

HALF YEARLY REPORT

Boral Limited



BORAL LIMITED

ABN 13 008 421 761

Level 39, AMP Centre
50 Bridge Street, Sydney
GPO Box 910, Sydney NSW 2001
Telephone (02) 9220 6300
Facsimile (02) 9233 6605

Name of entity

Boral Limited

ABN	Half Yearly	Preliminary Final	Half Year ended ('current period')
13 008 421 761	✓		31 December 2002

For announcement to the market

				\$'A Millions
Sales revenue (<i>item 1.23</i>)	up	11.5%	to	1,931.4
Revenues from ordinary activities (including proceeds on sale of non-current assets)(<i>item 1.1</i>)	up	11.1%	to	1,943.9
Profit from ordinary activities after tax attributable to members (<i>item 1.22</i>)	up	56.5%	to	144.3
Net profit for the period attributable to members (<i>item 1.11</i>)	up	56.5%	to	144.3

Dividends	Amount per security	Franked amount per security at 30% tax
Interim dividend (<i>item 15.6</i>)	11 cents	8.25 cents
Previous corresponding period (<i>item 15.7</i>)	9 cents	3.15 cents

Record date for determining entitlements to the dividend (*see item 15.2*) 28 February , 2003

Short details of any bonus or cash issue or other item(s) of importance not previously released to the market: Nil

Consolidated statement of financial performance

	Current period \$'A Millions	Previous corresponding period \$'A Millions	% Change +/-
1.0 (a) Sales revenue (see item 1.23)	1,931.4	1,731.9	11.5%
1.0 (b) Other revenues from ordinary activities (see items 1.24 - 1.25)	12.5	18.3	-31.7%
1.1 Revenues from ordinary activities (see item 1.23 - 1.25)	1,943.9	1,750.2	11.1%
1.2 Expenses from ordinary activities (see items 1.26a)	(1,729.2)	(1,609.5)	7.4%
1.3 Borrowing costs (excluding interest revenue - see item 1.24) (Net interest expense \$35.2 million, 2001 \$31.5 million)	(36.7)	(33.8)	8.6%
1.4 Share of net profit of associates and joint venture entities (see item 16.7)	26.7	22.7	17.6%
1.5 Profit from ordinary activities before tax	204.7	129.6	57.9%
1.6 Income tax on ordinary activities	(60.1)	(37.4)	60.7%
1.7 Profit from ordinary activities after tax	144.6	92.2	56.8%
1.8 Profit from extraordinary items after tax (see item 2.5)	-	-	-
1.9 Net profit	144.6	92.2	56.8%
1.10 Net profit attributable to outside equity interests	0.3	-	
1.11 Net profit for the period attributable to members	144.3	92.2	56.5%

Non-owner transaction changes in equity

1.12 Increase (decrease) in revaluation reserves	-	-	
1.13 Net exchange differences recognised in equity	9.5	10.0	
1.14 Other revenue, expense and initial adjustments recognised directly in equity			
Net increase/(decrease) in retained earnings on initial adoption of :			
Revised AASB 1012 Foreign Currency Translation	-	-	
Revised AASB 1028 Employee Benefits	(1.4)	-	
AASB 1044 Provisions, Contingent Liabilities and Contingent Assets	-	-	
	(1.4)	-	
1.15 Initial adjustments from UIG transitional provisions	-	-	
1.16 Total transactions and adjustments recognised directly in equity (items 1.12 to 1.15)	8.1	10.0	
1.17 Total Changes in equity not resulting from transactions with owners as owners (items 1.11 plus 1.16)	152.4	102.2	49.1%

Earnings per share (see item 10.1)

