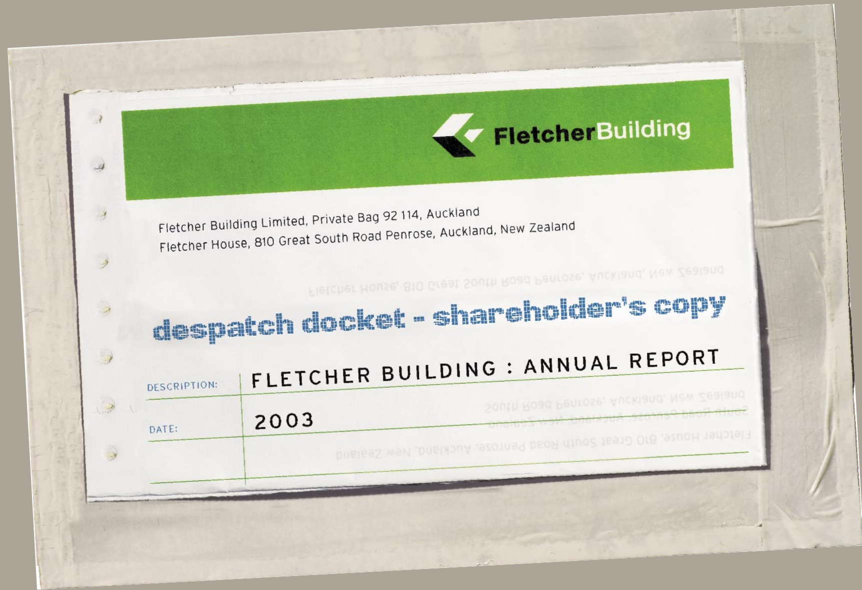
COMPANY: FLETCHER BUILDING PRODUCT: ANNUAL REPORT 2003



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highlights

A FURTHER UPLIFT IN PERFORMANCE, DRIVEN BY STRONG DEMAND AND INTERNAL IMPROVEMENTS...

- Net profit after tax and minority interests up 91 percent to a record $168 million pre-unusual items
- Operating earnings up 61 percent to a record $331 million
- Improved earnings in all the New Zealand based divisions, for the second successive year
- $44 million of operating earnings from the newly-acquired Laminex Group
- Operational cashflow up from $187 million to $276 million
- Economic value added of $65 million
- Total shareholder return of 43 percent
- A 24.4 percent return on funds employed
- Interest cover up from 5.8 times to 7.3 times
- Successful refinancing initiatives, including the issue of new equity at above the prevailing market price
- A lift in the annual dividend rate from 14 to 19 cents per share with full tax credits

REALIGNMENT OF THE BUSINESS PORTFOLIO PROVIDES GREATER STABILITYIN REVENUE AND EARNINGS...

- Laminex purchase adds a substantial and strongly performing Australian component to the business
- Integration of Laminex and the existing wood panels businesses being achieved
- Completion of asset sales in Bolivia, India, Australia and New Zealand
- The proposed acquisition of Tasman Building Products further enhances the Australian position and provides growth opportunities

PERFORMANCE EXPECTED TO REMAIN STRONG IN THE CURRENT YEAR

- Some softening in demand anticipated in New Zealand and Australia
- Continued focus on internal performance improvement

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chairman's review

FLETCHER BUILDING HAS BEEN TRANSFORMED... FROM A BUSINESS CAPTIVE TO THE NEW ZEALAND BUILDING CYCLE TO ONE THAT IS TRULY AUSTRALASIAN AND PERFORMING AT A HIGHER LEVEL.

Fletcher Building has made exceptional progress in the 2003 year. The company achieved a record profit, and that was reflected in the 43 percent total shareholder return across the year. Underpinning these results were:

- a major Australian acquisition, transforming the company from one that was captive to the New Zealand market to a truly Australasian business
- major re-financing, including the issue of new equity at a premium to the then market price
- a capital notes issue at favourable rates
- and further refining of the business portfolio, with asset sales in Bolivia, India, Australia and New Zealand.

Since balance date, a further relevant building products acquisition has been announced, funded in part with another equity issue.

RESULTS

In the year to 30 June 2003, Fletcher Building reported a profit after tax of $168 million, up from $93 million in the prior year. There were no unusual items. The previous year's result included a $5 million unusual gain, so the comparable trading profit was up $80 million, or 91 percent.

Further details on operational performance are included in the chief executive's review and the divisional commentaries that follow.

DIVIDEND

Directors declared a final dividend for the year of 10 cents which, coupled with the interim dividend of 9 cents, provides a total payout of 19 cents per share. The prior year dividends were 6 cents and 8 cents per share for the interim and final periods respectively, so the 2003 total dividend represents a 36 percent increase. The dividends include full tax credits and, based on the 30 June 2003 share price, represent a 7.7 percent pre-tax yield.

SHAREHOLDER RETURNS

Earnings before interest and tax of $331 million represent a 24.4 percent return on average funds employed – substantially ahead of the company's pre-tax cost of capital, which is about 14 percent. The after tax return on average equity was 23 percent.

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The share price at 30 June 2003 was $3.67, up from $2.75 at 30 June 2002. Total shareholder return (TSR) for the year – that is, the appreciation in share price plus gross dividends including tax credits – was 43 percent. This follows a TSR of 24 percent in the prior year. Both of these years were generally unfavourable for global equity markets. Since balance date the share price has traded at a new milestone of over $4.25.

ACQUISITIONS

As explained in detail in an Information Memorandum and discussed at last year's annual shareholders' meeting, The Laminex Group was selected from a range of potential opportunities as the most desirable Australian-based expansion opportunity for the company. It was acquired on 13 November 2002. Our initial offer of A$645 million for the business was based on our EBITDA expectations for the 12 months to June 2003 – that is, expectations for earnings before interest, tax, depreciation and amortisation – of A$95 million. The vendor projected earnings of A$105 million EBITDA, so an "earn-out" was agreed whereby Fletcher Building would pay a further amount of up to A$20 million based on full year EBITDA earnings above A$95 million, with the full amount payable at A$105 million EBITDA.

The full year earnings were around $103 million, with strong exchange rates impacting on export sales, so subject to some adjustments provided for in the acquisition agreement, a further sum will be paid to the vendor. Thus, Laminex has more than achieved the initial earnings expectations we had for it when we decided to acquire it.

Since balance date, the acquisition of a further Australian based company Tasman Building Products has been announced. This acquisition for A$230 million is expected to be settled on 30 September 2003. It was originally a New Zealand based business and more than 50 percent of its earnings are from its New Zealand operations. Its operating earnings, that is earnings before interest and taxation was around A$30 million in the 2003 year. It will operate as part of our Building Products division.

DIRECTORATE

At the time of the Laminex acquisition, I advised shareholders that a suitably qualified Australian-based director would be added to the board. Geoff McGrath, who from 1993 to 2003 was the managing director of GWA International Limited, a very successful publicly listed Australian building products manufacturer, was appointed from 1 July 2003.

Directors maintained the busy schedule of site visits that has been the norm since Fletcher Building became a standalone company. Most board meetings are complemented by site visits and presentations from the relevant business units.

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CORPORATE GOVERNANCE

Fletcher Building has always operated with a very formalised and comprehensive set of governance practices. In line with the increased business community focus on these matters, the board has revised its procedures and adopted the principles identified by the Australian Stock Exchange Corporate Governance Council. The review included constituting a nominations committee, formalising the terms on which directors are appointed, and identifying the circumstances in which directors will not be considered independent. These initiatives are covered in more detail in the corporate governance section of this report, and will be fully reported on our website later in the year.

DIRECTORS' REMUNERATION

As directors' fees have not changed since the company's establishment in March 2001, a market review process has been undertaken. Increases of $2,500 per annum in the base fee, and revisions to the fees for work in board committees, have been implemented as part of the review. In addition, a $10,000 travelling allowance will be payable to Geoff McGrath in recognition of his extra time commitment.

STAFF, SUPPLIERS AND CUSTOMERS

That so much was achieved in the year is a tribute to the management and employees of the company. Fletcher Building was also well served by its suppliers, subcontractors, bankers, advisors and its loyal customer base. On behalf of the board, I extend our thanks to all of these stakeholders for their valued contribution to our success.

OUTLOOK

The outlook is for some softening in both the New Zealand and Australian housing markets, which are the main economic drivers for this company. Despite that, the board expects further improvement and another satisfactory year.

RODERICK DEANE
Chairman

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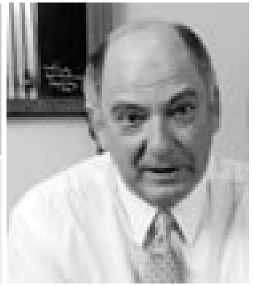
chief executive's review



OPERATING EARNINGS UP 61 PERCENT, WITH STRONG DEMAND AND A FULL YEAR OF BENEFITS FROM PERFORMANCE IMPROVEMENT MEASURES.

DELIVERING RESULTS

The $331 million operating earnings – that is, earnings before interest and taxation – was $126 million or 61 percent ahead of the prior year's pre-unusual earnings. The result was supported by strong demand throughout the entire year, and by a full year of benefits from the substantial management changes, asset sales and cost reductions achieved progressively through the prior year.

All divisions lifted their operating earnings for the second successive year. Building Products' earnings before interest and tax were $112 million, up from $85 million in the prior year. Concrete earned $83 million, up from $60 million. Construction earned $34 million, up from $30 million, and Distribution earned $55 million, up from $34 million. Laminex, owned from 13 November 2002, had earnings of $44 million in the period to the end of the year.

Just prior to the release of the 2002 result, analysts' forecasts for our 2003 year operating earnings were around $190 million. Excluding the Laminex contribution of $44 million, as did those forecasts, Fletcher Building earned $287 million for the year to June 2003. Whilst demand exceeded the expectation underlying the earlier forecasts, it is also the case that the unfavourable New Zealand dollar exchange rate and the cost implications of electricity shortages in New Zealand were far worse than previously anticipated. Progress was thus clearly well ahead of what most sharemarket professionals were expecting at the end of the previous financial year.

What was probably underestimated was the operational improvement that has continued to be achieved across nearly all of our businesses over the past two years. The latest year has seen previously lost market share regained in some businesses, and improvement of already strong market positions in others.

These market share gains have been delivered largely by better service levels and customer focus, rather than by sharper commercial terms. Margins have been improved through specific margin management programmes (particularly in the distribution businesses of PlaceMakers and EasySteel), and through further cost reductions in manufacturing businesses (particularly in Fletcher Aluminium and Dimond). Major new capital projects that will lift capacity and lower costs were approved for Golden Bay Cement and Winstone Wallboards. In the spirit of self-sufficiency outlined in the 2001 annual report, both of these multi-million dollar projects are being successfully driven by internal project managers.

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Some of the most pleasing transformations have come from our smallest businesses. CSP Galvanizing and Fletcher Reinforcing are not large enterprises; nevertheless, for them to more than double profits from already acceptable levels, while transforming their facilities into more productive, safer and environmentally cleaner work places, was an excellent achievement and was indicative of what has occurred across many of our factories over the past two years.

In summary, our profit improvement was across the board, with a capable management team taking advantage of a favourable market while continuing to challenge their operational teams to exceed the range of key performance indicators on which their performance is measured internally.

DELIVERING STRATEGIC OUTCOMES

Fletcher Building started to deliver to its true potential in the 2003 year. While there were certainly favourable markets for the entire year, the company's earnings and returns were a quantum level above what was achieved when last at the top of a strong building cycle. There are no unusual item write-offs in the latest results.

There remain two important questions. Firstly, what will happen to the "new" Fletcher Building's earnings in the event of an economic downturn? Secondly, given our strong market positions, where will our future growth come from? These are the strategic issues that have dominated our planning and decision making over the past year.

From late in the 2001 year, we stated the need and the intention to find a suitable business in Australia to diversify our earnings base, making the company less dependent on the lower-growth New Zealand market while providing a new footprint for growth in a much larger market. We delivered on that objective with the acquisition of The Laminex Group.

There is a range of opportunities, and carefully constructed acquisition criteria help us differentiate them. To ensure that any major acquisition has the greatest chance of long term success, we assessed them against four important principles. These are:

- The target must be number 1 or 2 in its market
- It must operate within a good – and sustainably good – industry structure
- It must have a high-quality management team that is prepared to stay on after acquisition
- The price should be such that the acquisition can earn its cost of capital within three years.

While these are not rules that would suit all acquirers, it is a fact that many unsuccessful acquisitions – whether by Fletcher Building or by others – have failed one or more of these critical tests. In Laminex, now combined with our New Zealand wood panels business,

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chief executive's review

Fletcher Building has a $1 billion revenue Australasian panels and laminates business ranked one or two in its key market segments. As a consequence, our earnings will in future be less reliant on any one country's economic cycle.

Since balance date, the acquisition of Tasman Building Products, a trans Tasman business, has been announced. Tasman has the leading Australasian position in metal roofing tiles. It is the leading manufacturer of glasswool insulation across Australasia, being the only New Zealand manufacturer and one of three similar sized manufacturers in Australia. Tasman is one of the two stainless steel sink manufacturers in Australia and the leader in the small access flooring business.

Tasman has had a record of consistent annual profitability and cashflow generation since it was divested by its former New Zealand corporate owner to a private equity fund, which now wishes to realise its investment. Tasman has good growth prospects in its major business sectors and will integrate well with the existing Fletcher Building businesses.

Our best defence against earnings declines in the downward part of the cycle is to improve the efficiency of our businesses. Lowering fixed costs and improving capital and labour productivity, as we have done, will result in more sustainable profitability in times when revenue growth is low or negative. Equally important is our ability to maintain prices should less buoyant times ensue.

No one can insulate totally against sharp demand downturns, but all Fletcher Building businesses have a much greater degree of "business fitness" than they did when demand slowed in the 2001 year. Loss businesses from that year have either been divested or returned to healthy performance levels, thus improving our sustainable base profitability. Fletcher Building is now far more able to deal with the economic cycle than it was in the past. In any case, we believe there are no short term prospects of a serious contraction in demand and there are still good opportunities that could deliver further earnings growth.

Our priority in the year ahead will be smaller acquisitions that will integrate sensibly with existing divisions. To meet our own growth aspirations it will be necessary to acquire positions in regions where our market shares are below target, or to add manufacturers of complementary building products, especially if the products can be distributed through PlaceMakers.

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DELIVERING VALUE TO SHAREHOLDERS

The returns outlined in the chairman's review are well above the average for similar companies to Fletcher Building. There are few, if any, that exactly replicate the Fletcher Building model – and this rather unique combination of businesses is a large part of the reason for the higher returns. Fletcher Building is primarily a building materials and products manufacturer, but with two special channels to market – those being the PlaceMakers distribution business and Fletcher Construction. A pleasing aspect of the Laminex acquisition is that, like much of the rest of Fletcher Building, it is in control of the distribution of the products it manufactures. Fletcher Building thus retains a greater share of margin across the value chain. The returns in excess of our cost of capital are reflected in the share price appreciation over the past year and the significant dividend increases.

The senior management team is strongly aligned to shareholder interests through their remuneration arrangements. All executives, from business unit general managers upwards, are required to commit 50 percent of any after-tax variable remuneration, or performance bonus, to acquiring Fletcher Building shares at market prices. These shares must be retained while employed by the company. This re-occurs annually until the executive's holding is equal to 50 percent in value of his or her annual fixed remuneration. Thus, all senior executives have a significant and increasing degree of alignment with shareholders' interests.

DELIVERING TO OUR STAFF

The enhanced performance of Fletcher Building has markedly improved the company's rating as a desirable place to work. This reduces staff turnover and broadens our recruitment catchment. We have instigated, with the support of the Fletcher Building Employee Educational Fund, a range of new staff development programmes. Our single biggest disappointment has been in our health and safety statistics. While these have improved, we fall short of the targets we set ourselves and we have re-doubled our efforts, with the help of leading international work safety advisors.

The management team places a high value on the support received from employees, co-operation of the unions and the counsel of the board, and we look forward to continuing to work constructively with all of these parties to further the company's success.

RALPH WATERS
Chief Executive Officer

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RODERICK DEANE

PAUL BAINES

RODERICK SHELDON DEANE

PhD, LLD (Hon), BCom (Hons), FACA, FCIS, FNZIM, Independent Chairman of Directors, Chairman of the Nominations Committee

Dr Deane, 62, has had a career in business and in the executive branch of government. He is currently chairman of several organisations in addition to Fletcher Building and Fletcher Building Finance, including Telecom New Zealand (having retired as chief executive in 1999), ANZ Banking Group (New Zealand), Te Papa Tongarewa (the Museum of New Zealand), Mayoral Business Advisory Board (Wellington) and the New Zealand Seed Fund.

Dr Deane is a director of the Australia and New Zealand Banking Group and Woolworths, both Australian companies. He also on the Board of Governance of IHC Inc.

Dr Deane has previously been chief executive of the Electricity Corporation of New Zealand, chairman of Fletcher Challenge and the State Services Commission of New Zealand, deputy governor of the Reserve Bank of New Zealand, and alternate executive director of the International Monetary Fund.

PAUL EDWARD ALEX BAINES

BCA, CA, MPP, Independent Non-Executive Director, Chairman of the Audit Committee, Member of the Nominations Committee

Mr Baines, 53, has an extensive background in financial and strategic management and has wide experience as a director of several organisations in New Zealand. He is a director of Fletcher Building Finance, Gough Gough and Hamer, Greenstone Fund, the Reserve Bank of New Zealand, Telecom New Zealand and Wrightson. Mr Baines was previously a director of Fletcher Challenge. He was also chief executive of CS First Boston New Zealand from 1990 until 1993, and prior to that held a number of senior positions in the sharebroking and investment banking firm Jarden & Co.

board of directors

HUGH FLETCHER

GEOFFREY MCGRATH

HUGH ALASDAIR FLETCHER

MCom (Hons), MBA (Stanford), BSc, Independent Non-Executive Director, Member of the Audit and Nominations Committees

Mr Fletcher, 55, has had extensive management experience and now holds a number of directorships and advisory positions. He is chairman of the Advisory Board for No 8 Ventures. He is a director of IAG New Zealand, VCU Technology, the Reserve Bank of New Zealand, Rubicon, Ports of Auckland, Fletcher Building Finance and is a member of the Asia Pacific Advisory Committee of the New York Stock Exchange, the Business Advisory Council of the United Nations Office for Project Services and the Council of the University of Auckland. Mr Fletcher was previously a director of Fletcher Challenge, and was its chief executive officer from 1987 until his retirement in 1997.

GEOFFREY JAMES MCGRATH

MIIE, Independent Non-Executive Director, Member of the Remuneration and Nominations Committees

Mr McGrath, 61, was until his retirement in 2003, managing director of GWA International, an Australian based manufacturer and marketer of consumer and building products. Prior that time he held a number of senior management roles in the Fibreboard and Caroma divisions of United Packages. Following the acquisition of United Packages by GWA International, Mr McGrath was appointed general manager of GWA Manufacturing Divisions. In 1993 GWA International was floated and Mr McGrath was appointed managing director. He is also a director of Campbell Brothers (Brisbane) and Fletcher Building Finance.

board of directors

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RALPH NORRIS

SIR DRYDEN SPRING

RALPH JAMES NORRIS

FNZCS, FNZIM, Independent Non-Executive Director, Member of the Remuneration and Nominations Committees

Mr Norris, 54, is chief executive officer and managing director of Air New Zealand, having been appointed in February 2002 after the New Zealand Government-led reorganisation of that company.

Before taking up his executive role at Air New Zealand, Mr Norris was head of International Financial Services for the Commonwealth Bank Group, responsible for operations in New Zealand, the Pacific and Asia; and managing director and chief executive officer of ASB Group. He was also chairman of Sovereign Assurance and the New Zealand Business Roundtable, and chairman of the New Zealand Bankers Association. He is also a director of Fletcher Building Finance.

SIR DRYDEN SPRING

DSc (Hon), Independent Non-Executive Director, Chairman of the Remuneration Committee, Member of the Nominations Committee

Sir Dryden, 63, has a long-standing record of success in management and directorship, with involvement in a range of industries. He has also been deeply involved in New Zealand and international forums relating to agriculture and trade policy issues.

Sir Dryden is chairman of WEL Energy Group, Fletcher Challenge Forests, the Asia 2000 Foundation and the New Zealand APEC Business Advisory Council. He is a director of Nufarm, the National Bank of New Zealand, Fletcher Building Finance and Maersk New Zealand.

He is a member of the New Zealand Business and Parliament Trust and the Waikato Medical Research Foundation. He is a distinguished fellow of the Institute of Directors and a member emeritus of the Washington DC based International Policy Council on Agriculture, Food and Trade.

KERRIN VAUTIER

RALPH WATERS

KERRIN MARGARET VAUTIER

CMG, BA, Independent Non-Executive Director, Member of the Audit and Nominations Committees

Mrs Vautier, 58, is a research economist specialising in competition law and economics, and has a varied academic and business background with long-standing experience in directorship. She is chair of the Advisory Board of the New Zealand Asia Institute, and a director of Deloitte Touche Tohmatsu (NZ), News & Media (NZ) and Fletcher Building Finance.

Mrs Vautier is a lay member of the High Court under the Commerce Act, an External Monetary Policy Advisor to the Reserve Bank of New Zealand, a senior part-time lecturer in the Department of Commercial Law at the University of Auckland, and a member ofthe International Advisory Group of PECC's Trade Forum. She was previously a director of Fletcher Challenge, and Norwich Union Holdings (NZ) and its subsidiary State Insurance. She is a former member of the New Zealand Commerce Commission and the Board of Trustees of the Asia 2000 Foundation, and previously held the chair of NZPECC and the New Zealand Institute of Economic Research.

RALPH GRAHAM WATERS

CP Eng, FIE Aust, M Bus, Managing Director

Mr Waters, 54, was recruited as chief executive officer in May 2001 and was appointed to the board in July 2001. Prior to joining Fletcher Building, Mr Waters was managing director of Email, a major Australian industrial company. In his 18 years with Email, he was general manager planning, group manager Industrial Products, group general manager Major Appliances, and finally managing director from 1998. Mr Waters is also a director of Fisher and Paykel Appliances Holdings and Fletcher Building Finance.

