

# APPENDIX 4D

## HALF-YEAR REPORT

9 February 2011

Boral Limited



ABN 13 008 421 761

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Name of Entity: **Boral Limited**

ABN: **13 008 421 761**

For the half year ended: **31 December 2010**

### Results for announcement to the market

				<b>Dec-2010</b>	Dec-2009
				<b>A '\$ millions</b>	A '\$ millions
Revenue from continuing operations	up	3.6%	to	<b>2,359.3</b>	2,276.6
Revenue from discontinued operations				<b>28.8</b>	53.0
<b>Total revenue</b>	<b>up</b>	<b>2.5%</b>	<b>to</b>	<b>2,388.1</b>	2,329.6
Profit from continuing operations before net financing costs and income tax	up	8.2%	to	<b>150.7</b>	139.3
Profit/(loss) from discontinued operations before net financing costs and income tax				<b>(2.0)</b>	(6.7)
<b>Profit before net financing costs and income tax</b>	<b>up</b>	<b>12.1%</b>	<b>to</b>	<b>148.7</b>	132.6
Net financing costs	down	(35.5%)	to	<b>(31.4)</b>	(48.7)
<b>Profit before income tax</b>	<b>up</b>	<b>39.8%</b>	<b>to</b>	<b>117.3</b>	83.9
Income tax from continuing operations				<b>(25.2)</b>	(17.0)
Income tax from discontinued operations				<b>0.6</b>	1.5
Non-controlling interest				<b>(0.4)</b>	(0.5)
<b>Net profit attributable to members</b>	<b>up</b>	<b>35.9%</b>	<b>to</b>	<b>92.3</b>	67.9
<b>Dividends</b>	Amount per security		Franked amount per security at 30% tax		
Current period					
Interim - ordinary	7.5 cents		7.5 cents		
Previous corresponding period					
Interim - ordinary	7.0 cents		7.0 cents		
Record date for determining entitlements to the dividend					24 February 2011
Comparative period: Half Year ended 31 December 2009					

### Commentary on the results for the period

The commentary on the results of the period is continued in the "Results Announcement for the half-year ended 31 December 2010" dated 9 February 2011.



# Half-Year Financial Report

31 December 2010

Boral Limited  
ABN 13 008 421 761

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The half-year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, it is recommended that this report be read in conjunction with the annual report for the year ended 30 June 2010 and any public announcements made by Boral Limited during the half-year in accordance with the continuous disclosure requirements of the Listing Rules of the Australian Securities Exchange.

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## Directors' Report

The Directors of Boral Limited ("the Company") report on the consolidated entity, being the Company and its controlled entities, for the half-year ended 31 December 2010 ("the half-year"):

### 1. Review of Operations

The Directors' review of the operations of the consolidated entity during the half-year and the results of those operations are as set out in the attached Results Announcement for the half-year.

### 2. Names of Directors

The names of persons who have been Directors of the Company during or since the end of the half-year are:

Robert L Every	- Chairman
Mark W Selway	- Managing Director and CEO
Catherine Brenner	- Appointed 15 September 2010
J Brian Clark	
Eileen J Doyle	
Richard A Longes	
John Marlay	
Paul A Rayner	
J Roland Williams	- Retired 4 November 2010

All of those persons, other than Dr Williams and Ms Brenner, have been Directors at all times during and since the end of the half-year.

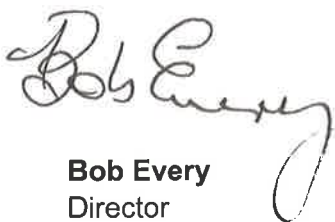
### 3. Lead Auditor's Independence Declaration

The lead auditor's independence declaration made under Section 307C of the Corporations Act 2001 is set out on page 2 and forms part of this Directors' Report.

### 4. Rounding of Amounts

The Company is an entity of a kind referred to in ASIC Class Order 98/100 and, in accordance with that Class Order, amounts in the financial report and Directors' Report have been rounded to the nearest one hundred thousand dollars unless otherwise stated.

Signed in accordance with a resolution of the Directors



**Bob Every**  
Director



**Mark Selway**  
Director

Sydney, 9 February 2011



## Lead Auditor's Independence Declaration

under Section 307C of the Corporations Act 2001

To: The Directors of Boral Limited

I declare that, to the best of my knowledge and belief, in relation to the review of the half-year ended 31 December 2010 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

*KPMG*

**KPMG**

A handwritten signature in blue ink that reads 'David Rogers'.

