

APPENDIX 4D HALF-YEAR REPORT

Boral Limited



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 2007**

Results for announcement to the market

				A\$ Millions
Revenues from ordinary activities	up	5.4%	to	2,625.9
Profit from ordinary activities after tax attributable to members	down	(10.1%)	to	132.4
Net profit for the period attributable to members	down	(10.1%)	to	132.4
Dividends	Amount per security		Franked amount per security at 30% tax	
Current period				
Interim - ordinary	17 cents		17 cents	
Previous corresponding period				
Interim - ordinary	17 cents		17 cents	
Record date for determining entitlements to the dividend	29 February 2008			

Commentary on the results for the period

The commentary on the results of the period is contained in the "Results Announcement for the half-year ended 31 December 2007 - Management Discussion and Analysis" dated 13 February 2008.



Boral Limited

Half-Year Financial Report

31 December 2007

ABN 13 008 421 761

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 2007 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 Stock Exchange.

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 2007 ("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:

Kenneth J Moss (Chairman)
Rodney T Pearse (Managing Director and CEO)
Elizabeth A Alexander
J Brian Clark
E John Cloney
Robert Every
Richard A Longes
Mark R Rayner
J Roland Williams

All of those persons, other than Messrs Every and Rayner, have been Directors at all times during and since the end of the half-year.

Mr Every was appointed a Director on 10 September 2007.

Mr Rayner was a Director from 1 July 2007 to 29 October 2007 on which date he retired from the Board.

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.



Rodney T Pearse
Director

Sydney, 13 February 2008



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 2007 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

David Rogers

David Rogers
Partner

Sydney, 13 February 2008

Income Statement

BORAL LIMITED AND CONTROLLED ENTITIES

	Note	Consolidated	
		Half-year 31 Dec 2007 \$ millions	Half-year 31 Dec 2006 \$ millions
Revenue	3	2,625.9	2,491.5
Cost of sales		(1,710.1)	(1,551.0)
Distribution expenses		(409.4)	(413.9)
Selling and marketing expenses		(104.6)	(111.0)
Administrative and general expenses		(178.6)	(176.4)
		(2,402.7)	(2,252.3)
Other income		5.9	4.7
Other expenses		(0.2)	(2.1)
Share of net profit of associates and joint ventures	6	11.3	25.1
Profit before net financing costs and income tax expense		240.2	266.9
Financial income		3.5	3.0
Financial expenses		(60.7)	(57.9)
Net financing costs		(57.2)	(54.9)
Profit before related income tax expense		183.0	212.0
Income tax expense		(50.6)	(64.6)
Net profit		132.4	147.4
Attributable to:			
Members of the parent entity		132.4	147.2
Minority interests		-	0.2
Net profit		132.4	147.4
Basic earnings per share - ordinary shares	4	22.0c	24.8c
Diluted earnings per share - ordinary shares	4	22.0c	24.8c

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

Balance Sheet

BORAL LIMITED AND CONTROLLED ENTITIES

	Note	Consolidated	
		31 Dec 2007 \$ millions	30 Jun 2007 \$ millions
CURRENT ASSETS			
Cash and cash equivalents		81.7	35.7
Receivables		841.9	799.9
Inventories		606.9	584.0
Other		52.0	31.4
TOTAL CURRENT ASSETS		1,582.5	1,451.0
NON-CURRENT ASSETS			
Receivables		72.1	37.5
Inventories		65.1	126.4
Investments accounted for using the equity method		372.7	388.8
Other financial assets	8	395.3	399.3
Property, plant and equipment		3,068.1	2,989.6
Intangible assets		389.6	340.3
Other		81.3	83.7
TOTAL NON-CURRENT ASSETS		4,444.2	4,365.6
TOTAL ASSETS		6,026.7	5,816.6
CURRENT LIABILITIES			
Payables		611.6	619.3
Interest bearing loans and borrowings		153.1	25.6
Current tax liabilities		94.3	81.3
Provisions		194.5	195.6
TOTAL CURRENT LIABILITIES		1,053.5	921.8
NON-CURRENT LIABILITIES			
Payables		60.0	67.8
Interest bearing loans and borrowings		1,538.0	1,492.4
Deferred tax liabilities		301.9	299.3
Provisions		48.0	48.0
TOTAL NON-CURRENT LIABILITIES		1,947.9	1,907.5
TOTAL LIABILITIES		3,001.4	2,829.3
NET ASSETS		3,025.3	2,987.3
EQUITY			
Issued capital	9	1,711.6	1,688.1
Reserves		134.7	148.1
Retained earnings	10	1,176.4	1,148.2
Total parent entity interest		3,022.7	2,984.4
Minority interests		2.6	2.9
TOTAL EQUITY	11	3,025.3	2,987.3

