



TWENTY-EIGHTH  
ANNUAL  
REPORT

THE FLETCHER ORGANISATION

FOR THE YEAR  
ENDED 31 MARCH

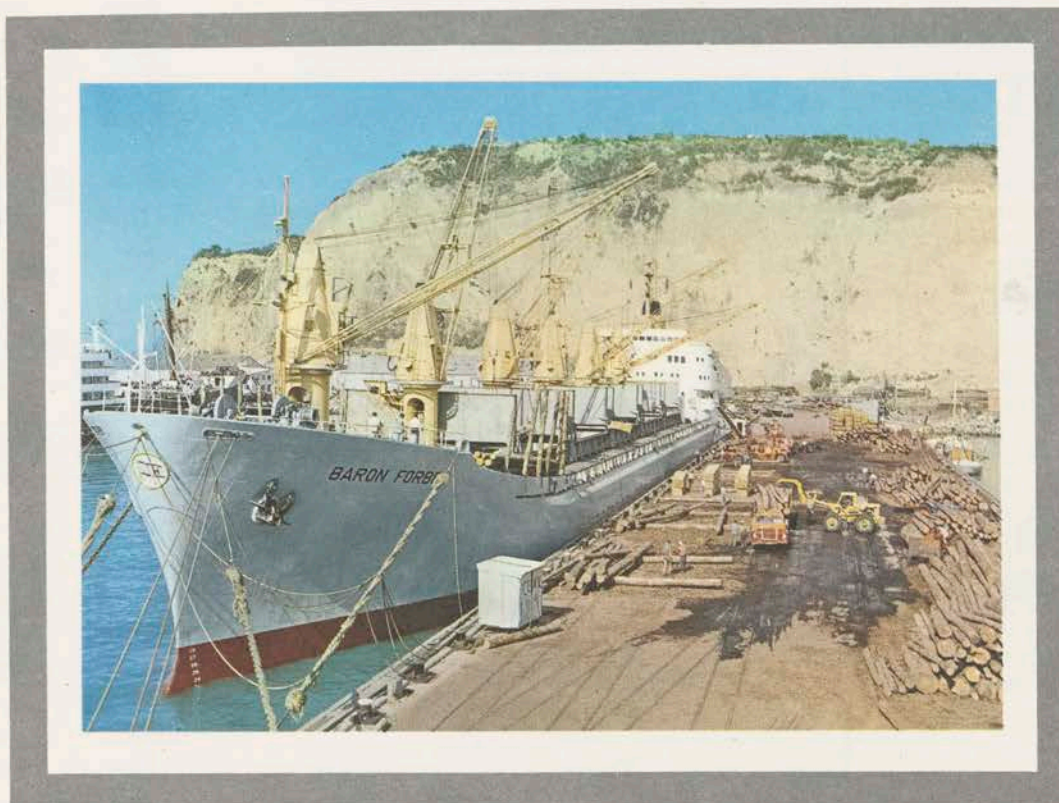
1968

FLETCHER HOLDINGS LIMITED / AUCKLAND / NEW ZEALAND



# THE FLETCHER ORGANISATION

## 1968



TWENTY-EIGHTH ANNUAL REPORT OF FLETCHER HOLDINGS LIMITED  
FOR THE YEAR ENDED 31 MARCH, 1968



# REPORT OF THE DIRECTORS

TO MEMBERS ON THE AFFAIRS OF THE COMPANY AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED 31 MARCH, 1968

## PROFITS

The profit of the parent Company, Fletcher Holdings Limited, including dividends from Subsidiary Companies and after providing for taxation (including proprietary tax) was .....	1,923,191
The amount available from previous years was .....	539,756
making available for distribution .....	<u>2,462,947</u>
Dividends already paid are .....	841,585
and proposed final dividends are .....	970,106
leaving a balance carried forward to next year of .....	<u>\$651,256</u>

(Full details of the various dividends paid and proposed are shown in the notes to the accounts).

## FINANCIAL INTAKE

	1968	1967	1966
	\$	\$	\$
Proceeds of Share Issue .....	500,250	—	3,427,130
Retained from Current Profits .....	927,188	715,866	730,852
Increase in:			
Fixed Loans .....	1,159,055	2,835,532	1,980,446
Deferred Taxation Provision .....	125,003	135,808	138,250
Minority Interests .....	—	—	46,458
Capital Profits arising from newly-acquired interests .....	3,960	18,566	230,358
Depreciation and Depletions .....	2,309,780	2,266,928	1,987,666
Exchange Equalisation .....	124,344	—	—
	<u>\$5,149,580</u>	<u>\$5,935,568</u>	<u>\$8,080,444</u>

## FINANCIAL OUTGOINGS

Net Additions to:			
Fixed Assets .....	2,610,564	4,990,404	5,163,920
Forest Assets .....	458,860	525,418	490,070
Investments .....	543,878	135,836	785,392
Net Current Assets .....	1,034,538	279,994	1,641,062
Redemption of Redeemable Preference Capital .....	500,000	—	—
Reduction in Minority Interests .....	1,740	3,916	—
	<u>\$5,149,580</u>	<u>\$5,935,568</u>	<u>\$8,080,444</u>



# REPORT OF THE DIRECTORS

## DEBENTURE AND LOAN FINANCE

During September 1967, issues of Registered Debenture Stock and Unsecured Loan Stock were opened for public subscription and made available for conversion of existing Debenture Stock totalling \$1,422,810 which matured on 31 October. The Debenture Stock was oversubscribed and closed at a total amount of \$2,339,000 and the issue of Unsecured Loan Stock, a relatively new type of loan finance in New Zealand, was subscribed to a total of \$285,000.

## DIRECTORS

Under the Company's Articles of Association, Mr. J. C. Fletcher and Mr. R. G. Stark retire. Both these gentlemen are eligible and offer themselves for re-election.

It is with great admiration that I refer to Sir James Fletcher, who early this year retired from the position of Chairman of the Board, a position which he occupied from the incorporation of the Company in 1940 almost continuously over a period of nearly twenty-eight years. As founder and principal, however, his association with the businesses from which the Company grew dates back to the year 1909, a period of nearly sixty years. It was Sir James's foresight, enthusiasm, initiative and energy which enabled him to make a major contribution to the growth and prosperity of the Company, which, from a very modest beginning, has grown into one of the largest in New Zealand.

On Sir James's retirement as Chairman it was the wish of his colleagues on the Board that the occasion be marked by some special tribute, and for this purpose an Extraordinary Meeting of Members was held on 28 March at which a resolution was passed creating the new office in the Company of Founder President. It was with great pleasure that your Board appointed Sir James to that office in order to honour and pay tribute to his outstanding service. Sir James Fletcher remains on the Board as a Director of the Company.

Consequent upon Sir James's retirement as Chairman and at the unanimous request of the Board I now hold the position of Chairman. In following one of Sir James Fletcher's capacity, I recognise that my task, under present conditions, will not be an easy one. But fortunately I have a very competent Board to help me and I look forward to the future with confidence. As economic conditions improve, as I am sure they will, we have an organisation well geared to take a prominent part in the progress of the country and the welfare of our members.

Shareholders will note a change in the Directors. During a recent visit to Auckland Sir James Vernon expressed a wish that he should be replaced by Mr Bryan Nivison Kelman who, for some time, had acted as Sir James's alternate and as such had a wide and intimate knowledge of the Company's affairs. Mr Kelman is a senior executive of the Colonial Sugar Refining Company Limited.

## DIVIDENDS

Dividends paid since last year's final dividend are:

Preference Shares — Interim and Final Dividends both of 3 per cent, making 6 per cent for the year to 30 April, 1968.

Redeemable 'B' Preference Shares — Interim Dividend of 2½ per cent and Final Dividend at the rate of 5 per cent per annum for the four months to the date of Redemption on 29 February, 1968.

'C' Preference Shares — Interim and Final Dividends both of 2½ per cent, making 5 per cent for the year to 30 April, 1968.



AUDITORS  
TRADING AND  
PROFIT

RESERVES

INVESTMENTS

GENERAL

One-sixth of the final dividends paid on the Preference and 'C' Preference Shares is chargeable in the accounts of the Company in the current year commencing 1 April, 1968.

Ordinary Shares — Interim Dividend of 5 per cent.

Your Directors recommend payment of a final dividend of 6 per cent (making 11 per cent for the year) on the Ordinary Capital of the Company, this dividend to be payable on 24 July, 1968, to Ordinary Shareholders on the Register as at 17 July, 1968. The Register of Members will be closed from Wednesday, 17 July, 1968, to Wednesday, 24 July, 1968, both days inclusive, to provide for the payment of the Ordinary dividend, if approved by the members.

The Company's Auditors, Messrs Hutchison, Elliffe, Davies, Anderson & Co. again offer their services.