	Cents per share	
1.18 Basic EPS	25.1	16.2
1.19 Diluted EPS	24.9	16.1

Profit (loss) from ordinary activities attributable to members

	Current period \$'A Millions	Previous corresponding period \$'A Millions	% Change +/-
1.20 Profit from ordinary activities after tax (<i>item 1.7</i>)	144.6	92.2	56.8%
1.21 Less (plus) outside equity interests	0.3	-	
1.22 Profit (loss) from ordinary activities after tax, attributable to members	144.3	92.2	56.5%

Revenue and expenses from ordinary activities

	Current period \$'A Millions	Previous corresponding period \$'A Millions	% Change +/-
1.23 Sales Revenue			
Revenue from sale of goods	1,874.3	1,672.3	12.1%
Revenue from rendering of services	57.1	59.6	-4.2%
	1,931.4	1,731.9	11.5%
1.24 Interest revenue	1.5	2.3	-34.8%
1.25 Other revenue			
Proceeds on sale of non-current assets	11.0	16.0	-31.2%
Revenues from ordinary activities (<i>item 1.1</i>)	1,943.9	1,750.2	11.1%
1.26a Details of expenses			
Cost of goods sold	1,243.0	1,134.5	9.6%
Distribution expenses	237.9	224.0	6.2%
Selling and marketing expenses	84.2	82.7	1.8%
Administrative expenses	145.3	140.6	3.3%
Other:			
Written down value of assets sold	9.4	18.2	-48.4%
Amortisation of intangibles	9.4	9.5	-1.1%
Expenses from ordinary activities (<i>item 1.2</i>)	1,729.2	1,609.5	7.4%
1.26b Profit from ordinary activities after income tax expense includes the following revenues and expenses the disclosure of which are relevant in explaining the financial performance of the entity:			
	-	-	-
1.27 Depreciation and amortisation excluding amortisation of intangibles (<i>see item 2.3</i>)	87.2	85.1	2.5%
1.28 Interest costs capitalised in asset values			
Not applicable			
1.29 Outlays capitalised in intangibles (unless arising from an acquisition of a business)			
Not applicable			

Consolidated retained profits

	Current period \$'A Millions	Previous corresponding period \$'A Millions	% Change +/-
1.30 Retained profits at beginning of financial period	222.1	138.7	
1.31 Net profit (loss) attributable to members (<i>item 1.11</i>)	144.3	92.2	56.5%
1.32 Net transfers from (to) reserves	0.2	0.1	-
1.33 Net effect of changes in accounting policies			
Revised AASB1012 "Foreign Currency Translation"	-	-	-
Revised AASB1028 "Employee Benefits"	(1.4)	-	-
AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets" (refer note *)	-	-	-
1.34 Dividends and other equity distributions paid or payable	(0.1)	(51.5)	-99.8%
1.35 Retained profits at end of financial period	365.1	179.5	103.4%

Note *: As a consequence of the adoption of AASB1044 the provision for dividend of \$57.5 million at 30 June 2002 has been reversed and adjusted against retained earnings. A corresponding adjustment was made against retained earnings to reflect the payment of the final dividend. The net effect on retained earnings is nil.

Intangible and extraordinary items

Consolidated - current period				
	Before tax \$'A Millions	Related tax (expense) / benefit \$'A Millions	Related outside equity interests \$'A Millions	Amount (after tax) attributable to members \$'A Millions
2.1 Amortisation of goodwill	9.2	(1.2)	-	8.0
2.2 Amortisation of other intangibles	0.2	-	-	0.2
2.3 Total amortisation of intangibles	9.4	(1.2)	-	8.2
2.4 Extraordinary items	-	-	-	-
2.5 Total extraordinary items	-	-	-	-

Consolidated - previous corresponding period				
	Before tax \$'A Millions	Related tax (expense) / benefit \$'A Millions	Related outside equity interests \$'A Millions	Amount (after tax) attributable to members \$'A Millions
2.1 Amortisation of goodwill	9.0	(1.3)	-	7.7
2.2 Amortisation of other intangibles	0.5	-	-	0.5
2.3 Total amortisation of intangibles	9.5	(1.3)	-	8.2
2.4 Extraordinary items	-	-	-	-
2.5 Total extraordinary items	-	-	-	-