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

Statement of Recognised Income and Expense

BORAL LIMITED AND CONTROLLED ENTITIES

	Consolidated	
	Half-year 31 Dec 2007 \$ millions	Half-year 31 Dec 2006 \$ millions
Actuarial gain/(loss) on defined benefit plans, net of tax	(2.2)	2.4
Net exchange differences from translation of foreign operations taken to equity, net of tax	(5.7)	(6.7)
Fair value adjustment on cash flow hedges, net of tax	3.5	(7.8)
Fair value adjustment on available for sale financial assets, net of tax	(14.4)	18.9
Net income recognised directly in equity	(18.8)	6.8
Net profit	132.4	147.4
Total recognised income and expense for the half-year	113.6	154.2
Total recognised income and expense for the half-year is attributable to:		
Members of the parent entity	113.6	154.0
Minority interests	-	0.2
Total recognised income and expense for the half-year	113.6	154.2

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

Statement of Cash Flows

BORAL LIMITED AND CONTROLLED ENTITIES

	Note	Consolidated	
		Half-year 31 Dec 2007 \$ millions	Half-year 31 Dec 2006 \$ millions
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		2,833.9	2,699.2
Payments to suppliers and employees		(2,545.7)	(2,484.8)
Dividends received		25.2	17.1
Interest received		2.9	3.0
Borrowing costs paid		(62.0)	(58.2)
Income taxes paid		(31.3)	(69.6)
NET CASH PROVIDED BY OPERATING ACTIVITIES		223.0	106.7
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(179.6)	(149.5)
Purchase of intangibles		-	(1.5)
Purchase of controlled entities and businesses (net of cash acquired)	14	(98.5)	(8.8)
Purchase of other investments		(1.4)	(2.5)
Loans to associates		(11.0)	(5.3)
Proceeds on disposal of businesses and non-current assets		5.3	11.4
NET CASH USED IN INVESTING ACTIVITIES		(285.2)	(156.2)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		1.5	2.0
Dividends paid (net of dividends reinvested under the Dividend Reinvestment Plan \$22.0 million (Dec 2006: \$30.9 million))		(80.2)	(69.5)
Proceeds from borrowings		236.9	104.6
Repayment of borrowings		(23.5)	(20.0)
NET CASH PROVIDED BY IN FINANCING ACTIVITIES		134.7	17.1
NET CHANGE IN CASH AND CASH EQUIVALENTS		72.5	(32.4)
Cash and cash equivalents at beginning of the year		11.4	76.2
Effects of exchange rate fluctuations on the balances of cash and cash equivalents held in foreign currencies		(3.1)	(3.1)
Cash and cash equivalents at end of the half-year	14	80.8	40.7

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

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

1. ACCOUNTING POLICIES

Boral Limited (the "Company") is a company domiciled in Australia. The consolidated half-year financial report of the Company as at and for the half-year ended 31 December 2007 comprises the Company 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 and measurement 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 2007 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 13 February 2008.

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 and financial instruments classified as available for sale 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 2007 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.

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 have been rounded to the nearest one hundred thousand dollars unless otherwise stated.

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

2. SEGMENTS

BUSINESS SEGMENTS	Half-year	Half-year	Half-year	Half-year	Half-year	Half-year
	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions
	Revenue*					
Building products - Australia	686.9	646.3				
Construction materials - Australia	1,454.1	1,271.3				
United States of America	381.0	469.0				
Asia	97.4	99.5				
Other	6.5	5.4				
	2,625.9	2,491.5				

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

** Operating profit represents profit before income tax expense.

	Operating profit (excluding associates)		Equity accounted results of associates		Operating profit before tax**	
Building products - Australia	57.7	47.7	5.5	5.4	63.2	53.1
Construction materials - Australia	156.5	129.6	10.0	7.3	166.5	136.9
United States of America	23.7	68.0	(13.9)	5.0	9.8	73.0
Asia	(5.1)	0.4	9.7	7.4	4.6	7.8
Other	6.0	4.8	-	-	6.0	4.8
	238.8	250.5	11.3	25.1	250.1	275.6
Corporate	(9.9)	(8.7)	-	-	(9.9)	(8.7)
	228.9	241.8	11.3	25.1	240.2	266.9
Net financing costs	(57.2)	(54.9)	-	-	(57.2)	(54.9)
	171.7	186.9	11.3	25.1	183.0	212.0

