	+8
Non Res WPIP ($m)		5,028	5,187	**6,118**	+18
Infrastructure WPIP ($m)		7,167	7,554	**6,716**	-11
Australia					*Source: Infometrics*
Residential Consents	- Standalone houses	93,762	108,553	**115,525**	+6
	- Multi residential and other dwelling types	67,649	86,144	**98,113**	+14
	- Total	161,411	194,697	**213,638**	+10
Non Res WPIP (A$bn)		33.5	35.5	**36.7**	+3
Infrastructure WPIP (A$bn)		130.3	126.4	**111.6**	-12
US (Billions of 2010 US$) Calendar Years					*Source: ABS*
Residential Consents (US$bn)		288.7	312.9	**320.5**	3%
Non Res WPIP (US$bn)		331.2	325.3	**333.8**	3%
Infrastructure WPIP (US$bn)		202.7	204.4	**208.1**	2%

Source: HIS Global Insight

Fletcher Building
Annual Review 2015

Building Better, Together

At Fletcher Building we stand together, work together, forge ahead, overcome adversity and meet new challenges together. Our unique skills and expertise, unmatched resources and vision enable us to keep building better, together.

Whio

Heavy Building Products
WINSTONE AGGREGATES

We're almost like family, it's more than just a team.

WHIO MANUEL

Sarah

Light Building Products
ROOF TILE GROUP

Our product quality is important, it's what we stand by.

SARAH WIDDUP

David

Laminates & Panels
LAMINEX

We focus on being progressive and innovative for our customers.

DAVID MILES

Alma

Distribution
PLACEMAKERS

We want PlaceMakers to be the easiest place for customers to do business.

ALMA SANTOS

Gesse

Laminates & Panels
LAMINEX

It's great here and it's getting better and better all the time.

GESSE RIPAKI

Glen

Construction
INFRASTRUCTURE

Be Bold is what this project is all about. This is a first in NZ – you couldn't do it without being bold.

GLEN KIRK

19,000+

People working and building together. Making and delivering a diverse range of products and projects that enable communities to grow, cities to prosper and countries to be more productive.

Group financial highlights

Net earnings **$M**

270

Revenue **$M**

8,661

Operating earnings **$M**

503

Dividend per share **cents**

37.0

Earnings per share **cents**

39.2

At a glance

2015

Heavy Building Products

New Zealand residential consents and building activity continued to grow above long run trends while civil infrastructure activity was supported by strong and ongoing government investment.

Much of the growth in the concrete market continued to be driven by activity in Auckland and Christchurch. Australian residential construction activity remained stable while other market segments were very challenging.

GROSS REVENUE	$2.1b
EBIT*	$177m
PEOPLE	3,209

25%
OF GROUP EBIT+

Light Building Products

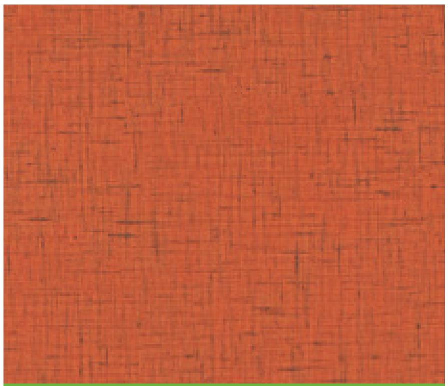
New Zealand plasterboard business this year saw good growth.

There was significant turnaround in the insulation businesses and there is a strong outlook following building consent increases in New Zealand and Australia. The roof tile businesses have had a challenging year with mixed markets across the globe.

Product innovation and online tools developed are proving to be popular with our customers.

GROSS REVENUE	$1.3b
EBIT*	$118m
PEOPLE	2,526

17%
OF GROUP EBIT+



Laminates & Panels

Laminates & Panels continued to focus on innovation and operational excellence.

Manufacturing and supply chain excellence programmes have continued at 15 major manufacturing sites across the world with our other sites focused on improving performance and efficiencies.

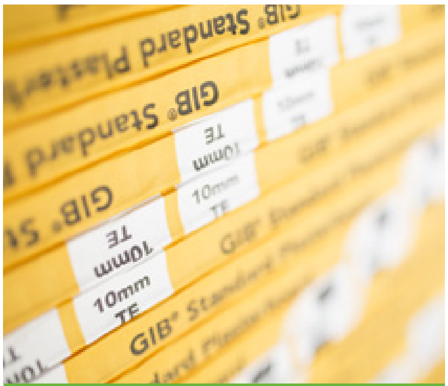
Laminex Australia has developed a strategy to diversify to provide growth outside of traditional markets. In Asia our business has successfully developed new products with antimicrobial qualities.

GROSS REVENUE	$1.8b
EBIT	$129m
PEOPLE	5,238

19%
OF GROUP EBIT+

* EBIT excluding significant items

+ EBIT excluding corporate costs and significant items



Distribution New Zealand

Both Mico and PlaceMakers stores launched customer service promises and PlaceMakers made a bold industry publication of its customer service scores during the year to reinforce that the customer is at the heart of everything we do.

Promoting diversity, inclusiveness and significantly investing time and resources into learning and development saw employee engagement scores at record highs.

GROSS REVENUE	$1.8b
EBIT*	$108m
PEOPLE	3,196

16%

OF GROUP EBIT+

Distribution Australia

Tradelink has delivered a second consecutive year of sales and profit growth. The year also marked the transition from turnaround recovery to transformative growth.

The Australian plumbing products market has grown in FY15 and Tradelink has retained the market share gains from FY14.

Tradelink developed and launched two significant own branded product ranges – PEX and Raymor.

GROSS REVENUE	$0.8b
EBIT	$18m
PEOPLE	1,631

3%

OF GROUP EBIT+

Construction

Every business unit experienced a record volume of work and earnings.

Fletcher Construction delivered significant projects across New Zealand and the South Pacific. The amount of new work secured in engineering, commercial building and public infrastructure is at record levels.

Fletcher Living produced earnings growth of 35% to $66 million. The South Pacific business recorded record revenue this year.

GROSS REVENUE	$1.6b
EBIT*	$140m
PEOPLE	3,352

20%

OF GROUP EBIT+

From the smallest grain of sand to projects of great scale, we make, deliver and build to improve infrastructure, build communities and strengthen economies.

make.

MANUFACTURE AND SUPPLY

HEAVY BUILDING PRODUCTS +

- Winstone Aggregates
- Rocla Quarry Products
- Golden Bay Cement
- Firth
- Rocla Pipeline Products
- Humes
- Iplex Pipelines

LIGHT BUILDING PRODUCTS +

- Winstone Wallboards
- Tasman Insulation
- Fletcher Insulation
- Stramit Building Products
- Fletcher Aluminium
- Dimond
- Roof Tile Group
- Tasman Sinkware

LAMINATES & PANELS +

- Laminex
- Formica

deliver.

MERCHANT DISTRIBUTION

build.

CONSTRUCTION

DISTRIBUTION

- Mico
- Easysteel
- PlaceMakers
- Tradelink
- Fletcher Reinforcing
- Pacific Coilcoaters

+

CONSTRUCTION

- Fletcher Living
- Building + Interiors
- Infrastructure
- Earthquake Recovery (EQR)
- South Pacific

Chairman & CEO Report

Always striving for better

Sir Ralph Norris CHAIRMAN
Mark Adamson CEO

Dear Shareholder,

It gives me great pleasure to write to you for the first time in my capacity as chairman.

Since taking on the role last October, I have had a particular focus on supporting the management team in their pursuit of the strategy that has been agreed with the board.

Late last year, the board and management team undertook a review of the whole business portfolio and the returns that our businesses are generating. This work has informed the group's strategic direction. We recognise that we must deliver further value from our existing operations, through revenue growth and market share gains, and through effective cost and margin management.

In addition to pursuing organic growth, we will look to selectively invest where we can see strong returns and where such investments are sufficiently linked to our chosen growth priorities. Areas we are targeting for expansion include our residential development business in New Zealand, our civil and engineering construction business and our distribution businesses in both Australia and New Zealand.

At the same time, we will continue to actively manage the business portfolio and will divest businesses which we have determined are not core to our future.

FINANCIAL PERFORMANCE

We recorded net earnings of $270 million for the year ended 30 June 2015, compared with $339 million in the 2014 financial year. The result included significant items totalling $150 million relating to the impairment of goodwill and site closure costs. Net earnings before significant items were $399 million, which were 10% higher than the prior year.

For the same period, operating earnings (earnings before interest and tax) were $503 million, compared with $592 million in the prior year. Operating earnings excluding significant items were $653 million, up 5% on the prior year and in line with earnings guidance.

Overall, the result was satisfactory and there were a number of standout performances amongst our business units. What was particularly pleasing was a very strong cash performance, with operating cash flow up 18% on the prior year.

