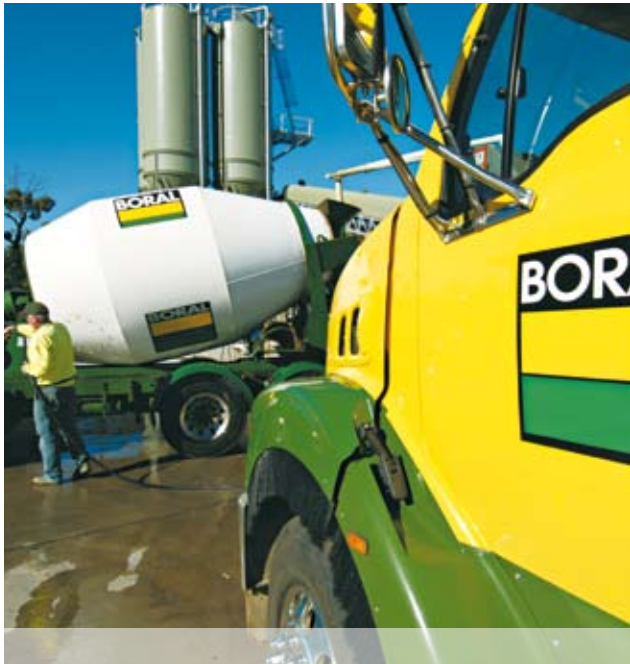


Results Announcement
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

Boral



CELEBRATING
60
YEARS



Highlights

Boral Limited announced a profit after tax (PAT) of \$172 million for the half year ended 31 December 2005, a 9% decrease on the A-IFRS¹ restated net PAT for the six months to 31 December 2004.

Sales revenue of \$2.3 billion was 8% higher than the half year to December 2004, EBITDA was flat and EBIT of \$293 million was 3% lower.

In Australia, effective price and cost management, together with the benefits of growth activities, mitigated some of the impacts of the cyclical downturn in Australian dwellings, which was particularly adverse in Boral's key New South Wales market. Stronger non-dwelling activity and major projects supported underlying results in Australia. As foreshadowed, the first half result was reduced by a low Quarry End Use (QEU) first half contribution, commissioning costs of the upgraded Waurin Ponds cement kiln and temporary plant shuts in Building Products businesses to manage inventory levels.

Over the past year, offshore earnings have lifted from 26% to 32% of Boral's total earnings. A record result from the USA was delivered, underpinned by growth benefits, strong market conditions and good margin management, which more than offset lower earnings from Asia.

Higher energy costs impacted the half year results throughout the group. Whilst some businesses offset these costs through price increases, others are yet to fully recover the increased costs.

Boral's full year profit projection of \$355 million to \$395 million is unchanged. This compares to the A-IFRS re-stated PAT of \$370 million in FY2004/05.

¹ A-IFRS - Australian equivalents to International Financial Reporting Standards.

PAT of \$172 million for the half year was down 9% on last year's restated net PAT of \$189 million.

The 8% revenue lift to \$2.3 billion reflects price strength (despite weak Australian dwellings), strong volumes in the USA and Australian non-dwellings & major projects, and benefits of growth initiatives.

Earnings before interest, tax, depreciation and amortisation (EBITDA) of \$393 million was approximately \$2 million below the prior year and EBITDA to sales margin was 16.8%.

Whilst Boral's reported EBIT of \$293 million was 3% below last year, it was down 8% compared with the underlying EBIT in the prior corresponding period. Boral's EBIT to sales margin reduced to 12.5% (compared with 14.0% in the prior half).

Australian EBIT of \$200 million was down 16% on the prior corresponding period. Building Products EBIT was down 23% to \$64 million, reflecting softer Australian dwelling activity, particularly in New South Wales. Construction Materials EBIT of \$136 million was down 13% impacted by a \$20.3 million lower QEU contribution. (QEU EBIT was \$4.1 million compared with \$24.4 million in the first half last year). Excluding QEU, Construction Materials' EBIT was flat.

Continued strong growth in earnings from US operations was reported with EBIT up 26% to a record US\$66 million whilst in Australian dollars EBIT was up 24% to A\$88 million.

Asia's profit of \$8 million, down 32% on the prior corresponding half year, reflects difficult trading conditions in South Korea and a one-off adverse cost adjustment in the LBGA plasterboard JV.

Interest expense increased from \$33 million to \$46 million reflecting higher financing costs arising from growth initiatives.

Earnings per share for the December half year of 29.5 cents compares with 32.5 cents last year. Return on equity reduced to 13.6% in calendar year 2005 from 15.8% in calendar year 2004.

Operating cash flows (before capex) of \$165 million were 2% below the prior corresponding half year. Capital expenditure for the half year was \$241 million (around \$94 million of stay-in-business and \$147 million of growth and acquisition capital expenditure).

