Fletcher Building

News Release

STOCK EXCHANGE LISTINGS: NEW ZEALAND (FBU), AUSTRALIA (FBU).

FLETCHER BUILDING LIMITED
FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2011

Auckland, 22 February 2012 – Fletcher Building today announced its unaudited interim results for the six months ended 31 December 2011. The group recorded net earnings after tax of $144 million, compared with $166 million in the prior corresponding period.

Operating earnings (earnings before interest and tax) were $256 million, 10 per cent lower than the $285 million achieved in the first half of the 2011 financial year.

The result includes unusual expenses totalling $15 million after tax incurred to date in restructuring the Laminex business.

Net earnings before unusual items were $159 million, 4 per cent lower than the prior corresponding period. Operating earnings before unusual items were $277 million, 3 per cent lower than the prior corresponding period.

Cashflow from operations was $129 million compared with $202 million in the first six months of the 2011 financial year. The reduction was due to a net increase in working capital including cash payments for land purchases, along with higher funding costs and cash tax payments.

The interim dividend will be 17.0 cents per share. In line with the company's approach to allocating tax credits, the dividend will be fully franked for Australian tax purposes but will not be imputed for New Zealand tax purposes.

Total revenue for the group increased 30 per cent, as a result of the acquisition of Crane, with underlying revenues on a like-for-like basis excluding Crane declining by 5 per cent.

Chief Executive Officer Jonathan Ling said the result was a creditable outcome given the tough trading conditions and low volumes in most markets.

"As we outlined in October, earnings have been negatively impacted by low levels of activity in the New Zealand construction industry. This is particularly the case with new house building activity, with approvals in 2011 the lowest in the 46 years since records began.

"Australia was already slowing at the start of the year, and there has been a pronounced decline in new residential construction there over the past six months.

“Consequently, all of our businesses exposed to the residential markets in both countries have experienced lower volumes and reduced earnings,” Mr Ling said.

In response to the low volumes and margin deterioration in Laminex, a thorough review is being undertaken to determine how to achieve a step-change in the cost structure of the business. This goes beyond the restructuring undertaken in 2009, which addressed the manufacturing footprint and product profitability. The current review encompasses the go-to-market model and the profitability of ancillary activities that support the core Laminex product range. Additionally, further product rationalisation, coupled with closer integration of the Formica and Laminex product ranges, are expected to result in procurement efficiencies.

Costs totalling $21 million were incurred in restructuring Laminex’s operations in the period to 31 December 2011. As a result of further restructuring activity to be undertaken in the period to June 2012, Fletcher Building expects to incur an additional $40 to 50 million in unusual costs in Laminex in the second half of the 2012 financial year.

Fletcher Building is also undertaking a strategic review of its Australian and New Zealand insulation businesses. The outcome of the review may result in additional costs being incurred to improve the performance of these businesses.

“The sudden decision by the Australian government two years ago to terminate the insulation subsidy scheme has been disastrous for the domestic insulation manufacturing industry. The dislocation of the industry could not have happened at a worse time, with the strong Australian dollar undermining the competitiveness of domestically manufactured product. Given the change in market dynamics, we are undertaking a strategic review to determine what will be required to generate satisfactory returns in this business in the future”, Mr Ling said.

For the full year, net earnings before unusual items are expected to be in the range of $310 million to $340 million, compared with $359 million in the prior financial year. The guidance assumes very modest increases in new housing construction in New Zealand, no improvement in Australian residential building activity and reflects the magnitude 6.3 earthquake which occurred in Canterbury on 23 December 2011 which has further set back reconstruction activity.

Results overview

Comparisons are with the prior corresponding period.

- Total sales of $4,509 million, up 30 per cent from $3,468 million
- Operating earnings:
  - Operating earnings of $256 million, down 10 per cent from $285 million
  - Operating earnings before unusual items of $277 million, down 3 per cent from $285 million
- Net earnings:
  - Net earnings of $144 million, down 13 per cent from $166 million
  - Net earnings before unusual items of $159 million, down 4 per cent from $166 million
- Cashflow from operations $129 million, down 36 per cent from $202 million
- Earnings per share:
  - Earnings per share: 21.2 cents, down 22 per cent from 27.3 cents
  - Earnings per share before unusual items: 23.4 cents, down 14 per cent from 27.3 cents
- An interim dividend of 17.0 cents per share, fully franked for Australian tax purposes, up 6 per cent from 16.0 cents per share
- Interest cover at 3.8 times, down from 5.6 times
- Capital expenditure of $154 million, up from $148 million