Consolidated statement of financial position

	31 December 2002 \$'A Millions	30 June 2002 \$'A Millions	31 December 2001 \$'A Millions	
Current assets				
4.1	Cash assets	52.3	43.4	39.2
4.2	Receivables	631.4	641.5	628.7
4.4 (a)	Inventories	367.0	352.5	373.3
4.4 (b)	Inventories - land held for resale	14.9	7.6	10.0
4.6	Other - prepayments & deferred expenses	38.3	28.6	58.6
4.7	Total current assets	1,103.9	1,073.6	1,109.8
Non-current assets				
4.8	Receivables	49.5	44.1	57.0
4.9	Investments (equity accounted)	331.3	313.7	325.0
4.10	Other financial assets	0.2	0.2	0.3
4.11	Inventories - land held for resale	100.2	56.2	35.6
4.14	Other Property, plant and equipment (net)	2,046.0	2,070.7	2,097.2
4.15	Intangibles (net)	210.7	210.0	230.1
4.16	Deferred tax assets	140.2	125.8	145.5
4.17	Other - deferred expenses	22.4	12.7	14.0
4.18	Total non-current assets	2,900.5	2,833.4	2,904.7
4.19	Total assets	4,004.4	3,907.0	4,014.5
Current liabilities				
4.20	Payables	456.9	485.1	436.3
4.21	Interest bearing liabilities	15.9	8.2	71.5
4.22	Tax liabilities	70.2	32.2	25.2
4.23	Provisions	189.0	244.6	243.3
4.25	Total current liabilities	732.0	770.1	776.3
Non-current liabilities				
4.27	Interest bearing liabilities	900.8	916.3	1,023.7
4.28	Tax liabilities	230.5	232.0	228.7
4.29	Provisions	37.1	38.9	70.2
4.31	Total non-current liabilities	1,168.4	1,187.2	1,322.6
4.32	Total liabilities	1,900.4	1,957.3	2,098.9
4.33	Net assets	2,104.0	1,949.7	1,915.6
Equity				
4.34	Capital	1,579.5	1,578.1	1,567.1
4.35	Reserves	157.2	147.9	166.6
4.36	Retained profits	365.1	222.1	179.5
4.37	Equity attributable to members of the parent entity	2,101.8	1,948.1	1,913.2
4.38	Outside equity interests in controlled entities	2.2	1.6	2.4
4.39	Total equity	2,104.0	1,949.7	1,915.6

Exploration and development expenditure capitalised

5.1 to 5.6 Not Applicable

Development properties

6.1 to 6.7 Not Applicable

Consolidated statement of cash flows

	31 December 2002	31 December 2001
	\$'A Millions	\$'A Millions
Cash flows related to operating activities		
7.1 Receipts from customers	2,130.3	1,893.0
7.2 Payments to suppliers and employees	(1,917.4)	(1,691.2)
7.3 Dividends received from associates	10.8	8.7
7.5 Interest and other items of similar nature received	1.6	1.9
7.6 Interest and other costs of finance paid	(36.4)	(33.0)
7.7 Income taxes paid	(26.1)	(40.6)
7.9 Net operating cash flows	162.8	138.8
Cash flows related to investing activities		
7.10 Payment for purchases of property, plant and equipment	(93.8)	(76.3)
7.11 Proceeds from sale of property, plant and equipment	11.0	16.0
7.12a Payment for purchases of controlled entities	(1.2)	(54.2)
7.12b Payment for purchases of other investments	(4.4)	(43.2)
7.17 Net investing cash flows	(88.4)	(157.7)
Cash flows related to financing activities		
7.18 Proceeds from issues of securities (shares, options, etc)	1.1	1.4
7.19 Proceeds from borrowings	-	404.7
7.20 Repayment of borrowings	(17.8)	(330.1)
7.21 Dividends paid (Net of dividends reinvested under the Dividend Reinvestment Plan \$18.7 million (2001 \$9.0 million)	(38.9)	(42.4)
7.22 Other (on-market share buy-backs)	(18.4)	-
7.23 Net financing cash flows	(74.0)	33.6
7.24 Net increase/(decrease) in cash held	0.4	14.7
7.25 Cash at beginning of period	37.0	19.2
7.26 Exchange rate adjustments to item 7.25	-	0.5
7.27 Cash at end of period (see reconciliation of cash)	37.4	34.4

Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows:

Issue of shares in respect of dividend reinvestment plan \$18.7 million (2001 \$9.0 million)

Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows:

	Current period	Previous corresponding period
	\$'A Millions	\$'A Millions
8.1 Cash on hand and at bank	22.6	11.2
8.2 Deposits at call	3.1	2.4
8.3 Bank overdraft	(14.9)	(4.8)
8.4 Other (term deposits)	26.6	25.6
8.5 Total cash at end of period (item 7.27)	37.4	34.4

Other notes to the financial statements

Ratios

	Current period	Previous corresponding period
Profit before tax/revenue		
9.1 Consolidated operating profit before tax (item 1.5) as a percentage of revenue (item 1.1)	10.5%	7.4%
Profit after tax/equity interests		
9.2 Consolidated net profit from ordinary activities after tax attributable to members (item 1.11) as a percentage of equity (similarly attributable) at the end of the period (item 4.37).	6.9%	4.8%

Earnings per security (EPS)

10.1 Details of basic and diluted EPS reported separately in accordance with paragraph 9 and 18 of AASB 1027 *Earnings per Share* as follows :

Refer to additional notes to Appendix 4B - Note 1

NTA Backing

	Current period	Previous corresponding period
11.1 Net tangible asset backing per ordinary security	\$ 3.29	\$ 2.94

Discontinuing operations

12.1 Discontinuing operations

None

Control gained over entities having material effect

13.1 to 13.4 None material*

* During the year control was gained over PT Rocla Persada Indonesia and Lympike Pty Ltd (Stud and Track)

Comparative 2001

The consolidated entity did not gain control over any entities during the prior corresponding half-year.

Loss of control of entities having a material effect

14.1 to 14.5 Not applicable

Comparative 2001

The consolidated entity did not lose control over any entities during the prior corresponding half-year.

Dividends

15.1	Date the dividend is payable	19 March, 2003
15.2	Record date to determine entitlements to the dividend (i.e. on the basis of registrable transfers received up to 5.00pm if paper based, or by "end of day" if a proper SCH transfer)	28 February, 2003
15.3	The final dividend has been declared	N/A

Amount per security

	Amount per security	Franked amount per security
15.6 Interim dividend: Current year	11 cents	8.25 cents at 30% tax
15.7 Previous year	9 cents	3.15 cents at 30% tax

In accordance with AASB1044 the financial effect of current period interim dividend has not been brought to account in the consolidated entity's financial statements for the period ended 31 December 2002 as it was declared subsequent to 31 December 2002.

Interim dividend (distribution) per security

	Current period \$'A Millions	Previous corresponding period \$'A Millions
15.10 Ordinary securities	63.3	51.5
15.11 Preference securities	-	-
15.12 Other equity instruments	-	-
15.13 Total	63.3	51.5

During the period the final dividend of \$57.5m provided for at 30 June 2002 was paid to shareholders. In accordance with AASB1044 this provision was reversed to opening retained earnings and the dividend paid out of retained earnings on 19 September 2002.

The dividend plans shown below are in operation.