Expectations that the effects of the economic measures taken by the Government in February 1967 would fall with particular severity on the building industry and its suppliers have been realised. They have resulted in a substantial fall in the backlog of construction work and in the turnovers of the manufacturing and trading companies which service the building industry. This has caused a downturn in the profits arising from our normal trading operations. However, the diversification of the Group, particularly the growth of its export trade, has limited the reduction to \$1,442,403 in turnover of \$82,213,169.

This export trade with its incentive taxation benefits, other forest write-offs, and increased investment income has reduced taxation provision required to \$759,770. In result the profit for the year after deducting minority interests is \$220,207 higher than the profit for the previous year at \$2,741,299.

The earning rate (after adjustment for preference dividends) on average ordinary capital is 16.9 per cent, compared with 15.6 per cent in 1966-67 and 16.1 per cent in 1965-66.

The Group's Reserves have again been increased and now total \$15,755,355 compared with \$14,544,613 at 31 March 1967. The increase includes \$155,250 from premiums on share issue and \$929,608 from retained profits. A further \$124,344 resulting from devaluation has been added to Reserves.

As at 31 March, 1968, the Group's investments in companies (other than subsidiaries) where it holds 10 per cent or more of the equity capital was \$6,909,925. On the basis of the last available accounts, the Group's share of the profits of these companies is \$1,005,835, compared with \$1,019,844 last year. Of these profits only \$659,647, being the amount of dividends received, is included in the Group's Profit and Loss Account.

I commend shareholders' attention to the annual accounts and balance sheets and the report of the Managing Director which follow.

For the Directors,

5 July, 1968.

Chairman.

# CONSOLIDATED PROFIT & LOSS ACCOUNTS

## FLETCHER HOLDINGS LIMITED AND SUBSIDIARY COMPANIES



FOR THE YEAR ENDED 31 MARCH, 1968

Fletcher Holdings Limited			Consolidated	
1967	1968		1968	1967
\$	\$	Note	\$	\$
—	—			
		Turnover	82,213,169	83,655,572
1,190,086	1,329,111	Surplus on Trading (before Depreciation, Depletions and Interest)	6,362,427	6,816,910
		Depreciation	1,832,106	1,751,744
		Depletion of Forest Assets	477,674	515,184
1,190,086	1,329,111		4,052,647	4,549,982
14,342	6,720	Investment Income	730,187	655,084
94,414	88,215	Exceptional Items	1,938	24,524
1,110,014	1,247,616	Profit before Interest	4,780,896	5,180,542
863,266	1,019,580	Interest Payable	1,218,454	1,060,998
246,748	228,036	Profit before Taxation	3,562,442	4,119,544
132,766	118,345	Taxation	759,770	1,498,876
113,982	109,691	Profit after Taxation	2,802,672	2,620,668
—	—	Less Minority Interests in Profit	61,373	99,576
113,982	109,691	Net Profit attributable to the Members of Fletcher Holdings Limited	2,741,299	2,521,092
1,810,000	1,813,500	Dividends paid by Subsidiary Companies to Fletcher Holdings Limited		
1,923,982	1,923,191	Preference Dividends	78,918	74,250
74,250	78,918			
1,849,732	1,844,273	Net Profit attributable to the Ordinary Shareholders	2,662,381	2,446,842
1,729,200	1,732,773	Ordinary Dividends	1,732,773	1,729,200
\$120,532	\$111,500	Profit Retained in Business	\$929,608	\$717,642

The notes on pages 6 and 7 form part of and are to be read in conjunction with this Profit and Loss Account.

# NOTES ON PROFIT & LOSS ACCOUNTS

		1968	1967
		\$	\$
<b>1. DIRECTORS' FEES</b>	Directors' Fees payable to the Directors of Fletcher Holdings Limited and to outside Directors of Subsidiary Companies .....	16,000 2,907	16,000 4,388
		<u>18,907</u>	<u>20,388</u>
<b>2. AUDITORS' FEES</b>	Remuneration paid to Auditors — Fletcher Holdings Limited .....	900	900
	Subsidiary Companies .....	37,488	40,824
		<u>38,388</u>	<u>41,724</u>
<b>3. TRADING PROFIT</b>	Trading Profit includes profit on disposal of properties which are being developed by Subsidiary Companies as part of trading operations .....	<u>95,199</u>	<u>—</u>
<b>4. INVESTMENT INCOME</b>	Income from Investments includes — Interest on Government Stock, etc. ....	122	17,966
	Dividends from other Companies .....	701,323	602,932
	Income from other investments .....	28,742	34,186
		<u>730,187</u>	<u>655,084</u>
	Interest on Government Stock includes interest received by Fletcher Holdings Limited .....	<u>—</u>	<u>9,708</u>
<b>5. EXCEPTIONAL ITEMS</b>	Profits less losses on disposal of capital assets and amounts not applicable to current trading — Fletcher Holdings Limited .....	4,272-	75,250
	Subsidiary Companies .....	86,277	—
	Expense of Debenture Issue — Fletcher Holdings Limited .....	83,943-	99,774-
		<u>1,938-</u>	<u>24,524-</u>



# NOTES ON PROFIT & LOSS ACCOUNTS

## 6. INTEREST ON FIXED LOANS

	1968 \$	1967 \$
Fletcher Holdings Limited .....	929,291	797,120
Subsidiary Companies .....	3,783	6,768
	<u>933,074</u>	<u>803,888</u>

Interest payable by Fletcher Holdings Limited for 1967 is for a period of eleven months only.

## 7. TAXATION

Taxation of \$640,701 on profits for the year consists wholly of New Zealand Taxes.

After taking advantage of all concessions, provision has been made on income for the year —

Fletcher Holdings Limited .....	120,390	133,192
Consolidated Total .....	640,701	1,391,120
Surplus taxation written back from previous years —		
Fletcher Holdings Limited .....	2,045	426
Consolidated Total .....	5,934	28,052
Provision has been made for Deferred Taxation in Subsidiary Companies .....	125,003	135,808

Taxation savings on income resulting from Export Market Development, Export Incentives, Investment (West Coast) Allowances, and Forest Industry Incentives total \$385,054.

## 8. DIVIDENDS

	Interim Dividend Paid	Appropriation for Final Dividend	Total
	\$	\$	\$
6% Cumulative Preference .....	3,500	2,500	6,000
5% Redeemable "B" Cumulative Preference .....	22,918	—	22,918
5% "C" Cumulative Preference .....	29,167	20,833	50,000
Ordinary Dividends .....	786,000	946,773	1,732,773
	<u>841,585</u>	<u>970,106</u>	<u>1,811,691</u>

Appropriation of Profits for the Final Dividends on the 6% Preference and "C" Preference Shares is five-sixths of the dividends payable, in terms of issue on a per annum basis, for the six months ended 30 April, 1968, the balance of one-sixth being chargeable against profits of the year commencing 1 April, 1968.

The final dividend on the 5% Redeemable "B" Preference Shares to date of Redemption, having been paid prior to 31 March, is included in the amount of Interim Dividend paid.

The total dividends payable to minority interests in subsidiary companies, including interim dividend already paid, are \$50,174.



FLETCHER HOLDINGS LIMITED  
AND SUBSIDIARY COMPANIES

**CONSOLIDATED  
BALANCE SHEET**

AS AT 31 MARCH, 1968

1967		<i>Capital Employed</i>		1968	
\$	\$		Note	\$	\$
	1,600,000	PREFERENTIAL CAPITAL .....	1		1,100,000
		ORDINARY SHAREHOLDERS' FUNDS —			
15,720,000		Capital .....	1	16,065,000	
14,544,613	30,264,613	Reserves .....	2	15,755,355	
					31,820,355
	1,427,590	MINORITY INTERESTS IN SUBSIDIARIES .....	3		1,425,851
	16,862,094	FIXED LOANS .....	4		18,021,149
	430,484	DEFERRED TAXATION PROVISION .....	5		555,487
	<u>\$50,584,781</u>				<u>\$52,922,842</u>
		<i>Employment of Capital</i>			
	28,092,488	LAND, BUILDINGS, PLANT, FOREST ASSETS, ETC. ....	6		28,852,132
	8,124,042	INVESTMENTS .....	7		8,667,921
	<u>36,216,530</u>	TOTAL FIXED ASSETS .....			<u>37,520,053</u>
		CURRENT ASSETS —			
14,053,910		Stocks .....		14,070,962	
8,260,860		Contracts .....		7,593,834	
10,875,486		Debtors .....	8	10,839,762	
81,656		Cash and Bank Balances .....		390,982	
<u>33,271,912</u>				<u>32,895,540</u>	
		CURRENT LIABILITIES —			
9,494,319		Creditors .....	9	9,685,209	
6,503,910		Bank Overdrafts and Loans .....	10	5,597,038	
1,002,158		Provision for Final Dividends .....	11	995,073	
1,903,274		Provision for Taxation .....		1,215,431	
<u>18,903,661</u>				<u>17,492,751</u>	
	14,368,251	NET CURRENT ASSETS .....			15,402,789
	<u>\$50,584,781</u>				<u>\$52,922,842</u>

The Notes on pages 11 to 14 form part of and are to be read in conjunction with this Balance Sheet.