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concrete

OPERATING EARNINGS AT RECORD LEVELS, THE SALE OF NON-CORE ASSETS, IMPROVING MARGINS AND BETTER ASSET UTILISATION WERE THE HIGHLIGHTS FOR THE YEAR.

Activity remained strong through the entire year. Demand for cement, readymix concrete and aggregates was at the highest levels on record. Higher electricity costs in the second half of the year negated some of the benefits from increased operating efficiencies.

There was record domestic demand for cement for the second successive year. The residential construction markets remained at exceptional levels throughout the year, and other markets were also strong. Prices were similar to those obtained in the previous year, but margins were improved by increased volumes and ongoing operational improvements, offset in part by higher electricity and distribution costs. A major plant upgrade approved in the first half of the year for the cement plant in Whangerei is due to be commissioned by the end of the 2004 financial year. Further investment is being considered with a view to increasing capacity and ensuring that our cement business remains internationally competitive.

The company is progressing discussions with the Government regarding a Negotiated Greenhouse Agreement under the Kyoto Protocol. It has already committed capital expenditure to allow the burning of wood waste in the cement kiln to reduce coal consumption and is also committed to maintaining the high standard of operation in this area.

The aggregates business recorded a significant improvement in earnings for the second successive year. The business experienced stronger demand, and also benefited from rationalisation initiatives including the closure of two uneconomic quarries. Revenues rose by 6 percent, due primarily to increased quarry volumes arising from strong demand across all sectors. Prices were similar to those for the previous year, whilst average production costs declined. Overhead costs were also reduced.

The readymix and concrete products businesses recorded exceptional performances, with operating earnings more than 50 percent higher than those for the previous year. Record volumes of readymix concrete were sold for the second successive year, and the contribution per cubic metre increased. The incremental contribution from concrete products was significant, and resulted from strong trading volumes, some price increases and a number of restructuring initiatives. The pre-cast products business benefited from restructuring initiatives, some of which were completed and some ongoing, to record its best ever result.

The concrete pipes business benefited from a number of changes made in the previous year, and from strong demand, to record a 33 percent improvement in earnings. Whilst activity levels were higher than those for the previous year, margins deteriorated as competitive pressures intensified. Improving margin management and manufacturing performance are key issues for the 2004 year.

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The Peruvian business improved its operating earnings by $3 million, recording positive earnings for the first time since it commenced operations in 1995. While the building sector of the economy continues to grow, competition has intensified, and the business is currently operating at around break-even levels. The Fijian business has undergone some operational improvements and is no longer trading at a loss. The Bolivian business and the investment in India were sold during the year, releasing $19 million in cash.

FOCUS AND OUTLOOK FOR THE 2004 YEAR

Outlook remains positive for at least the first six months of the year. Second half activity levels will depend largely on continued strength in the residential construction market which in turn is sensitive to interest rates and net immigration numbers. The Concrete division has a large number of ongoing initiatives that should improve operational performance and asset utilisation further in the 2004 year.

RESULTS

$M

	JUNE 2003 12 MONTHS	JUNE 2002 12 MONTHS	CHANGE
Revenue	497	470	+6%
Operating earnings (EBIT)	83	60	+38%
Margin	16.7%	12.8%	+30%
Funds	400	416	-4%
Return on funds	20.8%	14.4%	+44%

Mark Binns
Chief Executive, Concrete

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operating earnings for readymix and concrete products increased by 50 percent

DESCRIPTION: TOTAL QUALITY

OUR AGGREGATES, CEMENT, READYMIX AND CONCRETE PRODUCTS ARE INCORPORATED INTO BUILDING AND INFRASTRUCTURE PROJECTS THROUGHOUT NEW ZEALAND. FIRTH IS THE LARGEST READYMIX SUPPLIER, AND THE ONLY LEADING MANUFACTURER WITH A COMPLETE RANGE OF CONCRETE PRODUCTS, SYSTEMS AND SOLUTIONS.

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distribution

STRONG GROWTH IN EARNINGS AND FURTHER DEVELOPMENT OF THE PLACEMAKERS NETWORK WERE THE FEATURES OF A GOOD YEAR'S TRADING.

PlaceMakers had another excellent year, with gains in both trade and retail sales of 20 percent. Margins improved as the result of better management, such that profit was up by 76 percent over the previous year.

The Joint Venture Partnership structure was reviewed and some amendments made providing a sound basis for future years. This unique model provides competitive strength at a local level while enabling the business and its customers to benefit from the advantages of national scale.

Joint Venture Partnerships were re-established in Kaitaia, Huntly and Levin. The two adjacent Hamilton branches were merged and a new Joint Venture Partnership established there at the end of the year. The upgrade of PlaceMakers' information technology infrastructure was concluded, establishing a stable operating platform and an improved point-of-sale system.

The Building Depot continued to focus on the do-it-yourself retail market. Revenue gains were disappointing, but system changes implemented in the latter part of the year helped lift margins to healthy levels. As the business is not a crucial channel to market for Fletcher Building products, it was sold in September this year.

Hire A Hubby had a satisfactory year. Growth in this sector is somewhat counter-cyclical to the rest of the building industry, with the number of individuals seeking franchise opportunities down in a buoyant building market. This business is also non-core and would benefit from private ownership. Thus it was also sold in September this year.

FOCUS AND OUTLOOK FOR THE 2004 YEAR

Although conditions are expected to ease from the extremely buoyant position of the past year, activity over the next 12 months should remain high.

PlaceMakers is expected to strengthen its position in the market, with a strong trade focus and an aggressive promotional programme, supported by trade-related sponsorship activity.

The store network programme will see new stores established in New Lynn, Riccarton and Mount Wellington, whilst a number of upgrades and relocations are planned for other branches over the next two years.

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Growth opportunities for PlaceMakers include the acquisition of suitable businesses to add to the PlaceMakers' chain. The Christchurch business, Builders Hardware was acquired on 1 August 2003 and others are under consideration.

DISTRIBUTION

$M

	JUNE 2003 12 MONTHS	JUNE 2002 12 MONTHS	CHANGE
Revenue	807	686	+18%
Operating earnings (EBIT)	55	34	+62%
Margin	6.8%	5.0%	+36%
Funds	96	101	-5%
Return on funds	57.3%	33.7%	+70%

David Worley
Chief Executive, Distribution

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control of our distribution channels has been critical to our success

DESCRIPTION: TOTAL QUALITY

THE DISTRIBUTION DIVISION PROVIDES A SPECIALISED, NATIONWIDE CHANNEL TO MARKET FOR THE COMPANY'S BUILDING PRODUCTS. PLACEMAKERS HAS MORE THAN 50 STORES OWNED IN PARTNERSHIP WITH LOCAL MANAGERS, SUPPLYING BUILDERS IN EVERY LARGE POPULATION CENTRE IN NEW ZEALAND.

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laminates and panels

THE LAMINEX GROUP PERFORMED AHEAD OF EXPECTATIONS, AND WAS INTEGRATED SUCCESSFULLY WITH THE NEW ZEALAND WOOD PANELS MANUFACTURING AND DISTRIBUTION BUSINESSES.

The Laminex Group made a significant earnings contribution since its acquisition on 13 November 2002. It has also strengthened the New Zealand based operations of Fletcher Wood Panels and Scott Panel and Hardware through synergies achieved on the integration of the three businesses. The results below are for the period since the acquisition of The Laminex Group. They do not include those for Fletcher Wood Panels and Scott Panel and Hardware.

In Australia, The Laminex Group is the leading manufacturer and marketer of decorative laminates and decorated wood panels. It is also a major supplier of both raw medium density fibreboard (MDF) and particleboard, and other associated products, to the Australian market.

The Laminex Group operates in the residential construction, renovations and commercial construction sectors, all of which have been buoyant during 2003. It is also a major supplier of MDF to export markets, mainly in South East Asia. It has large-scale manufacturing facilities throughout Australia and in New Zealand, and an extensive Australian distribution network.

The Laminex Group's full year performance was significantly above that for the year to June 2002.

Australian domestic sales were up by 11 percent for the year. Export sales were down by 24 percent having been curtailed by the strong domestic demand and the impact of a significantly stronger Australian dollar. Earnings before interest and tax for the full 12 months were up 26 percent on the previous year as a result of the domestic activity, improved margins and synergies from the successful integration of the recently acquired Wesfi and Formica businesses.

The group successfully consolidated several independent warehouses in Melbourne into one new distribution centre, and also began construction of large distribution centres in Adelaide and Sydney that will enable similar consolidations early in 2004. Manufacturing facilities were also rationalised and upgraded, with completion of the installation of a second paper treater at the particleboard facility at Dardanup, Western Australia from a closed plant at Wagga. The Wespine joint venture sawmill, also in Western Australia, further increased capacity through the installation of a new state-of-the-art curved gang saw. The group also successfully integrated its various Australian computer systems into a uniform platform that will result in benefits for both the company and its customers.

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The Laminex Group has assumed responsibility for the complementary New Zealand businesses, Fletcher Wood Panels and Scott Panel and Hardware, to form the Laminates and Panels division, which has annualised sales of approximately $1 billion. The integration strengthens the combined operations in Australia and New Zealand, and will provide a single focus for products sold into export markets. This new division will trade under The Laminex Group banner.

FOCUS AND OUTLOOK FOR THE 2004 YEAR

The short-term outlook in both Australia and New Zealand remains positive, although a modest reduction in new housing starts in both countries, but particularly in Australia, is likely in the second half of the year. Commercial and renovation markets are expected to remain reasonably firm.

Export markets are expected to come under pressure in the early part of 2004 as demand and prices ease. Earnings contribution is also likely to be reduced by the strength of the Australian and New Zealand dollars against the United States currency.

The focus in 2004 will be on continued development, together with the achievement of further productivity improvements, cost savings and synergy benefits from the integration of the Australian and New Zealand businesses.

RESULTS

$M

	JUNE 2003* 7 MONTHS
Revenue	432
Operating earnings (EBIT)	44
Margin	10.2%
Funds	757
Return on funds	9.3%

* Acquired on 13 November 2002

Jonathan Ling
Chief Executive, Laminates and Panels

laminates and panels

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innovation plays a key role in developing our product ranges

DESCRIPTION: TOTAL QUALITY

IN AUSTRALIA, NEW ZEALAND AND ASIA OUR DECORATIVE LAMINATES AND WOOD PANELS PROVIDE A BROAD AND GROWING RANGE OF FASHIONABLE SURFACE SOLUTIONS FOR ARCHITECTS, DESIGNERS AND THE TRADE. FOR CONSUMERS WE OFFER A RANGE OF BRANDS THAT ARE RELEVANT AND MEET THEIR LIFESTYLE REQUIREMENTS.

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construction

THE YEAR WAS MARKED BY STRONG TRADING CONDITIONS ACROSS ALL SECTORS OF THE CONSTRUCTION BUSINESS, THE SUCCESSFUL COMPLETION OF SOME MAJOR PROJECTS AND THE WINNING OF QUALITY WORK.

The New Zealand residential market was buoyed by high net migration levels, reducing interest rates and a growing preference for housing as a long term investment. Our residential business recorded an exceptional result, with the benefit of increasing prices and reducing landholdings. It ended the year with its stock of houses for sale at the lowest level on record.

The engineering division recorded another strong result. The Manukau Waste Water project was substantially completed. The scope of the Grafton Gully motorway contract was extended, with completion now due in mid-2004. Further motorway work continues to dominate prospects.

The building division also performed well and made good progress on the Auckland Hospital contract which is expected to be completed in September 2003. Other significant projects completed were the PwC Tower in Auckland and the Lambton Tower project in Wellington.

The South Pacific market was subdued during the year but has become more buoyant, and a stronger trading performance is expected in the 2004 year.

The last major contract in Australia was completed on behalf of the company and most of the remaining issues associated with the withdrawal have been resolved.

FOCUS AND OUTLOOK FOR THE 2004 YEAR

While the housing business is expected to enjoy another strong year, increasing land prices are likely to put pressure on margins. The construction business has $448 million of backlog, which compares favourably with the levels held at the end of the previous year, and activity levels are very encouraging. Continuing to deliver good outcomes remains a key focus, along with the replacement of the backlog.

Attracting and retaining appropriate people is an industry-wide issue that the company is addressing actively. Prospects remain good for most of our operations for the foreseeable future.

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RESULTS

$M

	JUNE 2003 12 MONTHS	JUNE 2002* 12 MONTHS	CHANGE
Revenue	618	871	-29%
Operating earnings (EBIT)	34	30	+13%
Funds	-62	-95	-35%

*Includes full Australian income for 2002

Mark Binns
Chief Executive, Construction

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new zealand offers us a changing and challenging construction landscape

DESCRIPTION: TOTAL QUALITY

WE CAN CLAIM UNRIVALLED EXPERIENCE IN COMMERCIAL, INDUSTRIAL, CIVIL ENGINEERING, MARINE AND RESIDENTIAL CONSTRUCTION IN NEW ZEALAND AND THE SOUTH PACIFIC. THE CONSTRUCTION BUSINESS HAS PLAYED A VITAL ROLE IN MANY LANDMARK PROJECTS, INCLUDING AUCKLAND'S GRAFTON GULLY MOTORWAY EXPANSION.

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building products

EARNINGS INCREASED SIGNIFICANTLY IN ALUMINIUM, DOWNSTREAM STEEL, PLASTERBOARD AND WOOD PANELS DISTRIBUTION. THE WOOD PANELS MANUFACTURING AND UPSTREAM STEEL BUSINESSES WERE MOST AFFECTED BY THE NEW ZEALAND DOLLAR AND THE ELECTRICITY SHORTAGE, WHICH REDUCED THEIR EARNINGS.

The year's results were influenced heavily by the strength of the residential housing market, which continued from the last quarter of the previous year. The stronger than expected New Zealand dollar, which reduced export revenue, and the electricity shortage in the last quarter, took some of the gloss off results for the second half.

The plasterboard market continued to grow, with volumes 15 percent ahead of those for the 2002 year. Although prices were flat, an increase in sales of higher value performance board such as Ultraline and Aqualine contributed to a 30 percent increase in operating earnings.

Wood products revenues were 35 percent ahead of those for the previous year, but the strong New Zealand dollar and significantly higher than expected electricity charges in the second half reduced operating earnings to a level 10 percent below those for 2002. The panel and hardware distribution business had an excellent year, with revenues and earnings 10 percent and 28 percent ahead respectively. These operations were integrated with those of The Laminex Group during the second half and will report in future as part of the Laminates and Panels division.

Fletcher Aluminium continued to improve its performance despite the unexpected failure of a press cylinder in the third quarter, which curtailed production for three weeks. Earnings were still more than a sixfold increase on those for the previous year.

The upstream steel operations, comprising scrap collection, the electric arc furnace, the rolling mill and wire-drawing operations, achieved record production and sales volumes for the second successive year. The trading environment was mixed, however, as record scrap metal prices and power costs, the very strong New Zealand dollar and a late start to the fencing season coincided in the second half of the year.

The steel mill changed its operating times to take advantage of cheaper weekend power and the wire mill was reduced from four to three shifts. Both achieved significant productivity gains. Nevertheless, overall operating earnings for upstream steel were reduced by 47 percent. The outlook for 2004 is much improved, with acceptable electricity hedges in place and a strong order book.

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Downstream steel benefited greatly from improvements initiated during the previous year, and earnings were 66 percent higher. The continuous coilcoating operation raised operating earnings 33 percent on an already strong result from the previous year, while the steel distribution business continued to improve with a 62 percent operating earnings increase. The roofing and cladding business recorded a 60 percent operating earnings lift, the reinforcing placement and distribution business a 118 percent operating earnings gain, and the galvanising operation an almost fourfold increase as it reaped the rewards of its process improvement plan.

The continuing focus on productivity gains and growth brought several initiatives to fruition. In upstream steel, the company's electro-magnetic wiping technology, used to optimise coating weights when galvanising wire, has been on-sold to other users. This is the first of such sales, and significant interest is being received from potential users around the world.

FOCUS AND OUTLOOK FOR THE 2004 YEAR

Whilst still pursuing gains from internal productivity improvements, the focus in Building Products has widened to include growth – both organic and through acquisition. This includes the acquisition of the Tasman Building Products business announced in August 2003. This acquisition supports the goal of continued earnings growth, even if housing starts decline from their present buoyant level, as is widely predicted.

While the strength of the New Zealand dollar will maintain pressure on domestic pricing for products with import competition, this is not expected to deteriorate from that experienced in the second half of the 2003 year.

RESULTS

$M

	JUNE 2003 12 MONTHS	JUNE 2002 12 MONTHS	CHANGE
Revenue	865	820	+5%
Operating earnings (EBIT)	112	85	+32%
Margin	12.9%	10.4%	+24%
Funds	401	433	-7%
Return on funds	27.9%	19.6%	+42%

Andrew Reding
Chief Executive, Building Products

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we've continued to maintain a focus on productivity gains and growth

DESCRIPTION: TOTAL QUALITY

NEW ZEALAND'S LARGEST BUILDING PRODUCTS GROUP MANUFACTURES PLASTERBOARD, STRUCTURAL STEEL AND STEEL PRODUCTS AND IS ONE OF THE COUNTRY'S LARGEST ALUMINIUM EXTRUDERS. FLETCHER ALUMINIUM PRODUCES A RANGE OF WINDOW AND DOOR SYSTEMS AND ASSOCIATED PRODUCTS, DISTRIBUTED THROUGH A NATIONAL FRANCHISE NETWORK.

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fletcher building's profile

LAMINATES AND PANELS

MAJOR PRODUCTS

- High pressure laminates
- Low pressure melamine
- Medium density fibreboard
- Particleboard
- Associated products (natural timber veneer, componentry, edgings, timber and hardware)

KEY OPERATING STATISTICS

Australia

- 250,000 m^3 particleboard capacity
- 380,000 m^3 medium density fibreboard capacity
- 3,300,000 m^2 high pressure laminate capacity
- 19,800,000 m^2 low pressure laminate capacity
- 94,000,000 m^2 treated paper capacity
- 200,000 rolled edge door capacity
- 42 distribution outlets and branches
- Joint venture (50%) softwood sawmill 360,000 m^3 capacity
- Joint venture (50%) resin plant 50,000 tonne capacity

New Zealand

- 3,020,000 m^2 high pressure laminate capacity
- 34,700,000 m^2 treated paper capacity

COMPETITIVE STRENGTHS

- Vertically integrated business with cost efficient and well located manufacturing plants capable of supplying a large range of products in competitive lead times
- The only nationwide distribution network which is particularly strong in regional areas
- The supplier of respected and strong brands particularly Laminex and Formica
- A large sales force with a strong service focus providing merchandising and product support as well as a strong customer base for export

KEY OBJECTIVES THIS YEAR

- Continuous improvement in all operations
- Finalise integration between the recently acquired The Laminex Group and the existing wood panel and distribution business of Fletcher Building in New Zealand
- Continue to improve occupational, health and safety across the business
- Completion of new distribution centres in Sydney and Adelaide, and commencement of a new site in Brisbane

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BUILDING PRODUCTS

MAJOR PRODUCTS

- Plasterboard
- Compounds and plasters
- Medium density fibreboard
- Low pressure melamine
- Hardboard/softboard
- Particleboard
- Doors
- Aluminium windows
- Aluminium extruded shapes
- Long and flat steel
- Reinforcing bar
- Merchant bar
- Wire rod
- Pipe
- Painted coil
- Wire
- Long run metal roofing and cladding
- Rollformed structural products

KEY OPERATING STATISTICS

Aluminium

- 9000 tonnes capacity in 2 extrusion presses
- 6500 tonnes capacity in the remelt facility
- 90 franchised fabricators

Wood Panels & Doors

- 130,000 m^3 particleboard capacity (2 plants)
- 160,000 m^3 medium density fibreboard capacity (1 plant)
- 4 million m^2 hardboard/softboard capacity (1 plant)
- 2 laminating operations
- 1 door manufacturing plant
- 4 prehanging plants
- 13 company-owned distribution outlets

Upstream Steel

- 300,000 tonnes capacity mini-mill steel plant
- 340,000 tonnes capacity rolling mill (200,000 tonnes bar and 140,000 tonnes rod)
- 1 fully integrated wire mill/wire products plant
- 1 ferrous and non-ferrous scrap facility (50% owned)

Downstream Steel

- A 13-branch steel merchandising business nationwide
- 2 metal processing and 5 reinforcing fabrication facilities
- 1 continuous paint coating plant
- An 11-branch roofing business nationwide
- 2 galvanising plants
- 2 structural products rollforming factories

Plasterboard and Building Papers

- 34 million m^2 plasterboard capacity (2 plants)
- 1 building papers production facility

COMPETITIVE STRENGTHS

- Low cost position in New Zealand board/panel markets
- Respected brands
- Trading skills and customer relationships in Asia
- Broad distribution network
- New Zealand's only producer of long steel products and plasterboard
- New Zealand's only integrated producer of wire and wire products
- Ability to supply a large range of products within competitive lead times

KEY OBJECTIVES THIS YEAR

- Maintain emphasis on improving safety and environmental performance
- Achieve productivity improvements
- Continue margin enhancing product differentiation strategies
- Develop organic growth opportunities
- Pursue external growth opportunities as and when they arise
- Successfully complete the acquisition of Tasman Building Products and realise planned synergies

CONCRETE

MAJOR PRODUCTS

- Aggregates – building
- Aggregates – roading
- Cement
- Ready mixed concrete and masonry
- Concrete and plastic pipes and fittings
- Precast concrete products

KEY OPERATING STATISTICS

Aggregates

- More than 100 million m^3 of proven plus indicated reserves
- 17 hard rock quarries, 2 shingle plants
- 6 sand plants, 1 scoria pit
- 2 hard rock quarries (Fiji)
- 2 hard rock quarries (Peru)

Cement

- A 650,000 tonnes dry kiln cement plant
- 1 bulk cement vessel serving 6 customer service centres
- 35 years supply of cement rock and limestone resource
- A 120,000 tonnes cement plant (Fiji) (25% owned)

Concrete Products

- 47 fixed and 2 mobile concrete plants
- 7 joint venture concrete plants
- 238 concrete trucks and 18 mobile pumps
- 2 dricon bagging plants
- 6 concrete pipe/castings plants
- 4 masonry plants

COMPETITIVE STRENGTHS

- Location and size of aggregate deposits
- Cement and limestone resource
- World-class dry process cement plant
- Nationwide distribution network

KEY OBJECTIVES THIS YEAR

- Continue operational improvement
- Improve return on funds employed
- Continued upgrade of cement plant

CONSTRUCTION

MAJOR PRODUCTS

- Commercial construction
- Industrial construction
- Engineering
- Marine construction
- Interior fitouts
- Refurbishments
- New Zealand residential housing

KEY OPERATING STATISTICS

Construction

- Largest contractor in the key markets of New Zealand and the South Pacific

Housing

- Land bank of:
  256 developed lots
  383 undeveloped potential lots
- Housing activities in Auckland and Napier

COMPETITIVE STRENGTHS

- Established track record in New Zealand and South Pacific
- Unrivalled experience at managing large-scale projects in New Zealand

KEY OBJECTIVES THIS YEAR

- Secure further major infrastructure projects
- Secure further residential land

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DISTRIBUTION

MAJOR PRODUCTS

- Timber
- Panels
- Bathroom and kitchen
- Roofing
- Concrete and masonry
- Hardware
- Paint

KEY OPERATING STATISTICS

PlaceMakers

- 42 outlets owned in joint venture with owner/operators
- 4 company-owned outlets

The Building Depot

- 8 company-owned outlets

Hire A Hubby

- 124 franchises

COMPETITIVE STRENGTHS

- Strong brands
- National coverage
- Economies of scale
- Franchise structure

KEY OBJECTIVES THIS YEAR

- Develop PlaceMakers' trade focus with a number of trade-based initiatives, strengthened marketing and major store developments

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people

WE MADE GOOD PROGRESS ON DEVELOPING AND STRENGTHENING OUR PERFORMANCE CULTURE. SAFETY IS OUR NUMBER ONE PRIORITY.