Dividend reinvestment plan

The last date(s) for receipt of election notices for the dividend plans 28 February, 2003

Any other disclosures in relation to dividends

Subsequent to reporting date :				
Since 31 December 2002, the directors have declared the following dividend payable on 19 March, 2003				
Interim dividend on ordinary shares	<table border="1"> <tr> <td>Current period</td> </tr> <tr> <td>\$'A Millions</td> </tr> <tr> <td>63.3</td> </tr> </table>	Current period	\$'A Millions	63.3
Current period				
\$'A Millions				
63.3				
The financial effect of these dividends have not been brought to account in the consolidated entity financial statements for the period ended 31 December 2002.				

Details of aggregate share of profits/(losses) of associates

Entity's share of associates':		Current period	Previous corresponding period
		\$'A Millions	\$'A Millions
16.1	Profit (loss) from ordinary activities	29.8	24.5
16.2	Income tax on ordinary activities	(3.1)	(1.8)
16.3	Profit (loss) from ordinary activities after income tax	26.7	22.7
16.4	Extraordinary items net of tax	-	-
16.5	Net profit (loss)	26.7	22.7
16.6	Adjustments	-	-
16.7	Share of net profit (loss) of associates and joint venture entities	26.7	22.7

Material interests in entities which are not controlled entities

The economic entity has an interest (that is material to it) in the following entities :

Name of entity	Percentage of ownership interest held at the end of the period		Contribution to net profit after tax (item 1.9)	
	Current period	Previous corresponding period	Current period \$'A Millions	Previous corresponding period \$'A Millions
17.1 Equity accounted associates and joint venture entities				
Lafarge Boral Gypsum in Asia Ltd	47.7%	47.7%	10.6	10.6
Monier Lifetile LLC *	50.0%	50.0%	8.6	7.9
17.2 Total			19.2	18.5

* taxed as a partnership in the USA

17.3 Other material interests				
No material interests				
17.4 Total			-	-

Issued and quoted securities at end of current period

Category of securities	Number issued	Number quoted	Issue price (\$)	Amount paid-up (cents)
18.3 Ordinary securities	575,645,361	575,645,361	-	-
18.4 Changes during current period				
(a) Increases through issues				
Shares issued under the dividend reinvestment plan	4,346,396	4,346,396	-	-
Shares issued upon the exercise of executive options	370,550	370,550	-	-
(b) Decreases through returns of capital, buybacks, redemptions				
On market share buybacks	(4,325,057)	(4,325,057)	-	-
18.7 Options			Exercise price	Expiry date
Options issued pursuant to the Boral Senior Executive Option Plan in the ratio of 1:1.				
	30,000	-	\$ 5.26	2-Mar-2003
	475,000	-	\$ 3.00	4-Dec-2003
	100,000	-	\$ 3.00	19-Jan-2004
	1,250,000	-	\$ 4.04	1-Feb-2004
	1,665,900	-	\$ 3.18	6-Dec-2004
	750,000	-	\$ 2.28	1-Mar-2005
	750,000	-	\$ 2.28	13-Nov-2005
	5,045,800	-	\$ 1.97	8-Dec-2005
	3,088,000	-	\$ 3.35	6-Nov-2006
	3,699,500	-	\$ 4.12	4-Nov-2009
18.8 Issued during current period	3,699,500	-	\$ 4.12	4-Nov-2009
18.9 Exercised during current period				
	245,000	-	\$ 3.00	4-Dec-2003
	30,000	-	\$ 3.00	19-Jan-2004
	18,650	-	\$ 3.18	6-Dec-2004
	76,900	-	\$ 3.35	6-Nov-2006
18.10 Expired during current period	1,160,000	-	\$ 5.26	11-Dec-2002

1. SEGMENTS

PRIMARY REPORTING

2002 \$ millions	2001 \$ millions
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2002 \$ millions	2001 \$ millions
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2002 \$ millions	2001 \$ millions
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BUSINESS SEGMENTS

Building products - Australia
Construction materials - Australia
United States of America
Asia
Other