# BALANCE SHEET

## FLETCHER HOLDINGS LIMITED

AS AT 31 MARCH, 1968



1967			Note	1968	
\$	\$			\$	\$
	20,000,000	<b>Capital Employed</b>			
	<u>17,320,000</u>	AUTHORISED CAPITAL .....	1		<u>30,000,000</u>
		ISSUED AND PAID-UP CAPITAL .....	1		<u>17,165,000</u>
		CAPITAL RESERVES —			
6,743,678		Premium on Shares .....	2	6,898,927	
—	6,743,678	Exchange Equalisation .....		<u>177,338</u>	7,076,265
		REVENUE RESERVES —			
20,000		Preference Dividend Equalisation .....	2	20,000	
542,176	562,176	Profits Retained .....		<u>651,256</u>	671,256
	14,035,698	FIXED LOANS .....	4		<u>15,094,742</u>
	<u>\$38,661,552</u>				<u>\$40,007,263</u>
		<b>Employment of Capital</b>			
		INVESTMENTS —			
177,588		N.Z. Government Stock .....		—	
—	177,588	Other .....	7	<u>178,550</u>	178,550
		INVESTMENT IN AND AMOUNTS OWING BY SUBSIDIARY COMPANIES —			
9,160,970		Shares in Subsidiaries .....		9,338,307	
33,632,400		Term Advances .....		<u>32,606,000</u>	
72,660		Other Amounts .....		<u>1,389,572</u>	
42,866,030		Less Secured Loan owing to Subsidiary Company .....		<u>43,333,879</u>	
133,000	42,733,030			<u>121,500</u>	43,212,379
		CURRENT ASSETS —			
3,880		Debtors .....		<u>899</u>	
		CURRENT LIABILITIES —			
1,230,590		Creditors .....	9	859,728	
1,906,406		Bank Overdraft .....	10	<u>1,427,331</u>	
976,950		Provision for Final Dividends .....	11	970,106	
139,000		Provision for Taxation .....		<u>127,400</u>	
4,252,946				<u>3,384,565</u>	
	4,249,066	NET CURRENT LIABILITIES .....			<u>3,383,666</u>
	<u>\$38,661,552</u>				<u>\$40,007,263</u>

The Notes on pages 11 to 14 form part of and are to be read in conjunction with this Balance Sheet.

On behalf of the Board,  
L. J. STEVENS, *Director*.  
J. S. FLETCHER, *Director*.

# REPORT OF THE AUDITORS

TO MEMBERS OF FLETCHER HOLDINGS LIMITED

We have obtained all the information and explanations that we have required. In our opinion proper books of account have been kept by the Company so far as appears from our examination of those books. In our opinion, according to the best of our information and the explanations given to us and as shown by the said books, the Balance Sheet and the Profit and Loss Account, together with the notes thereon, are properly drawn up so as to give respectively a true and fair view of the state of the Company's affairs as at 31 March, 1968, and of the results of its business for the year ended on that date. According to such information and explanations in our opinion the accounts, the Balance Sheet and the Profit and Loss Account give the information required by the Companies Act 1955 in the manner so required. We have also examined the annexed group accounts with the audited accounts of the Companies dealt with thereby. In our opinion the group accounts comprising the annexed Consolidated Balance Sheet and Consolidated Profit and Loss Account have been properly prepared in accordance with the Companies Act 1955 so as to give a true and fair view of the state of affairs and the results of the business of the Company and its subsidiaries dealt with thereby.

HUTCHISON, ELLIFFE, DAVIES, ANDERSON & CO.  
Auditors

AUCKLAND, 24 JUNE, 1968.



# NOTES ON BALANCE SHEETS

## 1. CAPITAL

### AUTHORISED CAPITAL

	1968 \$	1967 \$
<b>Preferential</b>		
100,000 6% Cumulative Preference Shares of \$1 each .....	100,000	100,000
500,000 5% Redeemable "B" Cumulative Shares of \$1 each .....	—	500,000
1,000,000 5% "C" Cumulative Preference Shares of \$1 each .....	1,000,000	1,000,000
<b>Total Authorised Preferential Capital .....</b>	<b>1,100,000</b>	<b>1,600,000</b>
<b>Ordinary</b>		
28,900,000 Ordinary Shares of \$1 each .....	28,900,000	18,400,000
<b>Total Authorised Capital .....</b>	<b>\$30,000,000</b>	<b>\$20,000,000</b>
<b>ISSUED AND PAID-UP CAPITAL</b>		
Preferential Capital .....	1,100,000	1,600,000
Ordinary Capital — 16,065,000 Ordinary Shares of \$1 each .....	16,065,000	15,720,000
<b>Total Issued and Paid-up Capital .....</b>	<b>\$17,165,000</b>	<b>\$17,320,000</b>

## 2. RESERVES

### CAPITAL RESERVES

	Consolidated \$	Fletcher Holdings Limited \$
<b>General</b>		
As at 31 March, 1967 .....	2,619,582	—
Excess of book value of assets over purchase price of newly-acquired interests .....	3,960	—
Amount transferred from Revenue Reserve .....	8,223	—
	<u>2,631,765</u>	<u>—</u>
<b>Exchange Equalisation .....</b>	<b>124,344</b>	<b>177,338</b>
<b>Premium on Shares</b>		
As at 31 March, 1967 .....	6,743,677	6,743,677
Premium on shares issued during year .....	155,250	155,250
As at 31 March, 1968 .....	6,898,927	6,898,927
<b>Total Capital Reserves .....</b>	<b>9,655,036</b>	<b>7,076,265</b>
<b>REVENUE RESERVES</b>		
Preference Dividend Equalisation .....	20,000	20,000
<b>Profits Retained in Business:</b>		
As at 31 March, 1967 .....	5,161,354	542,176
Cost of Debenture Discount .....	2,420	2,420
Amount retained from profits for year ended 31 March, 1968 .....	929,608	111,500
Amount transferred to Capital Reserve .....	8,223	—
As at 31 March, 1968 .....	6,080,319	651,256
<b>Total Revenue Reserves .....</b>	<b>6,100,319</b>	<b>671,256</b>
<b>Total Capital and Revenue Reserves .....</b>	<b>15,755,355</b>	<b>7,747,521</b>

All items of pre-acquisition profits, goodwill or premium on shares in subsidiaries have been dealt with in the consolidated statement by the adjustment of all shares in subsidiary companies to par value.

# NOTES ON BALANCE SHEETS



## 3. MINORITY INTERESTS

Outside shareholders' interests in subsidiaries are comprised of:		
Ordinary Shares	.....	667,112
Reserves:		
Capital	.....	336,965
Revenue	.....	421,774
		<u>\$1,425,851</u>

## 4. FIXED LOANS

Fixed Loans include —  
 In Fletcher Holdings Limited:  
 Registered Debenture Stock secured over various assets of the  
 Company and its Subsidiaries —

Maturity Date	Rate of Interest	Fletcher Holdings Limited	Consolidated
		\$	\$
Within 5 years on —			
31 October, 1969	5½%	860,000	
30 April, 1970	6%	326,430	
31 October, 1970	6%	875,400	
31 October, 1970	6½%	251,200	
31 October, 1971	5¾%	1,900,000	
30 April, 1972	6½%	1,772,900	
31 October, 1972	6½%	249,300	
		<u>6,235,230</u>	
Between —			
1 April, 1973 and 31 March, 1978	5¼%-7%	4,720,510	
1 April, 1978 and 31 March, 1983	6¾%-7%	715,760	
1 April, 1983 and 31 March, 1988	6½%-7%	3,712,390	
		<u>15,383,890</u>	
Less Debentures issued to Subsidiary Companies with Minority Interests of which \$32,500 matures within 5 years			121,500
			<u>15,262,390</u>
Less Sinking Fund			452,648
			<u>14,809,742</u>
Unsecured Loan Stock guaranteed by the Company and various subsidiaries —			
Maturing within 5 years on —			
30 April, 1971	6½%	69,000	
Maturing between —			
1 April, 1973 and 31 March, 1978	7¼%-7½%	216,000	285,000
		<u>15,094,742</u>	<u>15,094,742</u>
In Subsidiary Companies:			
Mortgages secured over various properties			2,926,407
		<u>15,094,742</u>	<u>18,021,149</u>
Fixed Loans as per Balance Sheets			<u>200,000</u>
Mortgages which are repayable within 12 months amount to			
Redeemed Debentures which the Company has power to re-issue total \$26,700.			



# NOTES ON BALANCE SHEETS

## 5. DEFERRED TAXATION PROVISION

Special Depreciation of \$418,955 has been taken into account as a tax deduction but has not been charged in the accounts of subsidiary companies. After making allowance for ordinary depreciation which has been written off in excess of taxation allowances, the resulting net saving in taxation of \$125,003 has been added to Deferred Taxation Provision.