Fletcher Building recognises that well-managed, motivated people aligned with a strong high-performance culture are key drivers of corporate sustainability, and so are cornerstones of its success.

The company's growing reputation as a preferred employer and its focus on high-performing leadership help it to attract and retain an excellent workforce, enhancing its ability to serve its customers and generate value for all stakeholders.

At 30 June 2003, Fletcher Building Limited employed over 10,000 people, with about 7,000 in New Zealand, making it the country's second largest commercial employer. A further 1000 people are employed in the Pacific Islands and South America. Through the acquisition of The Laminex Group, the company's workforce grew by 2000 people during the 2002 year. These numbers might be reduced as the integration process continues.

Management recognises that outstanding leadership; a competitive, balanced and safe work environment; a commitment to diversity; customer focus; and good corporate citizenship are core characteristics of preferred employers.

Fostering these characteristics across the company was a key area of focus during the past financial year – through programmes to build staff commitment, develop the leadership group and emerging talent, improve employee benefits and strongly promote workplace health and safety.

HEALTH AND SAFETY

Providing employees with a safe and healthy workplace is the company's greatest responsibility. We did not meet this requirement during the latest year – since our last annual report two people lost their lives while working at our sites.

The company deeply regrets these tragic and unacceptable events. The board and management acknowledge their responsibility to do everything possible, in concert with all employees, to ensure that workplaces are safe.

The company has embarked on a vigorous and urgent campaign to build and entrench a 'Work Safe' culture in which there is zero tolerance of unsafe behaviours. All managers are accountable for leadership on this issue.

Fletcher Building's total lost time injury frequency rate (LTIFR) improved slightly in the past year – from 9.04 to 8.26 – with most progress occurring in the Concrete and Construction businesses.

The company is committed to the further rapid reduction of its overall LTIFR through the programme outlined above.

Fletcher Building continues its participation in the Accident Compensation Corporation Partnership Programme. A pilot programme of voluntary health assessments was carried out during the year, providing employees with an assessment of their individual health risk factors. The results are being used to develop further health promoting initiatives.

Professional and confidential counselling is available to all employees through an independent employee assistance programme – reflecting the company's commitment to providing resources to address all aspects of employee health and safety.

COMPANY CULTURE

Fletcher Building employees work in many different roles and job functions across its 27 business units. All, however, are bound by the company's common values which guide the daily attitudes, interactions and decisions of all its staff and support and maintain the culture to which it aspires.

EQUAL OPPORTUNITY AND DIVERSITY

With a workforce richly diverse in ethnicity and age, but which continues to reflect the gender imbalance historically typical of the industrial and construction sectors, Fletcher Building aspires to be the employer of choice of all talented people and is committed to developing an inclusive working environment that promotes business strength through equal opportunity.

LEADERSHIP DEVELOPMENT

Leadership skills are the most crucial determinant of workforce performance and long term sustainability. In the past year, Fletcher Building conducted a company-wide senior leadership and key talent review and launched two innovative in-house leadership training initiatives in partnership with the University of Auckland Business School.

A SHARE IN THE BUSINESS

A general staff share scheme was launched last year to align staff and shareholder interests and to encourage employees to share in the company's success.

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LABOUR RELATIONS

Many Fletcher Building employees belong to labour unions. The company has a good record of labour relations and enjoys constructive relationships with the labour unions in all its operations, based on partnership and mutual respect.

WORK/LIFE BALANCE

Within operational requirements, the company continues to try to help its employees to balance their work and home lives, and offers several options and benefits to this end.

Auckland-based employees have access to Kimba Corner, Fletcher Building's award winning early childhood care and education centre, which caters for up to 60 children aged from 18 months to five years. They also have access to the company's fully supervised school holiday programme, now in its ninth year of operation.

The Fletcher Building Health and Fitness Centre caters to the many staff based around the company's Penrose hub. Open to all permanent employees, this facility offers a range of health-management programmes and services at affordable rates.

Fletcher Building continues to offer special benefits to support its employees in time of need. The Fletcher Building Employee Welfare Fund offers immediate support to employees suffering financial difficulty as a result of unexpected personal hardship, while the Fletcher Building Employee Educational Fund encourages and financially supports vocational learning among staff and their families. Both trusts are wholly independent of the company.

Peter Merry
General Manager, Human Resources

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we're all responsible for creating a safe and healthy workplace

DESCRIPTION: TOTAL QUALITY

CONSTRUCTION SITES AND MANUFACTURING FACILITIES ARE INHERENTLY HAZARDOUS ENVIRONMENTS, SO ACHIEVEMENT OF SAFE AND HEALTHY WORKPLACES REQUIRES FULL COMPLIANCE WITH SAFE WORKING PRACTICES. WE HAVE ZERO TOLERANCE FOR THE TAKING OF UNDUE RISKS OR FAILURE TO MEET SAFETY STANDARDS.

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environment

WE STROVE TO MAINTAIN A POSITIVE IMPACT ON THE ENVIRONMENT... UTILISING WASTE AND SCRAP PRODUCTS IN MANUFACTURING, BUILDING ENVIRONMENTAL BENEFITS INTO PROJECTS AND FURTHER DEVELOPING OUR MONITORING AND COMPLIANCE SYSTEMS.

Fletcher Building recognises that its operations have an impact on the environment. We seek to manage this responsibly, by reviewing our performance and taking measures to improve it, and by accommodating environmental needs in the design of processes and projects.

Our businesses make significant contributions to the wellbeing of the environment – particularly through the reduction of solid waste streams in each of our major manufacturing operations. Each year, the company:

- uses 200,000 tonnes of steel scrap
- uses 325,000 tonnes of wood waste as raw material for wood panels manufacturing
- uses just on 5,000 tonnes of aluminium scrap
- uses more than 20,000 tonnes of coal ash
- generates more than 1 petajoule of biomass energy.

Our operations in Australia illustrate the commitment to reducing dependence on external energy and water sources. The medium density fibreboard plant at Gympie, in Queensland, uses all its waste streams, including wastewater treatment plant sludge, as energy sources.

The construction division continues to develop projects that serve as landmarks for environmental management in New Zealand. The rehabilitation of the Mangere oxidation ponds, in partnership with Watercare Services Limited, won the Arthur Mead Environmental Award from the Institution of Professional Engineers for "...engineering activity that best exemplifies sustainable management of resources and care for and consideration of environmental values."

The project will result in the return of the Mangere oxidation ponds to the sea, along with the restoration of 13 kilometres of foreshore area to natural coastline. The improved quality of effluent discharged from the treatment plant has greatly enhanced the foreshore environment and the water quality of the Manukau Harbour.

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Our laminates and panels operations have commenced a programme to achieve ISO 14001 environmental management system certification at all plants. Their objectives are to improve environmental management and to provide external verification of their commitment to the environment. The environmental management systems are being integrated with systems for quality management that have achieved ISO 9001 certification. Plants at Dardenup and Welshpool, in Western Australia, have already achieved the ISO 14001 certification. All other sites are programmed to do so in 2004.

The company's medium density fibreboard plant at Taupo, received an Order of Merit Award in the corporate section of the Bay of Plenty Sustainable Business Awards. This recognised the plant's achievements in its use of wastes, whereby sawdust and shavings from Central North Island sawmills are used as a raw material and waste water is used for irrigation on a nearby dairy farm.

Our operations in New Zealand are subject to numerous consents under the Resource Management Act, and all business units have systems that monitor compliance. There were no non-compliance incidents resulting in prosecution during the 2003 year. Winstone Aggregates, which is dependent on new consents to develop and extend quarries, received comprehensive consents to operate new quarries at Pokeno and south of Hamilton.

The company uses approximately six petajoules of energy per year in New Zealand – which is 2.5 percent of the country's total energy use. It is thus a large emitter of carbon dioxide. During the past year, the New Zealand Government confirmed that carbon dioxide emitters would be subject to a tax of up to $25 per tonne from 2007. Energy intensive businesses that manufacture internationally traded products will be eligible for exemption from this tax, provided that they commit to achieving "...world's best practice emissions management." Exemption will be available within Negotiated Greenhouse Agreements. The company's initiative to negotiate such an agreement with the Government is progressing, and an application to enter into negotiations has been submitted to the Government. We anticipate a successful conclusion to this process during the current year.

The electricity crisis in New Zealand during the second half of the year, the depletion of the Maui gas field, and Government policies in both Australia and New Zealand to reduce carbon dioxide emissions, are all signals of the strategic importance of secure and affordable energy sources. The company is developing strategies to manage energy supply issues in the future.

Ultimately, one of our most significant environmental effects is the long-term contribution of products and solutions to the energy efficiency of buildings and other structures. The company is a shareholder in a consortium of organisations that aims to significantly improve the energy efficiency of New Zealand's residential buildings. This consortium believes that appropriate incentives and programmes could lead to a 40-50 percent improvement in the energy efficiency of all homes built after 2006.

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excellent business and environmental outcomes were achieved

DESCRIPTION: TOTAL QUALITY

WITH THE $400 MILLION-PLUS UPGRADE OF THE MANGERE WASTEWATER TREATMENT PLANT CAME A UNIQUE OPPORTUNITY TO IMPROVE THE SURROUNDING ENVIRONMENT – THE REMOVAL OF ONE OF THE WORLD'S LARGEST SYSTEMS OF OXIDATION PONDS, AND THE RESTORATION OF 13 KILOMETRES OF FORESHORE TO NATURAL COASTLINE.

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DESCRIPTION: TOTAL QUALITY

a unique mix of building materials businesses with two key channels to market

LEADING MARKET POSITIONS IN CEMENT, CONCRETE, PLASTERBOARD, HIGH PRESSURE LAMINATES, DECORATIVE PANELS, STEEL BAR AND ROD, AGGREGATES AND CONSTRUCTION... A STRONG AND GROWING BASE IN AUSTRALIA, AND IN ASIA AND THE SOUTH PACIFIC.

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financial review

A SERIES OF INITIATIVES WERE UNDERTAKEN TO RESTRUCTURE THE BALANCE SHEET CONSEQUENT TO THE ACQUISITION OF THE LAMINEX GROUP. THE COMPANY ENTERED THE CURRENT YEAR CONSIDERABLY LARGER AND FINANCIALLY STRONG.

RESULTS

Trading revenue increased 9 percent to $3,221 million and operating earnings before unusual items rose 61 percent to $331 million. Net profit after tax and minority interests increased 81 percent to $168 million. There were no unusual items during the period.

Earnings per share increased to 43.4 cents, representing a return on average equity of 23.0 percent and a return on average funds of 24.4 percent.

Taxation benefited from the lower rate applicable to the Laminex earnings in Australia, together with the utilisation of some previously written down tax losses.

The total dividend for the year was increased by 5 cents to 19 cents per share, with full tax credits available.

BALANCE SHEET

Net debt was $858 million at 30 June 2003, compared with $398 million at June 2002. The increase reflects net borrowings undertaken for the Laminex acquisition.

Fletcher Building remains in a sound financial position, with strong earnings and operating cashflow, and with gearing (net debt / net debt + equity) at 49.9 percent. This level of gearing, while higher than the June 2002 position of 40.2 percent, is comfortably within all relevant debt covenants and below the comparable number in December 2002. Interest cover (EBITDA / interest) was 7.3 times compared to 5.8 times at June 2002.

The purchase of Laminex was completed in November 2002, for NZ$759 million, and was financed by:

- the issue of 44 million ordinary shares at $2.95 each - a premium of 5 percent on the pre-announcement closing price
- a further $34 million of equity was raised in November
- a $150 million capital notes issue was completed in December
- and the replacement of the existing bank borrowing facilities with a new $800 million multicurrency syndicated facility.

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BALANCE SHEET CONT.

Since balance date, the company has announced the acquisition of Tasman Building Products for around NZ$260 million. As part of the funding of this acquisition, an equity placement of 25 million shares was made at an issue price of $4.10 per share. The balance of the acquisition price will be funded by bank debt. The acquisition will increase the company's gearing ratio from the 49.9 percent at 30 June 2003. Assuming the transaction had occurred on 30 June 2003 the gearing ratio would have been 51.4 percent on a pro forma basis, which leaves the company still in a very sound financial position.

During the year, capital notes of $53 million were reset, with investors subscribing for $26 million and the balance held as treasury stock.

CASHFLOW

Cashflow from operations was $276 million. This followed an increase of $40 million in working capital as a result of the timing of cashflows on large construction projects, together with the increase in working capital required to maintain the operations at the current activity levels.

Capital expenditure excluding acquisitions and divestments was $88 million compared with $51 million in the 2002 year.

RISK MANAGEMENT

The company has an integrated programme to manage risks associated with interest rate, commodity price and exchange rate movements. This hedging programme aims to assure a base level of profitability and reduce volatility in earnings.

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REVALUATION

The directors have adopted a policy to revalue land, buildings and plant and machinery in accordance with accounting standard FRS3. During the year in review, the carrying values of the steel plant were adjusted by NZ$ 17 million to reflect lower values determined by independent valuation.

PENSION PLAN

The company operates a number of defined benefit pension plans for its employees. The largest of these is the New Zealand plan which has been closed to new members for some years. These schemes are accounted for in accordance with United States accounting standard FAS-87 which has the effect of smoothing the volatility in returns earned by the scheme by amortising the difference between expected returns and actual returns over the remaining working life of the members. At balance date some NZ$83 million of net losses are to be expensed in future periods. The New Zealand scheme is currently funded to 107 percent of the projected benefit obligations and no contributions were made by the company in the current year with respect to these obligations.

Bill Roest
Chief Financial Officer

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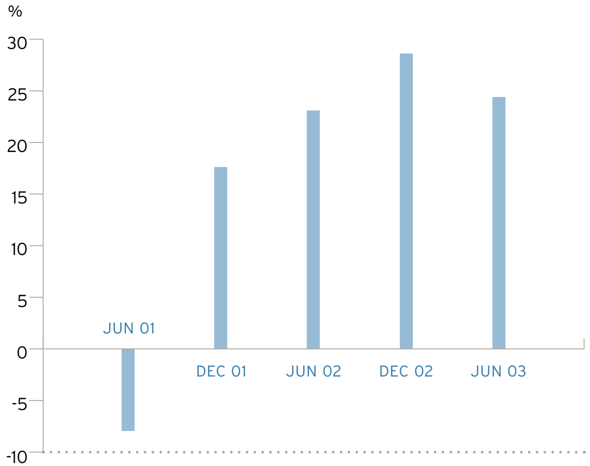
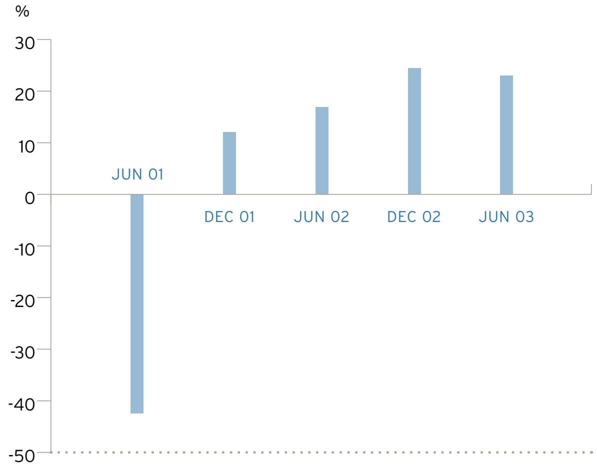
KEY RATIOS

RETURN ON AVERAGE FUNDS*



* EBIT pre-unusuals/(Average net debt+equity+capital notes – deferred tax asset)

RETURN ON AVERAGE EQUITY*



* Net earnings after capital notes interest/shareholders funds

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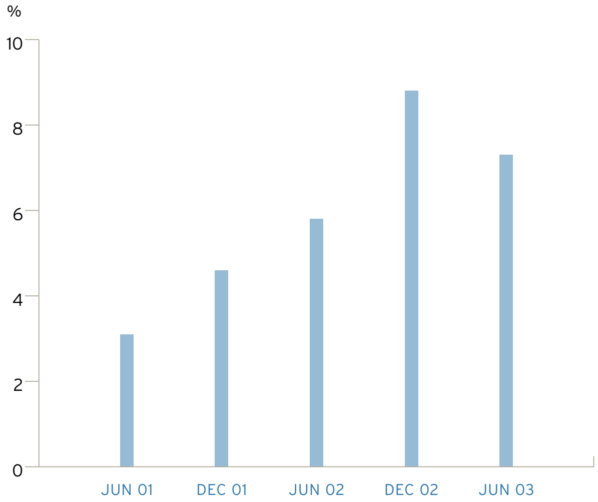
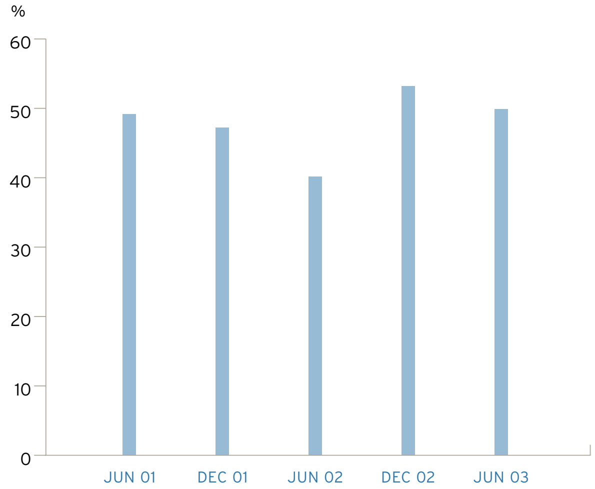
KEY RATIOS CONT.

INTEREST COVER*



* EBITDA pre-unusuals/interest paid including capital note interest

DEBT/DEBT PLUS EQUITY



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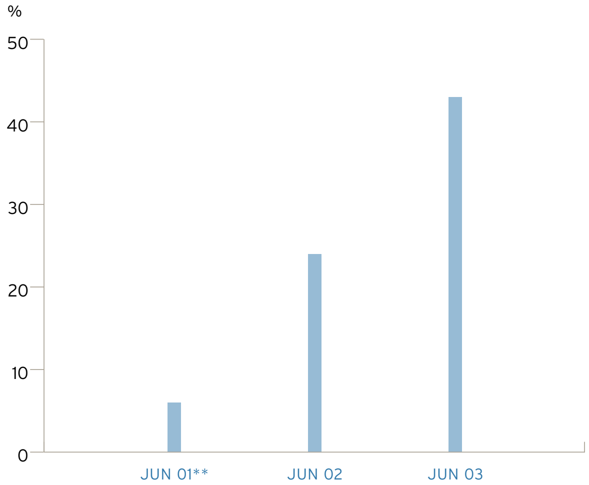
KEY RATIOS CONT.