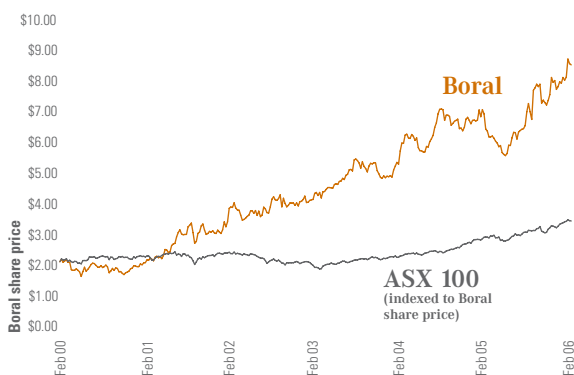
Gearing (D/E) increased to 60%, which is within our revised 40-70% target range. Net debt at 31 December 2005 was \$1,564 million compared with \$1,183 million at December 2004.

A fully franked interim dividend of 17.0 cents per share has been declared, compared to the fully franked 17.0 cent December 2004 interim dividend. The dividend will be paid on 20 March 2006.

Six months ended 31 December (\$ millions unless stated)	2005	2004 ¹	% Change
Revenue	2,343	2,161	8
EBITDA	393	395	–
EBIT	293	302	(3)
Net interest	46	33	40
Profit before tax	247	269	(8)
Tax	74	79	(7)
Profit after tax	172	189	(9)
Cash flow from operating activities	165	170	(2)
Gross assets	5,436	4,734	15
Funds employed	4,155	3,542	17
Liabilities	2,845	2,359	21
Net debt	1,564	1,183	32
Growth & acquisition capital expenditure	147	308	(52)
Stay-in-business capital expenditure	94	94	–
Depreciation	100	93	8
Employees	15,660	14,751	6
Sales per employee, \$ million	0.150	0.146	2
Net tangible asset backing, \$ per share	3.81	3.50	9
EBITDA margin on sales, %	16.8	18.3	(8)
EBIT margin on sales, %	12.5	14.0	(11)
EBIT return on funds employed, % (MAT)	14.3	17.0	(16)
Return on equity, % (MAT)	13.6	15.8	(14)
Gearing (net debt:equity), %	60	50	
Interest cover, times	6.4	9.2	
Earnings per share, ¢	29.5	32.5	(9)
Dividend per share, ¢	17.0	17.0	–
Safety: (per million hours worked)			
Lost time injury frequency rate	2.4	2.8	
Recordable injury frequency rate	27.9	29.1	

1 Six months to Dec 04 includes a one-off pre-tax cost of \$16.2m or \$11.3m after tax for the Adelaide Brighton bid.

Relative share price performance index



“Boral’s operating performance in the first half was a solid result reflecting effective margin management and growth benefits, despite continued softening in Australian dwellings and higher energy costs across the group”.

KEN MOSS, Chairman



Approximately 68% of first half FY2006 earnings were sourced from Australian markets (compared with 74% in the prior corresponding period), 29% came from USA building and construction activity (up from 22% last year) and a further 3% of earnings were generated from Boral’s Asian markets (4% last year).

The mixed conditions experienced across Boral’s markets last year continued during the first half of this year. Australian dwelling activity softened further but higher activity levels were experienced in Australian non-dwellings and major infrastructure project markets. The USA continued to experience very strong market conditions and growth in our Asian markets slowed.

Australian dwelling approvals continued to decline during the half year with approvals 8% lower than the six months to December 2004 (following a 12% decrease in the twelve months to 30 June 2005). Australian detached housing approvals decreased by 3% and multi-dwelling approvals were down 17%. We continue to anticipate dwelling starts of around 140,000 to 145,000 for FY2006.

The pipeline of work in the Australian non-dwellings, market segment remains strong with value of work approved (VWA)¹ for non-dwellings up 20% in the half year to December 2005 compared with the December 2004 half year.

On a state-by-state basis, trends in building approvals continued to differ, reflecting affordability and market sentiment issues in New South Wales, and to a lesser degree Victoria, and buoyancy in the resource sector-driven states of Western Australia and Queensland. With approximately 40% of Boral’s Australian revenues and earnings being derived from New South Wales, the continued slowdown in New South Wales adversely impacted Boral’s first half result. During the first half year, New South Wales dwelling approvals for detached houses were at their lowest level in 30 years. Approvals for dwellings in New South Wales declined 14% (following a 20% decline during the year ended June 2005) and non-dwellings VWA⁽¹⁾ was down 7%. Dwelling approvals in Victoria were down 14% and up 33% in non-dwellings. In Queensland, approvals were down 5% for dwellings and up 31% for non-dwellings; Western Australia dwelling approvals were up 7% and non-dwellings were up 8%; and, in South Australia dwellings were 1% down and non-dwellings were 43% stronger.



“Boral’s growth strategy is an important focus across the portfolio and we are seeing the benefits flowing through to our results. Our offshore earnings have lifted from 26% to 32% of Boral total earnings, reflecting a record result from the USA”.

ROD PEARSE, CEO & Managing Director

Australian Bureau of Statistics (ABS) value of work done (VWD), in major road construction and infrastructure is not yet available for the Dec 05 quarter but based on forecasts, it appears to have increased by around 11% during the half year compared with the prior corresponding period.

ABS data on Australian concrete volumes, which is a useful proxy for total Building and Construction VWD, indicates that concrete volumes for the December half increased by approximately 7% over the December 2004 half year.