## 6. FIXED ASSETS

	Land and Buildings	Plant and Equipment	Forest Assets	Total
	\$	\$	\$	\$
<b>Valuation or Cost:</b>				
As at 31 March, 1967	13,901,740	18,104,794	7,714,894	39,721,428
Additions	1,229,807	2,443,429	467,013	4,140,249
Proceeds of sales	793,996-	495,470-	11,911-	1,301,377-
Adjustment on disposals, etc.	171,493	609,309-	1,232,041-	1,669,857-
As at 31 March, 1968	14,509,044	19,443,444	6,937,955	40,890,443
<b>Depreciation:</b>				
As at 31 March, 1967	1,274,076	7,913,474	2,441,390	11,628,940
Charge for year	173,546	1,658,560	477,674	2,309,780
Adjustment on disposals, etc.	87,834-	576,776-	1,235,799-	1,900,409-
As at 31 March, 1968	1,359,788	8,995,258	1,683,265	12,038,311
<b>Net Balance Sheet Values:</b>				
As at 31 March, 1968	13,149,256	10,448,186	5,254,690	28,852,132
As at 31 March, 1967	12,627,664	10,191,320	5,273,504	28,092,488
Net Increase	\$521,592	\$256,866	\$18,814-	\$759,644

Valuation or Cost is valuation at 1 January, 1957, or cost if acquired after that date, except in the case of some subsidiaries where assets have been revalued since that date.

## 7. INVESTMENTS

Investments are valued at cost and are comprised of:

	\$
(a) Government, Local Body and other Public Debentures, Stocks, etc.	1,000
(b) Investment in Companies	8,149,154
(c) Other Investments	517,767
	8,667,921
Par Value of Investments	7,651,206
Market value of Investments quoted on Stock Exchange	10,152,151
Estimated value of unquoted Investments	4,624,850
	14,777,001

## 8. DEBTORS

Debtors are net after deduction of Provisions for Bad Debts and Discounts and include short term advances to associated companies.

## 9. CREDITORS

Creditors include Call Deposits.

# NOTES ON BALANCE SHEETS



## 10. BANK OVERDRAFTS

Bank Overdrafts and Loans to the extent of \$5,274,394 including \$1,427,331 in Fletcher Holdings Limited are secured over various assets of the Group.

## 11. PROVISION FOR DIVIDENDS

Provision for Final Dividends in the Consolidated Balance Sheet includes provision totalling \$24,967 for dividends payable to minority interests in subsidiary companies. See Profit and Loss Accounts Note 8 for reference to appropriation of profits for final dividends.

## 12. OVERSEAS CURRENCIES

Overseas Currencies have been converted at current rates of exchange. The increase in value of investment in overseas subsidiaries has been credited to an Exchange Equalisation Reserve.

## 13. CONTINGENT LIABILITIES

In Fletcher Holdings Limited there are contingent liabilities for guarantees totalling approximately \$900,000 in addition to guarantees of some liabilities of subsidiary companies. There is also a contingent liability of \$10,400,000 for uncalled capital of wholly-owned subsidiary companies. In subsidiary companies there are, in addition to various immaterial guarantees, contingent liabilities in respect of uncalled capital of subsidiary and of other companies. In neither Fletcher Holdings Limited nor the Group as a whole are any losses expected on contingent liabilities.

## 14. CAPITAL EXPENDITURE

Commitments for Capital Expenditure at 31 March, 1968, not provided for in the Accounts are —

In Fletcher Holdings Limited	.....	.....	.....	.....	.....	.....	.....	.....	Nil
and in Subsidiary Companies	.....	.....	.....	.....	.....	.....	.....	.....	\$1,232,000

## FINANCIAL INFORMATION 1959-1968

	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959
<b>CONSOLIDATED PROFIT AND LOSS</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Turnover .....	82,213	83,654	81,612	75,528	66,660	55,608	54,056	42,650	31,410	30,868
Surplus on Trading .....	6,362	6,816	6,800	6,076	4,961	4,537	3,988	2,664	2,208	2,115
Depreciation and Depletions .....	2,310-	2,267-	1,986-	1,622-	1,460-	1,526-	1,164-	868-	834-	774-
Investment Income .....	730	655	418	336	240	108	100	98	118	82
Exceptional Items .....	2-	24-	96	192-	101	123	52	65	78	67
Interest Payable .....	1,218-	1,061-	876-	788-	716-	568-	540-	386-	322-	266-
Profit before Taxation .....	3,562	4,119	4,452	3,810	3,126	2,674	2,436	1,573	1,248	1,224
Taxation .....	760	1,499	1,936	1,656	1,390	1,198	1,112	697	556	568
Net Profit .....	2,802	2,620	2,546	2,154	1,736	1,476	1,324	876	692	656
Minority Interest in Profit .....	61	100	108	114	72	114	100	4-	—	—
Preference Dividends .....	79	74	82	82	82	82	82	82	82	82
Net Profit Attributable to Ordinary Shareholders .....	2,662	2,446	2,356	1,958	1,582	1,280	1,142	798	610	574
Ordinary Dividends .....	1,733	1,730	1,620	1,170	996	902	722	508	440	440
Profits Retained .....	929	716	736	788	586	378	420	290	170	134
<b>INTERESTS OF ORDINARY SHAREHOLDERS</b>										
Issued Ordinary Capital .....	16,065	15,720	15,720	13,020	11,580	9,220	8,676	5,690	4,400	4,400
Retained Profits and Other Reserves .....	15,756	14,544	13,848	12,620	10,936	8,736	7,902	4,504	3,516	3,346
Equity Interest .....	31,821	30,264	29,568	25,640	22,516	17,956	16,578	10,194	7,916	7,746
Earnings per \$1 Ordinary Share .....	\$ 0.16	0.16	0.15	0.15	0.13	0.14	0.13	0.14	0.14	0.13
Ordinary Dividend Rate .....	11%	11%	11%	10%	10%	10%	10%	10%	10%	10%
Asset Value per \$1 Ordinary Share .....	\$ 1.98	1.92	1.88	1.97	1.94	1.95	1.91	1.78	1.79	1.77

FLETCHER HOLDINGS LIMITED  
 COMPARATIVE STATEMENT FOR THE YEARS ENDED 31 MARCH

**TURNOVERS**

	1968	1967	1966
	\$	\$	\$
<b>CONSTRUCTION</b>			
Commercial and General Construction, Mechanical Services and Civil Engineering (including proportionate share of joint-venture contracts)	26,677,566	26,329,048	25,583,812
<b>STEEL AND ENGINEERING</b>			
Steel Merchandising and Reinforcing Fabrication, Agency Sales (mainly Plant and Equipment)	12,318,117	11,440,382	11,779,166
<b>MANUFACTURING</b>			
Asbestos-Cement Products, Bituminous Roofing, Linseed Oils and Oil Cake, Plywood, Veneers, Flush Doors, Floor Coverings, etc.	8,730,764	8,599,472	8,032,496
<b>BUILDERS' SUPPLIES</b>			
Wholesale and Retail Builders' and General Hardware Supplies	12,360,757	12,399,022	11,884,276
<b>TIMBER</b>			
Sawmilling, Timber Processing, Merchandising of Domestic and Imported Timber	20,661,462	23,209,094	22,711,564
<b>SUNDRY</b>			
Land Development and Miscellaneous Trading	1,464,503	1,678,554	1,621,140
Total Turnovers	<u>\$82,213,169</u>	<u>\$83,655,572</u>	<u>\$81,612,454</u>



# THE FLETCHER ORGANISATION

## REPORT OF THE MANAGING DIRECTOR

**T**URNOVER for the year was \$82,213,169 and was down by 1.73% on the previous period. However, profit after provision for taxation and minority interests increased by nearly 9% over the previous year, from \$2,521,092 to \$2,741,299. Although the net profit has increased quite substantially, it has been influenced by tax and other factors. Overall trading reflected the adverse conditions in the economy, in particular the down-turn in the building industry, and specifically in the volume of home construction. During the twelve months of trading to 31 March, the total value of all building permits fell by 16% and the value of housing permits fell by 8%. Some regions were particularly hard hit as the reduction in work available was by no means uniformly spread throughout New Zealand.

Under these circumstances, it would be remarkable if the Group was not affected in some areas of its operations, but overall we believe we have emerged in good shape from one of the most severe down-turns in the Group's history. Some important lessons have been learnt from the experience.

Although we do not foresee any major improvements in conditions during the remainder of this calendar year, 1968, if international liquidity problems are overcome, and export prices remain at reasonable levels, then 1969 could see a steady recovery in the economy, and starting from a sounder and more stable basis.

The past year has been an eventful and even momentous one for New Zealand, and probably the decision to devalue our currency to parity

with Australia was the most significant event. While it has posed many problems brought about by the increased cost of imported materials, it has also given all exports, and particularly manufactured exports, a timely boost. Provided internal costs can be held to sensible levels, this decision, which marks the first change in the value of our currency for nearly 20 years, could give New Zealand a relatively long-lasting advantage. In this context it is worth recording that we expect our Group's exports to exceed \$4 million in this financial year and this total could well be steadily increased as our long-term plans for exports come to fruition.