	Segment assets (excluding investments in associates)		Equity accounted investments in associates		Total assets	
	Half-year	Full Year	Half-year	Full Year	Half-year	Full Year
	31 Dec 2007	30 Jun 2007	31 Dec 2007	30 Jun 2007	31 Dec 2007	30 Jun 2007
	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions
Building products - Australia	1,366.6	1,335.0	15.6	10.1	1,382.2	1,345.1
Construction materials - Australia	2,735.0	2,680.3	18.7	17.4	2,753.7	2,697.7
United States of America	888.0	807.4	94.6	110.9	982.6	918.3
Asia	168.3	154.2	243.8	250.4	412.1	404.6
Other	377.6	398.4	-	-	377.6	398.4
	5,535.5	5,375.3	372.7	388.8	5,908.2	5,764.1
Corporate	36.8	16.8	-	-	36.8	16.8
	5,572.3	5,392.1	372.7	388.8	5,945.0	5,780.9
Cash and cash equivalents	81.7	35.7	-	-	81.7	35.7
	5,654.0	5,427.8	372.7	388.8	6,026.7	5,816.6

Business segments

Building products - Australia	Bricks, plasterboard, timber products, roof tiles, aluminium products and concrete products.
Construction materials - Australia	Quarries, road surfacing, premix concrete, precast concrete, fly ash, cement, quarry end use, transport, concrete placing and scaffolding.
United States of America	Bricks, roof tiles, fly ash, premix concrete, quarries and masonry.
Asia	Plasterboard, premix concrete and quarries.
Other	Investments in listed shares and non-trading operations.

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

2. SEGMENTS (Continued)

GEOGRAPHICAL SEGMENTS	Half-year	Half-year	Half-year	Half-year	Half-year	Half-year
	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions
Revenue*						
Australia	2,141.0	1,917.6				
United States of America	381.0	469.0				
Asia	97.4	99.5				
Other	6.5	5.4				
	2,625.9	2,491.5				

	Operating profit (excluding associates)		Equity accounted results of associates		Operating profit before tax **	
	Half-year	Full Year	Half-year	Full Year	Half-year	Full Year
	31 Dec 2007	30 Jun 2007	31 Dec 2007	30 Jun 2007	31 Dec 2007	30 Jun 2007
	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions
Australia	214.2	177.3	15.5	12.7	229.7	190.0
United States of America	23.7	68.0	(13.9)	5.0	9.8	73.0
Asia	(5.1)	0.4	9.7	7.4	4.6	7.8
Other	6.0	4.8	-	-	6.0	4.8
	238.8	250.5	11.3	25.1	250.1	275.6
Corporate	(9.9)	(8.7)	-	-	(9.9)	(8.7)
	228.9	241.8	11.3	25.1	240.2	266.9
Net financing costs	(57.2)	(54.9)	-	-	(57.2)	(54.9)
	171.7	186.9	11.3	25.1	183.0	212.0

	Segment assets (excluding investments in associates)		Equity accounted investments in associates		Total assets	
	Half-year	Full Year	Half-year	Full Year	Half-year	Full Year
	31 Dec 2007	30 Jun 2007	31 Dec 2007	30 Jun 2007	31 Dec 2007	30 Jun 2007
	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions
Australia	4,101.6	4,015.3	34.3	27.5	4,135.9	4,042.8
United States of America	888.0	807.4	94.6	110.9	982.6	918.3
Asia	168.3	154.2	243.8	250.4	412.1	404.6
Other	377.6	398.4	-	-	377.6	398.4
	5,535.5	5,375.3	372.7	388.8	5,908.2	5,764.1
Corporate	36.8	16.8	-	-	36.8	16.8
	5,572.3	5,392.1	372.7	388.8	5,945.0	5,780.9
Cash and cash equivalents	81.7	35.7	-	-	81.7	35.7
	5,654.0	5,427.8	372.7	388.8	6,026.7	5,816.6

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

** Operating profit represents profit before income tax expense.

Geographic segments

Australia	Bricks, plasterboard, timber products, roof tiles, aluminium products, concrete products, quarries, road surfacing, premix concrete, precast concrete, fly ash, cement, quarry end use, transport, concrete placing and scaffolding.
United States of America	Bricks, roof tiles, fly ash, premix concrete, quarries and masonry.
Asia	Plasterboard, premix concrete and quarries.
Other	Investments in listed shares and non-trading operations.

