

# APPENDIX 4D HALF-YEAR REPORT

**Boral Limited**



BORAL LIMITED

ABN 13 008 421 761

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GPO Box 910, Sydney NSW 2001  
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Name of Entity: **Boral Limited**  
 ABN: **13 008 421 761**  
 For the half year ended: **31 December 2006**

## Results for announcement to the market

				\$'A Millions
Revenues from ordinary activities	up	6.3%	to	2,491.5
Profit from ordinary activities after tax attributable to members	down	(14.6%)	to	147.2
Net profit for the period attributable to members	down	(14.6%)	to	147.2
Dividends	Amount per security	Franked amount per security at 30% tax		
Interim dividend	17 cents	17 cents		
Previous corresponding period	17 cents	17 cents		
Record date for determining entitlements to the dividend		02 March 2007		

## 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 2006 - Management Discussion and Analysis" dated 7 February 2007.



Boral Limited

Half-Year Financial Report  
31 December 2006

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 2006 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 2006 ("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  
E John Cloney  
Richard A Longes  
Mark R Rayner  
J Roland Williams

All of those persons have been Directors at all times during and since the end of the half-year.

### 3. Lead Auditor's Independence Declaration

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

### 4. Rounding of Amounts

The Company is 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, 7 February 2007



## 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 2006 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

David Rogers  
Partner

Sydney, 7 February 2007

## Income Statement

BORAL LIMITED AND CONTROLLED ENTITIES

	Note	Consolidated	
		Half-year 31 Dec 2006 \$ millions	Half-year 31 Dec 2005 \$ millions
Revenue	3	2,491.5	2,343.2
Cost of sales		(1,551.0)	(1,451.2)
Distribution expenses		(413.9)	(383.6)
Selling and marketing expenses		(111.0)	(103.1)
Administrative expenses		(176.4)	(162.6)
		<b>(2,252.3)</b>	<b>(2,100.5)</b>
Other income		4.7	10.0
Other expenses		(2.1)	(0.1)
Share of net profit of associates and joint ventures attributable to members	6	25.1	40.3
<b>Profit before net financing expense and income tax</b>		<b>266.9</b>	<b>292.9</b>
Financial income		3.0	1.5
Financial expenses		(57.9)	(47.6)
Net financing expense		(54.9)	(46.1)
<b>Profit before related income tax expense</b>		<b>212.0</b>	<b>246.8</b>
Income tax expense		(64.6)	(74.1)
<b>Net profit</b>		<b>147.4</b>	<b>172.7</b>
<b>Attributable to:</b>			
Members of the parent entity		147.2	172.4
Minority interests		0.2	0.3
<b>Net profit</b>		<b>147.4</b>	<b>172.7</b>
Basic earnings per share - ordinary shares	4	24.8c	29.5c
Diluted earnings per share - ordinary shares	4	24.8c	29.5c

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 2006 \$ millions	30 Jun 2006 \$ millions
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		45.4	76.2
Receivables		762.8	759.7
Inventories		565.9	528.5
Other		37.4	36.4
<b>TOTAL CURRENT ASSETS</b>		<b>1,411.5</b>	<b>1,400.8</b>
<b>NON-CURRENT ASSETS</b>			
Receivables		27.7	28.2
Inventories		133.6	120.7
Investments accounted for using the equity method		412.7	418.4
Other financial assets	8	312.3	289.1
Property, plant and equipment		2,907.2	2,908.1
Intangible assets		351.3	352.9
Other		76.5	68.8
<b>TOTAL NON-CURRENT ASSETS</b>		<b>4,221.3</b>	<b>4,186.2</b>
<b>TOTAL ASSETS</b>		<b>5,632.8</b>	<b>5,587.0</b>
<b>CURRENT LIABILITIES</b>			
Payables		524.8	608.8
Interest bearing loans and borrowings		46.0	1.0
Current tax liabilities		37.6	63.5
Provisions		184.4	189.9
<b>TOTAL CURRENT LIABILITIES</b>		<b>792.8</b>	<b>863.2</b>
<b>NON-CURRENT LIABILITIES</b>			
Payables		48.4	39.0
Interest bearing loans and borrowings		1,636.3	1,653.4
Deferred tax liabilities		263.0	227.6
Provisions		47.4	48.8
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,995.1</b>	<b>1,968.8</b>
<b>TOTAL LIABILITIES</b>		<b>2,787.9</b>	<b>2,832.0</b>
<b>NET ASSETS</b>			
<b>EQUITY</b>			
Issued capital	9	1,655.6	1,622.7
Reserves		88.4	81.9
Retained earnings	10	1,097.7	1,048.5
<b>Total parent entity interest</b>		<b>2,841.7</b>	<b>2,753.1</b>
Minority interests		3.2	1.9
<b>TOTAL EQUITY</b>	11	<b>2,844.9</b>	<b>2,755.0</b>