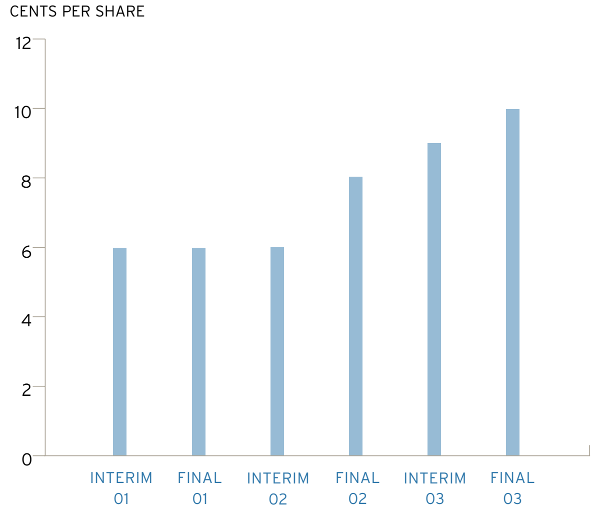
TOTAL SHAREHOLDERS RETURN (TSR)*



* TSR calculated (Gross Dividend Paid + Movement in Share Price)/ Opening Share Price

** June 01 is the return for the 3 months from separation date

DIVIDEND



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STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED JUNE 2003

	NOTE	FLETCHER BUILDING GROUP YEAR ENDED JUNE 2003 NZ$M	FLETCHER BUILDING GROUP YEAR ENDED JUNE 2002 NZ$M	FLETCHER BUILDING LIMITED YEAR ENDED JUNE 2003 NZ$M	FLETCHER BUILDING LIMITED YEAR ENDED JUNE 2002 NZ$M
Operating revenue	3, 5	**3,221**	2,966	57	62
Operating expenses		**(2,890)**	(2,756)		(2)
Operating earnings	4, 5	**331**	210	57	60
Funding costs	6	**(59)**	(51)	(42)	(46)
Earnings before taxation		**272**	159	15	14
Taxation expense	7	**(85)**	(54)	13	10
Earnings after taxation		**187**	105	28	24
Minority interest		**(19)**	(12)		
Net earnings		**168**	93	28	24
Net earnings per share (cents)	9				
Basic		**43.4**	27.0		
Diluted		**39.9**	25.1		
Weighted average number of shares outstanding (millions of shares)	9				
Basic		**387**	345		
Diluted		**469**	430		
Dividends declared per share (cents)		**19.00**	14.00		

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

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STATEMENT OF MOVEMENTS IN EQUITY

FOR THE YEAR ENDED JUNE 2003

	NOTE	FLETCHER BUILDING GROUP YEAR ENDED JUNE 2003 NZ$M	FLETCHER BUILDING GROUP YEAR ENDED JUNE 2002 NZ$M	FLETCHER BUILDING LIMITED YEAR ENDED JUNE 2003 NZ$M	FLETCHER BUILDING LIMITED YEAR ENDED JUNE 2002 NZ$M
Total equity					
At the beginning of the year		**591**	790	564	788
Net earnings – parent interest	12	**168**	93	28	24
Net earnings – minority interest	14	**19**	12		
Revaluation of investments	12			126	34
Revaluation of fixed assets	12	**(17)**	(11)		
Taxation on revaluation of fixed assets	12	**6**	(5)		
Movement in currency translation reserve	12	**(3)**	(19)		
Total recognised revenues and expenses for the year		**173**	70	154	58
Movement in minority equity	14	**(9)**	13		
Movement in reported capital	11	**173**	6	173	6
Movement in capital notes			(20)		(20)
Restatement of capital notes as debt			(230)		(230)
Dividends and distributions	10	**(68)**	(38)	(68)	(38)
Total equity		**860**	591	823	564

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

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STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2003

	NOTE	FLETCHER BUILDING GROUP JUNE 2003 NZ$M	FLETCHER BUILDING GROUP JUNE 2002 NZ$M	FLETCHER BUILDING LIMITED JUNE 2003 NZ$M	FLETCHER BUILDING LIMITED JUNE 2002 NZ$M
Assets					
Current assets:					
Cash and liquid deposits	15	**36**	59	1	9
Stocks	16	**448**	318		
Debtors	17	**537**	405	13	6
Contracts	18	**(66)**	(86)		
Provision for current taxation	25	**(1)**	12	13	6
Total current assets		**954**	708	27	21
Non current assets:					
Fixed assets	19	**969**	666		
Goodwill	20	**53**	3		
Intangibles	21	**145**	5		
Investments	22	**155**	72	1,338	1,019
Provision for deferred taxation	25	**105**	96	1	1
Advances to subsidiaries	34			313	290
Total non current assets		**1,427**	842	1,652	1,310
Total assets		**2,381**	1,550	1,679	1,331

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STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2003

	NOTE	FLETCHER BUILDING GROUP JUNE 2003 NZ$M	FLETCHER BUILDING GROUP JUNE 2002 NZ$M	FLETCHER BUILDING LIMITED JUNE 2003 NZ$M	FLETCHER BUILDING LIMITED JUNE 2002 NZ$M
Liabilities					
Current liabilities:					
Short-term loans		**2**	3	1	2
Accruals and provisions	23	**127**	101	3	3
Creditors	24	**500**	401	6	8
Capital notes	26	**60**	53	60	53
Term debt	27	**20**	25	10	
Total current liabilities		**709**	583	80	66
Non current liabilities:					
Capital notes	26	**296**	177	146	177
Term debt	27	**516**	199	160	190
Advances from subsidiaries	34			470	334
Total non current liabilities		**812**	376	776	701
Total liabilities		**1,521**	959	856	767

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STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2003

	NOTE	FLETCHER BUILDING GROUP JUNE 2003 NZ$M	FLETCHER BUILDING GROUP JUNE 2002 NZ$M	FLETCHER BUILDING LIMITED JUNE 2003 NZ$M	FLETCHER BUILDING LIMITED JUNE 2002 NZ$M
Equity					
Reported capital	11	**628**	455	628	455
Revenue reserves	13	**166**	66	(48)	(8)
Other reserves	13	**29**	43	243	117
Shareholders funds		**823**	564	823	564
Minority equity	14	**37**	27		
Total equity		**860**	591	823	564
Total liabilities and equity		**2,381**	1,550	1,679	1,331

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

On behalf of the Board 13 August 2003

RODERICK DEANE
Chairman of Directors

RALPH WATERS
Managing Director

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STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 30 JUNE 2003

	FLETCHER BUILDING GROUP		FLETCHER BUILDING LIMITED	
	YEAR ENDED JUNE 2003 NZ$M	YEAR ENDED JUNE 2002 NZ$M	YEAR ENDED JUNE 2003 NZ$M	YEAR ENDED JUNE 2002 NZ$M
Cashflow from operating activities				
Receipts from customers	**3,193**	2,972		4
Dividends received	**19**	12	52	41
Interest received	**3**	2	6	19
Total received	**3,215**	2,986	58	64
Payments to suppliers, employees and other	**2,840**	2,723	9	13
Interest paid	**54**	53	45	48
Income tax paid	**45**	23		
Total applied	**2,939**	2,799	54	61
Net cash from operating activities	**276**	187	4	3
Cashflow from investing activities				
Sale of fixed assets	**8**	12		
Sale of investments	**4**			
Sale of subsidiaries	**15**	42		
Total received	**27**	54		
Purchase of fixed assets	**85**	50		
Purchase of investments	**3**	1		
Purchase of subsidiaries	**759**			
Net debt in subsidiaries acquired	**2**	14		
Total applied	**849**	65		
Net cash from investing activities	**(822)**	(11)		

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STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 30 JUNE 2003

	FLETCHER BUILDING GROUP		FLETCHER BUILDING LIMITED	
	YEAR ENDED JUNE 2003 NZ$M	YEAR ENDED JUNE 2002 NZ$M	YEAR ENDED JUNE 2003 NZ$M	YEAR ENDED JUNE 2002 NZ$M
Cashflow from financing activities				
Net debt drawdowns/(settlements)	**309**	(179)	(21)	(200)
Issue of shares	**154**		154	
Advances from subsidiaries			(72)	226
Issue of capital notes	**153**		3	
Total received	**616**	(179)	64	26
Purchase of capital notes	**27**	20	27	20
Distribution to minority shareholders	**16**	14		
Dividends and distributions	**49**	32	49	32
Total applied	**92**	66	76	52
Net cash from financing activities	**524**	(245)	(12)	(26)
Net movement in cash held	**(22)**	(69)	(8)	(23)
Add opening cash and liquid deposits	**59**	132	9	32
Effect of exchange rate changes on net cash	**(1)**	(4)		
Closing cash and liquid deposits	**36**	59	1	9

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

STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 30 JUNE 2003

	FLETCHER BUILDING GROUP		FLETCHER BUILDING LIMITED	
	YEAR ENDED JUNE 2003 NZ$M	YEAR ENDED JUNE 2002 NZ$M	YEAR ENDED JUNE 2003 NZ$M	YEAR ENDED JUNE 2002 NZ$M
Analysis of subsidiaries disposed [1]				
Proceeds from sale of subsidiaries	**15**	42		
Fixed assets	**17**	17		
Current assets	**4**	22		
Current liabilities	**(9)**	(3)		
Net assets of subsidiaries disposed	**12**	36		
Gain on disposal of subsidiaries	**3**	6		
Analysis of subsidiaries acquired [2]				
Fixed assets	**357**			
Goodwill on acquisition	**53**			
Intangibles	**139**			
Investments	**65**			
Tax assets	**18**			
Current assets	**257**			
Cash in subsidiary	**(2)**			
Outstanding consideration	**(26)**			
Current liabilities	**(102)**			
Cash paid to date for subsidiaries acquired	**759**			

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STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 30 JUNE 2003

[1] During the period the Bolivian operations of Fletcher Challenge Industries S. A. were sold for a profit of $3 million. In June 2002 subsidiaries disposed were Varnsdorf Pty Limited, for a profit of $14 million, the rural business of Cyclone, a division of Fletcher Steel Limited, at book value, and the construction activities in Australia upon which a loss of $8 million was provided.

[2] Cash outflow on purchase of subsidiaries is $759 million for The Laminex Group in November 2002.

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

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RECONCILIATION OF NET EARNINGS TO NET CASH FROM OPERATING ACTIVITIES

FOR THE YEAR ENDED 30 JUNE 2003

	FLETCHER BUILDING GROUP YEAR ENDED JUNE 2003 NZ$M	FLETCHER BUILDING GROUP YEAR ENDED JUNE 2002 NZ$M	FLETCHER BUILDING LIMITED YEAR ENDED JUNE 2003 NZ$M	FLETCHER BUILDING LIMITED YEAR ENDED JUNE 2002 NZ$M
Cash was received from:				
Net earnings	**168**	93	28	24
Adjustment for items not involving cash:				
Depreciation, depletions, amortisation and provisions	**93**	93	(2)	(3)
Taxation	**40**	31	(13)	(10)
Minority interest in earnings of subsidiaries	**19**	12		
Non cash adjustments	**152**	136	(15)	(13)
Cashflow from operations[1]	**320**	229	13	11
Less (gain)/loss on disposal of affiliates and fixed assets	**(4)**	(16)		
Cashflow from operations before net working capital movements	**316**	213	13	11
Net working capital movements	**(40)**	(26)	(9)	(8)
Net cash from operating activities[2]	**276**	187	4	3

[1] Includes loss on disposal of affiliates and fixed assets.

[2] As per the statement of cashflows.

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RECONCILIATION OF NET EARNINGS TO NET CASH FROM OPERATING ACTIVITIES

FOR THE YEAR ENDED 30 JUNE 2003

	FLETCHER BUILDING GROUP		FLETCHER BUILDING LIMITED	
	YEAR ENDED JUNE 2003 NZ$M	YEAR ENDED JUNE 2002 NZ$M	YEAR ENDED JUNE 2003 NZ$M	YEAR ENDED JUNE 2002 NZ$M
Net working capital movements:				
Debtors	**3**	54	(7)	(3)
Stocks	**(14)**	19		
Contracts	**(20)**	7		
Creditors	**(9)**	(106)	(2)	(5)
	(40)	(26)	(9)	(8)

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

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STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2003

BASIS OF PRESENTATION

The financial statements presented are those of Fletcher Building Limited (the company) and its subsidiaries (the group). Fletcher Building Limited is a company domiciled in New Zealand, is registered under the Companies Act 1993, and is an issuer in terms of the Securities Act 1978 and the Financial Reporting Act 1993.

The financial statements comprise statements of financial performance, movements in equity, financial position, cashflows, 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, with the exception of investments and specific fixed assets as noted below. These financial statements have been prepared in accordance with generally accepted accounting practice (GAAP) in New Zealand. Where no financial reporting standard or statement of standard accounting practice exists in New Zealand in relation to a particular issue, the accounting policies adopted have been determined having regard to authoritative support. These policies have been applied on a consistent basis except as disclosed in note 1, on changes in accounting policies.

ESTIMATES

The preparation of financial statements in conformity with GAAP requires the directors to make estimates and assumptions 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

BASIS OF CONSOLIDATION

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

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STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2003

BASIS OF CONSOLIDATION CONT.

Subsidiaries

Subsidiaries are included in the consolidated financial statements using the purchase method of consolidation. The company has revalued its investment in subsidiaries to net asset backing.

Associates

The equity method has been used for associate entities in which the group has a significant but not controlling interest.

Goodwill on Acquisition

Fair values are assigned to the assets and liabilities of subsidiaries and associates of the group at the date they are acquired. Goodwill arises to the extent that the fair value is determined to be less than the purchase cost, and this goodwill is amortised to earnings on a systematic basis over the period in which it is believed benefits will arise.

The period of amortisation is generally 20 years, however in individual cases may be less than this. The period of amortisation of any goodwill is regularly reviewed and, if it is believed that the amount remaining to be amortised will not be recovered by future benefits to be realised, the unrecoverable amount is written off to earnings and the balance amortised over the period in which it is believed benefits will be realised. Negative goodwill on acquisition arises to the extent that fair value is determined to exceed the purchase cost. This surplus is applied to reduce the book value of non-monetary assets acquired and, to the extent there are insufficient non-monetary assets, taken to earnings.

Joint Ventures

Where the ownership interest in the joint venture is in the net residue of the business and does not give rise to an economic or controlling interest in excess of 50 percent, the share of the net assets and liabilities and earnings of the investment is included on an equity basis. If the interest does give rise to a controlling interest in excess of 50 percent, the investment is consolidated.

Joint ventures in which the ownership interest is directly in the assets and liabilities, rather than the net residue, are included on a proportional basis with assets, liabilities and earnings based on the group's proportional interest.

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STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2003

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 are recognised directly in the currency translation reserve.

Exchange Differences

Monetary assets and liabilities in foreign currencies at balance date, not covered by forward exchange contracts, are translated at the rates of exchange ruling at balance date.

Monetary assets and liabilities in foreign currencies at balance date, covered by forward exchange contracts, are translated at the exchange rates specified in those contracts.

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. If a foreign currency liability is designated as a hedge of a foreign currency non-monetary asset (or vice versa), both the asset and the liability are translated at the closing rate and the exchange difference taken to the currency translation reserve.

VALUATION OF ASSETS

Land, Buildings, Plant and Machinery, Fixtures and Equipment

Initial recording

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.

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 that are directly 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 ready for productive use. All feasibility costs are expensed as incurred.

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STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2003

VALUATION OF ASSETS CONT.

Revaluations

Land, buildings, and plant and machinery are revalued by independent registered valuers on the basis of fair value. The revaluations are conducted on a systematic basis across the group so that each asset is revalued at least every five years. The values are reviewed annually to ensure that no asset is held at a value materially different from fair value.

Fixtures and equipment are valued at cost. Land, buildings, plant and machinery, fixtures and equipment are stated at cost or valuation, less accumulated depreciation.

Investments

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

Stocks

Trading stock, raw materials and work in progress 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.

Construction Contracts

Earnings on construction contracts (including sub-contracts) are determined using the percentage-of-completion method. Earnings on residential contracts are recognised on settlement. Earnings are not recognised until the outcome can be reliably estimated. 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.

Debtors

Debtors are valued at estimated net realisable value. The valuation is net of a 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.

Cash

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

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STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2003

VALUATION OF ASSETS CONT.

Impairment

Impairment is deemed to occur when the recoverable amount falls below the book value of the asset. The recoverable amount is determined to be the sum of expected future discounted net cashflows arising from the ownership of the asset. Future net cashflows take into account 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 cashflows that are largely independent of the cashflows of other groups of assets. When an impairment loss arises the impairment is measured as the amount by which the book value exceeds the recoverable amount.

Brands

Brands are held at cost and are not amortised, but are subject to an annual impairment test.

VALUATION OF LIABILITIES

Derivative Financial Instruments

Derivative financial instruments including foreign exchange contracts, interest rate swaps, currency swaps, options, forward rate agreements and electricity 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 derivative financial instruments are held to hedge risk on underlying assets, liabilities and sales and purchases. 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.

Derivative financial instruments are reported in the financial statements on a basis consistent with the underlying hedged item. The fair value of derivative financial instruments, as disclosed in the financial instrument note, is estimated based on quoted market prices.

The group holds 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.

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STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2003

VALUATION OF LIABILITIES CONT.

Taxation

The provision for current tax is the estimated amount due for payment in the next 12 months by the group. The group's provision for deferred tax is the liability for taxation that has been deferred because of timing differences, less taxation benefits which will offset the deferred liability as it arises. The provision for deferred taxation has been calculated using the comprehensive basis under the liability method.

In the group, the future tax benefit of past and current tax losses, to the extent they exceed related deferred taxation liabilities, is not recognised unless recovery is considered certain.

Finance Leases

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

INCOME DETERMINATION

Revenue Recognition

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

Investment Revenue

Interest income is taken to earnings when received or accrued in respect of the period for which it was earned. Dividends and distributions are taken to earnings when received or accrued where declared prior to balance date.

Depreciation

Depreciation of fixed assets is calculated on the straight line method. Expected useful lives, which are regularly reviewed, are on a weighted average basis:

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

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STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2003

INCOME DETERMINATION CONT.

Leasing Commitments

Expenditure arising from operating leasing commitments is written off to earnings in the period in which it is incurred. Purchased head leases are valued at cost and amortised over the unexpired period of the lease.

Pension Plan Expense

The actuarial cost of providing pension plan benefits in respect of services provided by pension plan members to the group is expensed as it accrues over the service life of the employees, taking account of the income earned by the income generating assets owned by the plan. Any over or under accrual of expenses or income from previous periods is amortised to earnings over a maximum period of the remaining average service life of plan members employed by the group.

Share Options Granted

Share options have been granted under a senior executive option scheme. The fair value of the option is recognised as an expense over the restricted period provided by the executive and a corresponding amount is recognised in shareholders funds.

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NOTES TO THE FINANCIAL STATEMENTS

1 CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policy in the year ended 30 June 2003, however certain comparatives were restated to conform with the current year's presentation.

2 ACQUISITION OF LAMINEX

The Laminex Group was acquired on 13 November 2002 for NZ$785 million (A$690 million). If Laminex's earnings before interest, tax, depreciation and amortisation (EBITDA) for the 2003 financial year equals or exceeds A$95 million, Fletcher Building has agreed to pay the vendor a further A$6 million. If Laminex's EBITDA for the 2003 financial year equals or exceeds A$98 million, Fletcher Building will also pay the vendor A$2.00 for every dollar of EBITDA above the $98 million threshold, but only up to a maximum amount of A$14 million. The June 2003 financial statements assume that Fletcher Building will pay an amount of A$20 million. In addition, an estimated final working capital payment of A$3 million is outstanding. A formal fair value exercise was undertaken which resulted in the fair value of the assets and liabilities as described in the statement of cashflows.

	FLETCHER BUILDING GROUP		FLETCHER BUILDING LIMITED	
	YEAR ENDED JUNE 2003 NZ$M	YEAR ENDED JUNE 2002 NZ$M	YEAR ENDED JUNE 2003 NZ$M	YEAR ENDED JUNE 2002 NZ$M
3 OPERATING REVENUE				
Operating revenue includes:				
Trading sales to external customers	**3,204**	2,955		2
Equity earnings	**17**	11		
Dividends received from subsidiary companies			52	41
Interest received from subsidiary companies			5	19
	3,221	2,966	57	62

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NOTES TO THE FINANCIAL STATEMENTS

	FLETCHER BUILDING GROUP		FLETCHER BUILDING LIMITED	
	YEAR ENDED JUNE 2003 NZ$M	YEAR ENDED JUNE 2002 NZ$M	YEAR ENDED JUNE 2003 NZ$M	YEAR ENDED JUNE 2002 NZ$M
4 OPERATING EARNINGS				
Operating earnings includes:				
Net gains on disposal of fixed assets	**(4)**	(2)		
Amortisation of goodwill	**5**	4		
Amortisation of intangibles	**2**	3		
Depreciation and depletions:				
Buildings	**6**	5		
Plant and machinery	**63**	54		
Fixtures and equipment	**19**	20		
Resource extraction assets	**1**	1		
Leases assets capitalised	**2**	2		
Total depreciation and depletions	**91**	82		
Net periodic pension cost/(benefit)	**(1)**	(8)		

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NOTES TO THE FINANCIAL STATEMENTS

	FLETCHER BUILDING GROUP		FLETCHER BUILDING LIMITED	
	YEAR ENDED JUNE 2003 NZ$M	YEAR ENDED JUNE 2002 NZ$M	YEAR ENDED JUNE 2003 NZ$M	YEAR ENDED JUNE 2002 NZ$M
4 OPERATING EARNINGS CONT.				
Unusual items:				
Impairment[1]		11		
Other (gains)/losses[2]		(12)		
PlaceMakers joint ventures three month income to 30 June 2001[3]		(4)		
Research and development	**2**	2		
Bad debts written off	**6**	7		
Directors fees	**1**	1		
Donations	**1**	1		
Maintenance and repairs	**73**	54		
Operating lease expense	**35**	38		
Auditors' fees and expenses payable for:				
Statutory audit	**1**	1		
Other services[4]	**1**	1		

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4 OPERATING EARNINGS CONT.

[1] The impairment in June 2002 relates to the overseas concrete operations of $11 million.

[2] Other gains in June 2002 relate to the $14 million profit on sale of Varnsdorf Pty Limited, a gain on sale of land at Lunn Avenue of $6 million, and a loss of $8 million relating to the sale of the construction activities in Australia.

[3] In the year ended June 2002, changes in the ownership percentage for the PlaceMakers joint ventures made it appropriate to recognise earnings on a consistent basis with the rest of the group. Previously income was recognised on an April to March year, in line with the joint venture companies balance date. The June 2002 earnings include 15 months of the joint ventures earnings from 1 April 2001 to 30 June 2002.

[4] Fees paid to the auditors for other services consist mainly of the half annual review and taxation work in overseas jurisdictions.

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5 DISCONTINUED OPERATIONS

During the year ended June 2003, the group disposed of its Bolivian concrete operations by way of sale. During the year ended June 2002, the group disposed of Varnsdorf Pty Limited, an Australian co-generation power business, the group's Australian construction business, and the rural business of Cyclone, a division of Fletcher Steel Limited.