In the USA, housing activity remained strong. Total housing permits (single + multi dwellings) in “Boral’s US States”² were 9% higher than last year’s first half. The total value of construction work commenced in “Boral States” was up 4% on the prior year due to a 5% lift in non-dwelling activity.

In Asia, Boral’s key market exposures are in South Korea, Thailand, Indonesia and China. Whilst the slowdown in the Korean domestic economy continued to impact negatively on the level of residential construction activity, impacting on Boral’s plasterboard markets, there are signs that the residential market will strengthen during CY2006. In contrast, strong construction environments have supported growth in plasterboard markets in Thailand and Indonesia and whilst China has been experiencing strong market conditions, some market softening is now evident in response to Government measures.

1 Value of Work Approved in A\$03/04 chain volume measure

2 “Boral’s US States” are Alabama, Arizona, Arkansas, California, Colorado, Florida, Georgia, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maryland, Mississippi, Missouri, Nevada, North Carolina, Ohio, Oklahoma, South Carolina, Tennessee, Texas, Virginia, Washington

Construction Materials, Australia

Six months ended 31 December (\$ millions unless stated)	2005	2004	% change
Sales revenue	1,179	1,073	10
EBITDA	195	211	(8)
EBIT	136	156	(13)
Capital expenditure*	118	143	(17)
Funds employed*	2,154	1,886	14
EBITDA return on sales, %	16.6	19.7	
EBIT return on sales, %	11.6	14.6	
EBIT return on funds employed (MAT), %	13.2	16.4	
Employees, number	5,831	5,554	5
Revenue per employee	0.202	0.193	5

* Including acquisitions

Operating revenue for Construction Materials, Australia increased 10% on the previous year to \$1.2 billion. The improved revenue was underpinned by increased concrete volumes, acquisitions and price gains. Boral's concrete volumes were 7% higher, reflecting stronger activity levels in non-dwellings and major projects, which more than offset the softer housing market. In addition, prices improved despite softer levels of housing activity.

EBIT, however, was 13% softer at \$136 million, reflecting some one-off commissioning costs at Waurin Ponds (\$10 million), a substantially lower QEU result compared with the prior corresponding period (\$4.1 million in 1H06 versus \$24.4 million in 1H05), and increased fuel-related costs. EBITDA to sales margin of 16.6% was below the 19.7% margin in the prior year. (EBITDA to sales margin excluding QEU of 16.5% compares to the underlying 18.0% margin in the prior year.)

Construction Materials benefited from growth initiatives and \$24 million of PEP cost reductions.

During the period, market conditions were mixed across Boral's Construction Material's markets. Regional activity lifted in New South Wales and Victoria but metro volumes were weaker in the key Melbourne and Sydney markets. Concrete demand in Queensland, Western Australia and South Australia was higher during the period.



Boral has been successful in tendering on a number of infrastructure projects including the Melbourne Eastlink concrete package, the Eastlink asphalt work for the northern section and other major projects in New South Wales and Country Victoria.

The **Concrete and Quarries** businesses reported revenues of \$603 million, which were 8% above the previous year. Boral's concrete and quarry volumes increased nationally by 7% and 6% respectively with strong demand driven by infrastructure activity. Average prices increased by 3% for delivered concrete and 5% for quarry products compared to last year. The revenue increases from these stronger market volumes and higher prices were substantially absorbed by increased fuel, cement and other costs. Overall, Concrete and Quarry results improved on last year. Concrete price increases ranging from 4% to 8% and quarry price increases ranging from 5% to 11% have been announced effective from April 2006.

Stronger volumes in the **Asphalt** business arising from a high level of State Government road project expenditure underpinned a strong performance with revenues of \$208 million up 23% on last year. Increases in fuel and bitumen costs have been fully recovered. Asphalt results improved significantly on the prior year.

External revenue for the **Cement division**, which includes **Blue Circle Southern Cement** (BCSC), Formwork & Scaffolding and De Martin & Gasparini, was \$272 million, which was up 13% on the first half last year. In BCSC, a 9% sales volume increase together with 3% higher average cement prices contributed to increased external revenues. BCSC earnings were \$5 million below the prior year but were adversely impacted compared to last year by a cost of around (\$10 million) associated with the commissioning of the Waurn Ponds cement plant upgrade. Waurn Ponds successfully completed its performance testing in late December. Price increases of 5% for cement products were achieved in the last quarter for the eastern states. Lime returns were reduced due to lower than expected demand and higher manufacturing costs at Galong due to production problems experienced during the half year. The Berrima cement works continued to perform well during the period.



Earnings from **Formwork & Scaffolding** were \$4 million lower than last year as a result of increased price competition resulting from imported scaffolding coupled with the housing downturn.

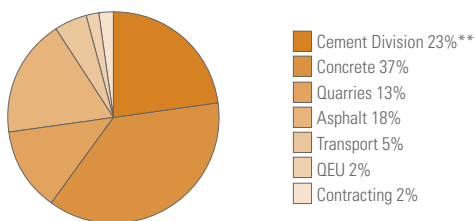
First half earnings from **De Martin & Gasparini** concrete placing improved on the prior year as a result of improved contracting outcomes and an increase in the number of tenders won.

Boral **Transport's** earnings were lower than last year mainly due to under-performing contracts in WA and unrecovered diesel fuel increases.