**David Rogers**  
Partner

Sydney, 9 February 2011

# Income Statement

BORAL LIMITED AND CONTROLLED ENTITIES

	Note	CONSOLIDATED	
		Half-Year 31 Dec 2010 \$ millions	Half-Year 31 Dec 2009 \$ millions
<b>Continuing operations</b>			
Revenue	4	2,359.3	2,276.6
Cost of sales		(1,623.1)	(1,539.3)
Selling and distribution expenses		(449.7)	(436.4)
Administrative expenses		(173.5)	(177.3)
		<b>(2,246.3)</b>	<b>(2,153.0)</b>
Other income		16.1	8.4
Other expenses		(0.9)	(0.2)
Share of net profit of associates	8	22.5	7.5
<b>Profit before net financing costs and income tax expense</b>		<b>150.7</b>	<b>139.3</b>
Financial income		14.1	2.4
Financial expenses		(45.5)	(51.1)
Net financing costs		(31.4)	(48.7)
<b>Profit before income tax expense</b>		<b>119.3</b>	<b>90.6</b>
Income tax expense	5	(25.2)	(17.0)
<b>Profit from continuing operations</b>		<b>94.1</b>	<b>73.6</b>
<b>Discontinued operations</b>			
Profit/(loss) from discontinued operations (net of income tax)	3	(1.4)	(5.2)
<b>Net profit</b>		<b>92.7</b>	<b>68.4</b>
<b>Attributable to:</b>			
Members of the parent entity		92.3	67.9
Non-controlling interest		0.4	0.5
<b>Net profit</b>		<b>92.7</b>	<b>68.4</b>
Basic earnings per share	6	13.0c	11.4c
Diluted earnings per share	6	12.9c	11.4c
<b>Continuing operations</b>			
Basic earnings per share	6	13.2c	12.3c
Diluted earnings per share	6	13.1c	12.3c

The income statement should be read in conjunction with the accompanying notes which form an integral part of the half-year financial report.

## Statement of Comprehensive Income

BORAL LIMITED AND CONTROLLED ENTITIES

	CONSOLIDATED	
	Half-Year 31 Dec 2010 \$ millions	Half-Year 31 Dec 2009 \$ millions
<b>Net profit</b>	<b>92.7</b>	68.4
<b>Other comprehensive income</b>		
Actuarial gain/(loss) on defined benefit plans	<b>2.0</b>	9.0
Net exchange differences from translation of foreign operations taken to equity	<b>(20.2)</b>	3.0
Fair value adjustment on cash flow hedges	<b>1.5</b>	11.8
Income tax relating to components of other comprehensive income	<b>(26.9)</b>	(26.9)
<b>Total comprehensive income for the half-year</b>	<b>49.1</b>	65.3
<b>Total comprehensive income for the half-year is attributable to:</b>		
Members of the parent entity	<b>48.7</b>	64.8
Non-controlling interest	<b>0.4</b>	0.5
<b>Total comprehensive income for the half-year</b>	<b>49.1</b>	65.3

The statement of comprehensive income should be read in conjunction with the accompanying notes which form an integral part of the half-year financial report.

## Balance Sheet

BORAL LIMITED AND CONTROLLED ENTITIES

	Note	CONSOLIDATED	
		31 Dec 2010 \$ millions	30 Jun 2010 \$ millions
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		483.5	157.0
Receivables		688.3	783.7
Inventories		587.5	548.5
Other		75.5	63.3
Assets classified as held for sale		-	59.5
<b>TOTAL CURRENT ASSETS</b>		<b>1,834.8</b>	<b>1,612.0</b>
<b>NON-CURRENT ASSETS</b>			
Receivables		32.9	19.2
Inventories		89.7	85.3
Investments accounted for using the equity method		246.5	294.1
Other financial assets		11.1	26.8
Property, plant and equipment		2,900.3	2,785.1
Intangible assets		253.1	277.6
Deferred tax asset		63.9	43.3
Other		56.8	66.0
<b>TOTAL NON-CURRENT ASSETS</b>		<b>3,654.3</b>	<b>3,597.4</b>
<b>TOTAL ASSETS</b>		<b>5,489.1</b>	<b>5,209.4</b>
<b>CURRENT LIABILITIES</b>			
Payables		556.4	640.9
Interest bearing loans and borrowings	10	8.1	8.9
Current tax liabilities		88.9	98.9
Provisions		212.4	246.0
Liabilities classified as held for sale		-	9.9
<b>TOTAL CURRENT LIABILITIES</b>		<b>865.8</b>	<b>1,004.6</b>
<b>NON-CURRENT LIABILITIES</b>			
Payables		127.4	22.1
Interest bearing loans and borrowings	10	1,109.4	1,330.7
Deferred tax liabilities		160.1	118.9
Provisions		110.7	107.0
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,507.6</b>	<b>1,578.7</b>
<b>TOTAL LIABILITIES</b>		<b>2,373.4</b>	<b>2,583.3</b>
<b>NET ASSETS</b>		<b>3,115.7</b>	<b>2,626.1</b>
<b>EQUITY</b>			
Issued capital	11	2,232.9	1,724.0
Reserves	12	(149.5)	(38.9)
Retained earnings		985.4	938.4
<b>Total parent entity interest</b>		<b>3,068.8</b>	<b>2,623.5</b>
Non-controlling interest		46.9	2.6
<b>TOTAL EQUITY</b>		<b>3,115.7</b>	<b>2,626.1</b>

The balance sheet should be read in conjunction with the accompanying notes which form an integral part of the half-year financial report.