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

	Consolidated	
	Half-year 31 Dec 2007 \$ millions	Half-year 31 Dec 2006 \$ millions
3. OPERATING PROFIT		
REVENUE		
Sale of goods	2,589.5	2,445.1
Rendering of services	29.9	41.0
	2,619.4	2,486.1
Other revenues		
Dividends received from other parties	6.5	5.4
	2,625.9	2,491.5
Depreciation and amortisation expenses	119.7	115.8

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

4. EARNINGS PER SHARE

	Consolidated	
	Half-year 31 Dec 2007 \$ millions	Half-year 31 Dec 2006 \$ millions

Earnings reconciliation

Net profit attributable to members of the parent entity	132.4	147.2
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	Consolidated	
	Half-year 31 Dec 2007	Half-year 31 Dec 2006
Weighted average number of ordinary shares used as the denominator		
Number for basic earnings per share	601,005,572	593,062,533
Effect of potential ordinary shares	2,057,568	1,479,303
Number for diluted earnings per share	603,063,140	594,541,836

Basic earnings per share - ordinary shares	22.0c	24.8c
Diluted earnings per share - ordinary shares	22.0c	24.8c

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.

5. DIVIDENDS

	Amount per share	Total amount \$ millions	Franked amount per share	Date of payment
For the half-year ended 31 December 2007				
Final June 2007 - ordinary	17.0 cents	102.0	17.0 cents	18 September 2007
Total		102.0		

For the half-year ended 31 December 2006

Final June 2006 - ordinary	17.0 cents	100.4	17.0 cents	18 September 2006
Total		100.4		

Subsequent Event

Since the end of the period the directors have declared the following dividend :

Interim - ordinary	17.0 cents	102.4	17.0 cents	19 March 2008
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The financial effect of the interim dividend for December 2007 has not been brought to account in the financial report for the period ended 31 December 2007 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 29 February 2008.

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

6. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Name	Principal Activity	Balance Date	Ownership Interest Consolidated	
			31 Dec 2007 %	30 Jun 2007 %
DETAILS OF INVESTMENTS IN ASSOCIATES ARE AS FOLLOWS				
Caribbean Roof Tile Company Limited	Rooftiles	31-Dec	50	50
Flyash Australia Pty Ltd	Flyash collection	30-Jun	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 Ltd	Plasterboard	31-Dec	50	50
Monier Lifetile LLC	Rooftiles	31-Dec	50	50
Monier Lifetile S.R.L. de C.V.	Rooftiles	31-Dec	50	50
Penrith Lakes Development Corporation Pty Ltd	Quarrying	30-Jun	40	40
Rondo Building Services Pty Ltd	Rollform system	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	Rooftiles	31-Dec	50	50
US Tile LLC	Rooftiles	31-Dec	50	50

	Consolidated	
	Half-year 31 Dec 2007 \$ millions	Half-year 31 Dec 2006 \$ millions
RESULTS OF ASSOCIATES		
Share of associates' profit before income tax expense	19.9	32.1
Share of associates' income tax expense	(8.6)	(7.0)
Share of associates' net profit - equity accounted	11.3	25.1

MATERIAL INTERESTS IN ASSOCIATES

Share of associate's net profit/(loss) - equity accounted		
Lafarge Boral Gypsum in Asia Ltd	9.7	7.4
Monier Lifetile LLC * and Monier Lifetile S.R.L. de C.V.	(12.6)	6.0

* taxed as a partnership in the USA

	Consolidated		
	Half-year 31 Dec 2007	Full-year 30 Jun 2007	Half-year 31 Dec 2006
7. NTA BACKING			
Net tangible asset backing per ordinary security	\$4.37	\$4.41	\$4.19

