

# APPENDIX 4E PRELIMINARY FINAL REPORT

15 August 2007

Boral Limited



BORAL LIMITED

ABN 13 008 421 761

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Name of Entity: **Boral Limited**  
 ABN: **13 008 421 761**  
 Financial Year ended: **30 June 2007**

## Results for announcement to the market

		A'\$ Millions	
<b>Revenue from ordinary activities</b>	<b>up</b>	<b>3.0%</b>	<b>to 4,909.0</b>
<b>Profit from ordinary activities after tax attributable to members</b>	<b>down</b>	<b>(17.7%)</b>	<b>to 298.1</b>
<b>Net profit for the period attributable to members</b>	<b>down</b>	<b>(17.7%)</b>	<b>to 298.1</b>
<b>Dividends</b>	Amount per security	Franked amount per security at 30% tax	
Current period			
Final - ordinary	17 cents	17 cents	
Interim - ordinary	17 cents	17 cents	
Previous corresponding period			
Final - ordinary	17 cents	17 cents	
Interim - ordinary	17 cents	17 cents	
Record date for determining entitlements to the final dividend			29 August 2007

# Income Statement

BORAL LIMITED AND CONTROLLED ENTITIES

for the year ended 30 June	Note	CONSOLIDATED	
		2007 \$ millions	2006 \$ millions
Revenue	3	4,909.0	4,767.4
Cost of sales		(3,056.5)	(2,963.0)
Distribution expenses		(804.0)	(755.4)
Selling and marketing expenses		(217.0)	(209.5)
Administrative and general expenses		(342.5)	(325.1)
		<b>(4,420.0)</b>	(4,253.0)
Other income		9.6	14.2
Other expenses		(2.8)	(0.4)
Share of net profit of associates and joint ventures attributable to members	6	35.1	85.8
<b>Profit before net financing expense and income tax</b>		<b>530.9</b>	614.0
Financial income		6.3	4.2
Financial expenses		(116.8)	(102.4)
Net financing expense		(110.5)	(98.2)
<b>Profit before related income tax expense</b>		<b>420.4</b>	515.8
Income tax expense		(122.3)	(153.1)
<b>Net profit</b>		<b>298.1</b>	362.7
<b>Attributable to:</b>			
Members of the parent entity		298.1	362.4
Minority interests		-	0.3
<b>Net profit</b>		<b>298.1</b>	362.7
Basic earnings per share - ordinary shares	4	50.0c	61.7c
Diluted earnings per share - ordinary shares	4	49.9c	61.5c

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

## Balance Sheet

### BORAL LIMITED AND CONTROLLED ENTITIES

as at 30 June	Note	CONSOLIDATED	
		2007 \$ millions	2006 \$ millions
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		35.7	76.2
Receivables		799.9	759.7
Inventories		584.0	528.5
Other		31.4	36.4
<b>TOTAL CURRENT ASSETS</b>		<b>1,451.0</b>	<b>1,400.8</b>
<b>NON-CURRENT ASSETS</b>			
Receivables		37.5	28.2
Inventories		126.4	120.7
Investments accounted for using the equity method		388.8	418.4
Other financial assets	8	399.3	289.1
Property, plant and equipment		2,989.6	2,908.1
Intangible assets		340.3	352.9
Other		83.7	68.8
<b>TOTAL NON-CURRENT ASSETS</b>		<b>4,365.6</b>	<b>4,186.2</b>
<b>TOTAL ASSETS</b>		<b>5,816.6</b>	<b>5,587.0</b>
<b>CURRENT LIABILITIES</b>			
Payables		619.3	608.8
Interest bearing loans and borrowings		25.6	1.0
Current tax liabilities		81.3	63.5
Provisions		195.6	189.9
<b>TOTAL CURRENT LIABILITIES</b>		<b>921.8</b>	<b>863.2</b>
<b>NON-CURRENT LIABILITIES</b>			
Payables		67.8	39.0
Interest bearing loans and borrowings		1,492.4	1,653.4
Deferred tax liabilities		299.3	227.6
Provisions		48.0	48.8
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,907.5</b>	<b>1,968.8</b>
<b>TOTAL LIABILITIES</b>		<b>2,829.3</b>	<b>2,832.0</b>
<b>NET ASSETS</b>		<b>2,987.3</b>	<b>2,755.0</b>
<b>EQUITY</b>			
Issued capital	9	1,688.1	1,622.7
Reserves		148.1	81.9
Retained earnings	10	1,148.2	1,048.5
<b>Total parent entity interest</b>		<b>2,984.4</b>	<b>2,753.1</b>
Minority interests		2.9	1.9
<b>TOTAL EQUITY</b>		<b>2,987.3</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 financial report.