## Statement of Changes in Equity

BORAL LIMITED AND CONTROLLED ENTITIES

	CONSOLIDATED					
	Issued capital \$ millions	Reserves \$ millions	Retained earnings \$ millions	Total parent entity interest \$ millions	Non-controlling interest \$ millions	Total Equity \$ millions
Balance at 1 July 2010	1,724.0	(38.9)	938.4	2,623.5	2.6	2,626.1
Net profit	-	-	92.3	92.3	0.4	92.7
<b>Other comprehensive income</b>						
Translation of assets and liabilities of overseas controlled entities	-	(106.2)	-	(106.2)	-	(106.2)
Translation of long-term borrowings and foreign currency forward contracts	-	86.0	-	86.0	-	86.0
Fair value adjustment on cash flow hedges	-	1.5	-	1.5	-	1.5
Actuarial gain/(loss) on defined benefit plans	-	-	2.0	2.0	-	2.0
Income tax relating to components of other comprehensive income	-	(26.3)	(0.6)	(26.9)	-	(26.9)
<b>Total comprehensive income</b>	-	(45.0)	93.7	48.7	0.4	49.1
<b>Transactions with owners in their capacity as owners</b>						
Shares issued under the dividend reinvestment plan	25.2	-	-	25.2	-	25.2
Shares issued on vesting of rights	0.3	(0.3)	-	-	-	-
Dividend paid	-	-	(46.7)	(46.7)	-	(46.7)
Shares issued under capital raising	479.8	-	-	479.8	-	479.8
Purchase of employee compensation shares	-	(1.5)	-	(1.5)	-	(1.5)
Other - Cultured Stone ( Note 12)	-	(66.3)	-	(66.3)	-	(66.3)
Share-based payments	-	2.5	-	2.5	-	2.5
Income tax benefit on capital raising	3.6	-	-	3.6	-	3.6
Non-controlling interest in acquisition	-	-	-	-	44.3	44.3
Other changes in non-controlling interest	-	-	-	-	(0.4)	(0.4)
<b>Total transactions with owners in their capacity as owners</b>	<b>508.9</b>	<b>(65.6)</b>	<b>(46.7)</b>	<b>396.6</b>	<b>43.9</b>	<b>440.5</b>
<b>Balance at the end of the half-year</b>	<b>2,232.9</b>	<b>(149.5)</b>	<b>985.4</b>	<b>3,068.8</b>	<b>46.9</b>	<b>3,115.7</b>
Balance at 1 July 2009	1,691.4	(43.2)	1,104.2	2,752.4	1.2	2,753.6
Net profit	-	-	67.9	67.9	0.5	68.4
<b>Other comprehensive income</b>						
Translation of assets and liabilities of overseas controlled entities	-	(65.9)	-	(65.9)	-	(65.9)
Translation of long-term borrowings and foreign currency forward contracts	-	68.9	-	68.9	-	68.9
Fair value adjustment on cash flow hedges	-	11.8	-	11.8	-	11.8
Actuarial gain on defined benefit plans	-	-	9.0	9.0	-	9.0
Income tax relating to components of other comprehensive income	-	(24.2)	(2.7)	(26.9)	-	(26.9)
<b>Total comprehensive income</b>	-	(9.4)	74.2	64.8	0.5	65.3
<b>Transactions with owners in their capacity as owners</b>						
Shares issued under the dividend reinvestment plan	12.8	-	-	12.8	-	12.8
Shares issued upon the exercise of executive options	0.7	-	-	0.7	-	0.7
Dividend paid	-	-	(32.6)	(32.6)	-	(32.6)
Share-based payments	-	5.6	-	5.6	-	5.6
Other changes in non-controlling interest	-	-	-	-	-	-
<b>Total transactions with owners in their capacity as owners</b>	<b>13.5</b>	<b>5.6</b>	<b>(32.6)</b>	<b>(13.5)</b>	<b>-</b>	<b>(13.5)</b>
<b>Balance at the end of the half-year</b>	<b>1,704.9</b>	<b>(47.0)</b>	<b>1,145.8</b>	<b>2,803.7</b>	<b>1.7</b>	<b>2,805.4</b>

The statement of changes in equity should be read in conjunction with the accompanying notes which form an integral part of the half-year financial report.



## Statement of Cash Flows

BORAL LIMITED AND CONTROLLED ENTITIES

	Note	CONSOLIDATED	
		Half-Year 31 Dec 2010 \$ millions	Half-Year 31 Dec 2009 \$ millions
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		2,614.4	2,564.5
Payments to suppliers and employees		(2,470.3)	(2,310.6)
		144.1	253.9
Dividends received		10.7	11.3
Interest received		18.1	4.4
Borrowing costs paid		(46.4)	(52.0)
Income taxes paid		(45.9)	(21.4)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		<b>80.6</b>	<b>196.2</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(128.2)	(60.1)
Purchase of controlled entities and businesses (net of cash acquired)		(128.4)	-
Loans to associates		(5.5)	(3.0)
Proceeds on disposal of controlled entities, businesses and non-current assets		58.0	12.2
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(204.1)</b>	<b>(50.9)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		-	0.7
Proceeds from capital raising		479.8	-
Purchase of employee compensation shares		(1.5)	-
Dividends paid (net of dividends reinvested under the Dividend Reinvestment Plan \$25.2 million (2009: \$12.8 million))		(21.5)	(19.8)
Proceeds from borrowings		4.5	1.6
Repayment of borrowings		-	(50.5)
<b>NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES</b>		<b>461.3</b>	<b>(68.0)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>		<b>337.8</b>	<b>77.3</b>
Cash and cash equivalents at the beginning of the year		157.0	100.5
Effects of exchange rate fluctuations on the balances of cash and cash equivalents held in foreign currencies		(11.3)	(5.1)
Cash and cash equivalents at the end of the half-year	15	483.5	172.7

The statement of cash flows should be read in conjunction with the accompanying notes which form an integral part of the half-year financial report.

# Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

## 1. ACCOUNTING POLICIES

Boral Limited is a company domiciled in Australia. The consolidated half-year financial report of Boral Limited as at and for the half-year ended 31 December 2010 comprises Boral Limited and its controlled entities (the "Group").

### (a) Basis of Preparation

The half-year consolidated financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 134 *Interim Financial Reporting*, the recognition, measurement and classification requirements of applicable AASB standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The half-year report does not include full note disclosures of the type normally included in an annual financial report. As a result the half-year financial report should be read in conjunction with the 30 June 2010 Annual Financial Report and any public announcements by Boral Limited and its controlled entities during the half-year in accordance with continuous disclosure obligations under the Corporations Act 2001.

The half-year financial report was authorised for issue by the Directors on 9 February 2011.

The half-year report is presented in Australian dollars.

### (b) Significant Accounting Policies

The half-year financial report has been prepared on the basis of historical cost, except for derivative financial instruments which have been measured at fair value. The carrying value of recognised assets and liabilities that are hedged with fair value hedges are adjusted to record changes in the fair value attributable to the risks that are being hedged.

The accounting policies have been consistently applied by each entity in the consolidated entity and are consistent with those applied in the 30 June 2010 Annual Financial Report.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

### (c) Comparative Figures

Where necessary to facilitate comparison, comparative figures have been adjusted to conform with changes in presentation in the current financial year.

### (d) Rounding of Amounts

Boral Limited is an entity of a kind referred to in ASIC Class Order 98/100 and, in accordance with that Class Order, amounts in the financial report have been rounded to the nearest one hundred thousand dollars unless otherwise stated.

## Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

### 2. SEGMENTS

The following summary describes the operations of the Group's reportable segments:

Boral Construction Materials	- Quarries, concrete, asphalt, transport and quarry end use.
Cement Division	- Cement, Asian concrete, quarries and pipes.
Boral Building Products	- Australian plasterboard, bricks, timber products, roof tiles, masonry and Asian plasterboard.
United States of America	- Bricks, roof tiles, fly ash, concrete, quarries, masonry and cultured stone.
Other	- Concrete placing and windows.
Discontinued Operations	- Scaffolding and precast panels.
Unallocated	- Non-trading operations and unallocated corporate costs.

The major end use markets for Boral's products include residential and non-residential construction and the engineering and infrastructure markets.

Inter-segment pricing is determined on an arm's-length basis.

Segment results, assets and liabilities includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

	<b>CONSOLIDATED</b>	
	<b>Half-Year 31 Dec 2010</b>	Half-Year 31 Dec 2009
	<b>\$ millions</b>	\$ millions
<b>Reconciliations of reportable segment revenues and profits</b>		
External revenue	<b>2,388.1</b>	2,329.6
Less revenue from discontinued operations	<b>(28.8)</b>	(53.0)
Revenue from continuing operations	<b>2,359.3</b>	2,276.6
<b>Profit before Tax</b>		
Profit before net financing costs and income tax expense from reportable segments	<b>148.7</b>	132.6
Losses from discontinued operations	<b>2.0</b>	6.7
Net financing costs	<b>(31.4)</b>	(48.7)
Profit before tax from continuing operations	<b>119.3</b>	90.6

## Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

### 2. SEGMENTS (Continued)

	Half-Year 31 Dec 2010 \$ millions	Half-Year 31 Dec 2009 \$ millions	Half-Year 31 Dec 2010 \$ millions	Half-Year 31 Dec 2009 \$ millions	Half-Year 31 Dec 2010 \$ millions	Half-Year 31 Dec 2009 \$ millions
	<b>TOTAL REVENUE</b>		<b>INTERNAL REVENUE</b>		<b>EXTERNAL REVENUE</b>	
Boral Construction Materials	1,173.6	1,164.3	71.5	82.3	1,102.1	1,082.0
Cement Division	370.1	364.0	99.1	103.1	271.0	260.9
Boral Building Products	628.1	611.1	3.9	3.6	624.2	607.5
United States of America	212.0	182.7	-	-	212.0	182.7
Other	150.0	143.5	-	-	150.0	143.5
Discontinued Operations	29.7	54.2	0.9	1.2	28.8	53.0
	<b>2,563.5</b>	<b>2,519.8</b>	<b>175.4</b>	<b>190.2</b>	<b>2,388.1</b>	<b>2,329.6</b>

	<b>OPERATING PROFIT (EXCLUDING ASSOCIATES)</b>		<b>EQUITY ACCOUNTED RESULTS OF ASSOCIATES</b>		<b>PROFIT BEFORE NET FINANCING COSTS AND INCOME TAX EXPENSE</b>	
Boral Construction Materials	91.3	107.9	1.3	(0.8)	92.6	107.1
Cement Division	49.3	39.1	7.6	6.3	56.9	45.4
Boral Building Products	41.1	32.9	14.2	12.4	55.3	45.3
United States of America	(46.6)	(38.3)	(0.6)	(10.4)	(47.2)	(48.7)
Other	4.1	1.7	-	-	4.1	1.7
Discontinued Operations	(2.0)	(6.7)	-	-	(2.0)	(6.7)
Unallocated	(11.0)	(11.5)	-	-	(11.0)	(11.5)
	<b>126.2</b>	<b>125.1</b>	<b>22.5</b>	<b>7.5</b>	<b>148.7</b>	<b>132.6</b>