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 2006 \$ millions	Half-year 31 Dec 2005 \$ millions
Actuarial gain on defined benefit plans, net of tax	2.4	4.1
Net exchange differences from foreign operations taken to equity, net of tax	(6.7)	17.4
Fair value adjustment on cash flow hedges, net of tax	(7.8)	1.4
Fair value adjustment on available for sale financial assets, net of tax	18.9	17.4
Net income recognised directly in equity	6.8	40.3
Net profit	147.4	172.7
<b>Total recognised income and expense for the half-year</b>	<b>154.2</b>	<b>213.0</b>
<b>Total recognised income and expense for the half-year is attributable to:</b>		
Members of the parent entity	154.0	212.7
Minority interests	0.2	0.3
<b>Total recognised income and expense for the half-year</b>	<b>154.2</b>	<b>213.0</b>
<b>Impact of change in accounting policy:</b>		
Adjustment on adoption of AASB 132 and AASB 139, net of tax	-	20.5

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 2006 \$ millions	Half-year 31 Dec 2005 \$ millions
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		2,699.2	2,529.8
Payments to suppliers and employees		(2,484.8)	(2,259.5)
Dividends received		17.1	31.9
Interest received		3.0	1.6
Borrowing costs paid		(58.2)	(44.9)
Income taxes paid		(69.6)	(93.6)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		<b>106.7</b>	<b>165.3</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for purchase of property, plant and equipment		(149.5)	(227.9)
Payments for intangibles		(1.5)	-
Payments for purchase of controlled entities and businesses (net of cash acquired)		(8.8)	(10.0)
Payments for purchase of other investments		(2.5)	(3.1)
Loans to associates		(5.3)	(0.9)
Proceeds on disposal of businesses and non-current assets		11.4	7.3
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(156.2)</b>	<b>(234.6)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		2.0	7.7
Dividends paid (net of dividends reinvested under the Dividend Reinvestment Plan \$30.9 million (2005: \$35.8 million))		(69.5)	(62.8)
Proceeds from borrowings		104.6	144.5
Repayment of borrowings		(20.0)	(10.5)
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>		<b>17.1</b>	<b>78.9</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>		<b>(32.4)</b>	<b>9.6</b>
Cash and cash equivalents at beginning of the year		76.2	18.6
Effects of exchange rate fluctuations on the balances of cash and cash equivalents held in foreign currencies		(3.1)	0.6
Cash and cash equivalents at end of the half-year	14	40.7	28.8

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 2006 comprises the Company and its controlled entities (the "Group").

The half-year report does not include full note disclosures of the type normally included in an annual financial report. 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, other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group Consensus Views.

This half-year financial report is to be read in conjunction with the 30 June 2006 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 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 2006 Annual Financial Report.

The half-year financial report was authorised for issue by the Directors on 7 February 2007.

The Company is 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 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions

	Revenue*	
Building products - Australia	646.3	620.9
Construction materials - Australia	1,271.3	1,178.8
United States of America	469.0	454.6
Asia	99.5	84.3
Other	5.4	4.6
	<b>2,491.5</b>	<b>2,343.2</b>

\* 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.