The impact on the 2003 and 2002 financial years of the discontinued operations is shown below.

	FLETCHER BUILDING GROUP		FLETCHER BUILDING LIMITED	
	YEAR ENDED JUNE 2003 NZ$M	YEAR ENDED JUNE 2002 NZ$M	YEAR ENDED JUNE 2003 NZ$M	YEAR ENDED JUNE 2002 NZ$M
Operating revenue				
Discontinued operations	**11**	272		
Continuing operations	**3,210**	2,694	57	62
Total group	**3,221**	2,966	57	62
Operating earnings				
Discontinued operations	**2**	5		
Continuing operations	**329**	205	57	60
Total group	**331**	210	57	60

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NOTES TO THE FINANCIAL STATEMENTS

	FLETCHER BUILDING GROUP		FLETCHER BUILDING LIMITED	
	YEAR ENDED JUNE 2003 NZ$M	YEAR ENDED JUNE 2002 NZ$M	YEAR ENDED JUNE 2003 NZ$M	YEAR ENDED JUNE 2002 NZ$M
6 FUNDING COSTS				
Interest payable on:				
Term debt	**28**	28	12	24
Short term loans and bank overdrafts	**2**	3	1	
Capital notes	**28**	22	20	22
Interest paid to subsidiary companies			8	
Income from short term deposits	**(2)**	(2)	(1)	
	56	51	40	46
Plus share registry and issue expenses	**3**		2	
	59	51	42	46

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NOTES TO THE FINANCIAL STATEMENTS

	FLETCHER BUILDING GROUP		FLETCHER BUILDING LIMITED	
	YEAR ENDED JUNE 2003 NZ$M	YEAR ENDED JUNE 2002 NZ$M	YEAR ENDED JUNE 2003 NZ$M	YEAR ENDED JUNE 2002 NZ$M
7 TAXATION EXPENSE				
Earnings before taxation:				
New Zealand	**230**	154	15	14
Overseas	**42**	5		
	272	159	15	14
Taxation at 33 cents per dollar	**90**	52	5	5
Adjusted for:				
Benefit of lower tax rate in overseas jurisdictions	**(1)**			
Impairment		4		
Non assessable income	**(5)**	(9)	(17)	(15)
Non deductible expenses	**4**	4		
Taxation charge from overseas jurisdictions		2		
Other permanent differences	**(3)**	1	(1)	
	85	54	(13)	(10)
Current taxation				
New Zealand	**82**	44	(13)	(9)
Overseas	**6**	5		
Deferred taxation				
New Zealand	**(2)**	3		(1)
Overseas	**(1)**	2		
	85	54	(13)	(10)

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NOTES TO THE FINANCIAL STATEMENTS

8 SHAREHOLDER TAX CREDITS

	FLETCHER BUILDING GROUP YEAR ENDED JUNE 2003 NZ$M	FLETCHER BUILDING GROUP YEAR ENDED JUNE 2002 NZ$M	FLETCHER BUILDING LIMITED YEAR ENDED JUNE 2003 NZ$M	FLETCHER BUILDING LIMITED YEAR ENDED JUNE 2002 NZ$M
Imputation credit account				
Imputation credits at the beginning of the year	**1**			
Taxation paid	**16**			
Imputation credits received		1		
	17	1		
Imputation credits in subsidiaries and available to shareholders at year end are:	**17**	1		
Dividend withholding payment credit account				
Dividend withholding payment credits at the beginning of the year	**(10)**	(7)	(10)	(7)
Taxation paid	**25**	20		
Dividend withholding payment credits received			25	20
Transfer to conduit tax relief account		(7)		(7)
Dividend withholding payment credits attached to dividends paid	**(33)**	(16)	(33)	(16)
	(18)	(10)	(18)	(10)
Dividend withholding payment credits in the parent and available to shareholders at year end are:	**(18)**	(10)	(18)	(10)

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NOTES TO THE FINANCIAL STATEMENTS

8 SHAREHOLDER TAX CREDITS CONT.

	FLETCHER BUILDING GROUP YEAR ENDED JUNE 2003 NZ$M	FLETCHER BUILDING GROUP YEAR ENDED JUNE 2002 NZ$M	FLETCHER BUILDING LIMITED YEAR ENDED JUNE 2003 NZ$M	FLETCHER BUILDING LIMITED YEAR ENDED JUNE 2002 NZ$M
Conduit tax relief account				
Conduit tax relief credits at the beginning of the year		(3)		(3)
Transfer from dividend withholding payment credit account		7		7
Conduit tax relief credits attached to dividends paid		(4)		(4)

Fletcher Building Limited has until March 2004 to fund any deficiency in its dividend withholding payment credit account.

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NOTES TO THE FINANCIAL STATEMENTS

9 NET EARNINGS PER SHARE

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

	FLETCHER BUILDING GROUP YEAR ENDED JUNE 2003 NZ$M	FLETCHER BUILDING GROUP YEAR ENDED JUNE 2002 NZ$M	FLETCHER BUILDING LIMITED YEAR ENDED JUNE 2003 NZ$M	FLETCHER BUILDING LIMITED YEAR ENDED JUNE 2002 NZ$M
Numerator				
Net earnings	**168**	93		
Numerator for basic earnings per share	**168**	93		
Dilutive capital notes distribution	**19**	15		
Numerator for diluted net earnings per share	**187**	108		
Denominator (millions of shares)				
Denominator for basic net earnings per share	**387**	345		
Conversion of dilutive capital notes	**82**	85		
Denominator for diluted net earnings per share	**469**	430		

10 DIVIDENDS AND DISTRIBUTIONS

Dividends and distributions paid to holders of:				
Shares[1]	**68**	41	68	41
Conduit tax relief paid		4		4
Refund of conduit tax relief		(7)		(7)
	68	38	68	38

[1] No final dividend for June 2003 was provided for in the June 2003 financial statements. On 13 August 2003 the directors declared a final dividend for the 2003 year of 10 cents per share. This will be paid on 13 November 2003.

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NOTES TO THE FINANCIAL STATEMENTS

	FLETCHER BUILDING GROUP		FLETCHER BUILDING LIMITED	
	YEAR ENDED JUNE 2003 NZ$M	YEAR ENDED JUNE 2002 NZ$M	YEAR ENDED JUNE 2003 NZ$M	YEAR ENDED JUNE 2002 NZ$M
11 CAPITAL				
Reported capital:				
Reported capital at the beginning of the year	**455**	449	455	449
Issue of shares	**173**	6	173	6
	628	455	628	455

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

	FLETCHER BUILDING GROUP		FLETCHER BUILDING LIMITED	
	YEAR ENDED JUNE 2003	YEAR ENDED JUNE 2002	YEAR ENDED JUNE 2003	YEAR ENDED JUNE 2002
Number of ordinary shares:				
Number of shares at the beginning of the year	**346,560,826**	344,540,655	346,560,826	344,540,655
Issue of shares	**53,466,850**		53,466,850	
Shares issued under the dividend reinvestment plan	**5,903,137**	2,020,171	5,903,137	2,020,171
	405,930,813	346,560,826	405,930,813	346,560,826

Share options:

On 13 June 2001, the company issued 1,000,000 share options under the executive option scheme. The exercise price of the share options is $2.28. The restrictive period is until 16 May 2004 and the final exercise date is 13 June 2007.

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NOTES TO THE FINANCIAL STATEMENTS

11 CAPITAL CONT.

On 8 October 2002 the company issued 1,368,500 shares for $3,202,290 pursuant to an employee share purchase scheme complying with section DF7 of the Income Tax Act 1994. Each New Zealand based employee was eligible to subscribe for a maximum of 1,000 shares for an issue price of $2.34, which represented a 18 percent discount to the market price on 19 August 2002, being the date of announcement. As required by the Income Tax Act the consideration for the shares was funded by an interest free loan to each employee, which will be repaid over a three year restricted period. At 30 June 2003 the total receivable owing from the employees is $2 million. The shares are held on behalf of the employees by the Trustee which is Fletcher Building Share Schemes Limited and have been allocated to the employees who are entitled to receive the dividends. Voting rights on the shares are exercised by the directors of the Trustee company on behalf of the employees. The directors are appointed by the company and are Martin Farrell, Peter Merry and Bill Roest.

	FLETCHER BUILDING GROUP		FLETCHER BUILDING LIMITED	
	YEAR ENDED JUNE 2003 NZ$M	YEAR ENDED JUNE 2002 NZ$M	YEAR ENDED JUNE 2003 NZ$M	YEAR ENDED JUNE 2002 NZ$M
12 RESERVE MOVEMENTS				
Reserves at the beginning of the year	**109**	89	109	89
Net earnings	**168**	93	28	24
Investment revaluation			126	34
Revaluation of fixed assets	**(17)**	(11)		
Taxation on revaluation of fixed assets	**6**	(5)		
Net currency translations	**(3)**	(19)		
Dividends and distributions	**(68)**	(38)	(68)	(38)
	195	109	195	109

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NOTES TO THE FINANCIAL STATEMENTS

	FLETCHER BUILDING GROUP JUNE 2003 NZ$M	FLETCHER BUILDING GROUP JUNE 2002 NZ$M	FLETCHER BUILDING LIMITED JUNE 2003 NZ$M	FLETCHER BUILDING LIMITED JUNE 2002 NZ$M
13 RESERVE BALANCES				
Reserves comprise:				
Revenue reserves	**166**	66	(48)	(8)
Asset revaluation – land and buildings	**13**	13		
Asset revaluation – plant and machinery	**33**	44		
Investment revaluation			243	117
Net currency translation	**(17)**	(14)		
	195	109	195	109
14 MINORITY EQUITY				
Share capital	**21**	21		
Reserves	**16**	6		
	37	27		
15 CASH AND LIQUID DEPOSITS				
Cash and bank balances	**36**	51	1	1
Short-term deposits		8		8
	36	59	1	9

$2 million of the cash at 30 June 2003 is held on behalf of former divisions of Fletcher Challenge Limited (June 2002 $2 million). The liability to these other parties is included within other liabilities in creditors.

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NOTES TO THE FINANCIAL STATEMENTS

	FLETCHER BUILDING GROUP		FLETCHER BUILDING LIMITED	
	JUNE 2003 NZ$M	JUNE 2002 NZ$M	JUNE 2003 NZ$M	JUNE 2002 NZ$M
16 STOCKS				
Raw materials	**89**	45		
Work in progress	**29**	20		
Finished goods	**319**	247		
Consumable stores and spare parts	**11**	6		
	448	318		
17 DEBTORS				
Trade debtors	**412**	298		
Contract debtors	**77**	75		
Less provision for doubtful debts	**(14)**	(14)		
	475	359		
Other receivables	**62**	46	13	6
	537	405	13	6
18 CONTRACTS				
Gross construction work in progress	**606**	793		
Progress billings	**(672)**	(879)		
Work in progress	**(66)**	(86)		

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NOTES TO THE FINANCIAL STATEMENTS

	FLETCHER BUILDING GROUP		FLETCHER BUILDING LIMITED	
	JUNE 2003 NZ$M	JUNE 2002 NZ$M	JUNE 2003 NZ$M	JUNE 2002 NZ$M
19 FIXED ASSETS				
Valuation				
Land	**68**	55		
Buildings	**139**	79		
Plant and machinery	**795**	513		
Cost				
Fixtures and equipment	**186**	175		
Resource extraction assets	**8**	7		
Leased assets capitalised	**17**	18		
Total cost or valuation	**1,213**	847		
Accumulated depreciation				
Buildings	**(12)**	(5)		
Plant and machinery	**(95)**	(51)		
Fixtures and equipment	**(126)**	(116)		
Resource extraction assets	**(2)**	(2)		
Leased assets capitalised	**(9)**	(7)		
Total accumulated depreciation	**(244)**	(181)		

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NOTES TO THE FINANCIAL STATEMENTS

19 FIXED ASSETS CONT.

	FLETCHER BUILDING GROUP		FLETCHER BUILDING LIMITED	
	JUNE 2003 NZ$M	JUNE 2002 NZ$M	JUNE 2003 NZ$M	JUNE 2002 NZ$M
Net book value				
Land	**68**	55		
Buildings	**127**	74		
Plant and machinery	**700**	462		
Fixtures and equipment	**60**	59		
Resource extraction assets	**6**	5		
Leased assets capitalised	**8**	11		
Total fixed assets	**969**	666		

All land, buildings, plant and machinery were revalued to fair value at 30 June 2001. The values were determined by independent registered valuers, Beca Valuations Ltd, who are registered and chartered engineers and a member of the New Zealand Institute of Valuers.

Assets held in South America were revalued at 30 June 2002 by independent valuers and $11 million was written off to the asset revaluation reserve. The directors then wrote down the value of the assets by a further $8 million to recognise the impairment on assets available for sale. These assets have a total net book value of $8 million at 30 June 2003 (June 2002 $33 million).

The steel plant and rolling mill in New Zealand were revalued at 30 June 2003 by Beca Valuations Ltd and $17 million has been written off to the asset revaluation reserve.

During the year $2 million was capitalised to the cost of fixed assets (June 2002 $2 million). This represents employment and overhead costs arising from the construction activities undertaken by The Fletcher Construction Company Limited for another group subsidiary. No interest costs were capitalised.

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NOTES TO THE FINANCIAL STATEMENTS

	FLETCHER BUILDING GROUP JUNE 2003 NZ$M	FLETCHER BUILDING GROUP JUNE 2002 NZ$M	FLETCHER BUILDING LIMITED JUNE 2003 NZ$M	FLETCHER BUILDING LIMITED JUNE 2002 NZ$M
20 GOODWILL				
Goodwill acquired at cost	**60**	8		
Accumulated amortisation	**(7)**	(5)		
Goodwill at the end of the year	**53**	3		
Goodwill at the beginning of the year	**3**	7		
Acquired during the year	**53**			
Charged to earnings	**(3)**	(4)		
Goodwill at the end of the year	**53**	3		

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NOTES TO THE FINANCIAL STATEMENTS

	FLETCHER BUILDING GROUP JUNE 2003 NZ$M	FLETCHER BUILDING GROUP JUNE 2002 NZ$M	FLETCHER BUILDING LIMITED JUNE 2003 NZ$M	FLETCHER BUILDING LIMITED JUNE 2002 NZ$M
21 INTANGIBLES				
Brands	**140**			
Intangible assets	**5**	5		
	145	5		
Brands at the beginning of the year				
Acquired during the year	**139**			
Foreign currency translation movement to reserves	**1**			
Brands at the end of the year	**140**			
Intangible assets acquired at cost	**15**	13		
Accumulated amortisation	**(10)**	(8)		
Intangible assets at the end of the year	**5**	5		
Intangible assets at the beginning of the year	**5**	6		
Arising during the year	**2**	2		
Charged to earnings	**(2)**	(3)		
Intangible assets at the end of the year	**5**	5		

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	FLETCHER BUILDING GROUP		FLETCHER BUILDING LIMITED	
	JUNE 2003 NZ$M	JUNE 2002 NZ$M	JUNE 2003 NZ$M	JUNE 2002 NZ$M
22 INVESTMENTS				
Investment in associates	**76**	17		
Investment in other companies	**2**	1		
Pension plan surplus	**75**	53		
Other investments	**2**	1		
Investment in subsidiary companies[1]			1,338	1,019
	155	72	1,338	1,019

[1] The principal subsidiaries included within net investment in subsidiary companies are disclosed in note 35, principal operations.

Carrying amount of associates				
Carrying amount at the beginning of the year	**17**	21		
Acquisition of associates	**65**			
Sale of associate	**(2)**			
Equity accounted earnings of associates	**17**	11		
Amortisation of goodwill in associates	**(2)**			
Impairment of overseas assets		(3)		
Dividends from associates	**(19)**	(12)		
Carrying amount at the end of the year	**76**	17		

NOTES TO THE FINANCIAL STATEMENTS

	FLETCHER BUILDING GROUP		FLETCHER BUILDING LIMITED	
	JUNE 2003 NZ$M	JUNE 2002 NZ$M	JUNE 2003 NZ$M	JUNE 2002 NZ$M
22 INVESTMENTS CONT.				
Equity accounted earnings comprise				
Surplus before taxation	20	11		
Taxation	(3)			
Net surplus	17	11		
Included within the carrying amount of associates is:				
Goodwill acquired at cost	52			
Accumulated amortisation	(2)			
Unamortised balance of goodwill	50			

As part of the Laminex acquisition, the group acquired 50 percent of Wespine Industries Pty Limited and Dyno Industries W.A. Pty Limited, companies incorporated in Australia. As a result of the fair value exercise (refer note 2), the assets have been recorded with a carrying value of $65 million, inclusive of $52 million of goodwill. $2 million of the goodwill has been amortised during the year ending 30 June 2003. The principal activity of these companies is the operation of a saw mill and the manufacture of building products, respectively.

During the year the group disposed of its interest in Fletcher Pioneer Mauritius Limited, which operated a readymix plant in India.

NOTES TO THE FINANCIAL STATEMENTS

	FLETCHER BUILDING GROUP		FLETCHER BUILDING LIMITED	
	JUNE 2003 NZ$M	JUNE 2002 NZ$M	JUNE 2003 NZ$M	JUNE 2002 NZ$M
23 ACCRUALS AND PROVISIONS				
Employee entitlements	**67**	39		
Construction, property and product warranty provisions	**37**	47		
Other accruals	**23**	15	3	3
	127	101	3	3
Construction, property and product warranty provisions				
Carrying amount at the beginning of the year	**47**	52		
Charged to earnings		5		
Settled or utilised	**(7)**	(7)		
Released to earnings	**(3)**	(3)		
	37	47		

The group has provided for various obligations. The provisions are expected to be utilised over the next six years.

	FLETCHER BUILDING GROUP		FLETCHER BUILDING LIMITED	
	JUNE 2003 NZ$M	JUNE 2002 NZ$M	JUNE 2003 NZ$M	JUNE 2002 NZ$M
24 CREDITORS				
Trade creditors	**424**	359		
Accrued interest	**10**	6	5	6
Other liabilities	**66**	36	1	2
	500	401	6	8

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	FLETCHER BUILDING GROUP		FLETCHER BUILDING LIMITED	
	JUNE 2003 NZ$M	JUNE 2002 NZ$M	JUNE 2003 NZ$M	JUNE 2002 NZ$M
25 TAXATION ASSETS				
Current taxation asset	**(1)**	12	13	6
Deferred taxation asset	**105**	96	1	1
	104	108	14	7
Provision for current taxation:				
Opening provision for taxation	**12**	1	6	5
Taxation in the statement of financial performance	**(88)**	(49)	13	9
Transfer from deferred taxation	**20**	29		
Intercompany payment			(6)	(6)
Consolidation of PlaceMakers		2		
Acquisition during the year	**(1)**			
Minority share of taxation expense	**9**	7		
Taxation in reserves	**2**	(1)		(2)
Net taxation payments	**45**	23		
	(1)	12	13	6

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NOTES TO THE FINANCIAL STATEMENTS

	FLETCHER BUILDING GROUP JUNE 2003 NZ$M	FLETCHER BUILDING GROUP JUNE 2002 NZ$M	FLETCHER BUILDING LIMITED JUNE 2003 NZ$M	FLETCHER BUILDING LIMITED JUNE 2002 NZ$M
25 TAXATION ASSETS CONT.				
Provision for deferred taxation:				
Opening provision for taxation	**96**	136	1	
Taxation in the statement of financial performance	**3**	(5)		1
Transfer to current taxation	**(20)**	(29)		
Acquisition during the year	**19**			
Taxation on asset revaluation	**6**	(5)		
Taxation in reserves	**1**	(1)		
Provision for deferred taxation	**105**	96	1	**1**
Provision for deferred taxation comprises:				
Provisions	**49**	31	1	1
Provision for doubtful debts	**4**	5		
Depreciation and amortisation	**46**	58		
Other	**6**	2		
	105	96	1	1

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26 CAPITAL NOTES

			FLETCHER BUILDING GROUP JUNE 2003 NZ$M	FLETCHER BUILDING GROUP JUNE 2002 NZ$M	FLETCHER BUILDING LIMITED JUNE 2003 NZ$M	FLETCHER BUILDING LIMITED JUNE 2002 NZ$M
Capital notes	Coupon	Election date				
Series 2002	11.75%	15 December 2002		28		28
Series 2003	8.55%	15 June 2003		25		25
Series 2003	10.80%	30 November 2003	**17**	17	17	17
Series 2004	8.50%	15 April 2004	**43**	43	43	43
Series 2005	10.50%	30 April 2005	**68**	68	68	68
Series 2006	8.75%	15 March 2006	**33**	33	33	33
Series 2006	7.90%	31 October 2006	**19**	16	19	16
Series 2006	7.30%	31 October 2006	**12**		12	
Series 2006	8.30%	31 October 2006	**14**		14	
Series 2008	8.60%	15 March 2008	**113**			
Series 2010	8.85%	15 March 2010	**37**			
			356	230	206	230
Capital notes due for election within 12 months			**60**	53	60	53
Capital notes due for election after 12 months			**296**	177	146	177
			356	230	206	230

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NOTES TO THE FINANCIAL STATEMENTS

26 CAPITAL NOTES CONT.

Capital notes are long-term fixed rate unsecured subordinated notes. On each election date, the coupon rate and term to the next election date of that series of the capital notes will be reset. Holders may then choose either to keep their capital notes on the new terms or to convert the principal amount and any accrued but unpaid interest into shares, in the prescribed ratio at approximately 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 that is due and payable on 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 were to be converted to shares, 99 million shares would be issued at the share price as at 30 June 2003, of $3.67.

27 TERM DEBT

Loans subject to the negative pledge

The group borrows funds based on covenants and a negative pledge and guarantee arrangement. The principal borrowing covenants relate to gearing, interest cover and minimum net tangible assets and at 30 June 2003, the group was in compliance with all its covenants. The negative pledge ensures that external senior indebtedness ranks equally in all respects and includes the covenant that security can be given only in very limited circumstances.