Returns from Boral's **Contracting** businesses were up on last year.

Boral's **Quarry End Use (QEU)** business contributed \$4.1 million of EBIT predominantly sourced from the Nelson's Ridge development and Deer Park land fill operation. As foreshadowed, the first half QEU result is substantially lower than the \$24.4 million result reported last year; this reflects the depressed state of the Sydney residential market. Second half results will be significantly higher driven by receipt of minimum contractual commitments from our partners in the Nelson's Ridge and Moorebank projects. These commitments underpin a QEU profit forecast of around \$40 million for 2005/06.

Share of HY2006 External Revenue



**Cement division includes BCSC (excl. internal sales to Boral businesses), concrete placement & scaffolding.



Building Products, Australia

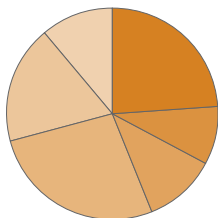
Six months ended 31 December (\$ millions unless stated)	2005	2004	% change
Sales revenue	621	618	1
EBITDA	86	103	(16)
EBIT	64	83	(23)
Capital expenditure*	68	58	17
Funds employed*	959	842	14
EBITDA return on sales, %	13.8	16.6	
EBIT return on sales, %	10.3	13.4	
EBIT return on funds employed (MAT), %	13.8	19.2	
Employees, number	4,109	3,939	4
Revenue per employee	0.151	0.157	(4)

* Including acquisitions

Boral's Australian Building Products businesses reported a 1% lift in operating revenue to \$621 million driven by growth initiatives and price gains. Building Products reported a 23% decline in EBIT to \$64 million due to lower volumes and higher manufacturing costs associated with kiln shutdowns. EBITDA to sales margin of 13.8% was lower than the 16.6% margin reported last year. Building Products' results benefited from growth initiatives and \$15 million of PEP cost reductions.

Revenue from **Bricks** of \$149 million was down 4% as a result of volume declines of around 5%, which were partially offset by average price gains of around 2%. Bricks earnings were down during the period due to reduced volumes and increased manufacturing costs associated with the temporary kiln shutdowns in the East Coast plants (to better match production with East Coast sales volumes which were down around 9%) together with Kiln 4 in Western Australia running longer than expected (due to delays in construction approvals for the new Kiln 11) and a fire affecting Kilns 7 and 8 in Western Australia.

Share of HY2006 External Revenue



- Bricks 24%
- Roofing 9%
- Masonry 11%
- Australian Plasterboard 27%
- Timber 18%
- Windows 11%



Whilst average prices in **Roofing** increased by around 3%, revenue of \$54 million was 6% lower than last year due to lower volumes as a result of softer dwelling activity and continued competition from metal roofing. Earnings were higher as a result of improved pricing outcomes and manufacturing gains at Carole Park and Springvale, which offset lower volumes in New South Wales and Queensland.

Masonry's revenue of \$68 million was 5% below the prior corresponding half year reflecting 6% lower volumes driven by reduced masonry sales to the housing market. Despite lower volumes, prices held in New South Wales, whilst volume increases in non-housing segments in other states were offset by price pressures and adverse product mix changes in Queensland. Overall prices were steady year on year. Masonry's overall earnings were below last year.

Revenue and earnings from Australian **Plasterboard** were steady on the prior corresponding period despite the slowdown in Australian dwelling activity and lower average selling prices. The Plasterboard revenue was underpinned by resilient demand from non-residential markets and by further product penetration of our plasterboard walling systems. Ongoing cost reductions helped to offset the impact of lower prices and, as a result, profit margins were in line with last year.

Timber's revenue of \$113 million was up 16% including revenues from the acquired Davis & Herbert and Fennings operations and the new engineered flooring plant in Murwillumbah. Underlying hardwood volumes and prices were steady. Structural softwood volumes were down around 7% with prices down 12% reflecting the weaker New South Wales dwellings market. Plywood prices were up by around 1% with volumes up around 11% reflecting Boral's ability to supply additional markets. Timber earnings were lower and margins were weaker during the period due to pricing pressure in softwood and higher unit production costs in some key hardwood plants.

Windows delivered a solid result given the challenging market conditions. Both volumes and prices were steady on the prior year resulting in a first half revenue of \$70 million, which was in line with the prior corresponding period. Earnings were down as a result of unrecovered cost increases.



USA

Six months ended 31 December
(\$ millions unless stated)

	2005	2004	% change
US\$			
Sales revenue	340	293	16
EBITDA	78	64	23
EBIT	66	52	26
A\$			
Sales revenue	455	398	14
EBITDA	104	86	21
EBIT	88	71	24
Capital expenditure*	50	134	(63)
Funds employed*	829	688	21
EBITDA return on sales, %	22.9	21.7	
EBIT return on sales, %	19.4	17.8	
EBIT return on funds employed (MAT), %	19.8	17.9	
Employees, number	2,628	2,556	3
Revenue per employee	0.173	0.156	11

* Including acquisitions

Operating revenue from US operations was up 16% on last year to US\$340 million with a record half year EBIT up 26% to US\$66 million. In Australian dollar terms US EBIT was 24% up on last year to \$88 million.