	Operating profit (excluding associates)		Equity accounted results of associates		Operating profit before tax**	
Building products - Australia	47.7	59.2	5.4	4.7	53.1	63.9
Construction materials - Australia	129.6	126.3	7.3	9.9	136.9	136.2
United States of America	68.0	67.0	5.0	21.1	73.0	88.1
Asia	0.4	3.6	7.4	4.6	7.8	8.2
Other	4.8	4.3	-	-	4.8	4.3
	<b>250.5</b>	<b>260.4</b>	<b>25.1</b>	<b>40.3</b>	<b>275.6</b>	<b>300.7</b>
Corporate	(8.7)	(7.8)	-	-	(8.7)	(7.8)
	<b>241.8</b>	<b>252.6</b>	<b>25.1</b>	<b>40.3</b>	<b>266.9</b>	<b>292.9</b>
Net financing expense	(54.9)	(46.1)	-	-	(54.9)	(46.1)
	<b>186.9</b>	<b>206.5</b>	<b>25.1</b>	<b>40.3</b>	<b>212.0</b>	<b>246.8</b>

	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 2006	30 Jun 2006	31 Dec 2006	30 Jun 2006	31 Dec 2006	30 Jun 2006
	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions
Building products - Australia	1,243.7	1,211.1	17.5	12.1	1,261.2	1,223.2
Construction materials - Australia	2,629.5	2,588.5	15.7	23.8	2,645.2	2,612.3
United States of America	815.5	841.9	130.0	130.7	945.5	972.6
Asia	159.3	151.5	249.5	251.8	408.8	403.3
Other	304.1	279.7	-	-	304.1	279.7
	<b>5,152.1</b>	<b>5,072.7</b>	<b>412.7</b>	<b>418.4</b>	<b>5,564.8</b>	<b>5,491.1</b>
Corporate	22.6	19.7	-	-	22.6	19.7
	<b>5,174.7</b>	<b>5,092.4</b>	<b>412.7</b>	<b>418.4</b>	<b>5,587.4</b>	<b>5,510.8</b>
Cash and cash equivalents	45.4	76.2	-	-	45.4	76.2
	<b>5,220.1</b>	<b>5,168.6</b>	<b>412.7</b>	<b>418.4</b>	<b>5,632.8</b>	<b>5,587.0</b>

### Primary 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 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions

Revenue*						
	Half-year	Half-year	Half-year	Half-year	Half-year	Half-year
	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions
Australia	1,917.6	1,799.7				
United States of America	469.0	454.6				
Asia	99.5	84.3				
Other	5.4	4.6				
	<b>2,491.5</b>	<b>2,343.2</b>				

	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 2006	30 Jun 2006	31 Dec 2006	30 Jun 2006	31 Dec 2006	30 Jun 2006
	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions
Australia	177.3	185.5	12.7	14.6	190.0	200.1
United States of America	68.0	67.0	5.0	21.1	73.0	88.1
Asia	0.4	3.6	7.4	4.6	7.8	8.2
Other	4.8	4.3	-	-	4.8	4.3
	<b>250.5</b>	<b>260.4</b>	<b>25.1</b>	<b>40.3</b>	<b>275.6</b>	<b>300.7</b>
Corporate	(8.7)	(7.8)	-	-	(8.7)	(7.8)
	<b>241.8</b>	<b>252.6</b>	<b>25.1</b>	<b>40.3</b>	<b>266.9</b>	<b>292.9</b>
Net financing expense	(54.9)	(46.1)	-	-	(54.9)	(46.1)
	<b>186.9</b>	<b>206.5</b>	<b>25.1</b>	<b>40.3</b>	<b>212.0</b>	<b>246.8</b>

	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 2006	30 Jun 2006	31 Dec 2006	30 Jun 2006	31 Dec 2006	30 Jun 2006
	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions
Australia	3,873.2	3,799.6	33.2	35.9	3,906.4	3,835.5
United States of America	815.5	841.9	130.0	130.7	945.5	972.6
Asia	159.3	151.5	249.5	251.8	408.8	403.3
Other	304.1	279.7	-	-	304.1	279.7
	<b>5,152.1</b>	<b>5,072.7</b>	<b>412.7</b>	<b>418.4</b>	<b>5,564.8</b>	<b>5,491.1</b>
Corporate	22.6	19.7	-	-	22.6	19.7
	<b>5,174.7</b>	<b>5,092.4</b>	<b>412.7</b>	<b>418.4</b>	<b>5,587.4</b>	<b>5,510.8</b>
Cash and cash equivalents	45.4	76.2	-	-	45.4	76.2
	<b>5,220.1</b>	<b>5,168.6</b>	<b>412.7</b>	<b>418.4</b>	<b>5,632.8</b>	<b>5,587.0</b>

\* 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.