We experienced strong market conditions in New Zealand with operating earnings before significant items up 24%. Residential building activity continued at levels above long-term trend, driven by the buoyant Auckland housing market and new house-building activity in Canterbury. Government funded infrastructure activity remained strong, and there was a marked increase in non-residential activity with consents rising 18% over the year. These activity levels flowed into increased demand for building materials and we saw excellent growth in volumes for most of our core product lines.

Conditions in Australia were more mixed, and operating earnings before significant items were down 30%. There was a sharp contrast between the buoyant residential housing market with record levels of new dwelling construction, and reduced expenditure in the mining and resources sectors.

Beyond New Zealand and Australia, conditions have continued to be mixed. Operating earnings were down 7%, with continued weak conditions in Europe and a more difficult trading environment experienced in China but a strong performance from Formica in North America.

SIGNIFICANT ITEMS

Our reported operating earnings for 2015 included significant items of $150 million relating to the impairment of goodwill, site closure costs and the sale of businesses.

$78 million of goodwill arising from acquisitions over the past decade was impaired in the year, relating to the Forman, Stramit and Tasman Insulation businesses. The impairment was due to a reduction in the future earnings prospects of these businesses; these impairments were non-cash in nature.

In addition, we incurred site closure costs totalling $65 million including the closure of the Crane Copper Tube business in Australia, and site closures in Iplex Australia, Stramit, Humes and Forman. The decision to close sites is never easy, but we need to ensure that we have the right footprint for our manufacturing and distribution businesses and that our cost base remains competitive.

BALANCE SHEET AND CAPITAL MANAGEMENT

As a result of the strong increase in cash flow from operations, we continued to maintain a sound financial position while accommodating higher capital expenditure levels and increased cash investment in Fletcher Living, our residential development business. It remains our intention to maintain a conservative balance sheet structure and to target strong investment-grade credit metrics as we have done in the past few years.

DIVIDEND

The total dividend for the year is 37 cents per share. The increase is in line with underlying earnings performance. This represents a pay-out ratio of 64% of net earnings before significant items, and is comfortably within the target dividend pay-out ratio range of 50% to 75% of net earnings. We expect to grow the dividend over time as earnings grow, and to the extent that our cash investment requirements allow.

While our policy on franking and imputation credits has not changed, there have been insufficient Australian franking credits available for distribution this year. This is due to the reduction in Australian earnings over the past two years. We have continued our past practice of fully imputing the second half dividend for New Zealand taxation purposes.

PEOPLE

I have been impressed with the various programmes that have been implemented across Fletcher Building to improve employee engagement, train and develop our people and grow the future leadership pipeline. I would like to especially congratulate the human resources team who have delivered a number of award winning programmes which were recognised both nationally and internationally this year.

A particular highlight has been the opportunity to meet a wide cross section of people from across the business. The board has made a conscious effort to hold meetings in centres other than Auckland, and this has enabled us to meet with local management and hear first-hand about what is happening regionally. The knowledge and enthusiasm of those we have met has been encouraging and reflects the positive culture that has been very clearly demonstrated to me since I joined the board.

BOARD CHANGES

In addition to the change in chairman last October, this past year saw the retirement of Gene Tilbrook. As a result of increased commitments in Australia, Gene indicated that he would no longer be able to dedicate the time required as a director of Fletcher Building. We have benefited greatly from Gene's financial and strategic experience and his knowledge of the Australian market and I thank Gene for his significant contribution.

Steve Vamos was appointed to the board in July. Steve has more than thirty years' experience in the information technology and online media industry and has lived and worked in Australia, the USA and Asia. I am delighted that Steve has agreed to join the board. His extensive background in the technology and digital sectors has added considerably to our mix of skills around the board.

Steve's appointment brings the board back to a full complement of eight directors.

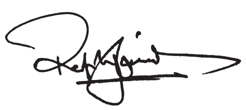
I would like to record my appreciation to my predecessor Ralph Waters for the very smooth transition I have experienced since I took over from him last October.

OUTLOOK

Looking at the year ahead, we expect New Zealand residential construction activity to continue at above average levels but the strong growth in consents for new houses is expected to moderate. Recent high levels of net migration into New Zealand and continued strong demand for housing in Auckland are likely to underpin volumes. Commercial construction activity should continue to grow in line with the significant upward trend in consented work observed over the past year. Government expenditure on core infrastructure is expected to remain at current levels.

In Australia, residential activity is likely to slow from recent peak levels but remain well above long run average levels driven by apartment and multi-unit dwelling construction. Commercial construction is expected to remain relatively subdued, while government infrastructure spending will be constrained by deficits at federal and state levels. Construction activity in the mining and resources sectors is expected to trend down as large projects are completed and in response to weaker commodity prices.

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 Southeast Asian markets but market conditions in China are likely to remain highly competitive.



SIR RALPH NORRIS
_Chairman

MARK ADAMSON
_Chief Executive Officer

This year's annual review reflects Fletcher Building's vision and values, which we have rolled out globally across the group.

Our vision is "Building Better, Together" and it is supported by four values or behaviours:

- Be Bold
- Customer Leading
- Better Every Day
- Play Fair

From the outset, we knew that the vision and values would only be successful if they were owned and shaped with input from a wide range of people across our businesses, in order to drive what we want to become and how we need to deliver to our customers.

The best performing companies combine strategy with a successful and engaged culture. And great culture is cultivated by a meaningful vision and accompanying values.

The launch of the vision and values was a day I had been looking forward to since starting as chief executive, and I am committed to making sure they become part of the way we do business. "Building Better, Together" is about harnessing the skills and talents of over 19,000 people at Fletcher Building.

OPERATING PERFORMANCE

Our operating performance this year was characterised by differing market conditions in the key regions in which we operate.

In New Zealand, we experienced strong demand for most products we manufacture and distribute, and operating earnings before significant items were up 24%. Despite a generally flat pricing environment, margins were able to be maintained due to prudent cost control. In this regard we saw the benefits of the manufacturing excellence programme deliver through the absorption of inflationary pressures. Our distribution businesses recorded strong gains in operating earnings due to both volume increases and the cost benefits from running all distribution activities within the one division. Earnings from our Construction division were up strongly and we ended the year with a record work pipeline of $2.4 billion. Strong demand for housing in Auckland has resulted in record house prices, which in turn benefited our residential development business.

The residential housing market in Australia saw record levels of new dwelling construction, driven in large measure by apartment and multi-unit construction activity in the capital cities. We experienced strong earnings growth in a number of businesses exposed to new housing construction, particularly Laminex and Fletcher Insulation which also benefited from restructuring programmes undertaken in recent years. The Tradelink plumbing distribution business benefited from these strong market conditions and also the initiatives we have had underway to reinvigorate the business. Outside of the residential market, conditions were much more difficult. The broader construction industry has been adversely impacted by the reduction in capital investment in the mining and resources sectors and by lower spending by both state and federal governments. This has negatively impacted our concrete products business in particular. We have been more directly impacted by the collapse in demand for plastic pipes to supply the coal seam gas expansion in Queensland, which resulted in a significant deterioration in the performance of the Iplex Pipelines business.

Beyond New Zealand and Australia, we encountered a mix of economic conditions. In North America, Formica continued to deliver strong earnings growth from increased volumes. Conditions in Europe continued to be challenging, with an adverse impact on pricing and volumes. Southeast Asia remained buoyant with strong volume growth recorded, but in China we experienced slowing growth and a tough competitive environment.

FBUNITE BUSINESS TRANSFORMATION INITIATIVES

This year we continue to derive further benefits from the FBUnite business transformation initiatives. The FBUnite programme is now completely integrated with our operating model. The FBUnite business transformation initiatives have delivered benefits of $50 million up to 30 June 2015. These initiatives are on track to deliver a further $50 million in benefits over the next two years.

STRATEGY – DELIVERING ON THE 'ART OF THE POSSIBLE'.

The FBUnite programme has established centralised capabilities which can be leveraged to drive our earnings performance going forward. Having built this platform and locked in the benefits, the focus for the management team has switched to working further to scope out what we have called 'the art of the possible'. This has involved examining the potential for each business and how each might be capable of performing over the next few years. This exercise has been key in helping to prioritise capital investment, technology and management resource.

At the heart of the 'art of the possible' exercise is the pursuit of organic growth opportunities rather than a particular emphasis on growth through business acquisitions. These opportunities will be pursued through the ongoing development of customer value propositions and through better serving different customer segments with a cost and service model that aligns customer needs and value.

The strategic review that Ralph has referenced has identified three areas of specific focus and action.

Firstly, a number of businesses will be prioritised for further investment where they offer superior growth prospects. These include: New Zealand Construction, where we see strong potential to grow market share and further leverage our core capability and brand; expansion of our New Zealand residential development activities; and Distribution in New Zealand and Australia, where we have identified opportunities to better leverage multiple channels to market and product niches.