EBITDA to sales margin improved from 21.7% to 22.9%. Boral's US operations benefited from acquisition and organic growth programs as well as efficiency gains delivered through "Project Next Level" and US\$14 million of PEP cost reductions.

Revenue from **US Bricks** rose 11% to US\$234 million supported by strong market conditions. Average selling prices in bricks increased by around 10% in the half year compared with the prior corresponding period, reflecting increased sales through direct distribution (now up to around 70%) together with price increases that included a 5% fuel surcharge which covered natural gas and other energy cost increases of around US\$6.5 million. Bricks' sales volumes fell by around 3% due to the extended shutdown of two brick production lines during the period whilst capacity upgrade work was underway (6 weeks at Salisbury for a 31m SBE capacity lift and 10 weeks at Augusta for an 18m SBE capacity upgrade). Overall, Bricks' earnings were steady with the prior period and margins eased.



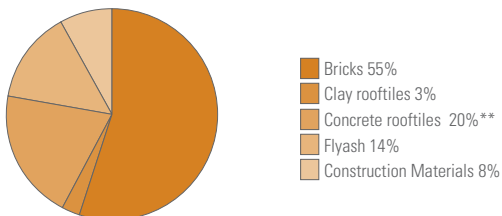
Boral's 50/50 concrete roof tile joint venture with Lafarge, **MonierLifetile**, delivered a half-year profit contribution of US\$16 million (A\$21 million), reflecting continued strong volumes and price increases of around 10%, which were sufficient to recover increases in cement and other raw material costs. The business is benefiting from recent capital investment projects, with current capacity constraints continuing to be addressed through a number of growth projects.

Clay Tiles revenue of US\$14 million was down 4% on last year but average selling prices for the half year were 2% stronger than the prior corresponding half-year. Earnings improved. As in the concrete tile business, existing capacity constraints are being addressed through various operational improvement and growth projects.

Revenue from the **BMTI** flyash business of US\$57 million was up 12%. Earnings improved due to stronger volumes and increased average flyash prices.

The Denver **Concrete & Quarry** businesses, which were acquired in September 2004, delivered a significantly improved full half-year profit when compared to the three month contribution in the prior corresponding half year. The business delivered US\$35 million of revenues in the first half but concrete sales volumes were constrained by cement shortages, as well as below average temperatures in December. Despite this, the business outlook remains strong and is on track to deliver a full year profit in line with business case expectations. Price increases for aggregates, concrete and block were sufficient to recover increases in costs, including cement and fuel.

Share of HY2006 External Revenue



**MonierLifetile joint venture is equity accounted - Boral's share of revenue does not appear in consolidated accounts but is included in the revenue pie chart.



Asia

Six months ended 31 December (\$ millions unless stated)	2005	2004	% change
Sales revenue*	84	68	23
EBIT	8	12	(32)
Funds employed	335	294	
EBIT return on funds employed (MAT), %	5.6	8.2	

* Boral's share of revenues from the Asian Plasterboard joint venture do not appear in Boral's consolidated accounts. Boral's profits from this business are equity accounted.

Boral's Asian operations delivered a half year EBIT of \$8 million reflecting difficult market conditions in a number of key plasterboard markets; the result was 32% below last year.

Equity accounted income of \$4.6 million from the **Asian plasterboard** JV with Lafarge, was 31% below the same period last year reflecting one-off adverse adjustments. Whilst the underlying JV operating result was steady, it remains disappointing with continued weak trading conditions in South Korea impacting both volumes and prices in the period. Government intervention aimed at softening residential real estate activity in East China impacted on plasterboard volume and price outcomes there at a time when energy related costs put further pressure on margins. In Central China the JV's new plant was successfully brought into operation whilst in Vietnam the JV commenced construction of the country's first plasterboard plant, located in Ho Chi Minh City. Firmer pricing helped lift operating returns in Thailand.

Construction Materials profits in Asia were down for the period. Indonesia achieved concrete price increases of over 30% to recover both diesel and cement cost increases. Volumes in Indonesia improved in line with market growth however concrete volumes in Thailand were relatively flat over the period. Concrete prices in Thailand softened in the December quarter. The small concrete pipe business in Indonesia continued to grow and expansion plans have commenced with a second plant being built in Surabaya.



Capital Management

A fully franked interim dividend of 17.0 cents per share has been declared, which compares to the 100% franked 17.0 cent dividend declared for the half year to December 2004; this represents a dividend payout ratio of 58% on earnings.

On a grossed up basis, Boral's interim dividend represents an annualised grossed up dividend yield of 6.4% per annum (after franking) on Boral's weighted average share price for the half-year to December 2005.

Boral's interim dividend will be paid on 20 March 2006 and the Dividend Reinvestment Plan for shareholders will continue to be offered.

Boral will continue its share buybacks to offset the dilutive effect of the issue of shares through the executive option plan (EOP) and the dividend reinvestment plan (DRP). No shares were bought back during the six months to December 2005.

Value Adding Growth

During the December half year, incremental benefits from recent growth projects, including the Berrima cement kiln #6 upgrade, US Brick distribution, Denver concrete and quarry businesses, and the timber acquisitions of Fennings and Davis & Herbert, were \$23 million higher than the prior corresponding period. Increased growth benefits are also expected in the June half.