Loans not subject to the negative pledge

Loans not having the benefit of the negative pledge are secured against the subsidiaries' own statement of financial position or finance leases against specific assets.

Unused committed lines of credit

At 30 June 2003, the group had $817 million of committed bank facilities of which $280 million was undrawn (30 June 2002 $614 million; $385 million).

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	FLETCHER BUILDING GROUP JUNE 2003 NZ$M	FLETCHER BUILDING GROUP JUNE 2002 NZ$M	FLETCHER BUILDING LIMITED JUNE 2003 NZ$M	FLETCHER BUILDING LIMITED JUNE 2002 NZ$M
27 TERM DEBT CONT.				
Floating loans subject to the negative pledge	**378**	84	28	84
Fixed loans subject to the negative pledge	**142**	106	142	106
Floating loans not subject to the negative pledge	**8**	22		
Fixed loans not subject to the negative pledge	**8**	12		
	536	224	170	190

Summary of repayment terms and interest rates by repayment period

	FLETCHER BUILDING GROUP JUNE 2003 NZ$M	JUNE 2003 INT. RATE %	JUNE 2002 NZ$M	JUNE 2002 INT. RATE %
Due for repayment:				
within one year	**20**	**6.7**	25	8.1
within two years	**2**	**9.0**	2	10.6
within three years	**302**	**5.5**	2	10.6
within four years	**1**	**9.0**	192	7.0
within five years	**210**	**5.5**	1	10.5
after five years	**1**	**9.0**	2	10.5
	536	**5.6**	224	7.2

The amount due for repayment within one year relates to the current portion of the group's syndicated loan, and to the facility for the PlaceMakers joint ventures which is renewed annually.

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27 TERM DEBT CONT.

Summary of repayment terms and interest rates by repayment period

	FLETCHER BUILDING LIMITED			
	JUNE 2003 NZ$M	JUNE 2003 INT. RATE %	JUNE 2002 NZ$M	JUNE 2002 INT. RATE %
Due for repayment:				
within one year	10	6.1		
within three years	95	6.2		
within four years			190	7.0
within five years	65	5.9		
	170	6.1	190	7.0

Credit rating

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

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NOTES TO THE FINANCIAL STATEMENTS

28 FINANCIAL INSTRUMENTS

Exposures to currency, interest rate, and commodity risks arise in the normal course of the group's business. To manage and limit the effects of these financial risks the group operates within the following policies and utilises the following financial instruments.

Management policies

The group does not enter into derivative financial instruments for trading or speculative purposes.

Currency balance sheet risk

It is group policy to hedge the foreign exchange exposure to balance sheet currency risk by borrowing in the currency of the asset in proportion to the group's debt to equity ratio. Where the underlying debt in any currency does not equate to the required proportion of total debt, currency swaps are entered into. The only significant unhedged assets are in South America where it is not practical to manage the currency exposures. Net assets in South America at 30 June 2003 total $19 million (30 June 2002 $30 million).

Currency trade risk

It is group policy that no currency exchange risk may be entered into or allowed to remain outstanding should it arise on trade transactions. When exposures are incurred by operations in currencies other than their local currency, currency forwards, swaps, forward rate agreements and options are entered into to eliminate the exposure.

Interest rate risk

It is group policy to manage the fixed interest rate ratio on its debt and capital notes portfolio within the range of 40 to 60 percent. The position in this range is managed depending upon underlying interest rate exposures and economic conditions. Interest rate swaps, forward rate agreements and options are entered into to manage this position.

Commodity price risk

It is group policy to use commodity price swaps and options to manage the market price risk of a commodity. The group manages its commodity price risk depending on the underlying exposures, economic conditions, and access to active derivatives markets.

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NOTES TO THE FINANCIAL STATEMENTS

28 FINANCIAL INSTRUMENTS CONT.

Off balance sheet risk

Financial instruments are used as a means of reducing exposure to fluctuations in foreign exchange rates, interest rates and commodity prices. While these financial instruments are subject to the risk of market rates changing subsequent to acquisition, such changes would generally be offset with an opposite effect on the items being hedged. The principal or contract amounts of forward exchange contracts and financial instruments with off balance sheet risk for the group are as follows:

	FLETCHER BUILDING GROUP JUNE 2003 NZ$M	FLETCHER BUILDING GROUP JUNE 2002 NZ$M	FLETCHER BUILDING LIMITED JUNE 2003 NZ$M	FLETCHER BUILDING LIMITED JUNE 2002 NZ$M
Principal or contract amount:				
Foreign exchange				
Currency forward exchange contracts				
To pay	**174**	106	50	
To receive	**(174)**	(107)	(50)	
		(1)		
Currency options purchased	**5**			
Interest rate swaps	**144**	109	144	109
Electricity price swaps	**12**	13		

The cash settlement amounts of these instruments, if they had settled on 30 June 2003, approximates the principal or contract amounts, except for interest rate swaps, currency options and commodity price swaps for which the cash settlement is limited to the fair value.

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NOTES TO THE FINANCIAL STATEMENTS

28 FINANCIAL INSTRUMENTS CONT.

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. At balance date there were no significant concentrations of credit risks in respect of trade receivables. The group enters into financial instruments with various counterparties in accordance with established limits as to credit rating and dollar limits and does not require collateral or other security to support the financial instruments. In accordance with the established counterparty restrictions, there are no significant concentrations of credit risk in respect of financial instruments.

Interest rate repricing

The following table sets out the interest rate repricing profile and weighted average interest rate of the group's term debt, capital notes and interest rate hedges:

	FLETCHER BUILDING GROUP			
	JUNE 2003 NZ$M	JUNE 2003 INT. RATE %	JUNE 2002 NZ$M	JUNE 2002 INT. RATE %
Interest rate repriced and average interest rate:				
within one year	**450**	**6.0**	218	7.9
within two years	**70**	**10.5**	63	9.2
within three years	**107**	**7.0**	70	10.5
within four years	**91**	**6.6**	84	7.5
within five years	**136**	**8.1**	17	8.0
after five years	**38**	**8.9**	2	10.0
	892	**7.0**	454	8.4

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NOTES TO THE FINANCIAL STATEMENTS

28 FINANCIAL INSTRUMENTS CONT.

	FLETCHER BUILDING LIMITED			
	JUNE 2003 NZ$M	JUNE 2003 INT. RATE %	JUNE 2002 NZ$M	JUNE 2002 INT. RATE %
Interest rate repriced and average interest rate:				
within one year	90	8.8	194	8.0
within two years	68	10.5	61	9.2
within three years	105	6.9	68	10.5
within four years	90	6.5	82	7.5
within five years	23	5.4	15	7.9
	376	7.8	420	8.4

The net effective interest rate for cash and liquid deposits and bank overdrafts as at 30 June 2003 is 2 percent. Debtors and creditors are not interest rate sensitive.

NOTES TO THE FINANCIAL STATEMENTS

28 FINANCIAL INSTRUMENTS CONT.

Fair values

The gain/(loss) of the estimated fair values of the group's and parent's financial assets and liabilities compared to their carrying values are as follows:

	FLETCHER BUILDING GROUP		FLETCHER BUILDING LIMITED	
	JUNE 2003 CARRYING VALUE NZ$M	JUNE 2003 FAIR VALUE NZ$M	JUNE 2002 CARRYING VALUE NZ$M	JUNE 2002 FAIR VALUE NZ$M
Currency forward exchange contracts				1
Interest rate swaps		**(1)**		
Electricity price swaps		**2**		(1)
		1		

The carrying values in the fair value table include interest accruals which are included within current assets and current liabilities. Term debt of $536 million (refer note 27) includes cross-currency and interest rate swaps and currency forward exchange contracts. The fair value of derivative financial instruments is estimated based on the quoted or estimated market prices of those instruments.

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	FLETCHER BUILDING GROUP JUNE 2003 NZ$M	JUNE 2002 NZ$M
29 CAPITAL EXPENDITURE COMMITMENTS		
Approved by the directors but uncommitted at year end	**16**	10
Committed at year end	**32**	11
	48	21

30 LEASE COMMITMENTS

The expected future minimum rental payments required under operating leases that have initial or remaining non-cancellable lease terms in excess of one year at year end are as follows:

	JUNE 2003 NZ$M	JUNE 2002 NZ$M
within one year	**53**	37
within two years	**43**	34
within three years	**38**	27
within four years	**30**	24
within five years	**25**	22
after five years	**49**	38
	238	182

Operating lease commitments relate mainly to occupancy leases of buildings.

NOTES TO THE FINANCIAL STATEMENTS

	FLETCHER BUILDING GROUP JUNE 2003 NZ$M	JUNE 2002 NZ$M

31 CONTINGENT LIABILITIES

Provision has been made in the ordinary course of business for all known and probable future claims but not for such claims as are considered remote. Contingent liabilities arise in respect of the following categories:

	JUNE 2003 NZ$M	JUNE 2002 NZ$M
Contingent liabilities with respect to guarantees extended on trading transactions, performance bonds and other transactions	**139**	158
Letters of credit	**3**	5

32 ENVIRONMENT, HEALTH AND SAFETY

It is company policy to monitor environmental, health and safety performance on an ongoing basis and to require that all of its operations comply with applicable regulatory requirements. As part of this policy, management is required to report regularly to the board of directors on current and future environmental, health and safety performance. The group also commissions regular independent reports with respect to environmental, health and safety management systems and the implementation of this policy.

The group is subject to numerous national and local environmental, health and safety laws and regulations concerning its products, operations and other activities. Failure to comply with these laws and regulations may result in orders being issued that could cause certain of the group's operations to cease or be curtailed or may require installation of additional equipment at substantial cost. Violators may be required to compensate those suffering loss or damage by reason of violations and may be fined if convicted of an offence under such legislation.

Management believes that the group's activities are in compliance in all material respects with applicable environmental, health and safety laws and regulations.

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33 SELF INSURANCE

The company has completed an analysis of its capacity to retain otherwise insurable loss. The directors believe that the group's risk management programmes are adequate to protect its assets and earnings against losses incurred, within the self insurance level of $10 million.

Based on past experience, the company does not anticipate that future losses within these levels would have a significant impact on the group's financial position or performance.

In certain circumstances, where required by law or where management considers it appropriate, insurance may be arranged for exposures within the self insurance levels.

In general terms, subject to the self insurance levels, the group remains insured with insurers having a Standard & Poor's A grade rating or better. Of this coverage 80 percent is with insurance companies having an AA grade rating or better. The following risks are insured at 30 June 2003.

	FLETCHER BUILDING GROUP	
	JUNE 2003 NZ$M	JUNE 2002 NZ$M
Public and product liability	**100**	100
Loss or damage to group property including business interruption	**210**	100
Marine public liability	**50**	50
Public and product liability resulting from construction activities	**50**	50
Property in the course of construction	**50**	50

The group has made provision for reported and estimated unreported losses incurred at balance date.

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	FLETCHER BUILDING GROUP		FLETCHER BUILDING LIMITED	
	JUNE 2003 NZ$M	JUNE 2002 NZ$M	JUNE 2003 NZ$M	JUNE 2002 NZ$M
34 RELATED PARTY TRANSACTIONS				
Fletcher Building Group				
Trading activities with related parties				
Purchase of scrap metal from Sims Pacific Metals Limited	**50**	46		
Amounts owing relating to the purchase of scrap metal from Sims Pacific Metals Limited, and included within Creditors	**3**	3		
Purchase of raw materials from Wespine Industries Pty Limited and Dyno Industries W.A. Pty Limited	**19**			
Amounts owing relating to the purchase of raw materials from Wespine Industries Pty Limited and Dyno Industries W.A. Pty Limited, and included within Creditors	**3**			
Fletcher Building Limited				
Interest income received from subsidiary companies			5	19
Dividend received from subsidiary companies			52	41
Term receivable owing from subsidiary companies[1]			313	290
Term liability owing to subsidiary companies[2]			(470)	(334)

[1] This unsecured advance represents long term funding even though it is for no fixed term and bears interest at 10.2 percent.

[2] These unsecured advances represents long term funding even though they are for no fixed term and bear interest at either 7.5 percent or 9 percent.

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35 PRINCIPAL OPERATIONS

Fletcher Building Limited is the holding company of the Fletcher Building Group. The principal subsidiaries and associates as at 30 June 2003, are outlined below:

	COUNTRY OF DOMICILE	% HOLDING	PRINCIPAL ACTIVITY
Principal subsidiaries			
Fletcher Building Holdings Limited	NZ	100	Holding company
Fletcher Building Products Limited	NZ	100	Building products
Fletcher Concrete and Infrastructure Limited	NZ	100	Concrete products
Fletcher Distribution Limited	NZ	100	Merchandising
Fletcher Steel Limited	NZ	100	Steel production
Fletcher Residential Limited	NZ	100	Housing
The Fletcher Construction Company Limited	NZ	100	Construction
Winstone Wallboards Limited	NZ	100	Gypsum plasterboards
Fletcher Property Limited	NZ	100	Property management
PlaceMakers subsidiaries	NZ	50.1	Retail
Fletcher Building Finance Limited	NZ	100	Finance company
Firth Industries Peru S.A.	Peru	100	Concrete products
Cemac (Hong Kong) Limited	Hong Kong	100	Wall partitions & ceiling systems
Fletcher Construction Company (Fiji) Limited	Fiji	100	Construction
Fletcher Challenge Concrete Industries (Fiji) Limited	Fiji	100	Quarrying
Metromix Concrete Company Limited	Fiji	100	Concrete products
Laminex Group Limited	Australia	100	Building products
Fletcher Building Australia Pty Limited	Australia	100	Holding company

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NOTES TO THE FINANCIAL STATEMENTS

	COUNTRY OF DOMICILE	% HOLDING	PRINCIPAL ACTIVITY
35 PRINCIPAL OPERATIONS CONT.			
Fletcher Construction (Solomon Is) Limited	Solomon Is.	100	Construction
Fletcher Morobe Construction Pty Limited	PNG	100	Construction
Fletcher Building Netherlands B.V.	Netherlands	100	Finance
Tasman Investments (Netherlands Antilles) N.V.	Neth Antilles	100	Finance
Associates			
Wespine Industries Pty Limited	Australia	50	Sawmill operator
Dyno Industries W.A. Pty Limited	Australia	50	Building products
Sims Pacific Metals Limited	NZ	50	Metal recycling

36 PENSION PLAN

Fletcher Building Limited is the principal sponsoring company of a defined benefit pension plan covering certain employees in New Zealand. Membership of this plan has been closed for a number of years. During the year the group acquired the Laminex Group Limited which has two defined benefit schemes in Australia and a number of defined contribution plans which the Laminex Group Limited contributes to on behalf of its employees.

These defined benefit plans are accounted for in accordance with Statement of Financial Accounting Standard (FAS) 87, Employers Accounting for Pensions. This has the effect of smoothing the volatility in the returns earned by the plan through amortising gains and losses over the life of the plan. At 30 June 2003 $83 million (June 2002 $32 million) of net losses are to be expensed in future years.

If the funding ratio of the New Zealand plan falls below 115 percent at any two consecutive annual actuarial valuations, Fletcher Building Limited has an obligation to ensure that the value of the assets is at least 115 percent of the plan's accrued actuarial liability, as calculated by the plan's actuary. This calculation is done on the plan's funding basis which differs from the calculation under FAS 87. At 31 March 2003 the value of the assets was 104 percent of the actuarial liability. The company contributed $2 million during the year and at year end recognised a liability to the Plan for $17 million in respect of the estimated actuarial liability owing at 31 March 2004.

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NOTES TO THE FINANCIAL STATEMENTS

36 PENSION PLAN CONT.

The benefits 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.

Plan assets consist primarily of property, equity and fixed income securities.

	JUNE 2003 NZ$M	JUNE 2002 NZ$M
Assets of the plan		
Assets of plan at fair value	**320**	268
Total projected benefit obligation	**(328)**	(247)
Funded surplus/(obligation)	**(8)**	21
Projected unrecognised funded (surplus)/obligation consists of:		
Prior service costs	**1**	
Net (gain)/loss[1]	**90**	50
Transition asset[2]	**(7)**	(19)
Projected unrecognised funded (surplus)/obligation	**83**	32
Recognised funded surplus[3]	**75**	53

[1] The unrecognised net loss is being amortised over ten years.

[2] The net transition asset is being amortised over a further year as per the requirements of FAS 87.

[3] Recognised funded surplus included within note 22, Investments.

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NOTES TO THE FINANCIAL STATEMENTS

36 PENSION PLAN CONT.

	JUNE 2003 NZ$M	JUNE 2002 NZ$M
Net periodic pension (cost)/benefit		
Service cost earned during the year	**(6)**	(3)
Interest cost on projected benefit obligation	**(15)**	(12)
Actual return on assets		2
Net amortisation of:		
(i) Transition asset	**12**	9
(ii) Amortisation of net (gain)/loss	**(8)**	(4)
Difference between expected and actual return on assets	**18**	16
	1	8

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:

	2003 %	2002 %
Assumed discount rate on benefit obligations	**4.07**	4.75
Expected long term rate of return on plan assets	**5.61**	5.5
Rate of increase in future compensation levels	**3.58**	3.5

During the year the New Zealand actuary decreased the discount rate on benefit obligations from 4.75 percent to 3.8 percent to reflect the decrease in risk free interest rates. This had the effect of increasing the projected benefit obligation by $26 million, and is part of the closing net loss to be amortised in future periods.

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NOTES TO THE FINANCIAL STATEMENTS

37 SEGMENTAL INFORMATION

NZ$M	JUNE 2003 OPERATING REVENUE	JUNE 2002 OPERATING REVENUE	JUNE 2003 OPERATING EARNINGS (EBIT)	JUNE 2002 OPERATING EARNINGS (EBIT)	JUNE 2003 TOTAL ASSETS	JUNE 2002 TOTAL ASSETS
Industry Segments						
Building Products	**865**	820	**112**	85	**534**	571
Distribution	**807**	686	**55**	34	**192**	180
Concrete	**497**	470	**83**	60	**462**	479
Construction	**618**	871	**34**	30	**106**	123
Laminex	**432**		**44**		**857**	
Other	**2**		**3**	(4)	**230**	197
	3,221	2,847	**331**	205	**2,381**	1,550
Adjustment for Distribution[1]		119		4		
Other unusual items				1		
Group	**3,221**	2,966	**331**	210	**2,381**	1,550

NZ$M	JUNE 2003 OPERATING REVENUE BY ORIGIN	JUNE 2002 OPERATING REVENUE BY ORIGIN	JUNE 2003 OPERATING EARNINGS (EBIT)	JUNE 2002 OPERATING EARNINGS (EBIT)	JUNE 2003 TOTAL ASSETS	JUNE 2002 TOTAL ASSETS
Geographical segments						
Australia	**522**	315	**41**	4	**857**	39
New Zealand	**2,588**	2,513	**278**	210	**1,461**	1,432
Other	**111**	138	**12**	(4)	**63**	79
Group	**3,221**	2,966	**331**	210	**2,381**	1,550

[1] In June 2002 the results for Distribution were for a fifteen month period. To ensure comparability the results for Distribution have been restated for both years on a twelve months consolidated basis in this note.

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AUDIT REPORT

KPMG

TO THE SHAREHOLDERS OF FLETCHER BUILDING LIMITED

We have audited the financial statements on pages 47 to 105. The financial statements provide information about the past financial performance and financial position of the company and group as at 30 June 2003. This information is stated in accordance with the accounting policies set out on pages 58 to 64.

Directors' responsibilities

The directors are responsible for the preparation of financial statements which give a true and fair view of the financial position of the company and group as at 30 June 2003 and the results of their operations and cashflows for the year ended on that date.

Auditors' responsibilities

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

Basis of opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the directors in the preparation of the financial statements;
- whether the accounting policies are appropriate to the company's and group's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

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

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Unqualified opinion

We have obtained all the information and explanations we have required.

In our opinion:

- proper accounting records have been kept by the company as far as appears from our examination of those records;
- the financial statements on pages 47 to 105:
  - comply with New Zealand generally accepted accounting practice;
  - give a true and fair view of the financial position of the company and group as at 30 June 2003 and the results of their operations and cashflows for the year ended on that date.

Our audit was completed on 13 August 2003 and our unqualified opinion is expressed as at that date.

KPMG
Auckland, New Zealand

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governance & regulatory review

FLETCHER BUILDING HAS COMPLETED A WIDE-RANGING REVIEW OF CORPORATE GOVERNANCE STANDARDS AND PRACTICES, AND ADOPTED A FRAMEWORK BASED ON 10 INTERNATIONALLY RECOGNISED PRINCIPLES.

Fletcher Building is a New Zealand based building materials manufacturer whose securities are listed on the New Zealand and Australian stock exchanges. In accordance with the requirement by these exchanges for formal adoption by boards of directors of approved corporate governance practices, the board of the company confirms that it is committed to the highest standards of behaviour and accountability, and has adopted policies and procedures that reflect this.

The company has adopted the 10 principles recognised by the Australian Stock Exchange Corporate Governance Council in its report of 31 March 2003. While there is no 'best' way to organise for corporate governance, directors believe that this provides an appropriate format. In establishing its corporate governance procedures, the company has also considered practices and trends in corporate governance in other jurisdictions and has incorporated these where appropriate.

THE 10 ESSENTIAL GOVERNANCE PRINCIPLES ADOPTED BY THE BOARD ARE THAT THE COMPANY SHOULD:

1. LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

The company's procedures are designed to:

- enable the board to provide strategic guidance for the company and effective oversight of management
- clarify the respective roles and responsibilities of board members and senior executives in order to facilitate board and management accountability to both the company and its shareholders
- ensure a balance of authority so that no single individual has unfettered powers.

The board has an obligation to protect and enhance the value of the company's assets, and to act in its interests. It exercises this obligation through the approval of appropriate corporate strategies and processes, with particular regard to portfolio composition and return expectations. These include approval of transactions relating to acquisitions, divestments and capital expenditures above delegated authority limits; financial and dividend policy; and the review of performance against strategic objectives.

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1. LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT CONT.