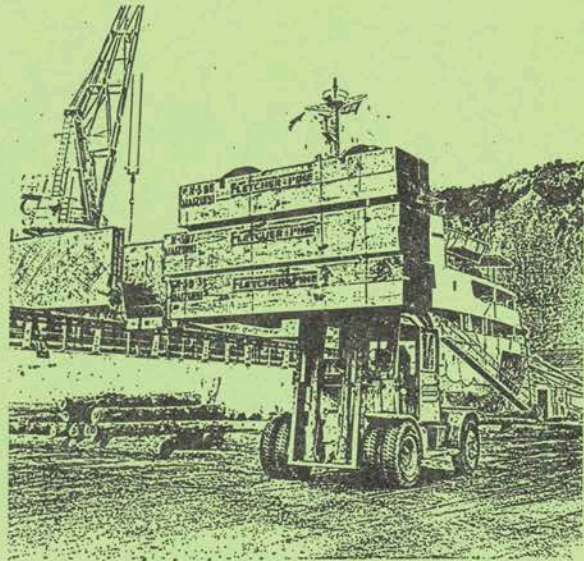
The current export incentive, together with devaluation, has made many marginal transactions profitable, thus creating quite substantial benefits in increased overseas earnings. The internal cost to the community of this incentive is relatively negligible, but the fact that the incentive as such could be removed at short notice deters exporters from making capital investments which are essential if exports are to be expanded. This uncertainty should be removed and exporters should be assured that it will be available for them for a stipulated term, say for at least another five years.

Another matter of considerable significance, especially to the manufacturing community, was the decision by Government to remove a large number of items from import control, and to progressively liberalise the system with the aim of eventually removing controls entirely. There are many weaknesses in the present system of import

licensing, and while we would welcome the removal from licence of manufacturers' raw materials, and essential items of plant and equipment, the complete abandoning of the system would, we feel, be disastrous, particularly under current low levels of tariff protection. Even with more adequate tariffs than exist today, few New Zealand industries could hope to compete with manufacturers from the low-cost producing countries such as Taiwan, South Korea and Mainland China. We feel sure that the Government is well apprised of this problem, and will not be persuaded by economic idealists into taking steps which would jeopardize the sound growth of New Zealand's manufacturing industries. It should also be borne in mind that while so many of the developed nations operate their forms of control over the entry of our meat and dairy produce, we would be unwise at this stage to throw away what little international bargaining power we have left.

The year 1967/68 also recorded the first movement in New Zealand's favour in our trade with Australia. NAFTA is still shaking down but it is becoming increasingly obvious that New Zealand and Australia must come closer together. However, once again, caution should be exercised before adding too many new items too quickly to Schedule A of the Agreement because if licensing is removed, Australian products will be competing on a strictly preferential duty-free basis, and could stifle efforts to establish new industries here. While the whole purpose of NAFTA is to encourage freer trade between the two countries, it has always been hoped that this would be largely in products in which one or other country could claim obvious manufacturing advantages. As far as New Zealand is concerned this applies to our forest industries, and the recently announced decision of the Australian Government to accord some form of preference for New Zealand's pulp and paper exports is very encouraging.

For the first time for almost three decades New Zealand has felt the cooler winds of relatively depressed conditions, and some unemployment has taken the place of a situation of over-full employment. No doubt it is difficult to reach and maintain a correct balance, but we hope this problem of unemployment will be but a temporary one. A situation in which able-bodied men and women willing to work are without the opportunity so to do, is a social and economic waste, apart altogether from the personal hardships which are involved. It is also somewhat disturbing to see that many more people are leaving



Fletcher Pine for Japan

New Zealand permanently, and some of these are highly qualified persons whose education and development have been very costly to the community. It is hoped that conditions will steadily change for the better so that opportunities will be adequately available for the large bulk of our trained and qualified people. Some structural changes may well be necessary in the economy, and if we want full employment there must be consequential changes of attitude towards some types of employment, notably for servicing the tourist industry. Re-training of those without employment who are largely unskilled is essential in order to meet the needs of newer growth industries, and this, we believe, deserves priority over merely making jobs for people.

New Zealand has been very fortunate indeed in having practically no racial problems, and this has come about very largely because of the full employment situation. Enforced idleness of the unskilled or lesser educated elements of the community, such as many of our Maori people, can quickly become the cause of social friction. As an example on the positive side, we are sure that the establishment of the large pulp and paper complexes in the Bay of Plenty area has made an enormous contribution to the welfare of the Maori people. The virtual absence of these problems so far and the relatively high standards of education of most New Zealanders is a wonderful built-in advantage for this country and must give cause for genuine optimism about our future.

This year and carrying through into 1969 the Government plans to conduct a wide-ranging

National Development Conference, aimed at drawing all aspects of the community into participating in formulating a long-range plan of future development. As one of New Zealand's leading companies we fully support this Conference, as well as the Forestry Development Conference, and many of our senior executives will be actively participating in the Working Parties already established. For a young and flexible nation, these Conferences should give us all the opportunity of looking at ourselves objectively and planning to build a modern forward-looking export-oriented nation. None of our sacred cows should be immune from analysis.

It would require a great deal more space than is available in this report to touch on all of the problems which are facing us, but among those which should be accorded top priority is a review of our internal and external transport and material handling costs. In New Zealand's isolated geographical position in the world, freight charges are a major factor and our transport and handling must be brought to a high standard of efficiency, even if some parochial interests are to be hurt in the process.

Another matter is the contentious issue of overseas investment in New Zealand. New Zealand could never have reached her present stage of development without the help of a large capital inflow from overseas. If we still want to encourage overseas capital investment here, Government must speak with one voice and come up with a positive plan and guide-lines.

So much for the major events of this somewhat momentous year of 1967/68; a year of devaluation and economic changes.

It is in this context that our Group's overall results reported upon in this document must be considered. As mentioned earlier some sectors have been very adversely affected by the downturn in building activity, and once again a high degree of diversification has cushioned us from the full impact of the fall. Provided the present relatively low level of activity is not too prolonged, the current financial year of 1968-69 should be satisfactory, but it will certainly be both difficult and challenging.

While we have always believed that the flexibility and initiative of our management has successfully brought us through many previous critical periods, we have always endeavoured to shun attitudes of smug self-satisfaction, and we freely concede that the past year disclosed some weaknesses which, under the changed conditions, were, we feel, bound to appear. These have been

faced up to, notably in the areas of Group liaison and cohesion of efforts and we believe that today we are stronger and more unified, and are more conscious than ever of the need for effective marketing and promotion.

While we have been exporters of linseed and linseed-based products as well as other manufactures for many years we are now as a Group extremely export-conscious and are confident that exporting will continue to play an expanding and permanent part in our future activities.

Current conditions have not deterred us from launching new and viable manufacturing operations as exemplified by the duplication of elements of our Brownbuilt manufacture in Christchurch, as well as the decision to proceed with the building of a new particle board factory at Taupo.

Our link with the tourist industry through Travelodge New Zealand Limited has given us an important place in this vital growth industry as well as providing further outlets for our products and services.

The immediate road ahead is not going to be a very smooth one, but already there is evidence of new vigour in the community as a whole and a realistic awareness of New Zealand's problems together with a sense of urgency in the will to overcome them.

We remain completely confident in the long-term future of this country, as well as of our Group's ability to play its part, first in the recovery process and later leading to sound and sensible expansion both in exports and in local manufacturing. The activities of our various subsidiary companies are now referred to in more detail.

## FLETCHER CONSTRUCTION

Despite difficult trading conditions, total New Zealand turnover has been held at a high level and was slightly in excess of the previous year. However, only Auckland and Dunedin recorded increases — other branches showed reductions. Two of the main contracts contributing to the Auckland turnover were the Inter-Continental Hotel, which was successfully completed three months ahead of the original schedule, and U.E.B.'s large packaging plant at Mangere.

A highlight of the year was the production of power ahead of schedule at Marsden Power Station by the Fletcher-sponsored consortium of Fletcher-Downer-Wilkins & Davies — a major achievement by New Zealand contractors.



Hotel Inter-Continental

Activity was brought to its peak on the No. 2 Recovery Boiler project for the Tasman Pulp & Paper Company Limited at Kawerau, where approximately 300 men are employed. Commissioning is scheduled for August 1968.

A matter of concern is the contraction in the backlog of work in hand. At 31 March this stood at \$13 million, compared with \$20 million in 1967 and \$26 million in 1966. This is attributed to the reduced amount of work coming to tender, and the extensive and often unrealistic competition for such work when it is available. Christchurch in particular has been severely hit in this latter respect.

The total labour strength at March was considerably less than in March 1967, principally due to the reduction in joint-venture employees.