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FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2011

Results	**Sales**	
NZ$ Million **6 months ended**	**December 2011**	December 2010
Building Products	**355**	371
Concrete	**468**	442
Construction	**520**	592
Crane	**1,229**	0
Distribution	**402**	446
Laminates & Panels	**939**	1,001
Steel	**596**	616
Corporate	**0**	0
Group Total	**4,509**	**3,468**

Results	**Reported Earnings**		**Earnings before unusuals**	
NZ$ Million **6 months ended**	**December 2011**	December 2010	**December 2011**	December 2010
Building Products	**43**	56	**39**	56
Concrete	**60**	57	**60**	57
Construction	**25**	33	**25**	33
Crane	**53**	0	**53**	0
Distribution	**15**	25	**15**	25
Laminates & Panels	**42**	80	**63**	80
Steel	**24**	43	**24**	43
Asset sales			**4**	
Corporate	**(6)**	(9)	**(6)**	(9)
Operating earnings	**256**	285	**277**	285
Funding costs	**(73)**	(51)	**(73)**	(51)
Earnings before taxation	**183**	234	**204**	234
Taxation	**(35)**	(63)	**(41)**	(63)
Earnings after taxation	**148**	171	**163**	171
Minority interests	**(4)**	(5)	**(4)**	(5)
Net earnings	**144**	166	**159**	166

Directors today announced the unaudited financial results for the six months ended 31 December 2011. Net earnings were $144 million, with an unusual after-tax charge of $15 million incurred due to restructuring costs in the Laminex business. Net earnings before unusual items were $159 million compared with $166 million in the prior corresponding period.

Operating earnings (earnings before interest and tax) decreased by 10 per cent to $256 million, from $285 million in the same period in the previous year. Excluding unusual items, operating earnings fell by 3 per cent to $277 million. Cashflow from operations was $129 million compared with $202 million in the prior corresponding period. Sales increased by 30 per cent to $4,509 million from $3,468 million, including six months of revenues from Crane, which was acquired during the prior financial year. Excluding Crane, comparable sales revenues declined by 5 per cent.

Sales in the Building Products and Distribution divisions declined due to record lows in residential construction in New Zealand, and Building Products continued to experience weak conditions in the Australian insulation market. Concrete was impacted by lower sales volumes in New Zealand but had continued sales growth from its Australian operations. Construction reported lower turnover with a number of large contracts completed and fewer new jobs commenced in the period.

Crane recorded sales volume growth in its pipelines business in Australia with two large coal seam gas contracts won, but its residential-exposed businesses had lower sales, particularly in Australia. Laminates & Panels was impacted by the slowdown in the Australian residential market, along with continued depressed levels of activity in Europe. Steel recorded lower sales as volumes fell in its core markets.

Earnings per share were 21.2 cents, down 22 per cent compared with 27.3 cents in the prior corresponding period. Excluding unusual items, earnings per share were 23.4 cents, down 14 per cent.

OPERATIONAL REVIEW

Building Products

The Building Products division reported operating earnings of $43 million, down 23 per cent on the $56 million earned in the prior corresponding period.

The plasterboard business recorded a 16 per cent fall in operating earnings in a weak New Zealand residential construction market. Despite continued competitive pressures, market share was maintained through a strong service offer while pricing was stable.

The insulation business' operating earnings were down 26 per cent. Australian glasswool volumes were impacted by weak residential building activity together with strong import competition assisted by the strong Australian dollar. There continues to be an industry-wide over-supply of insulation stock resulting from the termination of the Australian government's insulation subsidy scheme. New Zealand glasswool volumes were impacted by weak construction activity and increased import competition. In the commercial insulation, ceiling and wall systems business operating earnings were adversely affected by weakness in the commercial construction market, albeit partially offset by increased retrofit activity particularly in Christchurch. A $4 million gain on the sale of the Australian based access flooring business was recorded during the period.

Operating earnings for the roof tiles business were down 25 per cent, primarily due to the strength of the New Zealand dollar. Volumes were up in the Americas, Asia and Africa, but down in New Zealand and Europe, while pricing was firm across most markets.

Operating earnings for the Australian sinkware and New Zealand aluminium businesses were down 47 per cent with volumes impacted by weakness in the businesses' respective domestic markets. The aluminium business was also impacted by the New Zealand natural gas outage in late October.

Concrete

Concrete's operating earnings for the first six months were $60 million compared with $57 million in the prior corresponding period.