	<b>SEGMENT ASSETS (EXCLUDING INVESTMENTS IN ASSOCIATES)</b>		<b>EQUITY ACCOUNTED INVESTMENTS IN ASSOCIATES</b>		<b>TOTAL ASSETS</b>	
	Half-Year 31 Dec 2010 \$ millions	Full Year 30 Jun 2010 \$ millions	Half-Year 31 Dec 2010 \$ millions	Full Year 30 Jun 2010 \$ millions	Half-Year 31 Dec 2010 \$ millions	Full Year 30 Jun 2010 \$ millions
Boral Construction Materials	1,673.7	1,634.0	1.2	1.4	1,674.9	1,635.4
Cement Division	784.2	832.2	23.4	18.8	807.6	851.0
Boral Building Products	1,281.9	1,297.8	217.3	232.3	1,499.2	1,530.1
United States of America	857.7	775.1	4.6	41.6	862.3	816.7
Other	90.0	90.8	-	-	90.0	90.8
Discontinued Operations	-	59.5	-	-	-	59.5
Unallocated	7.7	25.6	-	-	7.7	25.6
	<b>4,695.2</b>	<b>4,715.0</b>	<b>246.5</b>	<b>294.1</b>	<b>4,941.7</b>	<b>5,009.1</b>
Cash and cash equivalents	483.5	157.0	-	-	483.5	157.0
Tax assets	63.9	43.3	-	-	63.9	43.3
	<b>5,242.6</b>	<b>4,915.3</b>	<b>246.5</b>	<b>294.1</b>	<b>5,489.1</b>	<b>5,209.4</b>

#### Geographical information

For the half-year ended 31 December 2010, the Group's trading revenue from external customers in Australia amounted to \$2,058.1 million (2009: \$2,031.7 million), with \$118.0 million (2009: \$115.2 million) from the Asian operations and \$212.0 million (2009: \$182.7 million) relating to the operations in the USA. The Group's non-current assets (excluding deferred tax assets and other financial assets) in Australia amounted to \$2,614.7 million (30 June 2010: \$2,584.3 million), with \$277.0 million (30 June 2010: \$310.3 million) in Asia and \$687.6 million (30 June 2010: \$632.7 million) in the USA.

## Notes to the Financial Report

### BORAL LIMITED AND CONTROLLED ENTITIES

#### CONSOLIDATED

Half-Year 31 Dec 2010	Half-Year 31 Dec 2009
\$ millions	\$ millions

### 3. DISCONTINUED OPERATIONS

During the period the Group sold both its Precast Panels and Scaffolding businesses. The comparative income statement has been re-presented to show the discontinued operations separately from continuing operations.

The carrying value of both businesses was remeasured at 30 June 2010 to fair value less costs to sell.

#### Results of discontinued operations

Revenue	28.8	53.0
Expenses	(30.8)	(59.7)
<b>Profit/(loss) before income tax expense</b>	<b>(2.0)</b>	<b>(6.7)</b>
Income tax benefit	0.6	1.5
<b>Net profit/(loss)</b>	<b>(1.4)</b>	<b>(5.2)</b>
Basic earnings/(loss) per share	(0.2c)	(0.9c)
Diluted earnings/(loss) per share	(0.2c)	(0.9c)

The profit/(loss) from discontinued operations is attributable entirely to the Group.

#### Cash flows from/(used in) discontinued operations

Net cash from/(used in) operating activities	(1.3)	(0.4)
Net cash from/(used in) investing activities	48.2	(0.6)
<b>Net cash from/(used in) discontinued operations</b>	<b>46.9</b>	<b>(1.0)</b>

#### Effect of disposal on the financial position of the Group

Property, plant and equipment	37.2	-
Intangibles	8.2	-
Inventories	7.6	-
Other assets	0.4	-
Trade and other receivables	12.5	-
Deferred tax asset/liabilities	0.2	-
Payables	(11.4)	-
Provisions	(5.9)	-
<b>Net assets disposed</b>	<b>48.8</b>	<b>-</b>
Consideration received	48.8	-
Cash and cash equivalents disposed of	-	-
<b>Net cash inflow</b>	<b>48.8</b>	<b>-</b>

## Notes to the Financial Report

### BORAL LIMITED AND CONTROLLED ENTITIES

	CONSOLIDATED	
	Half-Year 31 Dec 2010 \$ millions	Half-Year 31 Dec 2009 \$ millions
<b>4. OPERATING PROFIT</b>		
<b>REVENUE FROM CONTINUING OPERATIONS</b>		
Sale of goods	2,328.0	2,254.2
Rendering of services	31.3	22.4
	<b>2,359.3</b>	<b>2,276.6</b>
Depreciation and amortisation expenses	120.4	125.9

### 5. INCOME TAX EXPENSE

The income tax expense for the six months to 31 December 2010 reflects the tax effect of losses in the US businesses during the period and the higher tax rate that applies to that jurisdiction.