Secondly, a number of group businesses continue to offer attractive returns and opportunities to organically grow earnings from their existing asset base. Opportunities have been identified to further develop supply chains, better leverage channels and customers, develop product and service innovation and drive efficiency.

Finally, businesses which are not meeting performance and financial targets will be managed to return them to sustainable profitability, following which their long-term position will be reassessed.

We will continue to look to divest those businesses that are not core to our long-term future.

CASH FLOW / INVESTMENTS

A key highlight of this year's result was the 18% increase in cash flow from operations. This strong cash performance is partly attributable to the FBUnite initiatives, which have had a positive impact on working capital through controlling inventory growth and reducing debtors. The result is particularly pleasing given the cash investment that we have made in the residential development business over the past year. As we indicated at the start of the year, capital expenditure was up on the prior year at $278 million. The increase was driven principally by the investment in a number of Information Technology (IT) projects that are part of our drive to standardise systems across the group and enhance our digital capabilities.

STRUCTURE AND APPOINTMENTS

During the year, I announced a new organisation structure and changes in several executive leadership roles. Under the new organisation structure, business units have been combined to better align product and service offerings to customers. This resulted in a reduction in the number of individual business units with the creation of larger business units.

Two new divisions - Heavy Building Products and Light Building Products were formed under which the relevant business units will report. More recently, we announced that the Australian and New Zealand Distribution businesses, including PlaceMakers and Tradelink, would be formed under one Distribution division.

As a result of these changes, it was necessary to redefine several roles within the executive leadership team, with a series of appointments made over the past year.

Francisco Irazusta was appointed to the role of Chief Executive – Light Building Products. Francisco joined us from CRH plc where he ran the European Building Products business and before this he held a variety of roles in global building products in both North America and Europe.

Matt Crockett was appointed to the role of Chief Executive – Heavy Building Products. Prior to joining Fletcher Building Matt was chief turnaround officer at Spark New Zealand, where he has been responsible for Spark's turnaround programme focused on cost, capital and revenue improvement initiatives.

Dean Fradgley, who was chief executive of Distribution New Zealand, has been appointed to head the newly combined Distribution division.

HEALTH AND SAFETY

We have continued to have as a key priority the health and safety of our people, and this focus over the past decade has delivered a remarkable reduction in the frequency of serious harm incidents. Over the last year, however, our rate of recorded and reportable injuries has plateaued. Our 12 month rolling average total recordable injury frequency rate per million employee and contractor hours has risen for the first time in the last five years from 6.0 to 6.4. In June 2005 this rate was over 60. A priority for the year ahead will be to further address the frequency of serious harm injuries and better identification of actual and potential critical risks.

CONCLUSION

We have made excellent progress in the past year. Through the FBUnite business transformation programmes, we have built the capability to both deliver further operational efficiencies and provide key support to our businesses. We have further clarified our strategic direction and identified where the best future growth opportunities lie, and refined the group structure to deliver on these. Most importantly, we have met the demands of our customers and delivered strong volume and earnings growth in many parts of our business. The goal we have set for the company this year is to deliver further operational and financial performance improvements and execute our strategic growth initiatives.

MARK ADAMSON

_Chief Executive Officer

Overview_Heavy Building Products

The benefits of diverse experience

"Our values immediately resonated with me. Play Fair is about being up front with each other, our colleagues, and doing what we say we will."

MATT CROCKETT
_Chief Executive – Heavy Building Products

OUR BUSINESS

Heavy Building Products comprises the following New Zealand and Australian operating units:

Winstone Aggregates – New Zealand's largest manufacturer and distributor of aggregates and sands to the roading, civil engineering, agricultural, landscaping and drainage industries.

Rocla Quarry Products – has whole or partial interest in 19 quarries across Australia. It is the country's leading sands manufacturer and supplier to the building and construction industries.

Golden Bay Cement – New Zealand's largest manufacturer of cement for ready-mixed concrete producers, concrete product manufacturers, building materials distributors, construction contractors and other major users of cement and concrete.

Firth – one of New Zealand's best known and most trusted trade names, Firth is the largest and only national manufacturer offering New Zealanders a diverse and complete range of concrete products, systems and solutions.

Rocla Pipeline Products – a leading Australian supplier of manufactured concrete infrastructure products to civil contractors, developers, local governments and other authorities.

Humes – the largest pipeline and pipeline systems supplier to New Zealand's infrastructure market.

Iplex Pipelines – a leading manufacturer and supplier of plastic pipeline systems in New Zealand and Australia. Iplex provides diverse products and systems to the water infrastructure, coal seam gas, irrigation, civil, telecommunications, electrical, rural and construction sectors.

MARKET UPDATE

New Zealand residential consents and building activity continued to grow above long run trends, while civil infrastructure activity was supported by strong and ongoing government investment.

Much of the growth in the concrete market continued to be driven by activity in Auckland and Christchurch. There was a notable shift in the Christchurch market from residential to larger commercial projects. The competitive dynamics in all key New Zealand market regions were stable.

While Australian residential construction activity remained stable, other market segments were very challenging. There was a marked reduction in private sector investment in mining and resources. Government infrastructure spending was also reduced, with increasing uncertainty over future spending intentions.

STRATEGIC PRIORITIES AND FOCUS

Heavy Building Products' customer led strategies continue to focus on:

- developing winning customer value propositions
- delivering superior product quality and service
- operational excellence to drive lowest cost manufacture and distribution
- leveraging our integrated business model to maximise Fletcher Building value across concrete and pipe value chains

We will defend and grow our strong market positions in New Zealand. We will also develop a low-cost South Island cement self-supply capability, following the end of the reciprocal supply arrangement with Holcim.

In Australia, the focus is on turning around Iplex Pipelines' performance and building a sustainable platform for future profitable growth. We also plan to improve Rocla Pipeline Products' earnings growth trajectory through product innovation and diversification into new market segments.

BEN HAWKINS
__Hunua Quarry Manager

Overview_Light Building Products

Building our trusted brands

KARIKA TURUA
_Tile Press Operator

"To me, Better Every Day should be about having the best people managing best processes supported by best systems. The best asset a company has is its customers and the talent it employs to satisfy its customers!"

FRANCISCO IRAZUSTA
_Chief Executive – Light Building Products

OUR BUSINESS

Light Building Products includes the manufacture and distribution of plasterboard, insulation, coated steel and aluminium products.

Fletcher Aluminium – a New Zealand leading manufacturer of residential windows and doors and commercial façades, supplying the domestic and international markets.

Dimond – New Zealand's leading supplier of steel roofing, cladding, structural and rainwater products. Dimond has ten sales centres across the country.

Roof Tile Group – includes Gerard Roofing Systems (NZ/ Asia/ Europe) and DECRA Roofing Systems (USA). Gerard is a world leader in the design, manufacture and marketing of metal roof tiles. DECRA combines the performance of steel with the aesthetic beauty of tile, shale and shingle.

Winstone Wallboards – New Zealand's sole manufacturer and leading supplier of gypsum plasterboard. Approximately 75% of its sales are in the residential sector, with the remaining 25% in commercial construction.

Fletcher Insulation – an Australian leading insulation company, with manufacturing facilities in Melbourne and Sydney. The company's brands include Pink® Batts® insulation, Sisalation® foil and Permastop® building blanket.

Tasman Insulation – started manufacturing in New Zealand in 1961, and manufactures the iconic Pink® Batts® brand of insulation.

Tasman Sinkware – Australia's only sink manufacturer, proudly supplying the Australia, New Zealand, USA, Hong Kong and Singapore markets.

Stramit Building Products – Australian manufacturer of roll-formed steel building products, including roof and wall cladding, guttering, fascia, purlins, flooring and structural formwork.

FY15 HIGHLIGHTS

Light Building Products had strong growth in the New Zealand plasterboard business this year in line with building consent growth. There was significant turnaround in the insulation businesses and there is a strong outlook following building consent increases in both New Zealand and Australia. The roof tile businesses have had a challenging year with mixed markets across the globe.

Product innovation has been successful with Fletcher Aluminium launching Smartfit®. This technology means windows and doors arrive on site, ready to be fitted immediately, which is proving to be a very popular solution. Online tools developed to enable customers to design and submit their specific requirements have increased our customer service offering.

FY16 FOCUS

We need to grow our market share in a profitable and sustainable way. This can only be achieved by driving superior customer value propositions through innovation in products, systems and services. In essence, providing solutions.

We want to achieve a differentiated customer experience with a flawless end to end journey. We continue to drive our manufacturing and supply chain excellence programmes and further invest in our people and the capability to achieve this.

A new sales and marketing excellence programme is being developed across all of Fletcher Building to further support the business in delivering our ambitious objectives. At the Light Building Products division we support our businesses to provide great service and tailor our offers to deliver great products and services in a cost effective way. We aim to create increased demand for our products through marketing strategies, targeted at our main customers and market influencers.