Operating earnings of the concrete businesses in New Zealand were below the prior corresponding period. Demand was softer for most construction materials. Cement, aggregates, and masonry products volumes were down 6 per cent, 4 per cent, and 12 per cent respectively, while readymix concrete and concrete pipe product volumes were similar to those recorded for the prior period. The cement business's earnings were marginally below last year despite benefiting from a price increase and lower costs. Lower volumes in both the domestic and export markets severely impacted margins. On-going cost reduction and business improvement initiatives helped to mitigate the impact of weaker market conditions in the other businesses.

Australian operating earnings were 22 per cent higher than the prior corresponding period. Market conditions for the pipelines business were stronger with volumes 5 per cent higher and the business benefited from a focus on product pricing and operational enhancements. In the quarry business sales revenue was constant but increased sales of higher margin product and improved profitability in NSW and Victoria drove improved earnings.

During the period, several new businesses were acquired. In New Zealand, these were Oasis Clearwater Environmental Systems, which manufactures, distributes and installs wastewater treatment devices into both the commercial and residential markets, and Austin Pipe Concepts, which will provide additional pipe manufacturing capacity to assist in meeting increased demand for the Christchurch reconstruction.

In Australia, the purchase of Atlantic Civil Products was completed in January 2012. This business has a leading market position in the supply of engineered large span infrastructure solutions, mainly for the mining sector.

Construction

The Construction division's operating earnings for the half year were $25 million, down 24 per cent on the prior comparable period. This was due to the completion of a number of projects in Auckland without the corresponding uptake of new contracts and the tighter margins in such a subdued market.. There was a further slowdown in government infrastructure expenditure due to the reprioritisation of post-earthquake rebuilding work in Canterbury.

The construction backlog was $1,204 million at the end of December. This compares to a backlog of $885 million at the same time last year. In addition Fletcher Construction is the preferred contractor on two further contracts totalling $727 million. Both of these projects have delayed starts and will not have an earnings impact until the 2014 financial year. Major contracts won in the period include the Waterview Alliance in Auckland with the Fletcher share of work being $398 million, Auckland Metropolitan Eastern Transport Interchange for $100 million, and the ANZ Centre refurbishment in Auckland for $65 million.

Earnings from residential house sales were comfortably ahead of the prior comparable period. The increase in house units sold has been due to an improved sales mix predominantly in the Stonefields development in Auckland which continues to attract strong interest.

Activity levels as project manager for the Earthquake Commission have increased significantly with 20 hubs established to carry out home repairs compared with only 5 hubs operating at the same time last year. There are now over 1,000 accredited contracting companies, resulting in excess of 8,000 home repairs and 30,000 emergency repairs having been completed.

During the period, targets for repairs were agreed with the Earthquake Commission, with 80 per cent of repairs to be completed by December 2014, and all repairs over $50,000 in value to be completed by the end of June 2013.

Crane

Operating earnings for Crane in the first six months were $53 million, up 6 per cent from $50 million in the prior corresponding period. Earnings growth was achieved through the commencement of supply of two significant mining and gas contracts for the pipelines business and corporate cost savings.

In the pipelines business, operating earnings grew by 12 per cent on the prior corresponding period. Australian volumes were ahead of the prior period as improved sales to the mining and gas sector offset reduced volumes in the weaker Australian residential market. New Zealand volumes were marginally behind the prior period.

Weaker Australian residential markets were the primary cause of the 40 per cent reduction in operating earnings for the distribution businesses. In Australia, earnings were down 33 per cent on the prior corresponding period with residential and commercial building activity in the West Australian and South Australian markets weaker than expected. In New Zealand the restructuring of the business into two trading entities, Corys Electrical and Mico Plumbing, was completed during the period. Cost reduction initiatives in both businesses assisted in mitigating the impact of reduced revenues.

Distribution

Operating earnings in the Distribution division were $15 million, 40 per cent lower than for the prior corresponding period. The decline in earnings was driven by a sales decline of 10 per cent.

Trading conditions continued to be extremely challenging due to low levels of market activity and on-going seismic activity in Christchurch. Competition intensified in the DIY and retail market with the opening of further new large format retail sites. The trade segment was mixed with new building activity declining over the period and many builders impacted by the low volumes.

Laminates & Panels

Operating earnings for Laminates & Panels were $42 million, down 48 per cent from $80 million in the prior corresponding period. Unusual costs of $21 million related to restructuring activities in Laminex were incurred during the period. Operating earnings before unusual items were $63 million, down 21 per cent on the prior corresponding period.