### 6. EARNINGS PER SHARE

#### Classification of securities as ordinary shares

Only ordinary shares have been included in basic earnings per share.

#### Classification of securities as potential ordinary shares

Options outstanding under the Executive Share Option Plan and Share Performance Rights have been classified as potential ordinary shares and are included in diluted earnings per share only.

	CONSOLIDATED	
	Half-Year 31 Dec 2010 \$ millions	Half-Year 31 Dec 2009 \$ millions
<b>Earnings reconciliation</b>		
Net profit attributable to members of the parent entity	92.3	67.9

	CONSOLIDATED	
	Half-Year 31 Dec 2010	Half-Year 31 Dec 2009
<b>Weighted average number of ordinary shares used as the denominator</b>		
Number for basic earnings per share	710,319,094	594,248,217
Effect of potential ordinary shares	3,409,782	2,460,946
<b>Number for diluted earnings per share</b>	<b>713,728,876</b>	<b>596,709,163</b>
Basic earnings per share	13.0c	11.4c
Diluted earnings per share	12.9c	11.4c
Basic earnings per share (continuing operations)	13.2c	12.3c
Diluted earnings per share (continuing operations)	13.1c	12.3c

The average market value of the Company's shares for the purpose of calculating the dilutive effect of share options was based on quoted market prices for the period that the options were outstanding.

## Notes to the Financial Report

### BORAL LIMITED AND CONTROLLED ENTITIES

#### 7. DIVIDENDS

	Amount per share	Total amount \$ millions	Franked amount per share	Date of payment
<b>For the half-year ended 31 December 2010</b>				
Final June 2010 - ordinary	<b>6.5 cents</b>	<b>46.7</b>	<b>6.5 cents</b>	<b>28 September 2010</b>
Total amount		<b>46.7</b>		

#### For the half-year ended 31 December 2009

Final June 2009 - ordinary	5.5 cents	32.6	5.5 cents	28 September 2009
Total amount		32.6		

#### Subsequent Event

Since the end of the period, the Directors have declared the following dividend:

Interim - ordinary	<b>7.5 cents</b>	<b>54.3</b>	<b>7.5 cents</b>	<b>24 March 2011</b>
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The financial effect of the interim dividend for December 2010 has not been brought to account in the financial report for the period ended 31 December 2010 but will be recognised in subsequent financial reports.

#### Dividend Reinvestment Plan

The Company's Dividend Reinvestment Plan will operate in respect of the payment of the interim dividend and the last date for the receipt of an election notice for participation in the plan is 24 February 2011. Shares issued under Boral's Dividend Reinvestment Plan will be issued at a 2.5% discount to market price.

## Notes to the Financial Report

### BORAL LIMITED AND CONTROLLED ENTITIES

#### 8. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Name	Principal activity	Balance date	OWNERSHIP INTEREST CONSOLIDATED	
			31 Dec 2010 %	30 Jun 2010 %
<b>DETAILS OF INVESTMENTS IN ASSOCIATES ARE AS FOLLOWS</b>				
Bitumen Importers Australia Pty Ltd	Non trading	30-Jun	50	50
Caribbean Roof Tile Company Limited	Roof tiles	31-Dec	50	50
Flyash Australia Pty Ltd	Flyash collection	31-Dec	50	50
Gypsum Resources Australia Pty Ltd	Gypsum mining	30-Jun	50	50
Highland Pine Products Pty Ltd	Timber	30-Jun	50	50
Lafarge Boral Gypsum in Asia SDN BHD	Plasterboard	31-Dec	50	50
Monier Lifetile LLC *	Roof tiles	31-Dec	-	50
Monier Lifetile S.R.L. de C.V. *	Roof tiles	31-Dec	-	50
Penrith Lakes Development Corporation Ltd	Quarrying	30-Jun	40	40
Rondo Building Services Pty Ltd	Rollform systems	30-Jun	50	50
South East Asphalt Pty Ltd	Asphalt	30-Jun	50	50
Sunstate Cement Ltd	Cement manufacturer	30-Jun	50	50
Tile Service Company LLC *	Roof tiles	31-Dec	-	50
US Tile LLC	Roof tiles	31-Dec	50	50

\* Monier Lifetile LLC, Monier Lifetile S.R.L. de C.V. and Tile Service Company LLC became controlled entities during the period.

	CONSOLIDATED	
	Half-Year 31 Dec 2010 \$ millions	Half-Year 31 Dec 2009 \$ millions
<b>RESULTS OF ASSOCIATES</b>		
Share of associates' profit before income tax expense	32.7	18.1
Share of associates' income tax expense	(8.8)	(9.5)
Non-controlling interest	(1.4)	(1.1)
Share of associates' net profit - equity accounted	22.5	7.5

#### MATERIAL INTERESTS IN ASSOCIATES

Share of associate's net profit/(loss) - equity accounted

Lafarge Boral Gypsum in Asia SDN BHD	9.3	7.8
Monier Lifetile LLC * and Monier Lifetile S.R.L. de C.V.	-	(9.6)
Rondo Building Services Pty Ltd	4.9	4.6
Sunstate Cement Ltd	6.7	5.4

\* taxed as a partnership in the USA.