Major contracts secured during the year included:

	\$
Packaging Plant at Mangere, Auckland, for U.E.B. Properties Ltd.	553,000
Extensions, Auckland Technical Institute .....	386,000
Woolstore, Wiri — N.Z. Wool Commission .....	322,000
Manukau Technical Institute — Otara .....	648,000
Travelodge Motel, Wellington .....	817,000
I.B.M. Centre, Wellington. A.M.P. Society .....	3,670,000
Office Block, Dunedin, Methodist Central Mission .....	728,000
Rod Mill at Otahuhu for Pacific Steel Limited (a joint venture with Downer & Co. Ltd.) .....	1,000,000
Since 31 March, the Company has been	

awarded further contracts in the Auckland area, amounting to approximately \$900,000 and the Civil Engineering Division has secured the contract (worth approximately \$2 million) for the condensate line and associated tankage, etc., at Kapuni and New Plymouth for Shell-BP Pipe Services Ltd.

During the year, the operating structure of the company was altered to recognise the increasingly important role being played by certain departments. As a result, three distinct divisions have been formed: they are the Construction Division, the Mechanical Services Division and the Insulation & Acoustics Division.

**Mechanical Services:** The organisation of the Mechanical Services Division has been strengthened to meet increased activity in its diversified operations which include: air conditioning, heating and ventilation, plumbing and roofing. The manufacture of Carrier air-conditioning equipment, and sheetmetal products are now firmly established at Penrose.

**Insulation & Acoustics:** The turnover of this Division again increased, materially assisted by the newly-established branch at Dunedin. Commercial insulation contracts continue as a major activity, as well as the manufacture and fixing of acoustic tile ceilings. These tile products are now manufactured in three centres.

A major sub-contract for lagging, worth approximately \$320,000, was carried out at the Marsden Power Station, and similar major lagging work is currently being undertaken on the Tasman boiler project at Kawerau.

Despite adverse economic conditions, Planned Music Services, which operates the Muzak franchise for background music, in the Auckland area, continues to make very satisfactory progress. Consideration is being given to its extension to other centres.

## FLETCHER GROUP SERVICES

**Architectural and Engineering:** This section continues to provide a valuable service to other companies in the Group as designers of our own building requirements as well as of design-and-build and leasehold projects, ranging in variety from high-rise buildings to the smallest factories. In spite of the conditions affecting the building industry generally, the Design Office has been effectively employed to its full capacity throughout the year.

The changed economic conditions have led to an increase in enquiries for competitive design-and-build tenders, a challenge that has been met

with considerable success. The most notable such contract won during the year was for a wool-store covering some three acres which is now under construction at Wiri for the New Zealand Wool Commission.

Work on hand includes the whole of the building and civil engineering works for a new Rod Mill for Pacific Steel Limited.

**Industrial Relations:** Relations with the majority of organisations who represent our employees have remained on a cordial basis of mutual understanding of the respective functions and responsibilities of employer and employee.

However, on construction projects, away from the main cities, petty disputes and stoppages continue to arise, almost invariably without the support or authority of the trade unions concerned.

An improvement can only be brought about by training and education by both parties to ensure that a better understanding of awards and agreements is achieved at all levels of responsibility, particularly on relatively isolated sites.

The recent sudden death of L. E. Heron, Group Industrial Relations Director, has temporarily slowed progress on steps we were to take in this and other directions.

However, we recognise the vital importance of good industrial relations and it is our sincere aim to be in the forefront of the field in New Zealand.

**Public Relations and Advertising:** This Division provides a service as consultants or managers of public relations and advertising for all companies in the Group, and is responsible for all company publications.

An important assignment during the year was undertaken at the request of the Fletcher-Downer-Wilkins & Davies Consortium to publicise, through television and press, the significance of a wholly-New Zealand consortium — for the first time — constructing a plant of the size and complexity of Marsden Power Station.

**Research and Statistics:** Computerisation of basic statistical records and reports produced by this section is well advanced and this will now allow a greater emphasis to be placed on analysis, interpretation, forecasting and future planning.

## FLETCHER INDUSTRIES

In spite of the downward trend in the building industry, turnover and profit were slightly better than in the previous year.

The Durock factory had a successful year in which a significant achievement was the supply

of a very large number of moulded architectural panels for the Northlands Shopping Centre. These panels are an important feature of the design of the Centre and, by showing the versatility of Durock as a construction material, they have stimulated interest in its architectural use.

We have begun production of Fletherm, a new light-weight mineral insulating material for high-temperature applications. This product will have a useful place in industry. To deal with the expanded range of asbestos cement products we have installed a new autoclave.

Progress has been made during the year in our plastics operations, particularly in the Galon range of protective clothing, which we manufacture for sale by the Colonial Ammunition Company Limited. The market for vinyl flooring is, however, still depressed and it is unfortunate that substantial quantities of linoleum and similar floorings, which are competitive with vinyls, are still being imported.

This year's linseed harvest was badly affected by wet weather. Yields were reduced on later maturing crops and a high proportion had to be dried on arrival at the factory. In spite of these difficulties we are exporting 1200 tons of linseed to Australia.

We have continued our soya bean trials. In addition to the work done by our own Crop Development Section, we have had the co-operation of Lincoln College and the Departments of Agriculture and Scientific and Industrial Research. Results from this season have confirmed that certain varieties can be grown successfully in New Zealand, provided suitable sites are chosen and appropriate cultural practices followed.

We have made a number of export sales, either directly or in association with other New Zealand companies. These exports included Flexboard, vinyl flooring and die-cast machine parts.

## FLETCHER MERCHANTS

During the year there was a continuing steady decline in permit issues which had a major effect on the level of sales of timber and hardware in most areas. Timber sales were particularly hard hit and although our hardware sales declined, the fall was relatively minor in relation to the severe economic restrictions. This was principally due to our increased number of outlets and our ability, because of our wide range of stock, to service wholesale and retail customers as well as traditional trade accounts.

Our programme to merge the operations of Butler Bros. and J. A. Redpath & Sons has continued as planned, and all branches are now trading as divisions of Fletcher Merchants. As a result of this integration of our merchandising activities we have been able to dispose of the premises of J. A. Redpath & Sons, Dunedin, and to vacate their Auckland warehouse. In addition, agreement was reached with Robert Holt and Sons Ltd. to take over the Redpath operations in Napier and Hastings. Further cost savings will continue to accrue as the newly integrated divisions settle down.

Concrete product sales in Auckland were maintained at satisfactory levels throughout the year and we now have an agency for Amalgamated Brick, which should further assist sales during the forthcoming year. Sales of concrete products in the South Island, although easing during the latter part of the year, remained reasonably buoyant. We are expanding these activities in other parts of the South Island and recently added these lines to our Timaru branch which opened in February.

## FLETCHER STEEL & ENGINEERING

Despite a fall in the consumption of steel, sales in the second half of the year reached higher levels than we predicted and total company turnover exceeded that of the previous year. Selling and servicing costs increased, however, and margins of profit were finer.

There is no doubt that currency devaluation stimulated demand for steel which had been imported at pre-devaluation prices, but this trend was of short duration and sales in the current year are at a lower level.

Stocks have also fallen, and shortages of some steel sections will be experienced until replacement shipments arrive in the new licensing year.

Backlogs of work in the fabrication division have fallen, and competition for the available work is very keen.

The completion early this year of new warehouse, fabrication shop, showroom and offices at Dunedin enables us to service the Otago and Southland districts with greater efficiency and with a wider range of stocks. Plans now being considered for establishing a branch in New Plymouth will complete our programme of expanded market coverage.

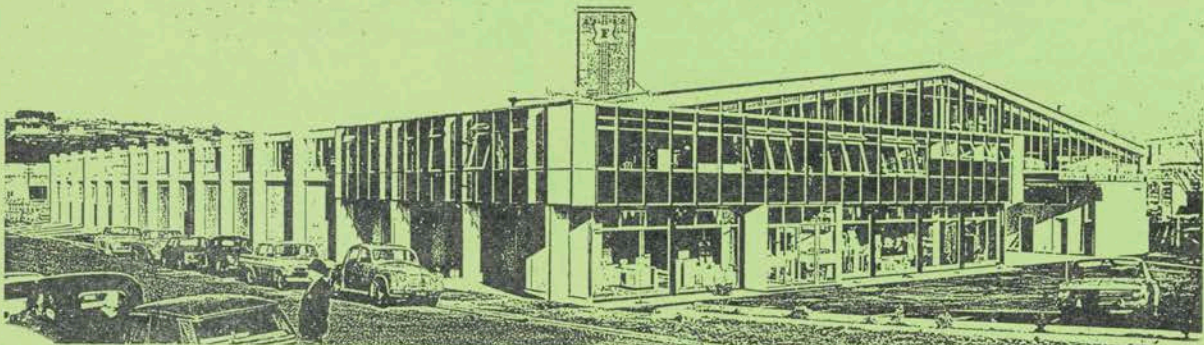
Overseas sources of supply and prices remained relatively stable for the greater part of the year, but were disrupted by devaluation. British suppliers subsequently gained some competitive advantage and an increased share of the New Zealand market, but Australia and Japan continue as our major steel suppliers.