#### 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 2006 \$ millions	Half-year 31 Dec 2005 \$ millions
<b>3. OPERATING PROFIT</b>		
<b>REVENUE</b>		
Sale of goods	2,445.1	2,282.9
Rendering of services	41.0	55.7
	<b>2,486.1</b>	<b>2,338.6</b>
<b>OTHER REVENUES</b>		
Dividends received from other parties	5.4	4.6
	<b>2,491.5</b>	<b>2,343.2</b>
<b>DEPRECIATION AND AMORTISATION EXPENSES</b>		
Land and buildings	5.8	4.2
Plant and equipment	102.0	95.0
Timber licences and mineral reserves	0.7	0.7
Leased assets capitalised	0.2	0.2
Other intangibles	7.1	0.3
	<b>115.8</b>	<b>100.4</b>

## Notes to the Financial Statements

### BORAL LIMITED AND CONTROLLED ENTITIES

#### 4. EARNINGS PER SHARE

	Consolidated	
	Half-year 31 Dec 2006 \$ millions	Half-year 31 Dec 2005 \$ millions
<b>Earnings reconciliation</b>		
Net profit attributable to members of the parent entity	147.2	172.4
	Consolidated	
	Half-year 31 Dec 2006	Half-year 31 Dec 2005
<b>Weighted average number of ordinary shares used as the denominator</b>		
Number for basic earnings per share	593,062,533	584,001,248
Effect of potential ordinary shares	1,479,303	1,396,039
<b>Number for diluted earnings per share</b>	<b>594,541,836</b>	<b>585,397,287</b>
Basic earnings per share - ordinary shares	24.8c	29.5c
Diluted earnings per share - ordinary shares	24.8c	29.5c

#### 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
<b>For the half-year ended 31 December 2006</b>				
Final June 2006 - ordinary	17.0 cents	100.4	17.0 cents	18 September 2006
Total amount		100.4		
<b>For the half-year ended 31 December 2005</b>				
Final June 2005 - ordinary	17.0 cents	98.6	17.0 cents	16 September 2005
Total amount		98.6		
<b>Subsequent events</b>				
Since the end of the period, the directors declared the following dividend :				
Interim - ordinary	17.0 cents	101.1	17.0 cents	21 March 2007

The financial effect of the interim dividend for December 2006 has not been brought to account in the financial statements for the period ended 31 December 2006 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 2 March 2007.

## 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 2006 %	30 Jun 2006 %
<b>DETAILS OF INVESTMENTS IN ASSOCIATES</b>				
Caribbean Roof Tile Company Limited	Rooftiles	31-Dec	50	50
Flyash Australia Pty Ltd	Flyash collection	30-Jun	50	50
Giroto Precast Pty Ltd *	Precast Concrete	30-Jun	-	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

\* Giroto Precast Pty Ltd became a controlled entity during the half-year.

	Consolidated	
	Half-year 31 Dec 2006 \$ millions	Half-year 31 Dec 2005 \$ millions
<b>RESULTS OF ASSOCIATES:</b>		
Share of associates' profit before income tax expense	32.1	46.4
Share of associates' income tax expense	(7.0)	(6.1)
Share of associates' net profit - equity accounted	25.1	40.3

#### MATERIAL INTERESTS IN ASSOCIATES:

Share of associate's net profit - equity accounted		
Lafarge Boral Gypsum in Asia Ltd	7.4	4.6
Monier Lifetile LLC * and Monier Lifetile S.R.L. de C.V.	6.0	21.1