	CONSOLIDATED		
	Half-Year 31 Dec 2010	Full Year 30 Jun 2010	Half-Year 31 Dec 2009
Net tangible asset backing per ordinary security	\$3.89	\$3.92	\$4.23



## Notes to the Financial Report

### BORAL LIMITED AND CONTROLLED ENTITIES

	CONSOLIDATED	
	31 Dec 2010 \$ millions	30 Jun 2010 \$ millions
<b>10. INTEREST BEARING LOANS AND BORROWINGS</b>		
<b>CURRENT</b>		
Bank loans - unsecured	7.7	8.4
Other loans - unsecured	0.3	0.4
Finance lease liabilities	0.1	0.1
	<b>8.1</b>	<b>8.9</b>
<b>NON-CURRENT</b>		
Bank loans - unsecured	53.0	58.5
Other loans - unsecured	1,056.4	1,272.2
	<b>1,109.4</b>	<b>1,330.7</b>
	<b>1,117.5</b>	<b>1,339.6</b>

### TERM AND DEBT REPAYMENT SCHEDULE

Terms and conditions of outstanding loans were as follows:

	CONSOLIDATED				
	Currency	Effective interest rate 31 Dec 2010	Year of maturity	31 Dec 2010 Carrying amount \$ millions	30 Jun 2010 Carrying amount \$ millions
<b>CURRENT</b>					
Bank loans - unsecured	THB	3.68%	2011	7.7	8.4
Other loans - unsecured <sup>1.</sup>	AUD	-	2011	0.3	0.4
Finance lease liabilities	AUD	6.00%	2011	0.1	0.1
				<b>8.1</b>	<b>8.9</b>
<b>NON-CURRENT</b>					
US senior notes - unsecured	USD	6.44%	2012-2020	1,055.6	1,271.2
Bank loans - unsecured	THB	4.13%	2012	53.0	58.5
Other loans - unsecured <sup>1.</sup>	AUD	-	2014	0.8	1.0
				<b>1,109.4</b>	<b>1,330.7</b>
<b>TOTAL</b>				<b>1,117.5</b>	<b>1,339.6</b>

1. Vendor loan covering the purchase of plant and equipment where instalment repayments by the Boral Group do not include an interest component.

## Notes to the Financial Report

### BORAL LIMITED AND CONTROLLED ENTITIES

	Consolidated	
	Half-Year 31 Dec 2010 \$ millions	Full Year 30 Jun 2010 \$ millions
<b>11. ISSUED CAPITAL</b>		
724,446,767 (30 Jun 2010: 598,952,998) ordinary shares	2,232.9	1,724.0
<b>MOVEMENTS IN ISSUED CAPITAL</b>		
Balance at the beginning of the period	1,724.0	1,691.4
5,515,775 (30 Jun 2010: 5,895,282) shares issued under the Dividend Reinvestment Plan	25.2	31.9
Nil (30 Jun 2010: 167,186) shares issued upon the exercise of executive options	-	0.7
77,375 (30 Jun 2010: Nil) shares issued on vesting of rights	0.3	
119,900,619 (30 Jun 2010: Nil) shares issued under Capital Raising	479.8	-
Income tax benefit on capital raising	3.6	-
Balance at the end of the period	2,232.9	1,724.0

During the period the Group undertook a capital raising of \$479.8 million net of transaction costs of \$11.8 million. The capital raising consisted of a 1 for 5 accelerated renounceable entitlement offer at an offer price of \$4.10 per share. The capital raising resulted in the issue of 68,332,173 ordinary shares under the Institutional Entitlement offer and 51,568,446 ordinary shares under the Retail Entitlement offer.

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

In the event of a winding up of Boral Limited, ordinary shareholders rank after creditors and are fully entitled to any proceeds of liquidation.

### MOVEMENTS IN EMPLOYEE COMPENSATION SHARES

Balance at the beginning of the period	-	-
317,930 (30 Jun 2010: Nil) shares vested and transferred to share-based payments reserve	1.5	-
317,930 (30 Jun 2010: Nil) shares purchased on-market	(1.5)	-
Balance at the end of the period	-	-

The employee equity compensation account represents the balance of Boral shares held by the Group which as at the end of the period have not vested to Group employees and therefore are controlled by the Group. These shares relate to the Boral Senior Executive Performance Share Plan.

### 12. RESERVES

Foreign currency translation reserve	(121.0)	(75.0)
Hedging reserve - cash flow hedges	(0.1)	(1.1)
Other reserves*	(66.3)	-
Share-based payments reserve	37.9	37.2
Balance at the end of the period	(149.5)	(38.9)

\* relates to future consideration on the Cultured Stone acquisition

## Notes to the Financial Report

### BORAL LIMITED AND CONTROLLED ENTITIES

#### 13. CONTINGENT LIABILITIES

Boral Limited has given to its bankers letters of responsibility in respect of accommodation provided from time to time by the banks to controlled entities.

A number of sites within the Group and its associates have been identified as contaminated, generally as a result of prior activities conducted at the sites, and review and appropriate implementation of clean-up requirements for these is ongoing. For sites where the requirements can be assessed, estimated clean-up costs have been expensed or provided for. For some sites, the requirements cannot be reliably assessed at this stage.

Certain entities within the Group are subject to various lawsuits and claims in the ordinary course of business.