Revenue*	
591.7	486.6
919.1	802.3
378.8	413.4
40.4	27.6
1.4	2.0
1,931.4	1,731.9

SEGMENT TOTAL

BUSINESS SEGMENTS

Building products - Australia
Construction materials - Australia
United States of America
Asia
Other
Corporate

Operating profit (excluding associates)	
63.1	34.7
108.2	58.9
45.3	51.3
3.1	(0.2)
(0.6)	(0.2)
(5.9)	(6.1)
213.2	138.4
(35.2)	(31.5)
178.0	106.9

Net interest expense

Results of associates	
2.3	1.6
5.2	2.6
8.6	7.9
10.6	10.6
-	-
-	-
26.7	22.7
26.7	22.7

Operating profit before tax**	
65.4	36.3
113.4	61.5
53.9	59.2
13.7	10.4
(0.6)	(0.2)
(5.9)	(6.1)
239.9	161.1
(35.2)	(31.5)
204.7	129.6

BUSINESS SEGMENTS

Building products - Australia
Construction materials - Australia
United States of America
Asia
Other
Corporate

Segment assets (excluding investments in associates)	
958.3	974.1
1,781.1	1,705.3
685.2	767.4
28.6	26.1
4.7	4.9
22.5	26.7
3,480.4	3,504.5
52.5	39.5
140.2	145.5
3,673.1	3,689.5

Cash and investments ***

Deferred tax assets (unallocated)

Investments in associates	
6.9	1.2
16.5	7.9
105.6	109.5
202.3	206.4
-	-
-	-
331.3	325.0
331.3	325.0

Total assets	
965.2	975.3
1,797.6	1,713.2
790.8	876.9
230.9	232.5
4.7	4.9
22.5	26.7
3,811.7	3,829.5
52.5	39.5
140.2	145.5
4,004.4	4,014.5

* Revenue represents external sales from operating activities. It excludes intersegment sales as they are considered not material.

** Operating profit represents profit before income tax expense.

*** Cash and other financial assets excludes investments in associates and interests in incorporated joint ventures which have been allocated to their respective segments.

Building products - Australia

Construction materials - Australia

United States of America

Asia

Other

Bricks, plasterboard, timber products, roof tiles, aluminium products, concrete products.

Quarrying, road surfacing, premix concrete, flyash, cement, quarry end use, transport, concrete placing, scaffolding.

Bricks, roof tiles and flyash

Plasterboard, premix concrete

Discontinued operations in natural stone, brick and quarry operations in Europe, Malaysian wall systems.

1. SEGMENTS (continued)

**SECONDARY REPORTING
GEOGRAPHICAL SEGMENTS**

	2002 \$ millions	2001 \$ millions
Revenue*		
Australia	1,510.8	1,288.9
United States of America	378.8	413.4
Asia	40.4	27.6
Other	1.4	2.0
Corporate	-	-
SEGMENT TOTAL	1,931.4	1,731.9

GEOGRAPHICAL SEGMENTS

	2002 \$ millions	2001 \$ millions
Operating profit (excluding associates)		
Australia	171.3	93.6
United States of America	45.3	51.3
Asia	3.1	(0.2)
Other	(0.6)	(0.2)
Corporate	(5.9)	(6.1)
SEGMENT TOTAL	213.2	138.4
Net interest expense	(35.2)	(31.5)
	178.0	106.9

Results of associates

	2002 \$ millions	2001 \$ millions
Australia	7.5	4.2
United States of America	8.6	7.9
Asia	10.6	10.6
Other	-	-
Corporate	-	-
SEGMENT TOTAL	26.7	22.7
	26.7	22.7

Operating profit before tax

	2002 \$ millions	2001 \$ millions
Australia	178.8	97.8
United States of America	53.9	59.2
Asia	13.7	10.4
Other	(0.6)	(0.2)
Corporate	(5.9)	(6.1)
SEGMENT TOTAL	239.9	161.1
Net interest expense	(35.2)	(31.5)
	204.7	129.6