The Waurn Ponds cement kiln upgrade experienced significant commissioning delays during the half year and phased benefits will now commence from the March quarter, rather than the September quarter 2005. The Galong lime kiln is also expected to impact more favourably on results in the June half. Benefits from the Engineered Flooring plant at Murwillumbah are expected from the June quarter following the extended 15 month ramp-up period previously reported. Brick plant upgrades at Salisbury and Augusta, and East Coast Australian concrete and quarry upgrades have been successfully completed and will favourably impact on earnings in the June half.

There is a considerable pipeline of further benefits still to come through from past and recently completed organic and acquisition growth activities. As organic growth capacity is more effectively utilised and new businesses are integrated, the benefits of these investments will continue to enhance Boral's profitability over time.

Boral has announced around \$320 million of new growth capital expenditure since 30 June 2005 (and growth capital expenditure was \$147 million in the six months to December 2005). The expected timing of phased benefits from the newly committed projects, and from previously announced projects of some \$380 million which are still under construction/commissioning, is listed in the accompanying table.



Ongoing and New (six months ended December 2005) Growth Activities

Status During Half Year

Phased Benefits from:

- Completion of US\$10m brick capacity upgrades at the Salisbury plant (South Carolina) and Augusta 6 plant (Georgia), resulting in an additional 49m SBE of capacity.
- Completed construction by Concrete of a new plant at Blacktown in New South Wales.

Sep 2005 quarter

- \$12m upgrades of Bacchus Marsh sand quarry in Victoria, expansion of Peats Ridge quarry on the New South Wales Central Coast and Dunmore quarry (up to 2.5m tpa) on the New South Wales South Coast.

Dec 2005 quarter

- Completion of Stage 2 of the Waurin Ponds (Victoria) cement works upgrade.
- \$9m reinvestment in concrete network plant construction at Coomera, Lawnton & Ipswich in Qld.
- Commissioning of a US\$12m (132k squares) clay roof tile plant in Trinidad to serve the Florida market, the USA's second largest clay tile market, in JV with ANSA McAL.

Mar 2006 quarter

- Commissioning of a \$24m upgrade of the Herons Creek Timber mill, with ramp-up through 2H06.
- Commissioning of a new US\$35m, 100m SBE brick plant at Union City, Oklahoma, in the USA.
- Completion of a US\$6m (96k squares) upgrade of the Katy, Texas MonierLifetile concrete roof tile plant.
- Completion of construction of Midland Brick's (Western Australia) 50m SBE Kiln #11 at a cost of \$53m.

- Completion of a \$28m upgrade of the cement bagging plant at Maldon; the new bagging line is now in operation and the relocation of bagging operations from Seven Hills to Maldon will be completed by June 2006.
- Continued construction of a new \$12m automated wet cast paving plant at Wacol, Qld, which is expected to supply Eastern states from April 2006.
- Construction of a new 10m m² plant in Vietnam commenced during the period involving a total JV investment of US\$13m. The plant is expected to be operational in calendar year 2006.*

Jun 2006 quarter



<ul style="list-style-type: none"> • Through Asian plasterboard JV with Lafarge, doubling capacity in China to 70m m² of plasterboard, for a total investment of US\$30m, by expanding in Shanghai and Chongqing. During the period the new Chongqing plant was commissioned. 	CY2005 and 2006
<ul style="list-style-type: none"> • Commencement of a \$27m upgrade of Berrima's cement mill #7 to 800k tpa cement ball mill capacity (which will result in a 400k tpa net increase in grinding capacity by March 2007). 	Mar 2007 quarter
<ul style="list-style-type: none"> • In October 2005, Boral announced a \$106m net plasterboard investment in Queensland. Construction of the new 40m m² plasterboard plant has now commenced with commissioning anticipated before October 2007.* 	Dec 2007 quarter
<ul style="list-style-type: none"> • Announced construction of a new US\$55m, 120m SBE clay brick plant at Terre Haute Indiana, with completion anticipated in the December 2007 quarter.* 	Dec 2007 quarter
<ul style="list-style-type: none"> • Announcement of a US\$27.5m new clay roof tile plant at Lone, California to produce 130k squares per annum.* 	Dec 2007 quarter
<ul style="list-style-type: none"> • Announcement of a total US\$69m investment through 50/50 Lafarge JV MonierLifetile to build two new concrete roof tile plants, one in Las Vegas, Nevada and one in Lake Wales, Florida, increasing MonierLifetile's capacity by 900k squares p.a.* 	Dec 2007 quarter
<ul style="list-style-type: none"> • A US\$42m upgrade (total investment) of LBGAs Dangjin plant, near Seoul, to double its capacity to 75m m² has been approved.* 	CY2007
<ul style="list-style-type: none"> • Hard rock reserves and additional buffer lands adjacent to Boral's Marulan limestone quarry on the New South Wales south coast for \$11m. 	Longer Term
<ul style="list-style-type: none"> • Hard rock reserves and buffer lands at Reedy Creek on the Gold Coast, Qld for an investment of \$14m.* 	Longer Term

* Committed since 30 June 2005



Performance Against Objectives

Boral experienced difficult trading conditions in the Australian dwellings market and some key Asian markets during the half year to December 2005. Despite this, Boral's profit result (excluding QEU earnings weighted to December half year and one off kiln commissioning costs) continues to be strong and performance against the Company's objectives is being maintained.