Laminex operating earnings before unusual items were $37 million for the six months to December, a decrease of 35 per cent on the underlying earnings of $57 million for the prior corresponding period. The restructuring costs of $21 million included one-off costs attributable to the closure of a laminating plant in Queensland, and redundancies in the commercial operations in response to the slowing conditions in Australia.

Revenue was 7 per cent below the prior corresponding period. Australian revenue was 6 per cent lower driven by a slowdown in new residential activity, and a weakening in the renovation and commercial sectors. New Zealand revenue was down by 12 per cent with a slowing of activity in both residential and commercial sectors as the economy remained subdued.

The slowdown in the Australian residential market had an adverse impact on demand for premium laminate products. This was partially offset by increased sales of commodity products but at significantly lower margins.

Competitive pressures in Australia and New Zealand remained strong with prices flat over the period. Cost pressure on material inputs was experienced during the period as resin costs and other major raw material input prices, including energy, increased.

Operating earnings for Formica were $26 million, up 13 per cent on the same period last year, and up by 17 per cent in domestic currencies. Reported revenue was down by 6 per cent but in domestic currency terms was up by 1 per cent on the same period last year.

Volumes overall were flat, however, markets were very mixed geographically with volumes in Asia up by 9 per cent on last year, North America up by 4 per cent and Europe down by 8 per cent.

In Asia, operating earnings were down 2 per cent on the prior corresponding period although adversely impacted by foreign exchange translation movements. In domestic currencies operating earnings were in line with the same period last year. Reported revenue was up by 1 per cent, but up by 7 per cent in domestic currencies.

China revenue in domestic currency rose by 15 per cent, and Taiwan revenue was up by 6 per cent. However, South East Asia suffered as a result of the floods in Thailand during the period and slowing activity in Singapore. Across the region, price and margins remained firm notwithstanding higher energy costs, especially in China.

In North America reported revenue was down by 7 per cent on the same period last year but was up by 3 per cent in domestic currency terms. A number of initiatives aimed at increasing demand across North America contributed to revenue growth in both the USA and Mexico, while Canada was slightly lower. Operating earnings were up 8 per cent on the prior corresponding period, and by 16 per cent in domestic currency terms, driven by operational and efficiency gains.

European reported revenue was down by 10 per cent on the same period last year, and down by 4 per cent in domestic currencies, driven by falls of 25 per cent in Spain and Italy and 10 per cent in France. This was partially offset by growth in Russia, the Middle East and Africa. The UK and Northern Europe remained broadly in line with last year. Operating earnings were flat on the prior corresponding period despite higher operating costs due to increases in raw materials and energy costs. Prices and margins generally remained firm and continued savings in fixed costs, including further rationalisation of locations, helped mitigate reduced revenues.

Steel

The Steel division's operating earnings declined 44 per cent from the prior year to $24 million. Revenues were 4 per cent lower than the prior year driven by much lower volumes in most businesses but with some pricing improvements.

The long steel businesses recorded lower operating earnings. Pacific Steel's revenues were 8 per cent higher driven by a 9 per cent increase in volumes while average weighted pricing was marginally lower than the prior year. Global pricing remained very competitive due to low levels of construction activity in Europe and the US, and the negative pricing impact was further exacerbated by the high New Zealand and Australian dollars. Despite New Zealand becoming an increasingly attractive import market, Pacific Steel grew its market share over the period.

The roll forming and coatings business had a difficult first half with operating earnings declining by 29 per cent over the prior corresponding period. Volumes decreased by 6 per cent as housing construction declined in both New Zealand and Australia. Commercial construction continued to be subdued. Margins declined slightly as increased competition reduced pricing.

Operating earnings in the distribution and services businesses declined by 60 per cent. Both Easysteel's and Fletcher Reinforcing's operating earnings were negatively impacted by soft volumes and lower margins as competition increased.

FINANCIAL REVIEW

Balance Sheet

The group's gearing[1] at 31 December 2011 was 35.0 per cent compared with 33.8 per cent at 30 June 2011. The gearing figure remains below the target range of 40 to 50 per cent, and for so long as world economies remain volatile the group will continue to position gearing below the bottom of this target range.

Funding

The group had total available funding of $2,558 million as at 31 December 2011. Of this, approximately $350 million was undrawn and there was an additional $182 million of cash on hand. Post 31 December 2011, the group has raised an additional US$300 million of long term debt through a private placement with US investors. These funds have been used to repay revolving debt facilities and allow the Australian bank debt facility of A$120 million to be cancelled.