Our associated company, Fletcher Bernard-Smith Limited (jointly owned with A.C.I.) operated at full capacity. Major contracts undertaken included penstocks and related steelwork for the Manapouri power project, and the main structural steel frames for New Zealand Steel. The versatility and technical competence of Fletcher Bernard-Smith is demonstrated by the range of contracts now on hand. They include a billet furnace for Pacific Steel Limited and an induction furnace for New Zealand Steel, both fabricated on behalf of British makers, the supply and erection of bulk-oil-storage tanks at Kapuni and New Plymouth, and the manufacture of two electric-overhead-travelling cranes for Pacific Steel. These will be the first cranes designed and built in New Zealand to meet world recognised Steelworks Duty Standards.

## FLETCHER TIMBER

Throughout the whole of the trading year the level of demand for wood products has been low and our sawmills, processing and plywood plants have worked at reduced capacities. To a large degree this turndown has been offset by sales of exotic logs to Japan and of sawn timber to Japan

Fletcher Merchants, Dunedin





Fletcher Steel, Dunedin

and Australia. Devaluation has also enabled us to sell modest quantities of radiata plywood in Australia.

We are now continuing with our development of a forest-products complex at Taupo, and the erection of our second particle board factory which will be in operation in 1969 has begun. The current domestic demand for particle board is particularly high, and this versatile product is now being used for a variety of purposes. The factory at Christchurch, which is operating on a 3-shift 7-day week basis, is finding difficulty in keeping up with current demand.

The Taupo bandmill, cutting radiata logs, is now operating on a one-shift basis, but at a production level well above rated capacity.

The indigenous timber industry in the North Island has now received final approval from Government for the granting of long-term cutting rights to selected sawmillers who are prepared to erect bandsaw mills. This is a major step forward in promoting efficiency of operations, but if the move is to be effective it must be accompanied by a more realistic approach by the N.Z. Forest Service to indigenous stumpage levels. Many sawmillers are now finding that it is unprofitable to mill indigenous timbers mainly because of high stumpage rates.

Further progress has been made on the implementation of the Free Trade Agreement between Australia and New Zealand. Duties have been reduced as a first step in the complete phasing out of tariffs on sawn timber products and plywood. Rough-sawn indigenous timber and Douglas Fir are now entering Australia duty free. To make the agreement really effective, however, it is important that all duties on processed exotic and indigenous timber should be removed quickly.

We welcome the opportunity given by the Minister of Forests in inviting the industry to

participate in the preparation for the Forestry Development Conference which will be held in February, 1969. The forest products industry has much to contribute to the development of New Zealand, and it is important that its views be given careful consideration.

## FLETCHER TRUST AND INVESTMENT

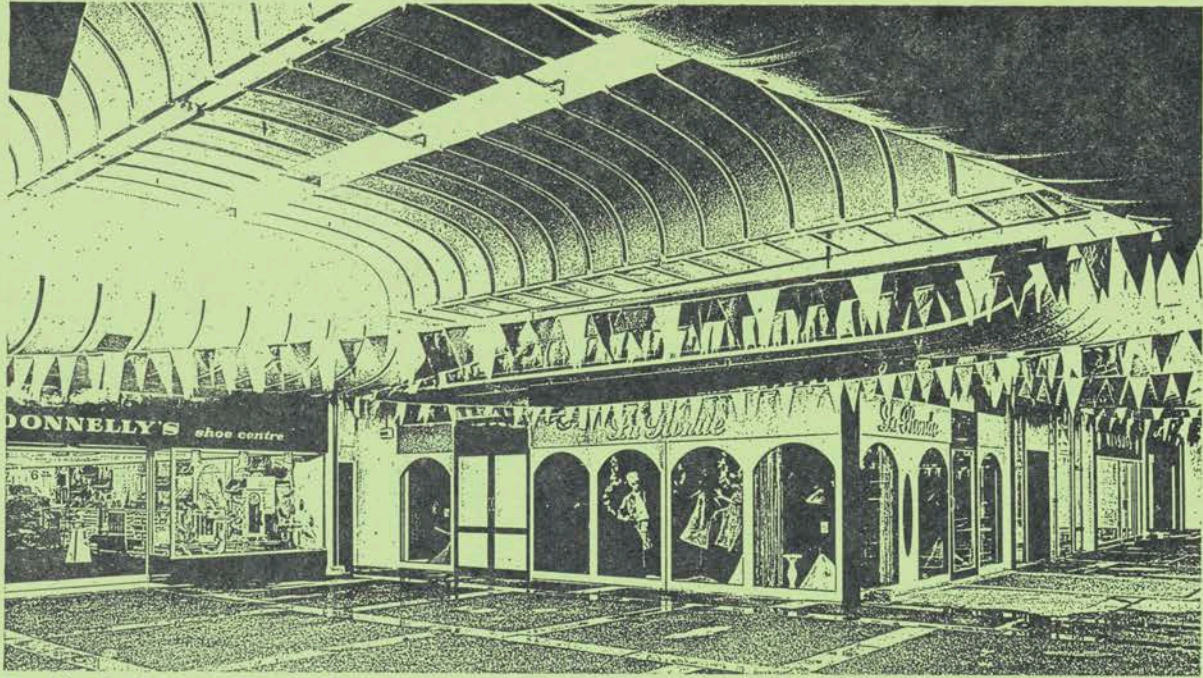
The real estate market has reflected the general economic situation, and the sale of residential sections has declined in parallel with the reduction of the number of houses being built. Because the company's land development programme was scaled down accordingly, the stock of sections held is correspondingly low. Emphasis has moved from Auckland to Wellington where the demand is better.

Builders of low-cost houses (those eligible for 3% State Advances loans) have maintained sales. Government policy is to stimulate this sector of the industry, and we have decided to resume production of sections in this price group.

Sales of sites on our industrial estates in Auckland and Wellington have been slow, but during the year industrial buildings were constructed for lease in Auckland to Northern Steam Ship Co. Ltd., and to James Hardie & Co. Pty. Ltd., and a project for English Electric is due to begin. Construction of a warehouse for lease to Tolley & Son Ltd. in Dunedin will soon commence.

The volume of work promoted for Fletcher Construction has increased and currently under development are the \$3.67 million I.B.M. House in Wellington, the 80-bedroom Travelodge motel in Wellington, Clifton Apartments in Auckland, and a smaller block of apartments in Wellington.

The \$1.6 million Northlands Shopping Centre was completed and opened in October, 1967, and an arcade of shops at Upper Riccarton will be completed in July, 1968. The only development



Northlands Shopping Centre, Christchurch

held up by the Building Programmer when controls were lifted early this year was the Johnsonville Shopping Centre, and construction will now begin at the end of June. Siteworks for the town centre at Wainuiomata are well advanced, but have been suspended until the end of the winter.

Fletcher Trust has joined with National Mutual Life and the Todd Group in a partnership known as New City Developments. It has purchased approximately 2,500 acres of land at Pauatahanui bordering on the Paremata Harbour and will undertake a satellite town development over a period of several years. Subdivision of the first block of land is already under way.

The Mainline-Dillingham-Fletcher Consortium is due to begin construction on the \$6 million first stage of the Auckland Harbour Board downtown development in July, and all arrangements have now been finalised with local authorities, the financiers and future occupants of the buildings. Planning will soon start on the second stage which will comprise a 250,000 square foot department store and an elevated shopping mall connecting this with the car parking building which is to be constructed by the Consortium for the Auckland City Council.

The motel company in which we are partners has now been reorganised as a company known as Travelodge New Zealand Limited and includes U.E.B. as fourth equal shareholder. Apart from the Travelodge motels already under construction or approved in Wellington and Auckland,

schemes are in preparation for a 60-unit motel in Napier, a 100-bedroom motel at Queenstown, and a second building in Wellington comprising 130 bedrooms.

## PACIFIC FACTORS LIMITED

Subsequent to balance date (31 March, 1968) your directors completed arrangements with Manufacturers' and Retailers' Acceptance Company Limited (Marac) to sell to them the whole of the issued share capital of our subsidiary Pacific Factors Limited. Fletchers were of course a substantial initial shareholder in Marac. The integration of the two businesses was considered desirable and logical and in line with the Group's long term thinking on its participation in the finance industry.

## AUSTRALIA

We have sold our valuable site in Waterloo, Sydney, and are currently engaged on its major re-development.

Satisfactory arrangements have been made for the occupancy of the new building and further development projects in Sydney are currently under consideration.

Our newly appointed timber product sales representatives in Melbourne and Sydney are now well established and a steady penetration of the market, assisted by the terms of NAFTA, can be expected.

Manufacturing of "Wethalite" continues on a modest but satisfactory scale.