GEOGRAPHICAL SEGMENTS

	2002 \$ millions	2001 \$ millions
Segment assets (excluding investments in associates)		
Australia	2,739.4	2,679.4
United States of America	685.2	767.4
Asia	28.6	26.1
Other	4.7	4.9
Corporate	22.5	26.7
SEGMENT TOTAL	3,480.4	3,504.5
Cash and investments ****	52.5	39.5
Deferred tax assets (unallocated)	140.2	145.5
	3,673.1	3,689.5

Investments in associates

	2002 \$ millions	2001 \$ millions
Australia	23.4	9.1
United States of America	105.6	109.5
Asia	202.3	206.4
Other	-	-
Corporate	-	-
SEGMENT TOTAL	331.3	325.0
	331.3	325.0

Total assets

	2002 \$ millions	2001 \$ millions
Australia	2,762.8	2,688.5
United States of America	790.8	876.9
Asia	230.9	232.5
Other	4.7	4.9
Corporate	22.5	26.7
SEGMENT TOTAL	3,811.7	3,829.5
Cash and investments ****	52.5	39.5
Deferred tax assets (unallocated)	140.2	145.5
	4,004.4	4,014.5

* Revenue represents external sales from operating activities. It excludes intersegment sales as they are considered not material.

** Operating profit represents profit before income tax expense.

*** Cash and other financial assets excludes investments in associates and interests in incorporated joint ventures which have been allocated to their respective segments.

Asia
Other

Asia, New Zealand
Discontinued operations in natural stone, brick and quarry operations in Europe, Malaysian wall systems.

Comments by directors

19.1 Basis of accounts preparation

This 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 AASB1029 *Interim Financial Reporting*, the recognition and measurement requirements of applicable AASB standards, other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group consensus views. It is recommended that this half-year financial report be read in conjunction with the 30 June 2002 Annual Financial Report and any public announcements by Boral Limited and Controlled Entities during the half-year in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

It has been prepared on the basis of historical costs and except where stated, does not take into account changing money values or current valuations of non-current assets.

The accounting policies have been consistently applied by each entity in the consolidated entity and, except where there is a change in accounting policy as outlined below, are consistent with those of the previous financial year and corresponding half-year.

The half-year report does not include full note disclosures of the type normally included in an annual financial report.

19.2 Material factors effecting the revenues and expenses of the consolidated entity for the current period.

Refer attached Results Announcement

19.3 A description of each event since the end of the current period which has had a material effect and is not related to matters already reported.

(a) On 7 February 2003, the High Court of Australia allowed with costs the appeal by Boral Masonry Limited against the decision of the Full Court of the Federal Court in the misuse of market power prosecution instituted by the ACCC and found that the trial judge's decision to dismiss the prosecution was correct. The financial impact of this decision, which is not material, has been included in the half year results.

(b) Subsequent to 31 December 2002 the company has entered into an agreement with Franklin Industries Inc to acquire the assets of that company's brick distribution business for an amount of USD \$66 million. The transaction is expected to be completed by the end of March.

19.4 Franking credits available and prospects for paying fully or partly franked dividends for at least a year.

The balance of the franking account of Boral Limited as at 31 December 2002 is \$Nil after adjusting for franking credits/debits that will arise from:

- the payment/refund of the amount of the provision for income tax
- payment of dividends declared subsequent to 31 December 2002
- the receipt of intercompany dividends from controlled entities during the current financial year.

The company anticipates that future franking credits/debits arising from future transactions of the abovementioned nature will enable it to pay dividends franked to at least the current level of the interim dividend.

From 1 July 2002 the New Business Tax System (Imputation) Act 2002 requires measurement of franking credits based on the amount of income tax paid, rather than on after-tax profits. This change in the basis of measurement does not change the value of franking credits to shareholders who may be entitled to franking credit benefits.