As part of its review of the strategic direction of the company, an off-site strategy session is held with senior management. At most monthly board meetings, a strategic review is held of a business group or business unit, where focus is on the specific strategies being contemplated or applied in that area.

The company achieves board and management accountability through written terms of reference for the chairman, directors and management, and a formal delegation of authority to the chief executive. The effect of this framework is that whilst the board has statutory responsibility for the activities of the company, this is exercised through delegation to the chief executive officer, who is charged with the day-to-day leadership and management of the company. To strengthen its governance processes, the board reviewed the delegations to the chief executive, and the operating delegations by the chief executive, during the year.

The board evaluates annually the performance of the chief executive and the chief executive's direct reports. The evaluation is based on criteria that include the performance of the business and the accomplishment of long term strategic objectives and other non-quantitative objectives established at the beginning of each year.

The governance procedures require the separation of the role of chairman from that of the chief executive officer. The chairman's role is to manage the board effectively, to provide leadership to the board and to interact with the chief executive officer.

2. STRUCTURE THE BOARD TO ADD VALUE

Directors believe that for the board to be effective they need to facilitate the efficient discharge of the duties imposed by law on the directors and add value to the company. To achieve this, the board is organised in such a way that it:

- obtains a proper understanding of, and competence to deal with, the current and emerging issues of the business
- can effectively review and challenge the performance of management and exercise independent judgement
- can assist in the identification of director candidates for shareholder vote.

Board composition
The constitution provides that the appropriate size for the board is between three and nine members. The board as determined that eight is an appropriate number at this time, following the recent appointment of an Australian based director. This recognises the increased Australian focus of the company's operations with the acquisition of The Laminex Group. One-third of all directors stand for election every year. The directors who retire in each year are those who have been longest in office since their last

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2. STRUCTURE THE BOARD TO ADD VALUE CONT.

election or, if there are more than one of equal term, by agreement. Subject to continued shareholder support and with effect from 1 July 2003, the standard term for a director will be six years from the date that he or she initially stands for election. At the end of this term the director will offer his or her resignation. The board may, if it considers it appropriate, offer a further three year term.The board has, during the latest year, constituted a nominations committee chaired by the chairman of the company and composed of all the non-executive directors. This committee will assist in the identification of appropriate directors and, through the committee chair, review the performance of existing directors.

Committees

Committees established by the board review and analyse policies and strategies, usually developed by management, which are within their terms of reference. They examine proposals and, where appropriate, make recommendations to the full board. Committees do not take action or make decisions on behalf of the board unless specifically mandated by prior board authority to do so. A committee or an individual director may engage separate independent counsel at the expense of the company in appropriate circumstances, with the approval of the chairman.

The current committees of the board are audit, remuneration and nominations. These meet when necessary and consist entirely of non-executive directors. From time to time, the board may create ad hoc committees to examine specific issues on its behalf.

Board process

Although directors are elected by the shareholders to bring special expertise or perspectives to board deliberations, decisions of the board are made as a group, after taking each perspective into account and in the best interests of the company as a whole.

The directors receive comprehensive information on the company's operations before each meeting and have unrestricted access to any other information or records. To assist in ensuring information available is timely, focused and concise, board papers are prepared and distributed electronically in PowerPoint format. Where directors cannot participate in a meeting they forward their views to another director in advance of the meeting.

In addition, senior management is available at each meeting to address queries, and to assist in developing the board's understanding of the issues facing the company and the performance of its businesses.

All directors attended at least eight of the 10 scheduled meetings throughout the latest year. 12 company site visits were undertaken during board meetings as part of the review of operations, including visits to five of the Laminex sites. There were also three special purpose meetings of directors, and the strategic retreat session with senior management.

3. PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

The company has written procedures to:

- clarify the standards of ethical behaviour required of company directors and key executives, and ensure the observance of those standards through a code of conduct and the terms of reference for directors and management
- prescribe the circumstances where directors and employees can trade in company securities.

The company has a written code of values, and supplements this with various code of conduct practices that are incorporated into all employees' terms of employment. Further details are provided later in this section.

The procedures for trading in the company's shares supplement the New Zealand legislation containing the Insider Trading (Approved Procedure for Company Officers) Notice 1996. That legislation and the company's securities trading code of conduct prevent short-term trading and dealing in the company's securities whilst directors and senior executives are in possession of non public material and relevant information. The company supplements these measures by requiring that anyone designated as having the opportunity to access price sensitive information can transact in the company's securities only with the prior approval of the company secretary.

4. SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

While the ultimate responsibility to ensure the integrity of the company's financial reporting rests with the board, the company has in place a structure of review and authorisation designed to ensure the truthful and factual presentation of the company's financial position. This includes:

- an appropriately resourced audit committee operating under a written charter
- review and consideration by the audit committee of the accounts and the preliminary releases of results to the market
- a process to ensure the independence and competence of the company's external auditors
- establishment of an internal audit function in the corporate office, with reporting responsibility to the audit committee
- responsibility for appointment of the auditors residing with the audit committee.

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5. MAKE TIMELY AND BALANCED DISCLOSURE

The company has in place procedures designed to ensure compliance with the NZX and ASX Listing Rules such that:

- all investors have equal and timely access to material information concerning the company, including its financial situation, performance, ownership and governance
- company announcements are factual and presented in a clear and balanced way.

Accountability for compliance with disclosure obligations is with the company secretary. Significant market announcements, including the preliminary announcement of the half year and full year results, and the accounts for those periods, require review by either the audit committee or the board.

6. RESPECT THE RIGHTS OF SHAREHOLDERS

The company seeks to ensure that its shareholders empathise with its activities by:

- communicating effectively with them
- giving them ready access to balanced and clear information about the company and corporate proposals
- making it easy for them to participate in general meetings.

To assist with this, a company website is maintained with relevant information, including copies of presentations, reports and media releases. The corporate governance procedures will be included on the website later in the current year. To further assist shareholders the company prepared its 2002 half year accounts in electronic format, and distributed it through this medium where shareholders have so agreed. This annual report is also available in electronic format.

7. RECOGNISE AND MANAGE RISK

The company has a formalised system for identifying, over-seeing, managing and controlling risk.

The processes involved require the maintenance of a risk register that identifies key risks facing the business, and the status of initiatives employed to reduce them. The risk register is reviewed regularly, as part of the internal audit reviews. A formal risk review is held with the board at least annually.

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8. ENCOURAGE ENHANCED PERFORMANCE

Directors and key executives need to be equipped with the appropriate knowledge and information to discharge their responsibilities effectively, and assured that individual and collective performance is regularly and fairly reviewed.

The terms of reference for directors and the chairman, the charters for board committees and the delegation to the chief executive officer all provide for reviews of the performance of directors and senior management. The nominations committee assesses the composition and effectiveness of the board and its committees annually. The chair of the nominations committee undertakes one-on-one reviews with all directors on the effectiveness of the board.

The board evaluates annually the performance of the chief executive officer and his direct reports. The evaluation is based on criteria that include the performance of the business and the accomplishment of long term strategic objectives and other non quantitative objectives established at the beginning of each year.

In addition to these annual performance reviews, significant policy issues and capital expenditure or divestment decisions of management are required to go through a formal peer group review process, including approval by the executive office or the board where necessary.

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9. REMUNERATE FAIRLY AND RESPONSIBLY

The company seeks to ensure that its remuneration policies attract and maintain talented and motivated directors and employees as a way of enhancing the performance of the company.

Non-executive directors' remuneration

The aggregate amount of fees paid to non-executive directors for services in their capacity as directors during the year ended 30 June 2003 was:

	BASE FEE NZ$M	COMMITTEE CHAIR NZ$M	OTHER FEES NZ$M	TOTAL NZ$M
R S Deane	180,000			180,000
P E A Baines	60,000	12,500		72,500
H A Fletcher	60,000		2,531	62,531
R G Norris	60,000			60,000
Sir D Spring	60,000	12,500		72,500
K M Vautier	60,000		3,850	63,850
TOTAL	**480,000**	**25,000**	**6,381**	**511,381**

The remuneration policy for directors does not include participation in either a share or share option plan. Directors or their associates are nevertheless required to hold at least 20,000 shares in the company.

Directors' fees are reviewed biennially by the nominations committee. The company's policy is to align directors' remuneration with that for comparably sized Australian companies. With effect from 1 July 2003, the base fee for directors will be $62,500 per annum. In acknowledgement of the varying workloads of the board committees the additional remuneration payable is $8,500 for membership of the audit committee, $2,500 for membership of the nominations committee and $6,000 for membership of the remuneration committee. Committee chairs receive a 50 percent premium to the committee fee.

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9. REMUNERATE FAIRLY AND RESPONSIBLY CONT.

The board chairman's fee is determined as three times the base fee paid to directors. In acknowledgement of the additional time commitments required of any Australian based director a travelling allowance of $10,000 per annum will be also payable. Where an ad hoc committee is convened, such as for due diligence, additional remuneration is payable at $1,000 per half day.

The company believes that this will provide an appropriate remuneration structure given the increased Australasian focus of the company's activities and the increased corporate governance obligations imposed on directors.

Executive director's remuneration

R G Waters' remuneration for the year ended 30 June 2003 was $800,000 plus incentive remuneration of $700,000. Incentive remuneration was based on achieving a minimum level of profitability and specific goals related to the performance of the company. A part of this remuneration has been taken by way of an employer contribution for the provision of a retirement benefit from the Fletcher Building Retirement Plan.

R G Waters' appointment as chief executive is for indefinite duration, subject to the company's standard criteria for cessation of employment. In terms of that contract he has been issued 1,000,000 options over the ordinary shares of the company, at an exercise price of $2.28 per option, being the weighted average selling price of the company's shares in the 10 trading days prior to the date of announcement of his appointment on 16 May 2001. The options have a term of six years.

Executive directors do not receive remuneration as directors of Fletcher Building Limited or group subsidiaries.

Directors' and officers' indemnification and insurance

The company has arranged a programme of directors' and officers' liability insurance covering directors, executives and employees in managerial positions acting on behalf of the company. Cover is for damages, judgements, fines, penalties, legal costs awarded and defence costs arising from wrongful acts committed whilst acting for the company. The types of acts that are not covered are dishonest, fraudulent, malicious acts or omissions; wilful breach of statutes, regulations or a duty to the company; improper use of information to the detriment of the company; and breach of professional duty. This insurance cover is supplemented by indemnification by the company, but excluding liability for criminal acts.

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9. REMUNERATE FAIRLY AND RESPONSIBLY CONT.

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. Underpinning this philosophy is that all employees should be appropriately and competitively rewarded – particularly for delivering superior performance which contributes to improved business results.

To this end, the company's remuneration committee is kept fully apprised of relevant market information and best practice, obtaining advice from external advisors when necessary. Remuneration levels are reviewed annually for market competitiveness.

Total remuneration for executives comprises fixed pay, including the value of any benefits, and short term variable pay in the form of an annual performance related bonus which forms a significant portion of the total remuneration package. All executive performance bonuses require achievement of a mixture of company financial and personal targets.

Alignment with shareholder interests is achieved through a requirement that all senior executives hold shares in the company, or an economic interest in such shares, equal to the value of half of their fixed annual remuneration.

Half the after tax value of any annual bonus payment received is required to be invested in this manner until the stipulated threshold has been reached.

10. RECOGNISE THE LEGITIMATE INTERESTS OF STAKEHOLDERS

The company recognises that it has a number of legal and other obligations to non shareholder stakeholders such as employees, clients, customers and the community as a whole.

Its commitment to these obligations is captured in the code of values, and in various policies and procedures (for ethical conduct, the responsibilities of employees, conflicts of interest, and relationships with suppliers and customers) that are incorporated into the employment terms of all employees.

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REGULATORY DISCLOSURES

DIRECTORS' HOLDINGS OF EQUITY SECURITIES AT 30 JUNE 2003

	ORDINARY SHARES		OPTIONS	CAPITAL NOTES	
	BENEFICIAL	ASSOCIATED PERSONS		BENEFICIAL	ASSOCIATED PERSONS
P E A Baines	22,115				25,000
R S Deane	1,295	50,000			300,000
H A Fletcher	9,028	526,494			20,000
G J McGrath	20,000				
R J Norris	20,000				
D T Spring	20,550				50,000
K M Vautier	38,422	12,663		29,000	20,000
R G Waters*		88,338	1,000,000		
	131,410	677,495	1,000,000	29,000	415,000

* In addition to these holdings, R G Waters has also acquired an economic interest in the company's equity securities equivalent to a holding of 142,461 shares, by way of a retirement benefit the value of which is determined by reference to the value of Fletcher Building shares on the date of withdrawal.

SHARE DEALINGS BY DIRECTORS

During the year, directors disclosed in respect of section 148(2) of the Companies Act 1993 that they acquired or disposed of a relevant interest in shares as follows:

DIRECTOR	NUMBER OF SHARES ACQUIRED	NUMBER OF SHARES DISPOSED	CONSIDERATION PAID/RECEIVED $	DATE
G J McGrath	20,000		65,909	16/06/03
K M Vautier	1,277*		4,407	14/11/02
	977*		3,370	09/04/03
R G Waters	2,762*		9,531	14/11/02
	2,829*		9,763	09/04/03

* Shares acquired through the dividend reinvestment plan.

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DIRECTORS' INTERESTS REGISTER

Directors' certificates to cover entries in the interests register in respect of remuneration, dealing in the company's securities, insurance and other interests have been disclosed as required by the Companies Act 1993.

In accordance with Section 140(2) of the Companies Act 1993, directors have advised changes in their interests during the year of:

AS AT 30 JUNE 2003

P E A Baines		
Tower Managed Funds Limited	15/08/02	Resigned as director
Fletcher Building Finance Limited	23/10/02	Appointed director
Comalco New Zealand Limited	20/11/02	Resigned as director
R S Deane		
Institute of Policy Studies at Victoria University (Wellington)	03/09/02	Resigned as member
Centre for Independent Studies Limited	03/09/02	Resigned as director
Board of Advisors for the International Institute of Modern Letters	26/09/02	Resigned as member
Fletcher Building Finance Limited	23/10/02	Appointed chairman
Mayoral Business Advisory Board (Wellington)	09/01/03	Appointed chairman
H A Fletcher		
Ports of Auckland Limited	31/08/02	Appointed director
Fletcher Building Finance Limited	23/10/02	Appointed director
CGNU Australia Holdings Limited	31/05/03	Resigned as chairman
G J McGrath		
Campbell Brothers Ltd (Brisbane) Limited	07/07/03	Initial notice of appointment as a director
Fletcher Building Finance Limited	30/06/03	Appointed director

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DIRECTORS' INTERESTS REGISTER CONT.

R J Norris		
Fletcher Building Finance Limited	23/10/02	Appointed director
Sir Dryden Spring		
Fletcher Building Finance Limited	23/10/02	Appointed director
Ericsson Synergy Limited	10/02/03	Resigned as director
Ericsson Communications Limited	28/02/03	Resigned as chairman & director
Goodman Fielder Limited	19/03/03	Resigned as deputy chairman & director
K M Vautier		
Advisory Board of the New Zealand Asia Institute	01/07/02	Appointed chair
Fletcher Building Finance Limited	23/10/02	Appointed director
R G Waters		
Fletcher Building Finance Limited	23/10/02	Appointed director
Wespine Industries Pty Limited	13/11/02	Appointed director

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20 LARGEST SHAREHOLDERS AS AT 31 AUGUST 2003

NAME	NO OF SHARES	% OF SHARES
New Zealand Central Securities Depository Limited	204,343,472	47.41
RBC Global Services Australia Nominees Pty Limited	51,131,434	11.86
Citicorp Nominees Pty Limited	33,654,001	7.81
J P Morgan Nominees Australia Limited	9,191,070	2.13
National Nominees Limited	7,668,838	1.77
Peter Hanbury Masfen & Joanna Alison Masfen	2,638,854	0.61
Commonwealth Custodial Services Limited	2,427,718	0.56
Fletcher Building Employee Educational Fund	2,002,765	0.46
Westpac Custodian Nominees Limited	1,914,110	0.44
Cogent Nominees Pty Limited	1,868,813	0.43
Fletcher Building Share Schemes Limited	1,328,500	0.30
NZ Guardian Trust Company Limited	1,214,324	0.28
Leveraged Equities Limited	1,198,393	0.27
ABN Amro Craigs Limited	889,623	0.20
Investment Custodial Services Limited	798,155	0.18
IOOF Investment Management Limited	796,417	0.18
Australian Mutual Provident Society	750,000	0.17
First NZ Capital Securities Limited	652,834	0.15
Tower Trust (NSW) Limited	600,000	0.13
Fletcher Building Nominees Limited	576,610	0.13

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20 LARGEST SHAREHOLDERS AS AT 31 AUGUST 2003 CONT.

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

NAME	NO OF SHARES	% OF SHARES
National Nominees New Zealand Limited	85,673,766	19.88
Westpac Banking Corporation	28,587,589	6.63
Citibank Nominees (New Zealand) Limited	16,438,741	3.81
Accident Compensation Corporation	14,039,321	3.26
ANZ Nominees Limited	13,174,297	3.06
Custody and Investment Nominees Limited	5,301,393	1.23
AMP Life Limited	4,873,597	1.13
Royal & Sun Alliance Life and Disability (New Zealand) Limited	4,508,700	1.05
HSBC Nominees (NZ) Limited	2,929,478	0.68
Premier Nominees Limited	2,758,104	0.64

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SUBSTANTIAL SECURITY HOLDERS

According to notices given to the company under the Securities Markets Act 1988, as at 31 August 2003 the following were substantial security holders in the company through having relevant interests as below:

The total number of issued voting securities of Fletcher Building Limited as at that date was 430,930,813.

SUBSTANTIAL SECURITY HOLDER	NUMBER OF VOTING SECURITIES	DATE OF NOTICE
Commonwealth Bank of Australia	40,029,323	19/08/03
Perpetual Trustees Australia Limited	57,227,227	28/08/03

STOCK EXCHANGE LISTINGS

The company's shares are listed on the New Zealand (NZX) and Australian (ASX) stock exchanges. With effect from 1 July 2002, the company's shares were accepted for full listing, rather than a foreign exempt listing, by the ASX.

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DISTRIBUTION OF SHAREHOLDER AND HOLDINGS AS AT 31 AUGUST 2003

SIZE OF HOLDING	NUMBER OF SHAREHOLDERS	%	NUMBER OF SHARES	%
1 - 999	12,391	40.47	6,563,887	1.52
1,000 - 4,999	13,770	44.97	31,284,878	7.25
5,000 - 9,999	2,626	8.58	19,002,346	4.41
10,000 - 99,999	1,744	5.70	37,289,143	8.64
100,000 and over	90	0.29	337,198,455	78.17
GEOGRAPHIC DISTRIBUTION				
New Zealand	28,461	92.96	314,191,590	72.85
United States of America	136	0.44	340,841	0.08
Australia	1,411	4.61	115,277,233	26. 71
Rest of World	613	1.99	1,529,045	0.36

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 1,414.

The other equity securities on issue are $400 million capital notes, which can convert to ordinary shares of the company on the basis of 98 per cent of the then current value of the shares. These equity securities are quoted on the NZX but are unquoted on the ASX.

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DISTRIBUTION OF CAPITAL NOTEHOLDERS AND HOLDINGS AS AT 31 AUGUST 2003

SIZE OF HOLDING	NUMBER OF NOTEHOLDERS	%	FLETCHER BUILDING LIMITED NUMBER OF CAPITAL NOTES	%
1 - 999	2	0.02	1,000	0.00
1,000 - 4,999	4,496	34.08	13,227,250	5.29
5,000 - 9,999	3,503	26.55	24,245,250	9.70
10,000 - 49,999	4,606	34.92	89,742,000	35.90
50,000 - 99,999	399	3.02	26,067,250	10.42
100,000 - 499,999	169	1.28	28,002,500	11.20
500,000 and over	17	0.13	68,714,750	27.49

DISTRIBUTION OF CAPITAL NOTEHOLDERS AND HOLDINGS AS AT 31 AUGUST 2003

SIZE OF HOLDING	NUMBER OF NOTEHOLDERS	%	FLETCHER BUILDING FINANCE LIMITED NUMBER OF CAPITAL NOTES	%
1 - 999				
1,000 - 4,999	2	0.04	6,000	0.00
5,000 - 9,999	1,103	20.24	6,059,000	4.04
10,000 - 49,999	3,659	67.15	64,621,000	43.08
50,000 - 99,999	463	8.50	25,535,000	17.02
100,000 - 499,999	199	3.65	26,922,000	17.95
500,000 and over	23	0.42	26,857,000	17.90

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LIMITATIONS ON THE ACQUISITION OF THE COMPANY'S SECURITIES

The terms of the company's admission to the ASX require the following disclosure.

The company is incorporated in New Zealand. As such it 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). Limitations on acquisition of the securities are, however, imposed on the company under New Zealand law:

(i) 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.

(ii) The New Zealand Takeovers Code creates a general rule under which the acquisition of more than 20 percent of the voting rights in the company or the increase of an existing holding of 20 percent 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 percent or more of the shares in the company.

(iii) The New Zealand Overseas Investment Act and Overseas Investment Regulations regulate certain investments in New Zealand by overseas persons. In general terms, the consent of the New Zealand Overseas Investment Commission 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 percent of the shares issued by the company or, if the overseas person already holds 25 percent or more, the acquisition increases that holding.

(iv) 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.

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NEW ZEALAND EXCHANGE WAIVERS

(i) Capital Notes

On 11 November 2002 and 20 March 2003, the Market Surveillance Panel of the NZX granted the company waivers from Listing Rule 7.6.1 (prohibition on acquisition of an equity security of the company) with respect to the repurchase of capital notes made pursuant to a roll-over of a further tranche of notes. This waiver was necessary because the capital notes are equity securities by virtue of a term of their issue allowing a holder on certain dates to elect to have the capital notes convert to shares of the company. If the holder so elects, the company can either redeem or repurchase the capital notes for cash at par. A repurchase would be a technical breach of Listing Rule 7.6.1 even though the company's option to purchase is expressly provided in the original terms of issue and those terms were fully disclosed to holders.