We will work with other Fletcher Building businesses to ensure we maximise opportunities to provide mutual customers with a better offering. Our senior management team is driving significant strategic and process change, while our core frontline and operational people continue to deliver quality product. We are focused on ensuring we have the best people and right structure to be customer leading and deliver value for our customers and shareholders.

Overview__Laminates & Panels

Laminates & Panels

15

MAJOR MANUFACTURING SITES ACROSS THE WORLD

"Our teams strive to be better every day, ensuring we are first choice for our customers through service excellence and quality of product."

PAUL ZUCKERMAN
__Chief Executive – Laminates & Panels

OUR BUSINESS

Laminates & Panels division is made up of:

Formica – produces a range of laminate and surface products for both commercial and residential spaces. The business unit manufactures its products in Europe, Asia, and North America.

Laminex – the Australian and New Zealand leader in decorative wood panels and laminate, particleboard, medium density fibreboard and other decorative products.

BUSINESS FOCUS

Laminates & Panels continues to pursue its strategy of growing the business through the development of new capabilities, enhancements of existing systems and processes, and our people capabilities. These are all aimed at making it easier and better for our staff to perform their roles, while at the same time increasing the emphasis on providing improved experiences and service for our customers and end users. This ensures the business remains at the forefront of a highly competitive and cost conscious market.

Laminates & Panels continued its programme of manufacturing and supply chain excellence at its 15 major manufacturing sites across the world. This has seen investments in new equipment such as a state of the art melamine treater in our Montreal, Canada plant. At our other key manufacturing sites we are focused on improving performance and efficiencies.

A key strategy of the Laminex Australia business is to expand its sales activities and product portfolio to better penetrate the commercial building sector, without losing its traditionally strong position in residential cabinet joinery markets. During the year the business launched Clipwall – a revolutionary wall lining system allowing quick installation of decorative panels without the time consuming finishing processes such as painting. This system has been specified and installed into high profile spaces, including an international hotel chain and a leading Australian bank.

In Asia our business has successfully developed new products with antimicrobial qualities aimed at addressing the growing trend in the healthcare and education sectors as well as government projects with high hygiene expectations. This segment is growing quickly in our Asian markets, particularly China.

In the decorative surfaces market, there is a continuous emphasis on developing products to ensure our ranges remain the preferred choice in the market. Our German metallic laminate business, Homapal, has produced a range of innovative magnetic whiteboards which have proved very successful in the education and commercial sectors.

In August 2014 we completed a full upgrade of our North American computer systems. This upgrade has had a positive impact on our customer service as well as improving the efficiency within our operations, particularly warehousing.

FY16 FOCUS

During FY16, we are focused on making technology investment and system improvements across the business, particularly to our European businesses where we are currently installing a new ERP system. With consumers carrying out the majority of their pre purchase research online, our Australian business has the largest social media presence in the decorative services industry in the Asia Pacific region. We will continue to build upon and improve focus and capability across social media platforms. Further focus areas include successful delivery of revenue initiatives, optimising our distribution networks, pursuing global and new product developments, as well as improving service and connectivity to our customers.

A passion for EXCELLENCE


JEFFERSON SCHWENCKE
_Production Operator

Overview_Distribution

CUSTOMER FIRST

"The diversity of our people and product offerings enables us to deliver superior service for a fair price, while ensuring the customer is at the heart of everything we do".

DEAN FRADGLEY
_Chief Executive – Distribution

RAVI JETHVA
_Drive Thru Team Member

DISTRIBUTION NEW ZEALAND

OUR BUSINESS

Distribution New Zealand comprises the following New Zealand based business units:

PlaceMakers – the largest business to business building materials supplier in New Zealand with 60 locations across New Zealand.

Easysteel – New Zealand distributor, processor and fabricator of steel and related products including Cyclone fencing and wire products.

Fletcher Reinforcing – supplies steel reinforcing, mesh, cutting and bending and on-site mesh placement services for concrete foundations and structures.

Pacific Coilcoaters – the pioneer of pre-painted steel products in New Zealand under the product name of ColorCote®.

Mico – New Zealand plumbing distributor, selling back of wall and front wall solutions across 55 locations.

New Zealand Distribution also incorporates Forman Building Systems, providing ceilings, walls and insulation products to the construction industry.

BUSINESS FOCUS

To enable the delivery of superior returns, Distribution New Zealand is focused on increasing the share of spend from existing and new customers through continuously improving customer service, having the best people and leveraging the group's preferred suppliers. This focus enables Distribution New Zealand to drive increased revenue and improving margins by buying better and making the cost base more efficient.

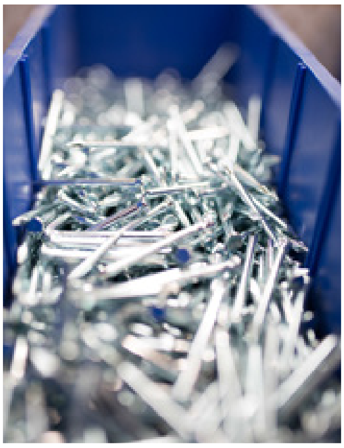
With a passion for excellence and leading customer solutions, the division has extended its colocation programme of Mico and PlaceMakers stores, with a total of six stores operating under the one roof at 30 June 2015.

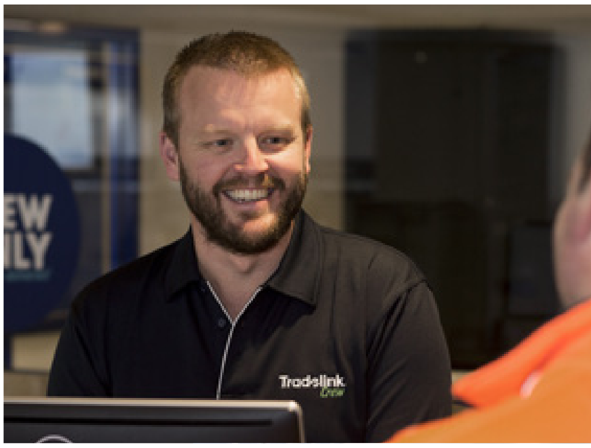
Distribution New Zealand's customer focus has also seen both Mico and PlaceMakers stores launch customer service promises relating to product availability, collection and delivery, in-bound calls and invoicing. With this unrelenting focus and passion for customers, PlaceMakers made a bold industry publication of its customer service scores during the year to reinforce that the customer is at the heart of everything we do.

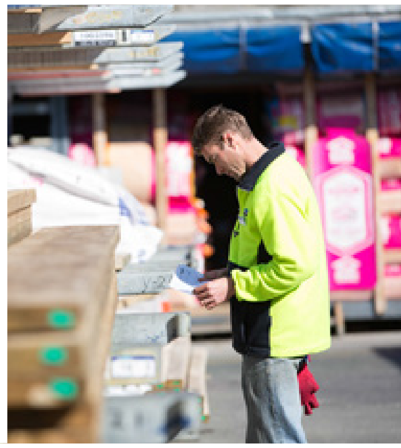
During FY15, the division also improved employee engagement scores to record highs, promoting diversity and inclusiveness, as well as significantly investing time and resources into learning and development.

FY16 FOCUS

Distribution New Zealand will continue to grow organically while expanding further into specialist categories such as: bathrooms, kitchens, roofing, and heating, and launch online omni-channel offerings to targeted customer segments. Distribution New Zealand is also a key part of the group's procurement initiatives, including leveraging the group's recent investment in an Asian sourcing office to provide the best products along with the best customer service.







DISTRIBUTION AUSTRALIA

OUR BUSINESS

Distribution Australia operates the plumbing merchant business Tradelink, which has over 210 branches across Australia. During the financial year, the divestment of Hudson Building Supplies was completed.

In FY15, Tradelink delivered a second consecutive year of sales and profit growth (3% and 36% respectively in local currency) from continuing and expanding the successful programmes of the previous year. The year also marked the transition from turnaround recovery to transformative growth. There is an established platform for solid market share gain and consistent profitability. The business has a transformation strategy focused on the largest segments of the Australian plumbing market, which will provide further opportunities for growth.

MARKET UPDATE

The Australian plumbing products market has grown and Tradelink has retained the market share gains from FY14. Major cities have provided strong growth in new housing, however these have been partially offset by declines in regional areas exposed to the declining activity in the resources sector. The market outlook is modest, based on forecasts for single and multi-residential dwellings and commercial buildings, which are key drivers of demand for plumbing products. New South Wales remains the strongest driver of new buildings growth.

HIGHLIGHTS

Tradelink has launched two significant own branded product ranges. The bathroom and kitchen brand, Raymor, has been reinvigorated with new on-trend products as well as value-priced essentials. The cross-linked polyethylene (PEX) piping system, Tradepex, was also launched and is exclusive to Tradelink. Tradepex systems have a range of features and benefits that make it more convenient and valuable to plumbers. Both product ranges are the culmination of several Tradelink programmes that are foundational to improving business performance:

- growth of low-cost country sourced product
- improving the capability and capacity of Tradelink's supply chain
- the development of skills of the sales force
- a branch network to engage our customers in new product ranges

STRATEGIC PRIORITIES AND OUTLOOK

Distribution Australia will bring together the turnaround and growth strategies into a single transformation programme to unite the business and leverage the Fletcher Building group initiatives. Low-cost country sourced products will increasingly be managed via the Asia sourcing office.