\* taxed as a partnership in the USA

	Consolidated	
	Half-year 31 Dec 2006	Half-year 31 Dec 2005
<b>7. NTA BACKING</b>		
Net tangible asset backing per ordinary security	\$4.19	\$3.81

## Notes to the Financial Statements

### BORAL LIMITED AND CONTROLLED ENTITIES

	Consolidated	
	Half-year 31 Dec 2006 \$ millions	Full Year 30 Jun 2006 \$ millions
<b>8. OTHER FINANCIAL ASSETS</b>		
<b>NON-CURRENT</b>		
Listed shares - at fair value	303.0	276.0
Financial instruments	9.3	13.1
	<b>312.3</b>	<b>289.1</b>

### 9. ISSUED CAPITAL

594,947,535 (30 Jun 2006: 589,814,236) ordinary shares, fully paid	1,655.6	1,622.7
<b>MOVEMENTS IN ISSUED CAPITAL</b>		
Balance at the beginning of the period	1,622.7	1,556.0
Nil (30 Jun 2006: 658,600) shares issued under employee share plan	-	5.3
4,614,199 (30 Jun 2006: 8,233,548) shares issued under the dividend reinvestment plan	30.9	61.9
519,100 (30 Jun 2006: 4,045,500) shares issued upon the exercise of executive options	2.0	15.8
Nil (30 Jun 2006: 1,892,364) shares bought back	-	(16.3)
Balance at the end of the period	<b>1,655.6</b>	<b>1,622.7</b>

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

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

### 10. RETAINED EARNINGS

Balance at the beginning of the period	1,048.5	881.3
Net profit attributable to members of the parent entity	147.2	362.4
Dividends recognised during the period	(100.4)	(198.8)
Actuarial gain on defined benefit plans, net of tax	2.4	3.6
Balance at the end of the period	<b>1,097.7</b>	<b>1,048.5</b>

### 11. TOTAL EQUITY

Total equity at the beginning of the period	2,755.0	2,406.8
Total recognised in the statement of recognised income and expense for the period	154.2	457.1
Adjustment on change of accounting policy of AASB 132 and AASB 139, net of tax	-	20.5
Shares issued during the period	32.9	83.0
Shares bought back	-	(16.3)
Share-based payments expense	2.1	3.1
Dividend paid	(100.4)	(198.8)
Other changes in minority interests	1.1	(0.4)
Total equity at the end of the period	<b>2,844.9</b>	<b>2,755.0</b>

## 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 have been objected to and, to date, there has been no response from the ATO to those objections. In accordance with ATO administrative practice on disputed assessments, the Group has made payments totalling 50% of the amounts owing.

A deed was entered into at the time of the demerger which contained certain indemnities and other agreements between the Group 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 \$24.7 million (subsequently reduced to \$15.8 million). This assessment has been objected to by Origin. Origin has indicated that if the ATO's claims against it are ultimately successful it may seek to rely on indemnities contained in the demerger deed. Similarly, should the ATO be successful in its claims against the Group, this may 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:

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##### for half-year ended 31 December 2006

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

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##### for half-year ended 31 December 2005

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



## Notes to the Financial Statements

### BORAL LIMITED AND CONTROLLED ENTITIES

#### Consolidated

Half-year 31 Dec 2006	Half-year 31 Dec 2005
\$ millions	\$ millions

#### 14. NOTES TO STATEMENT OF CASH FLOWS

1. 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	45.4	52.7
Bank overdrafts	(4.7)	(23.9)
	<b>40.7</b>	<b>28.8</b>

2. 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	30.9	35.8
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## 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 2006 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:

**RODNEY T. PEARSE**  
DIRECTOR

Sydney, 7 February 2007



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

### Report on the Financial Report

We have reviewed the accompanying interim financial report of Boral Limited, which comprises the consolidated interim balance sheet as at 31 December 2006, 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 14 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 interim financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Act 2001*. This responsibility includes designing, implementing 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 an opinion on the interim 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 interim 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 2006 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 an interim 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 interim 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 2006 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

David Rogers  
Partner

Sydney, 7 February 2007