19.5 Changes in accounting policies since the last annual report are disclosed as follows.

Foreign currency translation : The consolidated entity has applied the revised AASB1012 *Foreign Currency Translation* for the first time from 1 July 2002. For hedges of specific purchases or sales, the gains or costs on entering the hedge and the exchange differences up to the date of the purchase or sale are now deferred and recognised as assets or liabilities on the statement of financial position from the inception of the hedge contract, not when the specific purchase or sale occurs. The change in policy has no material financial effect in the current period.

Employee Benefits: The consolidated entity has applied the revised AASB1028 *Employee Benefits* for the first time from 1 July 2002. The liability for wages and salaries, annual leave and sick leave is now calculated using the remuneration rates the Company expects to pay as at each reporting date, not wage and salary rates current at reporting date.

As a result, the consolidated entity recognised a credit to current provisions of \$2.0m, a debit to deferred tax assets of \$0.6m and a debit to opening retained profits of \$1.4m at 1 July 2002 representing the effect of increased remuneration rates on the annual leave provision. The change in policy has no material financial effect in the current period.

Provisions, contingent liabilities and contingent assets: The consolidated entity has applied AASB1044 *Provisions, Contingent Liabilities and Contingent Assets* for the first time from 1 July 2002. Dividends are now recognised at the time they are declared, determined or publicly recommended. Previously, dividends were recognised in the financial year to which they related, even though the dividends were announced after the end of that financial year. As a result the consolidated entity's provisions do not take into account the dividend of \$63.3 million declared on 11 February 2003.

19.6 Revisions of estimates of amounts reported in previous interim periods which have a material effect on this half year

None Material

19.7 Changes in contingent liabilities or assets

None material

Compliance statement

- 1 This report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements and Urgent Issues Consensus Views.
- 2 This report, and the accounts upon which the report is based, use the same accounting policies.
- 3 This report gives a true and fair view of the matters disclosed.
- 4 This report is based on accounts to which one of the following applies.

The financial report has been audited.

The accounts have been subject to review.

The financial report is in the process of being audited or subject to review.

The financial report has *not* yet been audited or reviewed.

- 5 The entity has a formally constituted audit committee.

Sign here: _____
(Company secretary)

Date: _____

Print name: M. B. Scobie

Additional notes to Appendix 4B

1. 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 have been classified as potential ordinary shares and are included in diluted earnings per share only.

Earnings reconciliation

Net profit

Net profit attributable to outside equity interests

Basic and diluted earnings

Weighted average number of ordinary shares used as the denominator

Number for basic earnings per share

Effect of executive share options on issue

Number for diluted earnings per share

Basic earnings per share (cents) - ordinary shares

Diluted earnings per share (cents) - ordinary shares

	Consolidated	
	Current period	Previous corresponding period
	\$ millions	\$ millions
Net profit	144.6	92.2
Net profit attributable to outside equity interests	(0.3)	-
Basic and diluted earnings	144.3	92.2
Weighted average number of ordinary shares used as the denominator		
Number for basic earnings per share	575,719,644	569,868,923
Effect of executive share options on issue	3,926,788	2,351,849
Number for diluted earnings per share	579,646,432	572,220,772
Basic earnings per share (cents) - ordinary shares	25.1	16.2
Diluted earnings per share (cents) - ordinary shares	24.9	16.1

2. 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 Boral Limited's wholly or partly-owned controlled entities.

Warranties and indemnities have been given by entities in the consolidated entity in relation to environmental liabilities for certain properties as part of the terms and conditions of divestments.

A number of sites within the Boral Group 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 and costs estimated clean-up costs have been expensed or provided for.

Certain entities within the consolidated entity are subject to various lawsuits and claims in the ordinary course of business. It is the opinion of management that any liabilities arising from such lawsuits and claims would not have a material adverse effect on the consolidated financial statements or are not at this time capable of reliable quantification.