Tradelink will continue to advance its value proposition to target customer segments through proven programme initiatives such as sales excellence, product and supplier range negotiations and reviews, and customer service and convenience improvements. Further transformative initiatives such as branch format improvements and investment in new channels to market will be developed and evaluated as part of planning for long-term sales and earnings growth.

Tradelink

210

BRANCHES ACROSS AUSTRALIA

Overview__Construction

"Our people are inspired by the range and scale of our projects. They take huge pride in delivering the most complex and challenging work successfully."

GRAHAM DARLOW
__Chief Executive – Construction

CHRISTCHURCH
__Justice and Emergency Services Precinct

Working with ability and Agility

OUR BUSINESS

The Construction division's business operations are leaders in commercial, infrastructure and residential construction in New Zealand and the South Pacific:

Building + Interiors – constructs commercial, retail, health, hospitality, education and government buildings. Work undertaken ranges widely in use and scale and includes both main structures and commercial fit-outs.

Infrastructure – delivers a wide range of construction projects across all sectors of the civil engineering, marine and industrial markets.

South Pacific – has permanent offices in Papua New Guinea, Fiji, American Samoa, Samoa, Tonga, the Solomon Islands and Vanuatu. It undertakes projects for local and foreign governments, aid agencies, religious organisations and commercial entities.

Fletcher Living – is one of New Zealand's most innovative residential developers and its leading home builder, creating residential communities in Auckland and Christchurch.

Earthquake Recovery (EQR) – has been providing home repair services in Canterbury since October 2010.

BUSINESS UPDATE

The volume of work being carried out by all business units within the division is at record levels. Total revenue was $1.6 billion, a 21% increase on last year. Commercial performance has reflected this growth in business, with EBIT, excluding significant items relating to the restructure of Forman Contracting, at $140 million, a 32% increase on last year.

Within New Zealand, we have completed or are delivering some very significant projects:

- Core transport infrastructure – Auckland-Manukau Eastern Transport Initiative, MacKays to Peka Peka on the Kapiti Coast, Wellington and Waterview Tunnel Alliance, Auckland
- Key public sector assets – Auckland South Corrections Facility, Christchurch Justice and Emergency Services Precinct, the University of Auckland Science Centre and the Regional Science and Innovation Centre at the University of Canterbury
- Commercial buildings – new head office buildings for Fonterra and Datacom in the Wynyard development, and a major expansion at Westgate Shopping Centre, Auckland

The South Pacific business had record revenue this year underpinned by two projects in Papua New Guinea for the South Pacific Games – the Taurama Aquatic Centre and the Sir John Guise Stadium. The large scale Momi Bay Resort in Fiji is being completed by a Fletcher team.

FUTURE PIPELINE

During the year we have been awarded contracts across New Zealand and the South Pacific worth over $1.4 billion. Our backlog is now $2.4 billion, with major projects won in the last year including:

- the MHX Kirkbride Alliance improving SH20A to Auckland Airport
- Auckland International Airport terminal redevelopment
- Victoria University Gateway Building (K2), Wellington
- Ministry of Education head office redevelopment, Wellington
- National Biocontainment Lab, Wellington.

The outlook for the next year is positive, with continuing high levels of central and local government investment in transport and social infrastructure, the ongoing rebuild of Christchurch and new large commercial building projects signalled in Auckland that are being actively pursued. We are currently also bidding on substantial roading infrastructure projects and future investment in this sector has recently been announced.

Fletcher EQR has been providing home repair project management services for the Earthquake Commission in Canterbury and over 65,000 homes have been repaired under this agreement. A contract for work beyond the initial contract expiry date of April 2015 has been agreed, which provides for up to 12 months of further repair work.

NEW ZEALAND HOUSING

The past year has been good for Fletcher Residential – launching a new brand, Fletcher Living, that reflects what we do. Fletcher Living has won some highly contested projects and grown turnover by 35%, with the strong Auckland residential housing market supporting sales volumes and value for residential homes construction prices. Margins remain strong, with operating earnings growing by 35% to $66 million. As current sites are being built out, further land has been acquired for development and construction of homes and apartments. Current land holdings will enable development of over 1,800 homes. Major planning and consent processes are under way in Auckland, including the Three Kings Quarry, Oruarangi Road sites and Manukau and Peninsula golf courses. In Christchurch we have reached agreement with the Crown to build over 200 residential properties on the Awatea site and 180 on the Colombo and Welles sites. After a robust procurement process, Fletcher Living was selected as the preferred partner for the East and North Frame Residential Precinct development in central Christchurch. This landmark project will house 2,200 people to create a vibrant new city neighbourhood across three distinct precincts.

The Construction division has a bold and strong outlook for the coming year. We continue to focus on areas of growth, our competitive advantage and operational excellence.

Fletcher Living

▲35%

INCREASE IN GROSS REVENUE WITH THE STRONG AUCKLAND RESIDENTIAL HOUSING MARKET SUPPORTING SALES VOLUMES AND VALUE FOR RESIDENTIAL HOMES.

Diversity in the MAKING

MARK ADAMSON
_Chief Executive Officer

We need a diverse team of talented, high-quality employees if we are to achieve our ambition of being in the top quartile of Australasian companies for shareholder value creation.

DIVERSITY DELIVERS

In the past, 80% of a company's value was determined by physical assets such as manufacturing plants and buildings. Now it's generally accepted that 80% of a company's value is determined by the quality and commitment of its people.

We all have unconscious biases about different groups of people. If you want to run a successful business you need to learn how to overcome these biases. If you let stereotypes influence your hiring practices and are reluctant to hire women for example, then instantly the talent pool is reduced by 50%. If you favour white men, then the talent pool is further reduced to the point where it becomes impossible to argue you are getting the best person for the job and impossible for a chief executive to argue he or she is doing a good job.

73%

INCREASE IN THE NUMBER OF WOMEN IN SENIOR LEADERSHIP ROLES, SINCE 2012

50%

OF OUR AUSTRALIAN OPERATIONAL GENERAL MANAGER ROLES NOW HELD BY WOMEN

Research shows diverse companies outpace homogeneous companies in terms of performance and productivity. My experience at Fletcher Building over the past two years reflects this trend. In the businesses where we have increased the number of women employees, we have seen real productivity gains.

In just one example, our male concrete truck drivers in Canterbury became more productive to keep pace with a newly-appointed female driver who made more deliveries each day than they did. Contrary to a popular perception that women spend more time chatting, it was the men who did when they made their deliveries.

We've also seen increased employee engagement at one of our steel production plants after they hired their first female employee. Notably, she completed her six month training certification in just one month which had never been achieved before.

We have been involved in a number of initiatives to improve diversity at Fletcher Building but we believe there is more to do.

DIVERSITY AT FLETCHER BUILDING

We have increased the number of women in senior leadership roles by 73% since 2012 and 50% of our Australian operational general managers are now women. We've become a Principal Partner with the Global Women organisation to assist with their aspirations to develop women leaders and bring the economic, productivity and market responsiveness benefits to the New Zealand economy that gender balance brings. Our innovative leadership development programmes are internationally recognised and we have launched a range of development opportunities for female leaders across all levels of the business.

When I first arrived at Fletcher Building's head office, I noticed there was limited ethnic diversity in senior management, especially in terms of Māori and Pacifika representation. The Māori and Pacifika leaders we do have are excellent and I'm pleased we are developing initiatives to encourage more cultural diversity in our business. We are also partnering with government agencies to provide opportunities to New Zealand youth to gain work skills and employment, especially Māori and Pacific Islanders.

Fear and shame have no place in a modern workplace. Employees should feel safe at work and be comfortable enough to be true to themselves. We are currently being audited by The Rainbow Tick, an organisation that offers New Zealand's only programme for certifying organisations as safe and welcoming places for lesbian, gay, bisexual, transgender and intersex employees. We hope to be New Zealand's next leading corporate to achieve certification.

By creating a diverse and inclusive work environment, Fletcher Building will ensure it keeps attracting high-quality employees whatever their gender, ethnicity or sexuality. It is the combined power of our 19,000+ employees that will help us achieve our business goals and deliver shareholder value. Diversity delivers for the bottom line.

Pania

"Before Fletcher Building I was at Limited Service Volunteer six week boot camp. The best thing about working at Fletcher Building is that it's hard out! I'm a mould operator. It's my first job and I'm loving it. The training has been good; if stuff goes wrong you have to learn on the spot because you can't repeat the same mistake over and over. It normally takes six months to get a certificate but it took me just one. My typical day on the job is watching the moulds. In my free time, outside of work, I like fishing, diving and kicking back with family."