(ii) Related party financing

On 16 December 2002 the Market Surveillance Panel of the NZX granted the company a waiver from Listing Rule 9.2.1 (material transactions involving related parties) in relation to a finance facility established with a syndicate of banks and financial institutions including the ANZ Banking Group (New Zealand) Limited and the National Bank of New Zealand Limited. Two directors of Fletcher Building Limited, Roderick Deane and Sir Dryden Spring are also directors of these banks respectively. This waiver was necessary because, at the time the financing facility was arranged, ANZ Banking Group (New Zealand) Limited and The National Bank of New Zealand Limited are deemed to be related parties of the company for the purposes of Listing Rule 9.2.1, as a result of these common directorships.

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EMPLOYEE REMUNERATION

Section 211(1)(g) of the New Zealand Companies Act 1993 requires disclosure of remuneration and other benefits, including redundancy and other payments made on termination of employment, in excess of $100,000 per year, paid by the company or any of its subsidiaries worldwide to any employees who are not directors of the company. To give more appropriate information on total employees' remuneration, where there is a contractual commitment to provide incentive remuneration in respect of the year ended 30 June 2003 the amount accrued as at 30 June 2003 and paid before 30 September 2003 has also been included in the total remuneration disclosed below.

NZ$	NUMBER OF EMPLOYEES NEW ZEALAND BUSINESS ACTIVITIES	 INTERNATIONAL BUSINESS ACTIVITIES
100,000 - 110,000	50	5
110,000 - 120,000	57	
120,000 - 130,000	25	3
130,000 - 140,000	22	3
140,000 - 150,000	29	4
150,000 - 160,000	9	1
160,000 - 170,000	17	3
170,000 - 180,000	6	2
180,000 - 190,000	6	4
190,000 - 200,000	4	1
200,000 - 210,000	4	
210,000 - 220,000	3	
220,000 - 230,000	6	2
230,000 - 240,000	4	
240,000 - 250,000	6	
250,000 - 260,000		2

NZ$	NUMBER OF EMPLOYEES NEW ZEALAND BUSINESS ACTIVITIES	 INTERNATIONAL BUSINESS ACTIVITIES
260,000 - 270,000		1
270,000 - 280,000	1	1
280,000 - 290,000	4	1
290,000 - 300,000	1	
300,000 - 310,000	2	1
310,000 - 320,000	1	
340,000 - 350,000	1	
350,000 - 360,000		1
370,000 - 380,000	1	
400,000 - 410,000		1
430,000 - 440,000		1
440,000 - 450,000	1	
560,000 - 570,000	2	
570,000 - 580,000	1	
640,000 - 650,000	1	
660,000 - 670,000	1	

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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 2003.

Apart from some overseas subsidiaries which have independent directors or are required to have a specific number of local residents as directors, no wholly owned subsidiary has directors who are not full-time employees of the group. The company had 156 subsidiaries worldwide at 30 June 2003.

No employee of Fletcher Building Limited 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 below 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 or in the case of those persons with the letter (R) after their name ceased to hold office during the year. Alternate directors are indicated by the letter (A) after their name.

Aickin Timber Limited
O Lyttleton, R Scott, D Worley, R de Raat

Alan Milne Building Supplies Limited
A Milne, D Worley, R de Raat (A), L Dixon (A)

Amies Building Supplies Limited
J Amies, D Worley, R de Raat (A), Deavoll (A), P Flay (AR)

Anson Building Supplies Limited
A Anson, D Worley, R de Raat (A), A Gray (A), L Dixon (AR)

Aramis Investments Limited
M Binns, M Farrell, A Reding, W Roest

Auckland Frame and Truss Supplies Limited
O Lyttleton, D Worley, D Deavoll, N Letica, M Waterman, S Blakemore (R)

Bandelle Pty Limited
M Binns, L Box, M Stone (R), C Wickham (R)

Bowen Building Supplies Limited
B Bowen, D Worley, R de Raat (A), P Flay (A)

Bramley Building Supplies Limited
P Bramley, D Worley, R de Raat (A), L Dixon (A)

Building Choices Limited
D Close, D Worley, R de Raat (A), L Dixon (A)

BVP No.1 Limited
M Binns, M Farrell, A Reding, W Roest

BVP No.3 Limited
M Binns, M Farrell, A Reding, W Roest

Calder Building Supplies Limited
P Calder, D Worley, P Flay (A), R de Raat (A), C Gray (R)

Call An Angel Limited
D Worley

Cemac (Hong Kong) Limited
C Wing Shum, D Thomas

Cleaver Building Supplies Limited
A Gray, M Cleaver, D Worley, R de Raat (A)

Collier Building Supplies Limited
D Worley, R de Raat, (A), A Ellis (A), A Gray (AR), C Collier (R), A Ellis (R)

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SUBSIDIARY COMPANY DIRECTORS CONT.

Cotter & Thomas Building Supplies
A Ellis, D Worley, R de Raat

Craig Building Supplies Limited
A Ellis, D Worley, R de Raat (A)

Cullen Building Supplies Limited
R Cullen, D Worley, R de Raat (A), A Gray (A), A Ellis (AR)

Cullity Timber Holdings Pty Limited
M Farrell, D Le Quesne, W Roest, J Nolan (R), L Box (A)

Davis & Casey Building Supplies Limited
T Davis, D Worley, R de Raat (A), L Dixon (A)

Delcon Holdings (No. 1) Limited
M Binns, M Farrell, A Reding, W Roest

Delcon Holdings (No. 2) Limited
M Binns, M Farrell, A Reding, W Roest

Delcon Holdings (No. 3) Limited
D Haslett, M Wood, A Reding, W Roest, M Binns (R), M Farrell (R)

Delcon Holdings (No. 5) Limited
M Binns, M Farrell, A Reding, W Roest

Delcon Holdings (No. 8) Limited
M Binns, M Farrell, A Reding, W Roest

Dial A Hubby Limited
O Lyttleton, R Scott, R de Raat

Duroid Pty Limited
G Kirk, L Box, C Wickham (R)

Evans Building Supplies Limited
M Evans, D Worley, R de Raat (A), L Dixon (A)

FDCC Californa Inc
M Binns, K Kupchak, C Munkowits

FDL No. 8 Limited
D Worley

FDL No. 9 Limited
D Worley

FDL No. 10 Limited
D Worley

Fernhill Reality Limited
S Boroughs, C Loughlin

Firth Industries Peru S.A.
M Binns, B Denekamp, R Silva-Rodriguez, K Cowie (R)

Fletcher Aluminium Pty Limited
G Kirk, L Box, C Wickham (R), M Eglinton (R)

Fletcher Building (Australia) Pty Limited
M Binns, M Hope, D Le Quesne, L Box, C Wickham (R), G Taylor (R)

Fletcher Building (Australia) Finance Pty Limited
M Binns, M Hope, L Box, C Wickham (R), M Stone (R)

Fletcher Building Finance Limited
P Baines, R Deane, H Fletcher, G McGrath, R Norris, R Waters, Sir D Spring, K Vautier

Fletcher Building Holdings Limited
M Binns, M Farrell, A Reding, W Roest

Fletcher Building Netherlands B.V.
M Farrell, W Roest, P Ruoff, A Van De Werken

Fletcher Building Products Limited
M Binns, M Farrell, A Reding, W Roest

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

Fletcher Challenge Building UK Limited
J Ollard, D Wood

Fletcher Challenge Concrete Industries (Fiji) Limited
M Binns, R Harper, R Frost (R)

Fletcher Challenge Finance Investments Limited
M Binns, M Farrell, A Reding, W Roest

Fletcher Challenge Forest Industries Limited
M August, J Ollard, D Wood

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

Fletcher Challenge Investments UK Limited
D Wood, J Ollard

Fletcher Challenge Investments Overseas Limited
M Binns, M Farrell, A Reding, W Roest

Fletcher Challenge Materiais De Construcao Limitada
D Kenderdine, J Wisniewski (R)

Fletcher Challenge Overseas Holdings Limited
M Binns, M Farrell, A Reding, W Roest

Fletcher Challenge Steel (Fiji) Limited
D Hargovind, A Pearson, A Reding, W Roest

Fletcher Challenge Steel Products (Australia) Pty Limited
A Pearson, L Box, C Wickham (R)

Fletcher Concrete & Infrastructure Limited
M Binns, M Farrell, A Reding, W Roest

Fletcher Construction (Malaysia) SDN BHD
C Lum, G Ogilvie

Fletcher Construction (Nouvelle Caledonie) Limited
A Brown

Fletcher Construction (Singapore) PTE Limited
G Davies, A Jones, K Lee

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SUBSIDIARY COMPANY DIRECTORS CONT.

Fletcher Construction (Solomon Islands) Limited
A Brown, R Gibson

Fletcher Construction Australia Limited
M Binns, C Munkowits, M Stone, C Wickham

Fletcher Construction Company (Fiji) Limited
A Brown, R Gibson, P Watts

Fletcher Construction Limited
M Binns, C Munkowits, L Box, C Wickham, M Stone (R)

Fletcher Constuction Company North America Inc
M Binns, K Kupchak, C Munkowits

Fletcher Distribution Limited
M Binns, M Farrell, A Reding, W Roest, D Worley

Fletcher Marketing Pty Limited
M Binns, L Box, M Stone (R), C Wickham (R)

Fletcher Morobe Construction Pty Limited
A Brown, R Gibson, L Gray, L Mathias, K Fletcher

Fletcher Paynter Profiles Limited
S Broome, R Linton, A Reding, D McLachlan, W Farmer(R)

Fletcher Projects Pty Limited
M Binns, L Box, M Stone (R), C Wickham (R)

Fletcher Property Developments UK Limited
M August, J Ollard, D Wood

Fletcher Property Investments UK Limited
M August, J Ollard, D Wood

Fletcher Property Limited
M Binns, M Farrell, A Reding, W Roest

Fletcher Residential Limited
M Binns, M Farrell, A Reding, W Roest

Fletcher Resorts Limited
M Binns, M Farrell, A Reding, W Roest

Fletcher Steel Limited
M Binns, M Farrell, A Reding, W Roest

Fletcher Wood Panels (Australia) Pty Limited
J Brendan, H Dolan, R Linton, A Reding

Fletcher Wood Panels Building Technologies Limited
S Broome, R Linton, A Reding, W Roest

Formex Pty Limited
M Farrell, D Le Quesne, W Roest, J Nolan (R), L Box (A)

Formica (N.Z.) Limited
M Farrell, W Roest, R Waters

Geoff Brown Building Supplies Limited
L Dixon, G Brown, D Worley, R de Raat (A)

Goldwood Pty Limited
M Farrell, D Le Quesne, W Roest, J Nolan (R), L Box (A)

Graeme Joy Building Supplies Limited
L Dixon, G Joy, D Worley, R de Raat (A)

Grant McLeod Building Supplies Limited
D Worley

Hedges Building Supplies Limited
R Hedges, D Worley, A Ellis (A), R de Raat (A)

Hilson Building Supplies Limited
D Worley, R de Raat (A), P Flay (A), C Hilson (R)

Hire A Hubby (NZ) Limited
O Lyttleton, R Scott, D Worley, R de Raat

Hooper Building Supplies Limited
G Hooper, D Worley, R de Raat (A), L Dixon (A)

Hudson Building Supplies Limited
L Dixon, A Ellis, D Worley, R de Raat

Inventure Limited
M Binns, M Farrell, A Reding, W Roest

John Cockburn Building Supplies Limited
J Cockburn, D Worley, R de Raat (A), L Dixon (A)

Ken Jones Building Supplies Limited
K Jones, D Worley, R de Raat (A), L Dixon (A)

Kenna Building Supplies Limited
L Kenna, D Worley, R de Raat (A), L Dixon (A)

Kevin Jarvis Building Supplies Limited
K Jarvis, D Worley, R de Raat (A), A Gray (A), A Ellis (AR)

Key Building Supplies Limited
A Ellis, D Worley, R de Raat (A), S Blakemore (AR)

Kimura Building Supplies Limited
D Worley, P Flay, J Kimura, R de Raat (A)

Laminex (Australia) Pty. Ltd.
M Farrell, D Le Quesne, W Roest, J Nolan (R), L Box (A)

Laminex Group (N.Z.) Limited
M Binns, M Farrell, A Reding, W Roest

Laminex Group Limited
M Farrell, D Le Quesne, W Roest, J Nolan (R), L Box (A)

Langford-Lee Building Supplies Limited
M Langford-Lee, D Worley, R de Raat (A), P Flay (A)

Laracy Building Supplies Limited
K Laracy, D Worley, R de Raat (A), A Gray (A), S Blakemore (AR)

M Wong Building Supplies Limited
M Wong, D Worley, R de Raat (A), L Dixon (A)

SUBSIDIARY COMPANY DIRECTORS CONT.

McDonald Building Supplies Limited
L Dixon, I McDonald, D Worley, R de Raat

McGill Building Supplies Limited
J McGill, P Flay , D Worley, R de Raat

McLaughlan Building Supplies Limited
K McLaughlan, D Worley, R de Raat (A), L Dixon (A)

Mecon Hawaii Limited
J Caldwell, D Hastert, K Kupchak

Meleccio Enterprises Limited
M Binns, M Farrell, A Reding, W Roest

Metromix Concrete Company Limited
M Binns, R Harper, R Frost (R)

Mike Mattin Building Supplies Limited
M Martin, D Worley, R de Raat (A), P Flay (A)

Minnell Building Supplies Limited
D Minnell, D Worley, R de Raat (A), S Blakemore (R)

Mount Timber & Hardware Limited
O Lyttleton, R Scott, D Worley, R de Raat

Neil Thomson Building Supplies Limited
D Worley, R de Raat (A), P Flay (A)

Nick Letica Building Supplies Limited
N Letica, D Worley, R de Raat (A), D Deavoll (A), P Flay (AR)

Nock Building Supplies Limited
A Ellis, M Nock, D Worley, R de Raat (A)

Oakley Wood Panels Pty Limited
M Farrell, D Le Quesne, W Roest, J Nolan (R), L Box (A)

Pacific Trade & Export Limited
M Binns, M Farrell, A Reding, W Roest

PlaceMakers Limited
D Worley

Raoul Holdings Limited
M Binns, M Farrell, A Reding, W Roest

Residential Advances Limited
M Binns, D Halsey

Residential Mortgages Limited
M Binns, D Halsey

Residential Mortgage Investments Limited
M Binns, D Halsey

Rolleston Building Supplies Limited
R Rolleston, D Worley, R de Raat (A), P Flay (A), R de Raat (R)

RTI Wood Panels Pty Limited
M Farrell, D Le Quesne, W Roest, J Nolan (R), L Box (A)

Seabar Holdings (No 16) Limited
M Binns, M Farrell, A Reding, W Roest

Servicios Y Administraciones Apoquindo Limitada
C Eyzaguirre

Shunde Cemac Building Material Company Limited
W Keung Leung, J Shum, D Thomas

Southbound Building Supplies Limited
A Rance, D Worley, R de Raat (A), L Dixon (A)

Steven Marshall Building Supplies Limited
S Marshall, D Worley, R de Raat (A), D Deavoll (A), P Flay (AR)

Stichbury Building Supplies Limited
S Stichbury, D Worley, R de Raat (A), A Gray (A), S Blakemore (AR)

Stickland Building Supplies Limited
L Stickland, D Worley, R de Raat (A), D Deavoll (A), P Flay (AR)

Sullivan & Armstrong Building Supplies Limited
J Sullivan, D Worley, R de Raat (A), D Deavoll (A), P Flay (AR)

Tasman Investments (Netherlands Antilles) N.V.
E Rakers (US$1,750), M Farrell, T Mol (US$1,750), W Roest, A Van De Werken (R)

Ted Harper Building Supplies Limited
E Harper, D Worley, R de Raat (A), P Flay (A)

Terrace Insurances (PCC) Limited
M Eades, J Stuart, J McDonald, J Parkinson, M Farrell

Terrace Insurances Limited
M Eades, J Stuart, J McDonald, J Parkinson, M Farrell

Terry Mellsop Building Supplies Limited
T Mellsop, D Worley, R de Raat (A), A Ellis (A)

The Fletcher Construction Co (PNG) Pty Limited
A Brown, R Gibson, L Gray, L Mathias, K Fletcher

The Fletcher Construction Company Cook Islands Limited
A Brown, R Gibson

The Fletcher Construction Company Limited
M Binns, M Farrell, A Reding, W Roest

The Fletcher Organisation (Vanuata) Limited
A Brown, R Gibson

The Fletcher Trust and Investment Company Limited
M Binns, C Munkowits

Trade Mart Limited
A Ellis, O Lyttleton, D Worley, R de Raat, R Scott

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SUBSIDIARY COMPANY DIRECTORS CONT.

Tradematers Limited
O Lyttleton, R Scott, D Worley

Trevor Cockburn Building Supplies Limited
L Dixon, T Cockburn, D Worley, R de Raat

Van Der Vossen Building Supplies Limited
A Ellis, D Worley, R de Raat (A)

Varoy Building Supplies Limited
A Ellis, J Varoy, D Worley, D Deavoll, R de Raat (A),
P Flay (AR)

Warren Smith Building Supplies Limited
A Ellis, D Worley, R de Raat (A), W Smith (R)

Waterman Building Supplies Limited
M Waterman, D Worley, R de Raat (A), D Deavoll (A),
P Flay (AR)

Wesfi Constructions Pty Limited
M Farrell, D Le Quesne, W Roest, J Nolan (R), L Box (A)

Wesfi Jandakot Pty Limited
M Farrell, D Le Quesne, W Roest, J Nolan (R), L Box (A)

Wesfi Limited
M Farrell, D Le Quesne, W Roest, J Nolan (R), L Box (A)

Wesfi Lumber Pty Limited
M Farrell, D Le Quesne, W Roest, J Nolan (R), L Box (A)

Wesfi Manufacturing Pty Limited
M Farrell, D Le Quesne, W Roest, J Nolan (R), L Box (A)

Wesfi Woodworks Pty Limited
M Farrell, D Le Quesne

WFI Insurances Pte Limited
M Farrell, W Roest

Winstone Limited
M Binns, M Farrell, A Reding, W Roest

Winstone Wallboards Limited
M Binns, M Farrell, A Reding, W Roest

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INVESTOR INFORMATION

ANNUAL SHAREHOLDERS' MEETING

The Annual Shareholders' Meeting of Fletcher Building Limited will be held at the ASB Club Lounge, Eden Park Function Centre, Auckland, New Zealand, at 2.00pm on Tuesday 11 November 2003.

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.

ON-LINE TRADING AND FINANCIAL INFORMATION

Details on Fletcher Building and its operations for the year ended 30 June 2003 can be viewed at the Fletcher Building website, at www.fletcherbuilding.com.

This website contains all news releases to the New Zealand Exchange and other financial presentations made by the company.

ELECTRONIC COMMUNICATIONS

The Electronic Transactions Act 2002 was passed late last year but is not yet in force. This Act allows the company to distribute all shareholder materials in electronic form, where shareholders so agree. A consent form advising an email address is enclosed with the annual report. Shareholders interested in viewing the electronic version of the annual report that would be received if they so elected can so do by going to the company's website, as noted above.

DIRECT CREDITING OF INTEREST AND DIVIDENDS

To minimise the risk of fraud and misplacement of interest and dividend cheques shareholders and noteholders are strongly recommended to have all payments made by way of direct credit to their nominated bank account. This can be done by simply giving the share registry written notice.

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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.

FINAL DIVIDEND INFORMATION

NZ CENTS PER SHARE	NZ RESIDENTS	NON RESIDENTS
Dividend declared	10.0000	10.0000
Tax credits	4.9254	
Dividend withholding payment refund		4.9254
Gross dividend	14.9254	14.9254
NZ tax (33%)	(4.9254)	
Non resident withholding tax (15%)		(2.2388)
Net cash dividend to shareholders	10.0000	12.6866
Record date	24 October 2003	24 October 2003
Payment date	13 November 2003	13 November 2003

As individual shareholders' circumstances may differ, these New Zealand tax and non resident withholding tax calculations are for guidance only.

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DIRECTORY

EXECUTIVE COMMITTEE

Ralph Waters	Chief Executive Officer and Managing Director
Mark Binns	Chief Executive, Construction
	Chief Executive, Concrete
Andrew Reding	Chief Executive, Building Products
David Worley	Chief Executive, Distribution
Jonathan Ling	Chief Executive, Laminates and Panels
Bill Roest	Chief Financial Officer
Martin Farrell	Company Secretary
Peter Merry	General Manager, Human Resources

REGISTERED OFFICES

New Zealand
Fletcher Building Limited
Private Bag 92 114
Auckland
Fletcher House, 810 Great South Road
Penrose, Auckland, New Zealand
Telephone: +64 9 525 9000

Australia
Fletcher Building Limited
P O Box 407
Doncaster, Melbourne
Victoria 3108
Level 2
90-94 Tram Road
Doncaster, Melbourne
Victoria 3108, Australia
Telephone: +61 3 9848 4811
ARBN 096 046 93

DIRECTORY CONT.

SHAREHOLDER ENQUIRIES

Shareholders with enquiries about share transactions or changes of address should contact the share registrar in the country in which their shares are registered.

REGISTRIES

New Zealand

Computershare Investor Services Limited
Private Bag 92 119
Auckland 1020
Level 2, 159 Hurstmere Rd
Takapuna, North Shore City
New Zealand
Telephone: +64 9 488 8777
Facsimile: +64 9 488 8787

Australia

Computershare Investor Services Pty Limited
GPO Box 7045
Sydney, NSW 2001, Australia
Level 3, 60 Carrington St
Sydney, NSW 2000, Australia
Telephone: 1300 855 080 (within Australia)
Telephone: +61 3 9615 5970 (outside Australia)
Facsimile: +61 2 8234 5050

OTHER INVESTOR ENQUIRIES

Fletcher Building Limited
Private Bag 92 114
Auckland, New Zealand
Telephone: +64 9 525 9000
Facsimile: +64 9 525 9032
Email: moreinfo@fb.co.nz
Website: www.fletcherbuilding.com

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