1. Exceed WACC through the cycle

Returns have exceeded Boral's weighted average cost of capital over the six year period since demerger. Return on funds employed for CY2005 was 14.3% (compared with 17.0% for CY2004) and return on equity for calendar year 2005 of 13.6% compares with 15.8% in CY2004.

2. Deliver better financial returns than the competition in comparable markets

Persistent focus on operational improvements and pricing disciplines is underpinning Boral's performance. Boral's returns compare well to its competitors in like markets across most businesses. Whilst overall returns in Asia continued to be depressed in the year to December 2005, we hold very competitive manufacturing and reserve positions that compare well against major competitors.

3. Deliver superior total shareholder returns

Strong earnings per share growth has been supported by improvements in underlying performance of our businesses and the benefits of value-adding growth initiatives.

Boral's total shareholder return (TSR) from share price appreciation and dividends was 29% per annum over the six years to 31 December 2005, continuing to rank the stock in the top quartile of ASX100 companies over that period. Boral's share price appreciation continues to be underpinned by earnings per share growth, which has grown at a compounded rate of around 15% per annum over the past six years and during the same period dividend compound growth has been 20% per annum.

Boral's TSR for the twelve months to 31 December 2005 was 24%, which compares with a TSR of 18% for the ASX100 Accumulation Index over the same period.

4. Deliver superior returns in a sustainable way

We are committed to ensuring that the sustainability of Boral's businesses continues to improve in a financial, social and environmental sense. During the half year, the Boral Sustainability Diagnostic Tool (BSDT), which focuses on environmental and social aspects, was used for the third time since its introduction in 2000, to assess the sustainability status of Boral's businesses. The 2005 results were ahead of our internal targets and the BSDT tool is proving to be a very useful way to focus the business on sustainability issues.



Across Boral's businesses safety continues to be a key priority and safety statistics showed a continued improvement during the first half of FY2006. The lost time injury frequency rate (LTIFR) per million hours worked was 2.4 for the six months to December 2005, which is a 14% improvement on the LTIFR of 2.8 in the prior corresponding period. The recordable injury frequency rate reduced by 4% to 27.9 for the same period.

Outlook FY2006

As previously advised, we expect dwelling commencements in Australia in FY2005/06 of around 140,000 to 145,000 starts which will impact negatively on Building Products businesses' results in Australia in the second half. Effective price and cost management should mitigate these volume related impacts.

Whilst residential activity will be weaker, this will be offset by increased non-dwelling and infrastructure activity which will favourably impact Construction Materials businesses during the June half. Concrete price increases of 4% to 8% and quarry price increases ranging from 5% to 11%, were announced in January 2006 effective from April 2006, which together with December-quarter cement price increases of some 5% to 6% will strengthen second half results.

Significantly improved returns from Quarry End Use developments in the June half will lift QEU profits for the year to around \$40 million.

Sales volumes to Boral's US dwellings market are expected to remain at high levels over the six months to June and price increases should recover natural gas and other costs escalation.

South Korean plasterboard volumes and prices are expected to improve through CY2006, particularly in the December half, but market conditions in Thailand and China will remain competitive. The benefits of increased concrete and quarry volumes in our Asian Construction Materials businesses in FY2006 will be largely offset by increased cement and fuel costs and very competitive markets.

Operating cost improvements from performance enhancement programs of around 3% are expected to largely offset non-fuel related inflation impacts in FY2006.

Growth initiatives will favourably impact on second half earnings.

Overall, we expect Boral's results in the June half to be above those reported in the December half. As previously advised, subject to weather and exchange rates, we expect that Boral's net profit after tax in FY2006 will be between \$355 million and \$395 million.

Boral Limited and Controlled Entities	Consolidated	
	Half-year 31 Dec 2005 \$ millions	Half year 31 Dec 2004 \$ millions
Revenue	2,343.2	2,160.7
Depreciation and amortisation expenses	(100.4)	(93.1)
Other expenses	(1,994.4)	(1,801.3)
Total expenses, excluding net financing costs	(2,094.8)	(1,894.4)
Other Income	4.2	4.2
Financial income	1.5	1.2
Financial expenses	(47.6)	(34.1)
Net financing costs	(46.1)	(32.9)
Share of net profit of associates and joint ventures attributable to members	40.3	31.1
Profit before income tax expense	246.8	268.7
Income tax expense	(74.1)	(79.4)
Net profit	172.7	189.3
Net profit attributable to minority interests	(0.3)	(0.2)
NET PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY	172.4	189.1
Basic earnings per share - ordinary shares	29.5c	32.5c
Diluted earnings per share - ordinary shares	29.5c	32.3c

Financial information for the half year ended 31 December 2005 has been prepared in accordance with the newly introduced Australian equivalents to International Financial Reporting Standards (A-IFRS). As required, comparative information for the half year ended 31 December 2004 and the full year ended 30 June 2005 has been restated under A-IFRS. Further information is available in the detailed half year financial report.