PANIA RIKA-HARDING
_Production Operator, Steel Distribution

The Limited Service Volunteer course is an intensive six-week motivational and training programme run by the New Zealand Defence Force on behalf of Work and Income. It is aimed at unemployed youth aged 17-25 who want to turn their lives around. The course is designed to improve candidates' job prospects, increase their self-confidence and boost their communication and leadership skills through hands-on physical activities, workshops and lectures that all take place in a military setting. So far this year, 15 LSV trainees have been employed in different areas of Fletcher Building.

Executive Team

Building a better business

An experienced and expert team leading Fletcher Building from the front.

MORE INFORMATION ONLINE AT
FLETCHERBUILDING.COM/ABOUT-US/EXECUTIVE-MANAGEMENT

MARK ADAMSON
Chief Executive Officer and Managing Director

GERRY BOLLMAN
Chief Financial Officer

CHARLES BOLT
Company Secretary and General Counsel

KATE DALY
Chief People and Communications Officer

MATT CROCKETT
Chief Executive – Heavy Building Products

GRAHAM DARLOW
Chief Executive – Construction

DEAN FRADGLEY
Chief Executive – Distribution

FRANCISCO IRAZUSTA
Chief Executive – Light Building Products

PAUL ZUCKERMAN
Chief Executive – Laminates & Panels

Strategy

Building value

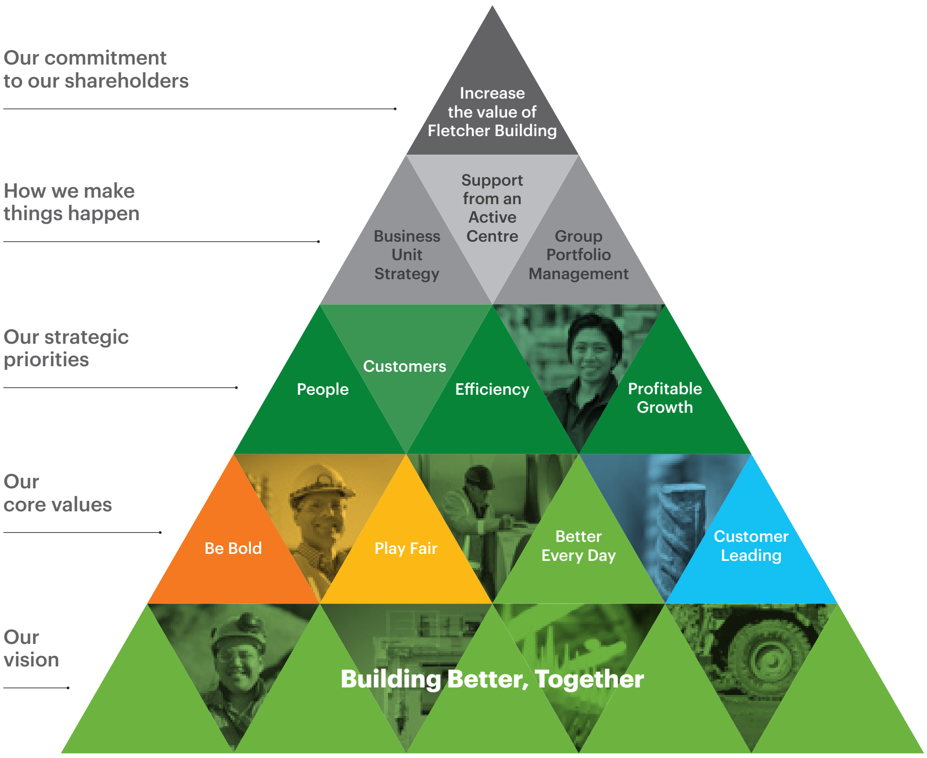
Fletcher Building's commitment is to create sustainable value for our shareholders. That means delivering reliable earnings growth and improving our capital returns and cash generation.

How are we bringing this commitment to life in our business?

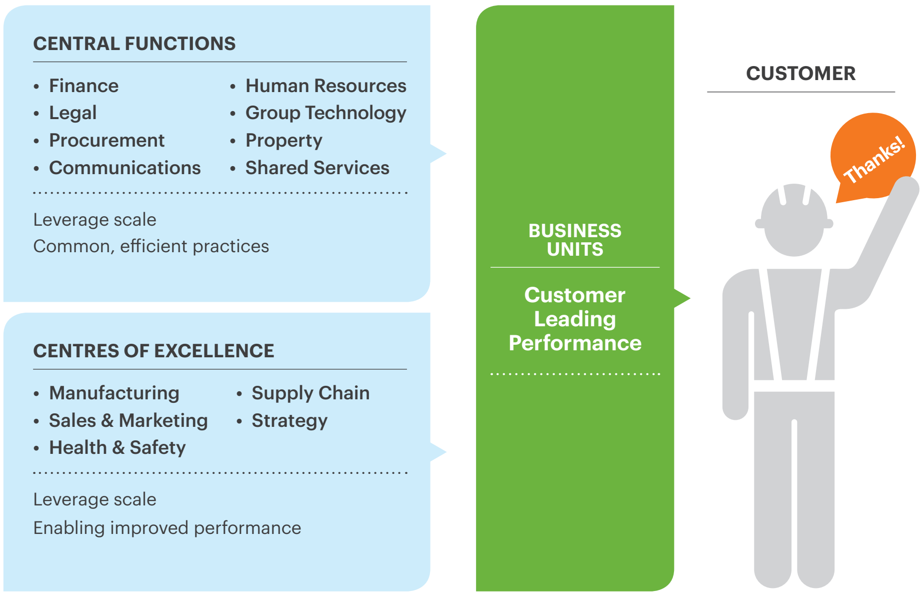
We are making things happen at three levels of our organisation:

- **Business Units** – Fletcher Building is a diverse portfolio of over 25 business units. They are our earnings engine and they own the customer relationships. Every business unit has a clear strategy to win in its markets.
- **Support from an Active Centre** – we are leveraging the scale of Fletcher Building to invest in capability that can support the business units in the effective execution of their strategies.
- **Group Portfolio Management** – we have a clear view of where we will make our major growth investments and how we will shape the portfolio through divestment and acquisition over the medium term.

FLETCHER BUILDING STRATEGIC FRAMEWORK



THE ACTIVE CENTRE



Fletcher Building has four strategic priorities that are being executed across these three levels of the organisation.

1_People

We are making Fletcher Building a great place to work. This means going home safe every day, building leadership and capability and creating an engaged, high-performance workforce across the entire business.

2_Customers

We are focused on delivering what our customers value. That means constantly creating better products, services and solutions. An example of this is Stramit's shed design application. Customers can design their own sheds to fit their specific needs.

3_Efficiency

Across Fletcher Building, we are working better together. This means using our scale and expertise to improve the effectiveness of our operations and drive down costs. As an example, our efforts in procurement, property and shared services have delivered $50 million in benefits (net of costs) in the period FY13-FY15. We anticipate these programmes will deliver a further $50 million over the next two years.

4_Profitable Growth

This means investing where we can win. In the past two years we have conducted a full portfolio review to ensure we are focusing our capital in the parts of our business that have the greatest competitive advantage and earnings potential. Our major investments will come in Residential, Construction and Distribution, where we believe we have:

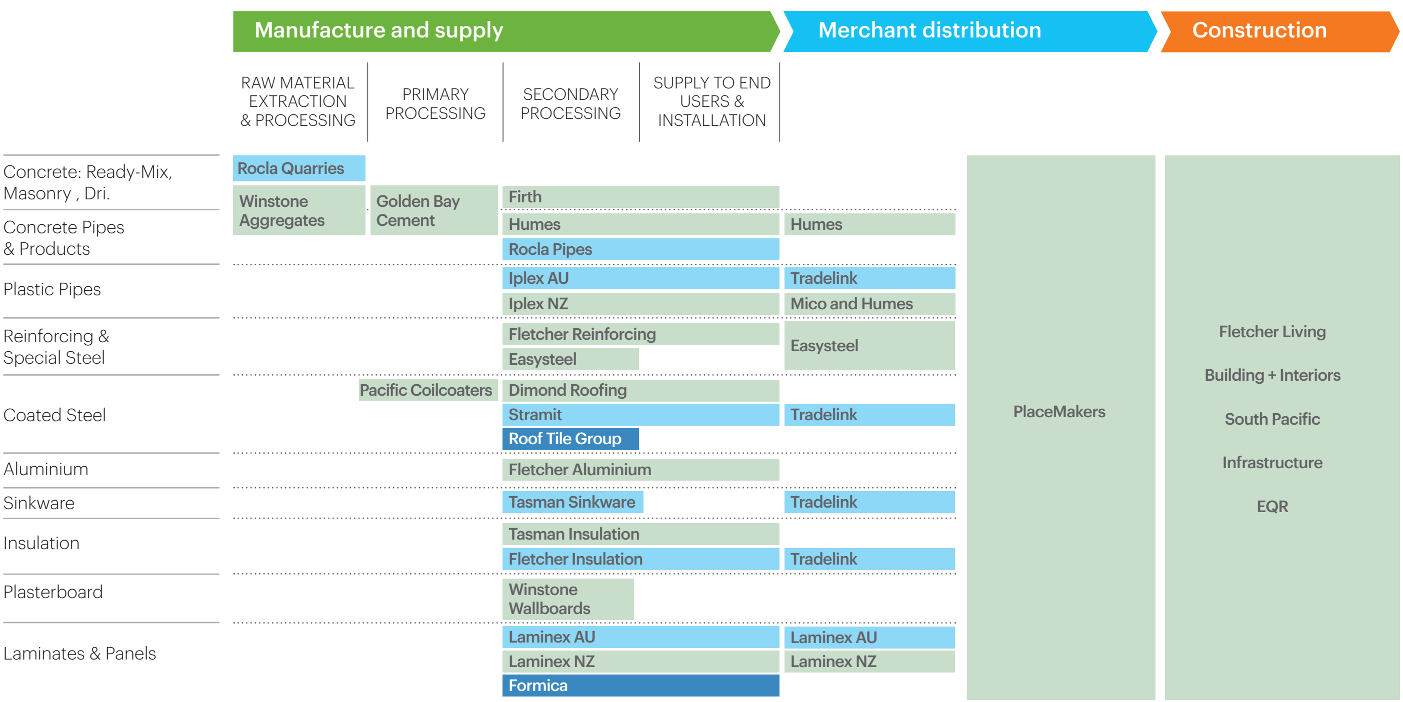
(i) differentiated capabilities, cost positions and customer relationships;

(ii) material room for growth.

Elsewhere in the portfolio, we will continue to invest to optimise our businesses as we are doing, for example, to build out our cement supply chain in New Zealand.

We will also ensure there is capital discipline, including in the management of working capital.

THE FLETCHER BUILDING PORTFOLIO OF BUSINESSES NZ AU Rest of World



Vision and values

Building Better, Together.

Be Bold.

Courageous leaders
Problem solvers
Backing ourselves
Have a go without being rash

Better Every Day.

Progressive
Continuous improvement
A passion for excellence
Champion of safety

Customer Leading.

Expert partner
Creative
Insightful
Building for a greater good

Play Fair.

Transparent
Honest
Fair minded
Respectful and inclusive

"In a short space of time, the vision and values programme has become a unifying force for positive business transformation."

KATE DALY
_Chief People and Communications Officer

Underpinning all of our efforts are our vision and values. They create a shared sense of what it means to be Fletcher Building and alignment around a common purpose and way of working. They are the foundation on which our strategy rests.

The launch in 2015 engaged more than 19,000 employees in over 40 countries including 5,000 without computer access. With a focus on engagement and story-telling, the vision and values launch has become a rallying cry for transformation from the board and senior executives to the factory floor.

Employees now feel more connected to the organisation, our vision and our future success. The values are embedded in everyday processes and are guiding Fletcher Building's transformation to becoming a collaborative, customer leading organisation. Our vision of **Building Better, Together** and our values are becoming part of our DNA.

Better Every Day is about seizing opportunities to improve regardless of how big or small.

Be Bold is about enhancing our ability to innovate and take calculated risks to drive a growing business for our shareholders, customers, communities and employees.

Without customers and clients, we don't have a business – it's as simple as that.

Customer Leading is not just about being customer-focused, it's about being ahead of the game for our customers, every single day.

Play Fair is about being honest and respectful in our relationships with our fellow employees, customers and communities.

"The vision and values rollout in Asia has started full of joy. We have watched people connect across Fletcher Building, from all over the world. The best part is, we are not just watching things happen, we are making them happen!"

PAULINE HUANG
_Human Resource Development Manager Asia : VISION AND VALUES CHAMPION

AUCKLAND
__Waterview Connection

People & Community

The collective strength of our 19,000+ people

LYNNE MAKEPEACE
_Project Manager

Our people strategy is built around four pillars – organisational design, leadership, talent and culture.

Over the past year, we have simplified our structure to focus on our customers, continued to invest in building leadership competency, developed strong pipelines of talent and created a high performance and high engagement culture. To harness the collective strength of over 19,000 employees to drive business performance and productivity, we have defined our vision and values, and increased the focus on two way communication across the group.

The awards received this year highlight the company's achievement in human resource practice. Awards include Silver at the Global Leadership 500 awards for our Step Up Leadership programme and five Human Resource Institute New Zealand Awards 2015 – Supreme Award, Specialist of the Year, Person of the Year, Talent Management Initiative and Innovation.

Leadership strength

Fletcher Building's leadership programmes focus on developing capability to support our business strategy. Our objective was to create a world class leadership framework, and we are delighted that the quality and innovative design has been recognised around the world. In 2015, our leadership programmes expanded from Australasia to include our global business with great success.

We also delivered a learning curriculum to over 7,000 employees globally.

We have also increased our focus on building a deeper pipeline of diverse talent for internal recruitment. Our focus on talent regeneration has created a strong succession pool of candidates to fill critical leadership roles across the group.

Diversity

We have established a Diversity Council which is chaired by our chief executive officer, to ensure that we drive continued improvements. Our diversity strategy is focused on three key areas:

1. Developing a strong pipeline of diverse talent

2. Working with community and government organisations to provide employment opportunities to youth

3. Creating an inclusive work environment for all our employees.

Women in leadership has been a specific focus over the past three years. Since 2012, there has been a 73% increase in female leaders at general manager level. Our female leaders have access to specific development opportunities, mentoring, and networking events.

“Employee engagement has a direct impact on how we perform – engaged employees care more, perform better and stay longer.”

KATE DALY
_Chief People and Communications Officer

	2015		2014		2013		2012	
	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN
Board of directors	2 (29%)	5 (71%)	2 (22%)	7 (78%)	25%	75%	22%	78%
Executive committee	1 (11%)	8 (89%)	1 (9%)	10 (91%)	11%	89%	11%	89%
Senior management[1]	19 (25%)	58 (75%)	20 (24%)	65 (76%)	16%	84%	14%	86%
All employees[2]	19%	81%	21%	79%			22%	78%

1. Senior management for these purposes includes any person who reports to a member of the executive committee
2. Historical information not available across all employees

Learning Curriculum – 2015

11

AVAILABLE IN 11 LANGUAGES, DELIVERED TO AROUND **7,000** EMPLOYEES ACROSS ALL LEVELS OF THE BUSINESS GLOBALLY.

People & Community

In 2014 we signed a principal partnership with Global Women and we are strong supporters of the organisation and its breakthrough leaders programme.

To ensure we have a more ethnically diverse pipeline, Fletcher Building is also partnering with Diverse Inc New Zealand and other organisations to bring greater focus on developing stronger career pathways for Māori and Pacifika leaders.

Our youth employment strategy helped over 200 young New Zealanders into work to date. We continue to partner with Ministry of Social Development, New Zealand Defence Force, Auckland Council and First Foundation to provide training and opportunities for young people to enter the workforce.

We have applied for the Rainbow Tick accreditation, which will identify Fletcher Building as an inclusive employer. We have started a lesbian, gay, bisexual, transgender and intersex support group to develop initiatives and programmes to drive greater inclusiveness across Fletcher Building.

Fletcher Building has a diversity policy, which is available on the company's website. The remuneration committee reviews progress against diversity objectives and initiatives developed by the group to deliver outcomes against the diversity policy. The board is satisfied with the initiatives being implemented by the company and its performance with respect to the diversity policy.

FBuSay

FBuSay, our annual employee engagement survey, available in 15 languages, was completed by over 18,000 staff (90%). All key engagement indicators increased this year. All leaders at Fletcher Building have engagement targets set annually, and engagment is measured as part of their short term incentive scheme.

	2015	2014	% ▲▼
Engagement	67%	63%	+4%
Leadership	64%	60%	+4%
Strategy	72%	67%	+5%
Performance management	67%	64%	+3%
Change expectation	49%	41%	+8%

Technology enablement

Information Technology (IT) and the People and Communications functions have worked together to enhance business performance through two new technology platforms. Workday, launched in September 2014, is a global human resource management tool that enables improvements and efficiencies to our human resource processes and data management.

Matrix, our global intranet, launched in November 2014, connects our people around the world on one platform, delivers trusted information and enables greater collaboration and engagement between businesses.

COMMUNITY

At Fletcher Building we enjoy supporting the communities in which we operate and the people who call those communities home. We act honestly, in good faith and in the best interests of Fletcher Building, to ensure that all stakeholders are treated fairly.

Fletcher Building's sponsorship ranges from environmental initiatives to educational institutions, sports and industry events. Our business units also implement their own local community initiatives.