Consistent with other companies of the size and diversity of Boral, the Group is the subject of periodic information requests, investigations and audit activity by the Australian Taxation Office (ATO) and taxation authorities in other jurisdictions in which Boral operates.

A deed was entered into at the time of the demerger which contained certain indemnities and other agreements between Boral Limited and Origin Energy Limited (Origin) and their respective controlled entities covering the transfer of the businesses, investments, tax, other liabilities, debt and assets of the Group and some temporary shared arrangements. A number of matters have been resolved with both the Australian and United States taxation authorities which are likely to give rise to claims by the Group under the demerger deed. As the settlement resulted in a payment to the ATO, Origin is likely to rely on indemnities contained in the demerger deed.

The Group has considered all of the above claims and, where appropriate, sought independent advice and believes it holds appropriate provisions.

## Notes to the Financial Report

### BORAL LIMITED AND CONTROLLED ENTITIES

#### 14. ACQUISITIONS

- i. During July 2010, the Group acquired the remaining 50% interest in MonierLifetile LLC, MonierLifetile S.R.L. de C.V. and Tile Service Company LLC. ("MonierLifetile").

At 30 June 2010, the Group held an initial 50% interest in MonierLifetile that was recorded as an equity accounted investment. On acquisition of the remaining 50% of MonierLifetile this initial investment was remeasured to fair value in accordance with Australian Accounting Standards.

	<b>\$ millions</b>
Carrying value of equity accounted investment as at acquisition date	(35.8)
Carrying value of loans to associates as at acquisition date	(51.9)
Fair value of investment as at acquisition date	88.0
<b>Profit/(loss) on remeasurement to fair value</b>	<b>0.3</b>

The Group is still finalising the fair value of the assets, liabilities and intangibles acquired. The provisional fair value of net assets acquired (at 50%) is A\$88.0 million (US\$75 million) which is consistent with the consideration paid.

During the period from July to 31 December 2010, MonierLifetile has contributed revenue of \$39.5 million and a loss before interest and tax of \$10.9 million.

- ii. Effective 31 December 2010, the Group acquired a 50% controlling interest in Owens Corning Masonry Products LLC ("Cultured Stone"), a stone veneer producer in the United States. Under the terms of the agreement, the acquisition of Owens Corning Masonry Products LLC will occur in two stages:
- an initial acquisition of a 50% controlling interest for US\$45 million in December 2010;
  - followed by the acquisition of the remaining 50% membership interest for a payment equal to a multiple of 7.0 times 50% of calendar year 2013 EBITDA, subject to a minimum payment of US\$45 million.

Due to the proximity of the acquisition to the half - year reporting date the fair value of the assets, liabilities and intangibles has not been finalised. The provisional fair value of net assets acquired (at 100%) is A\$88.5 million (US\$90 million). The acquisition did not contribute to the revenues or result of the Group for the period. It is considered impractical to calculate the impact on the Group financial report had the acquisition been part of the Group for the full period.

## Notes to the Financial Report

### BORAL LIMITED AND CONTROLLED ENTITIES

	Consolidated	
	Half-Year 31 Dec 2010 \$ millions	Half-Year 31 Dec 2009 \$ millions
<b>15. NOTES TO STATEMENT OF CASH FLOWS</b>		
i. Reconciliation of cash and cash equivalents		
Cash includes cash on hand, at bank and short-term deposits at call, net of outstanding bank overdrafts. Cash as at the end of the financial period as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:		
Cash and cash equivalents	483.5	172.7
Bank overdrafts	-	-
	<b>483.5</b>	<b>172.7</b>
ii. Non-cash items		
The following non-cash financing and investing activities have not been included in the statement of cash flows:		
Dividends reinvested under the Dividend Reinvestment Plan	25.2	12.8

### 16. SUBSEQUENT EVENT

In January 2011 the east coast of Australia experienced significant flood events in Queensland, Northern New South Wales and Victoria which caused disruption to a number of the Groups operations. The Group anticipates it is covered by insurance in respect of all material damage or losses at these sites.

As reconstruction work commences the overall demand for the Group's products is expected to increase however the timing of this reconstruction is uncertain.

## Statutory Statements

BORAL LIMITED AND CONTROLLED ENTITIES

### Directors' Declaration

In the opinion of the Directors of Boral Limited:

1. The financial statements and notes set out on pages 3 to 19, are in accordance with the Corporations Act 2001, including:
  - (a) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2010 and of its performance, as represented by the results of its operations and cash flows, for the half-year ended on that date; and
  - (b) complying with Australian Accounting Standard AASB 134 "*Interim Financial Reporting*" and the Corporations Regulations 2001; and
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:



**Bob Every**  
Director



**Mark Selway**  
Director

Sydney, 9 February 2011



## Independent auditor's review report to the members of Boral Limited

### Report on the Financial Report

We have reviewed the accompanying half-year financial report of Boral Limited, which comprises the consolidated balance sheet as at 31 December 2010, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes 1 to 16 comprising accounting policies and other explanatory information and the Directors' Declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

### Directors' Responsibility for the Half-Year Financial Report

The Directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Group's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001. As auditor of Boral Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

### Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Boral Limited is not in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.

KPMG

KPMG

David Rogers  
Partner

Sydney, 9 February 2011