Boral Limited and Controlled Entities	Consolidated	
	31 Dec 2005 \$ millions	30 Jun 2005 \$ millions
CURRENT ASSETS		
Cash assets	52.7	42.1
Receivables	742.4	745.9
Inventories	499.3	468.2
Other	41.6	39.8
TOTAL CURRENT ASSETS	1,336.0	1,296.0
NON-CURRENT ASSETS		
Receivables	28.8	39.2
Inventories	123.3	108.0
Investments accounted for using the equity method	386.9	360.1
Other financial assets	257.7	167.1
Property, plant and equipment	2,780.7	2,649.1
Intangible assets	354.7	336.4
Deferred tax assets	118.4	113.9
Other	49.5	44.9
TOTAL NON-CURRENT ASSETS	4,100.0	3,818.7
TOTAL ASSETS	5,436.0	5,114.7
CURRENT LIABILITIES		
Payables	542.6	572.6
Borrowings	22.4	25.1
Current tax liabilities	91.9	119.3
Provisions	185.0	191.7
TOTAL CURRENT LIABILITIES	841.9	908.7
NON-CURRENT LIABILITIES		
Payables	32.6	21.6
Borrowings	1,594.4	1,410.5
Deferred tax liabilities	330.9	304.9
Provisions	45.2	62.2
TOTAL NON-CURRENT LIABILITIES	2,003.1	1,799.2
TOTAL LIABILITIES	2,845.0	2,707.9
NET ASSETS	2,591.0	2,406.8
EQUITY		
Issued capital	1,604.6	1,556.0
Reserves	25.4	(32.5)
Retained earnings	959.2	881.3
Total parent entity interest	2,589.2	2,404.8
Minority interests	1.8	2.0
TOTAL EQUITY	2,591.0	2,406.8

Statement of Recognised Income and Expense

Boral Limited and Controlled Entities	Consolidated	
	Half-year 31 Dec 2005 \$ millions	Half year 31 Dec 2004 \$ millions
Actuarial gain/(loss) on defined benefit plans, net of tax	4.1	(0.3)
Translation of foreign operations		
Net exchange differences taken to equity, net of tax	17.4	(27.8)
Fair value adjustment on cash flow hedges, net of tax	1.4	–
Fair value adjustment on available for sale financial assets, net of tax	17.4	–
Net income recognised directly in equity	40.3	(28.1)
Net profit	172.7	189.3
TOTAL RECOGNISED INCOME AND EXPENSE FOR THE HALF-YEAR	213.0	161.2
Total recognised income and expense for the half-year is attributable to:		
Members of the parent entity	212.7	161.0
Minority interests	0.3	0.2
TOTAL RECOGNISED INCOME AND EXPENSE FOR THE HALF-YEAR	213.0	161.2
Total equity at the beginning of the half-year	2,406.8	2,302.3
Total recognised income and expense for the half-year	213.0	161.2
Adjustment on adoption of AASB 132 and AASB 139, net of tax	20.5	–
Shares issued during the period	48.6	40.7
Shares bought back	–	(52.5)
Cost of share-based payments	1.2	0.7
Dividend paid	(98.6)	(93.3)
Other changes in minority interests	(0.5)	(0.3)
TOTAL EQUITY AT THE END OF THE HALF-YEAR	2,591.0	2,358.8

Boral Limited and Controlled Entities	Consolidated	
	Half-year 31 Dec 2005 \$ millions	Half year 31 Dec 2004 \$ millions
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	2,529.8	2,374.0
Payments to suppliers and employees	(2,259.5)	(2,104.4)
Dividends received	31.9	25.5
Financial income received	1.6	1.2
Financial expenses paid	(44.9)	(35.1)
Income taxes paid	(93.6)	(91.7)
NET CASH PROVIDED BY OPERATING ACTIVITIES	165.3	169.5
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for purchase of property, plant and equipment	(227.9)	(181.5)
Payments for purchase of controlled entities and businesses (net of cash acquired)	(10.0)	(212.1)
Payments for purchase of other investments	(3.1)	(8.5)
Loans to associates	(0.9)	(3.6)
Proceeds on disposal of businesses and non-current assets	7.3	8.3
NET CASH USED IN INVESTING ACTIVITIES	(234.6)	(397.4)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	7.7	5.8
Share buy-back (on market)	–	(52.5)
Dividends paid (net of dividends reinvested under the Dividend Reinvestment Plan \$35.8 million (2004: \$30.9 million))	(62.8)	(62.4)
Proceeds from borrowings	144.5	560.2
Repayment of borrowings	(10.5)	(208.4)
NET CASH PROVIDED BY FINANCING ACTIVITIES	78.9	242.7
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies	0.6	(2.1)
NET CHANGE IN CASH AND CASH EQUIVALENTS	10.2	12.7
Cash and cash equivalents at beginning of the year	18.6	37.8
Cash and cash equivalents at end of the year	28.8	50.5
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	52.7	61.4
Bank overdrafts	(23.9)	(10.9)
	28.8	50.5

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Visit Boral's website www.boral.com.au for a range of shareholder information and company news, information about Boral's products and services, historical and general information.