## OTHER INVESTMENTS

The Group has substantial interests in a number of large industrial undertakings in New Zealand. These include:

Certified Concrete Limited  
N.Z. Paper Mills Limited  
N.Z. Steel Company Limited  
Pacific Steel Limited  
Tasman Pulp & Paper Company Limited

Our investments have made an increasing contribution to the Group's revenues in recent years and we expect this trend to continue.

## ADMINISTRATIVE CHANGES

Reference has already been made by the Chairman to the election of Sir James Fletcher to the newly-created post of Founder President. In view of Sir James's major contribution to the development of the Group, this has already been welcomed and approved at a special meeting of shareholders.

Two of our senior executives with a combined service of over 80 years, A. W. and J. J. Craig, have retired, but are being retained on a consultative basis. Consequent on their retirement it has been necessary to make some new appointments.

W. A. Bourke becomes Chairman of Fletcher Construction, L. C. Ryan becomes Chairman of Fletcher Merchants and J. C. Fletcher becomes Chairman of Fletcher Steel.

To improve liaison within the Group the Executive Committee has now been firmly established. The Committee, whose Chairman is J. C. Fletcher, also consists of W. A. Bourke, J. S. Fletcher, K. G. Fraser, H. F. Molony and J. S. Watt. D. G. Sadler has been appointed Secretary of the Committee.

B. W. Gollan has been appointed Group Sales Director.

## OBITUARY — L. E. HERON

Our Group Industrial Relations Director, L. E. Heron, died suddenly in April at the age of 44. He joined us from the Department of Labour

and Employment in 1954, and gave outstanding and unstinting service to the Group.

## NEW HEAD OFFICE

Steady progress has been made on this project which should be completed, on schedule, in November of this year. It is expected that the building will be effectively occupied with all services operating by the New Year and that, with all head office responsibilities under one roof, liaison between top management of the Group will be further improved.

## MESSAGE TO STAFF

For the second time, in successive Annual Reports, I must refer to the year as being a difficult one, placing considerable additional strain on executives and staff at all levels. In practical terms, this means longer hours, more travelling and thus more days away from home and, in many cases, greater worries and responsibilities.

I have been heartened at the spontaneity and willingness with which those at Fletchers have responded to the challenge and on behalf of your Board of Directors I wish to record thanks.

An organisation is only as good as its people and we believe we are in a fortunate position in this regard.

## FINALLY

On behalf of the Chairman and my fellow directors I would like to convey our appreciation of the continued support received from shareholders, clients and associates.



Managing Director.

5 July, 1968.

*Colour photographs show (page 1) logs and timber loading at Napier for Japan, and (page 18) Marsden power station. Colour plates were made by Offset Plates Limited. This report is printed by Whitcombe & Tombs Limited on Kinleith double medium 80 lb. offset, manufactured by N.Z. Forest Products Limited.*

# DIRECTORY



THE FLETCHER ORGANISATION

## FLETCHER HOLDINGS LIMITED

### DIRECTORS:

SIR JAMES FLETCHER, Founder President.

L. J. STEVENS, Chairman.

J. C. FLETCHER, Managing Director

K. O. BROWN, J. S. FLETCHER

B. N. KELMAN, R. G. STARK

### SECRETARY:

H. F. MOLONY

### Deputy Secretaries:

C. M. Gurr, E. O. Knewstubb, W. N. Rowe

### BANKERS:

BANK OF NEW ZEALAND

THE NATIONAL BANK OF NEW ZEALAND LIMITED

### AUDITORS:

Hutchison, Elliffe, Davies, Anderson & Co.

### SOLICITORS:

L. J. STEVENS, WOODS & CO.

### PRINCIPAL OFFICES:

NEW ZEALAND

Great South Road, Penrose, Auckland.  
Hume Building, The Terrace, Wellington.  
Cashel Street, Christchurch.  
Parry Street, Dunedin.

OVERSEAS

Bourke Street, Waterloo, Sydney, N.S.W.

### TRUSTEES for STOCKHOLDERS:

Registered Debentures

THE GUARDIAN TRUST and Executors' Company of  
New Zealand Limited.

Unsecured Loan Stock

NATIONAL MUTUAL Life Nominees Limited.



## PRINCIPAL SUBSIDIARIES:

### THE FLETCHER CONSTRUCTION COMPANY LIMITED

*Directors:* W. A. Bourke (Chairman), J. Espie (Managing), A. W. Craig, J. C. Fletcher, J. S. Fletcher, J. G. Smith. *Secretary:* R. T. Arkley.

### THE FLETCHER GROUP SERVICES LIMITED

*Directors:* H. F. Molony (Chairman), K. G. Fraser (Managing), J. C. Fletcher, C. W. Hall, J. S. Watt. *Secretary:* A. J. Hume.

### THE FLETCHER INDUSTRIES LIMITED

*Directors:* J. S. Watt (Chairman), R. H. Hopgood (Managing), J. S. Fletcher, L. C. Ryan, R. H. C. Walshe. *Secretary:* N. J. Mahoney.

### THE FLETCHER MERCHANTS LIMITED

*Directors:* L. C. Ryan (Chairman), R. H. C. Walshe (Managing), W. A. Bourke, A. B. Downey, E. C. S. Falconer, J. S. Fletcher, R. H. Hopgood. *Secretary:* R. S. Kelly.

### THE FLETCHER STEEL & ENGINEERING COMPANIES LIMITED

*Directors:* J. C. Fletcher (Chairman), L. C. Ryan (Managing), A. W. Craig, H. F. Molony, J. S. Watt. *Secretary:* M. J. Aim.

### THE FLETCHER TIMBER COMPANY LIMITED

*Directors:* J. S. Watt (Chairman), A. T. H. Jewell (Managing), T. C. B. Cooper, H. S. J. Craig, A. B. Downey, J. S. Fletcher, L. M. Gillions, B. A. Henry, H. N. Johnson, R. H. C. Walshe. *Secretary:* J. Lord.

### THE FLETCHER TRUST AND INVESTMENT COMPANY LIMITED

*Directors:* J. C. Fletcher (Chairman), J. H. Churton (Managing), J. J. Craig, J. Espie, K. G. Fraser, T. W. H. Hobbs, H. F. Molony. *Secretary:* L. Smith.

### THE FLETCHER ORGANISATION PTY. LIMITED

*Directors:* D. J. Atkins (Managing), J. J. Craig, H. F. Molony, J. S. Watt. *Secretary:* J. D. Elmslie.

## AUDITORS:

Bruce, Duthie, Voyce & Company.  
Gilfillan, Gentles & Steen.  
Smith, Johnson & Co. (Sydney).

## SOLICITORS:

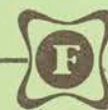
L. J. Stevens, Woods & Co., Auckland.  
Urquhart, Roe & Partners, Rotorua.  
Buddle, Anderson, Kent & Company, Wellington.  
Wilding and Acland, Christchurch.  
Cook, Allan and Cook, Dunedin.

## BANKERS:

Australia and New Zealand Bank Limited.  
Bank of New South Wales.  
Bank of New Zealand.  
Commonwealth Trading Bank of Australia Limited.  
The Commercial Bank of Australia Limited.  
The National Bank of New Zealand Limited.

# CENSUS OF SHAREHOLDERS

## FLETCHER HOLDINGS LIMITED



31 MARCH, 1968

	PREFERENCE		ORDINARY	
	No. of Shareholders	Shares Held	No. of Shareholders	Shares Held
<b>Size of Holdings</b>				
1 — 100 .....	31	2,666	749	61,099
101 — 500 .....	446	139,484	3,054	960,808
501 — 1000 .....	308	251,788	1,538	1,156,587
Over 1000 .....	170	706,062	1,889	13,886,506
	<u>955</u>	<u>1,100,000</u>	<u>7,230</u>	<u>16,065,000</u>
<b>Status of Holdings</b>				
Women .....	539	400,844	3,073	2,612,012
Men .....	273	296,082	3,185	3,025,820
Estates, Joint A/c., etc. ....	108	94,534	698	1,208,786
Companies — Insurance .....	5	262,474	38	3,028,893
„ — Other .....	30	46,066	236	6,189,489
	<u>955</u>	<u>1,100,000</u>	<u>7,230</u>	<u>16,065,000</u>
<b>Domicile of Shareholders</b>				
Auckland (Prov.) .....	504	509,928	2,918	3,598,355
Taranaki .....	10	10,500	138	98,599
Hawkes Bay .....	17	7,500	267	255,471
Wellington (Prov.) .....	178	402,576	1,683	4,848,296
Nelson (Prov.) .....	7	5,246	146	211,012
Marlborough .....	3	2,450	113	92,287
Canterbury .....	128	72,550	1,056	908,430
Westland .....	1	200	28	22,105
Otago .....	87	68,868	541	435,987
Southland .....	14	16,966	133	279,888
Overseas .....	6	3,216	207	5,314,570
	<u>955</u>	<u>1,100,000</u>	<u>7,230</u>	<u>16,065,000</u>





TWENTY-EIGHTH ANNUAL REPORT  
THE FLETCHER ORGANISATION