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

	Consolidated	
	Half-year 31 Dec 2007 \$ millions	Full Year 30 Jun 2007 \$ millions
8. OTHER FINANCIAL ASSETS		
NON-CURRENT		
Listed shares - at fair value	375.2	395.7
Financial instruments	20.1	3.6
	395.3	399.3
9. ISSUED CAPITAL		
602,558,913 (30 Jun 2007: 599,407,033) ordinary shares, fully paid	1,711.6	1,688.1
MOVEMENTS IN ISSUED CAPITAL		
Balance at the beginning of the period	1,688.1	1,622.7
2,870,930 (30 Jun 2007: 7,316,365) shares issued under the dividend reinvestment plan	22.0	53.7
280,950 (30 Jun 2007: 2,276,432) shares issued upon the exercise of executive options	1.5	11.7
Balance at the end of the period	1,711.6	1,688.1
<p>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.</p> <p>In the event of a winding up of Boral Limited, ordinary shareholders rank after creditors and are fully entitled to any proceeds of liquidation.</p>		
10. RETAINED EARNINGS		
Balance at the beginning of the period	1,148.2	1,048.5
Net profit attributable to members of the parent entity	132.4	298.1
Dividends recognised during the period	(102.0)	(201.9)
Actuarial gain/(loss) on defined benefit plans, net of tax	(2.2)	3.5
Balance at the end of the period	1,176.4	1,148.2
11. TOTAL EQUITY		
Total equity at the beginning of the period	2,987.3	2,755.0
Total recognised in the statement of recognised income and expense for the period	113.6	362.9
Shares issued during the period	23.5	65.4
Share-based payments	3.2	4.9
Dividends paid	(102.0)	(201.9)
Other changes in minority interests	(0.3)	1.0
Total equity at the end of the period	3,025.3	2,987.3

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

12. 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 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, 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 consolidated entity 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 tax authorities in other jurisdictions in which Boral operates.

In the period February to March 2006 Australian subsidiaries of the Group received assessments and amended assessments from the ATO relating to the utilisation of tax losses and capital gains arising from the demerger in 2000. The amounts assessed include primary tax of \$56.5 million, general interest charge of \$37.4 million and penalties of \$6.9 million. All assessments were objected to and discussions have been held with the ATO with a view to settling the objections. These discussions are at an advanced stage and the Company believes that the matter will be resolved within the current level of provisions.

During the year, ongoing enquiries were made by the ATO relating to a number of transactions occurring at the time of the demerger.

In the US, the Internal Revenue Service (IRS) is reviewing two transactions which occurred prior to the demerger which it believes may result in additional assessable income to the Group. No assessments have been issued in relation to these matters and the Group is in continuing dialogue with the IRS with a view to settling these matters.

A deed was entered into at the time of the demerger which contained certain indemnities and other agreements between the Company and Origin Energy Limited 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 wholly owned subsidiary of Origin has received an amended assessment from the ATO for the year ended 30 June 1999. The amounts assessed consist of \$27.5 million of primary tax and a general interest charge of \$15.8 million. This assessment has been objected and Origin is in discussions with the ATO with a view to settling this matter. If the ATO's claims, either in part or in full, are ultimately successful Origin is likely to rely on indemnities contained in the demerger deed. Similarly, should any claims against the Group, either in part or in full, be successful, this is likely to give rise to a claim by the Group against Origin.

The Group has considered these claims and, where appropriate, sought independent advice, and believes it holds appropriate provisions.

13. ACQUISITION/DISPOSAL OF CONTROLLED ENTITIES

The following controlled entities were acquired or disposed of during the period:

For half-year ended 31 December 2007

There were no material acquisitions, disposals or loss of control over any entities during the current half-year period.

For half-year ended 31 December 2006

There were no material acquisitions, disposals or loss of control over any entities during the half-year period.

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

	Consolidated	
	Half-year 31 Dec 2007 \$ millions	Half-year 31 Dec 2006 \$ millions
14. NOTES TO STATEMENT OF CASH FLOWS		
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	81.7	45.4
Bank overdrafts	(0.9)	(4.7)
	80.8	40.7
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	22.0	30.9
iii. Acquisition of businesses		
During August 2007, the Group acquired the assets of two construction materials businesses in Oklahoma City, Schwarz Readymix, a ready-mixed concrete and sand business and the Davis Arbuckle Materials quarry.		
Details of the net assets acquired and goodwill are shown on a provisional basis		
Fair value of net identifiable assets acquired	44.0	-
Goodwill and other intangibles	53.4	-
	97.4	-
Other minor acquisitions	1.1	8.8
	98.5	8.8

15. SUBSEQUENT EVENT

On the 13 February 2008 Boral Limited announced an off-market share buy-back of approximately \$100 million representing around 3% of the issued shares.

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 15, 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 2007 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:

A handwritten signature in black ink, appearing to read 'R Pearce', with a large, sweeping flourish above the name.

Rodney T. Pearce
Director

Sydney, 13 February 2008



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 half-year balance sheet as at 31 December 2007, income statement, statement of recognised income and expense and cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes 1 to 15 and the directors' declaration on page 16 of the consolidated entity 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 Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the interim financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 an Interim 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 consolidated entity's financial position as at 31 December 2007 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.

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 consolidated entity's financial position as at 31 December 2007 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, 13 February 2008