Following the US private placement the group has drawn debt facilities maturing within the next 12 months of $165 million, and a further $65 million of capital notes subject to interest rate and term reset.

Debt Maturity

The average maturity of the debt post the US private placement is 5 years and the currency split is 52 per cent Australian dollar; 35 per cent New Zealand dollar; 10 per cent US dollar; 2 per cent Euro; and 1 per cent Pounds Sterling.

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[1] Interest bearing net debt (including capital notes) to interest bearing net debt (including capital notes) and equity

Interest Rates

Post the US private placement, approximately 67 per cent of all borrowings have fixed interest rates with an average duration of 4 years and a rate of 7.3 per cent. Inclusive of floating rate borrowings the average interest rate on the debt is approximately 6.7 per cent. All interest rates are inclusive of margins but not fees.

Interest coverage[2] for the period was 3.8 times compared with 5.6 times in the previous year, due to the increased debt levels following the acquisition of Crane.

Cashflow

Cashflow from operations was $129 million compared with $202 million in the prior period. The reduction was due to lower operating earnings, higher working capital levels, and higher interest and cash tax payments during the period. The most significant item was $43 million of cash payments for residential land settlements in the Construction division.

Capital expenditure for the period was $154 million compared with $148 million in the prior corresponding period. Of this total, $101 million was for stay-in-business capital projects, $22 million was for new growth initiatives, and $31 million was for the acquisition of new businesses. Significant investments during the period included the expansion of Laminex's decorated medium density fibreboard plant in Queensland, and two new businesses acquired in the Concrete division.

Dividend

The interim dividend is 17 cents per share. In line with the dividend imputation and franking policy announced in February 2011, the interim dividend will be fully franked for Australian tax purposes, but will not be imputed for New Zealand tax purposes.

A dividend summary is attached illustrating the effect of the Australian franking tax credits on the dividend.

Dividend Reinvestment Plan

The Dividend Reinvestment Plan will be operative for this dividend payment. Documentation for participation is available from the share registry or the company's website www.fletcherbuilding.com. Applications to participate must be received by the registry before the record date of 30 March 2012.

There will be no discount to the price applied to ordinary shares issued under the Dividend Reinvestment Plan. The price used to determine entitlements under the Plan is the average of the individual daily volume weighted average sale prices of price-setting trades of the company's shares sold on the NZX on each of the five business days following the NZX ex-dividend date of 28 March 2012. The new

[2] EBIT before unusual items to total interest paid including capital notes interest

shares will rank equally with existing shares and will be issued on the dividend payment date of 18 April 2012.

The shares will be quoted on an ex dividend basis from 26 March 2012 on the ASX and 28 March 2012 on the NZX.

STRATEGY

Fletcher Building is a portfolio company that creates value through applying its operating model to attractive industry positions in Australian and New Zealand light and heavy building materials markets. This strategy seeks to deliver earnings reliability for the group through geographic and end market diversification.

Fletcher Building operates a decentralised business model allowing decision making as close to the customer as possible. The corporate centre is focused on talent and performance management for the group as well as stakeholder management, strategy, capital management and allocation, and risk and reputation management.

The portfolio is focused on businesses that operate in fundamentally attractive industries, with leadership positions in the markets they target. Industries are prioritised to those where the competitive dynamics are judged to be stable and the growth prospects attractive.

Fletcher Building continues to see good opportunities across Australia and New Zealand to further invest in new businesses, bolt-on acquisitions or through the organic growth of its existing businesses. Fletcher Building's primary exposure outside Australia and New Zealand is through Formica. For the foreseeable future the company will continue to focus on opportunities in New Zealand and Australia, and on growing the Formica business particularly in Asia.

OUTLOOK

Conditions in New Zealand are expected to remain challenging for the balance of the 2012 financial year. While there was a modest uplift in residential housing consents in the first half, the benefit of which will be felt in the second half, overall levels of activity in both the residential and commercial construction sectors will remain subdued. Additionally, expenditure on infrastructure related projects will be lower than previous periods due to the timing of key projects. Conditions in the long steel industry remain difficult although some improvement in earnings from the export of long steel product into Australia is expected.

Further seismic activity in Canterbury last Christmas has again prompted a change in the estimated timeframe for major rebuilding work. The Reserve Bank of New Zealand has revised its expectations after factoring in the latest aftershocks, and has pushed out its assumption of the rebuild by several months. The bank now forecasts a gradual lift in activity over calendar 2012 from the demolition work and repairs to housing and infrastructure. Reconstruction activities are forecast to get underway in earnest in 2013. The availability of insurance continues to be an important factor in the timing of the rebuild.