PlaceMakers is proud to be the main sponsor of The Prostate Cancer Foundation of New Zealand

For seven years, PlaceMakers has helped give voice to the message that encourages New Zealand's men stay healthy and to 'get checked' for prostate cancer.

PlaceMakers stores throughout the country are busy all Blue September raising money with a myriad of fundraising events. To date, PlaceMakers has raised well over $1.5 million for research and public education programmes.

International Disaster Relief

When Cyclone Pam left the South Pacific island of Vanuatu devastated in March Fletcher Building was quick to respond. Word went out across the organisation and we had building supplies shipped to the South Pacific Island.

Stramit sponsorship of Surf Life Saving Australia

Stramit Building Products has been a proud supporter of Surf Life Saving NSW for over nine years. The Stramit NSW Surf Life Saving Country Championships sees more than 1,200 people compete for over 3,000 spectators annually. Stramit supports the work done by surf lifesavers all over Australia and its support ensures the Country Championships continue to be a highlight on the annual surf sports calendar.

City impact

Fletcher Building is proud of its 80 year history in Christchurch. As well as rebuilding Christchurch physically, we support the soul of the city through sponsorship and community initiatives. Current investment includes the Christchurch Arts Centre, University of Canterbury Quake Centre, Champion Canterbury Awards, Christchurch Arts Festival and Crusaders Rugby Team.

Supporting people with disabilities

For 28 years, Formica North America Canada has partnered with Les Ateliers from Saint-Jean-sur-Richelieu to help people with physical or mental disabilities to join the workforce. Adapting to the skills and abilities, each worker gains autonomy and responsibility. Formica has employed 60 staff from Les Ateliers, who assemble high pressure laminate samples and chain sets.

STIRLING NORWOOD FINISHING STRONGLY AT THE STRAMIT SURF LIFESAVING COMPETITION

Sustainability

Protecting our people and our environment

The health and safety of our people and protecting our environment are important values for Fletcher Building, with a specific focus on being better every day.

HOW ENVIRONMENT, SUSTAINABILITY, HEALTH AND SAFETY ARE MANAGED AT FLETCHER BUILDING

Being a responsible business underpins our strategy and drives our environmental, sustainability, health and safety decisions that are developed by our executive Environment, Health and Safety (EHS) Council, chaired by the chief executive officer. Across the business, individual managers take responsibility and implement proactive initiatives to reduce risk and utilise opportunities in environment, sustainability, health and safety as part of their business objectives. These are key components of our managers' personal performance.

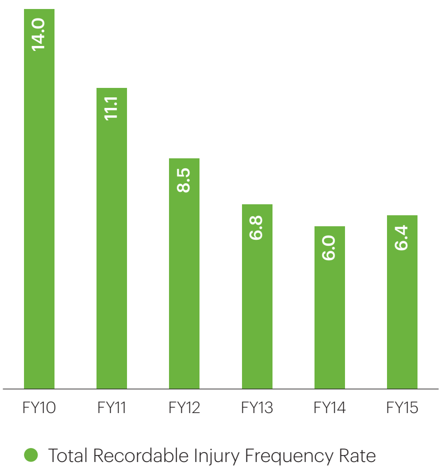
The board has oversight of this part of the business, with a special subcommittee dedicated to environmental, sustainability, health and safety governance. An EHS external assurance programme was introduced in FY15 with findings reported through to the board. The board is satisfied with the initiatives being implemented by the company and its performance with respect to the sustainability policy.

PROTECTING OUR PEOPLE

Managing and increasing our focus on health and safety hazards that could result in serious injuries or fatalities is important to us – no result is more important than achieving it safely. One of our top safety priorities remains the effective management of the risk of fires and explosions in our large, high temperature manufacturing processes. To manage this risk, we run programmes that improve competencies and management systems and have incorporated process safety into our assurance programme.

Over the last year our recordable rates of reportable injuries have plateaued with a focused priority of addressing our actual and potential critical risks. Improved analysis is providing greater depth of knowledge about risks within our business, where priority of action is required and focus areas to drive in FY16. At a higher level, we continue to report our 12 month rolling average TRIFR per million employee and contractor hours, with total injuries being the sum of lost time and medical treatment injuries. In the last year this rate has risen for the first time in the last five years from 6.0 to 6.4. In June 2005 this rate was over 60. Our lost time injury frequency rate has also risen from 2.52 to 3.05 (from over 10 in June 2005).

Fletcher Building Total Recordable Injury Frequency Rate



Despite the group's continued investment and progress, serious injuries still occur. During the last year 22 employees and contractors suffered serious injuries. We take this matter seriously and therefore addressing areas of risk within our business is a high priority to us. Work at height, vehicles, material handling, mobile equipment and fixed plant and equipment have been recognised as significant hazards. The business has been investing in improved risk management tools, development of standards and competency of supervisory teams to drive a reduction in risk.

DEVELOPING OUR SUSTAINABILITY FRAMEWORK

The group is in the process of building its sustainability strategy which is aligned to our business objectives and is focused on addressing our key sustainability issues. A key part of this is to provide greater management of our sustainability risks and how they can be integrated into the business risk management process. Employees have been engaged in workshops to identify material risks and opportunities and to build an understanding of the level of impact of these on our stakeholders and Fletcher Building. There are a number of important emerging issues for stakeholders that have also been identified through this process which could impact the business. Strategies to manage these are being put in place and will be regularly monitored.

Social sustainability opportunities include focusing on the quality and consistency of health and safety controls for high risks, embedding our talent and retention programmes and building communities where we work. In FY16 there will be an increased focus on occupational illness/ disease risks and environmental impacts across the business, while the 'Operations Excellence' programme continues to drive efficiencies in energy, water and waste to improve our environmental sustainability. Sustainable value for shareholders earnings growth and a focus on business ethics underpin our value to play fair and drive economic sustainability.

Over the last year Fletcher Building has been recognised by Deloitte Top 200 for its excellence in governance.

By listening to, and working with our stakeholders – our people, customers and communities – we can achieve more. We operate within a complex stakeholder landscape involving multiple stakeholders with multiple objectives. Understanding their concerns is important to the development of our sustainability strategy. Given Fletcher Building's diversity, there are multiple crossover points of engagement with many of our stakeholders providing opportunities to increase the level of coordination across the business.

Going forward, by maximising the societal, environmental and economic benefits of our activities while also managing our impacts, we can create greater business value; further strengthen trust with our stakeholders and improve the communities within which we work.

Further information on sustainability initiatives can be found on the website.

Health and safety excellence award winner Gary Lowthian (left) with Melle de Pater, Laminates & Panels President, Europe.

GARY LOWTHIAN – ONE OF OUR SAFETY CHAMPIONS

As North Shields internal vehicle instructor for two years now, Gary has set his sights on improving standards in his area. With a passion for health and safety, Gary looks at what can be done, not just the job he's there to do. In the short time he's been in the role he has totally changed the way the training is carried out and massively improved safety at North Shields. Gary's efforts won him the Safety Mate award at the annual Fletcher Building Excellence Awards.

Gary said, "It's been great to win and get the recognition. It's given me a huge boost. Health and safety is what I want to do in the future so this has really motivated me to keep at it."

Peter Martin, who nominated Gary for the award said:

"Gary's constantly looking for safety improvements throughout the plant and has, himself, expanded his role to include racking safety and vehicle accident investigations whilst also being the 'doer' behind numerous fork-lift truck safety initiatives."

PETER MARTIN
__Manufacturing Business Process Lead – North Shields, U.K.

10ha

OF PROTECTED LIZARD HABITAT ACROSS THE SITE

WINSTONE AGGREGATES HELPS GECKOS MOVE HOUSE

In early July, 23 Ngahere geckos were released on Mana Island, a scientific island reserve off the southwest coast of the bottom of New Zealand's North Island. The geckos were discovered at the Belmont Quarry site in Wellington during an ecological survey undertaken as part of the planning process to gain council approvals to extend the quarry. The geckos are classed as 'at risk' according to the Department of Conservation. The transfer of the geckos became part of Winstone Aggregate's quarry extension project and included a quarantine period at Wellington Zoo.

Winstone Aggregates is also contributing to pest control and replanting in the adjoining Belmont Forest Park, and protecting lizard habitat across 10 hectares of their land.

Belmont Quarry is one of three major aggregate suppliers in the Wellington region, supplying about one third of the Wellington region's aggregate and more than half of the regional demand for high grade concrete aggregate.

Belmont Quarry staff recently received silver at the 2015 Mimico Environmental Excellence Awards. The Mimico Environmental Excellence awards recognise businesses in the industry that operate in an environmentally sustainable way and weave their environmental management matters into areas of their business, such as health and safety, community and tangata whenua relations.

Built in 2015

We build all sorts of projects, big, small and in all sorts of places. This year we embarked on work that will keep us busy for years to come and we completed other projects that began some time back. In every case, we're proud of what we've built together.