In Australia, the significant downturn in residential consents and continued weak approval levels in commercial construction continue to impact businesses exposed to these sectors. Laminex's earnings will continue to be negatively impacted, due to both the high exposure of the business to the residential sector and its sensitivity to volume changes. The plumbing distribution and steel roll forming businesses are also expected to deliver lower earnings due to depressed activity levels in residential and commercial construction. However, group businesses serving the infrastructure sector in Australia are expected to perform satisfactorily.

Formica expects to see growth in North America and Asia with volumes rising in Asian markets and slightly improved conditions in North America. Cost reduction initiatives in Europe should underpin earnings despite depressed conditions in that market. However, the strength of the New Zealand dollar relative to the prior year may adversely impact reported results compared to what is achieved in local currencies in respective markets.

Based on the results for the half year, and the current assessment of market conditions and unaudited internal forecasts, the 2012 full year net earnings, excluding unusual items, are expected to be between $310 million and $340 million.

2012 INTERIM DIVIDEND SUMMARY TABLE [1]

NZ cents per share	NZ RESIDENTS ON TOP MARGINAL TAX RATE OF 33%	AUSTRALIAN RESIDENTS ON TOP MARGINAL TAX RATE OF 47.5%	AUSTRALIAN RESIDENTS ON 15% TAX RATE	OTHER NON RESIDENTS[9]
Dividend declared	17.0000	17.0000	17.0000	17.0000
NZ imputation credits [2]	0.0000			
NZ supplementary dividend [3]		0.0000	0.0000	0.0000
Australian franking credits [4]		7.2857	7.2857	
Gross dividend for NZ tax purposes	**17.0000**	**17.0000**	**17.0000**	**17.0000**
NZ tax (33%) [5]	(5.6100)			
NZ non-resident withholding tax (15%) [6]		(2.5500)	(2.5500)	(2.5500)
Net cash received after NZ tax	**11.3900**	**14.4500**	**14.4500**	**14.4500**
Australian tax (47.5% and 15%) [7]		(11.5357)	(3.6429)	
Reduced by offset for NZ non-resident withholding tax		2.5500	2.5500	
Less Australian franking credit offset [8]		7.2857	7.2857	
Net cash dividend to shareholders after tax	**11.3900**	**12.7500**	**20.6428**	**14.4500**

NOTES:

(1) This summary is of a general nature and the tax rates used and the calculations are intended for guidance only. As individual circumstances will vary, shareholders are advised to seek independent tax advice.

(2) No imputation credits are attached to this dividend.

(3) A supplementary dividend is only payable to non-New Zealand shareholders if the dividend is fully or partly imputed. It has the effect of removing the cost of New Zealand non-resident withholding tax (NRWT) on that part of the dividend which has imputation credits attached. As noted above, no imputation credits are attached to this dividend. Accordingly, no supplementary dividend is payable.

(4) These amounts are not received in cash from Fletcher Building but are relevant in determining the gross dividend received for Australian tax purposes.

(5) For all NZ resident shareholders who do not hold an exemption certificate, resident withholding tax (RWT) is required to be deducted at 33%. Accordingly, for those shareholders, a deduction of 5.61 cents per share will be made on the date of payment from the dividend declared of 17.0 cents per share and forwarded to Inland Revenue. Resident shareholders who have a tax rate less than 33% will need to file a tax return to obtain a refund of the RWT.

(6) NZ non-resident withholding tax at the rate of 15% on the gross dividend for NZ tax purposes.

(7) This summary uses two examples of the effect of tax in Australia. The first uses the top marginal tax rate of 47.5%, including the Medicare and Flood levies The second example uses the 15% income tax rate applicable in Australia to complying superannuation funds, approved deposit funds and pooled superannuation trusts. Different tax rates will apply to other Australian shareholders, including individuals, depending on their circumstances.

The Australian tax is calculated as:	47.5% rate	15% rate
gross dividend for NZ tax purposes	17.0000	17.0000
plus franking credits	7.2857	7.2857
gross dividend for Australian tax purposes	24.2857	24.2857
Australian tax	11.5357	3.6429

(8) Any surplus franking credit offset is refundable to Australian resident shareholders on issue of their Australian tax assessment.

(9) This illustration does not purport to show the taxation consequences of the dividend for non-residents of New Zealand or Australia. Shareholders resident in other countries are encouraged to consult their own taxation adviser.