## Statement of Recognised Income and Expense

BORAL LIMITED AND CONTROLLED ENTITIES

for the year ended 30 June	CONSOLIDATED	
	2007 \$ millions	2006 \$ millions
Actuarial gain on defined benefit plans, net of tax	3.5	3.6
Translation of foreign operations		
Net exchange differences taken to equity, net of tax	(22.4)	37.5
Fair value adjustment on cash flow hedges, net of tax	(0.1)	1.2
Fair value adjustment on available for sale financial assets, net of tax	83.8	52.1
Net income recognised directly in equity	64.8	94.4
Net profit	298.1	362.7
<b>Total recognised income and expense for the financial year</b>	<b>362.9</b>	<b>457.1</b>
<b>Total recognised income and expense for the financial year is attributable to:</b>		
Members of the parent entity	362.9	456.8
Minority interests	-	0.3
<b>Total recognised income and expense for the financial year</b>	<b>362.9</b>	<b>457.1</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 financial report.

# Cash Flow Statement

BORAL LIMITED AND CONTROLLED ENTITIES

for the year ended 30 June	Note	CONSOLIDATED	
		2007 \$ millions	2006 \$ millions
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		5,277.4	5,084.4
Payments to suppliers and employees		(4,642.5)	(4,409.1)
Dividends received		49.3	64.9
Interest received		6.3	4.1
Borrowing costs paid		(114.9)	(95.5)
Income taxes paid		(93.7)	(199.3)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		<b>481.9</b>	<b>449.5</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for purchase of property, plant and equipment		(403.0)	(479.0)
Payments for intangibles		(0.6)	(4.7)
Payments for purchase of controlled entities and businesses (net of cash acquired)		(11.2)	(26.6)
Payments for purchase of other investments		(3.3)	(3.6)
Loans to associates		(13.8)	(0.4)
Proceeds on disposal of businesses and non-current assets		19.5	32.5
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(412.4)</b>	<b>(481.8)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		11.7	18.9
Share buy-back (on market)		-	(16.3)
Dividends paid (net of dividends reinvested under the Dividend Reinvestment Plan of \$53.7 million (2006: \$61.9 million))		(148.2)	(136.9)
Proceeds from borrowings		149.5	289.1
Repayment of borrowings		(139.6)	(68.3)
<b>NET CASH PROVIDED BY/(USED) IN FINANCING ACTIVITIES</b>		<b>(126.6)</b>	<b>86.5</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>		<b>(57.1)</b>	<b>54.2</b>
Cash and cash equivalents at beginning of the year		76.2	18.6
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies		(7.7)	3.4
Cash and cash equivalents at end of the year	13	11.4	76.2

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

# Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

## 1. BASIS OF PREPARATION OF PRELIMINARY FINAL REPORT

This report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (A-IFRS) and other mandatory professional reporting requirements for the purpose of fulfilling the Group's obligation under Australian Stock Exchange (ASX) listing rules. The report is presented in Australian dollars.

The accounting policies have been applied consistently to all periods presented in the consolidated financial report. The 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.

A full description of the accounting policies adopted by the Group may be found in the consolidated entity's full financial report.

## Notes to the Financial Report

### BORAL LIMITED AND CONTROLLED ENTITIES

## 2. SEGMENTS

BUSINESS SEGMENTS	2007	2006	2007	2006	2007	2006
	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions
	Revenue*					
Building products - Australia	1,275.3	1,212.6				
Construction materials - Australia	2,548.8	2,410.4				
United States of America	882.5	956.5				
Asia	182.5	176.6				
Other	19.9	11.3				
	<b>4,909.0</b>	<b>4,767.4</b>				

BUSINESS SEGMENTS	Operating profit (excluding associates)		Equity accounted results of associates		Operating profit before tax	
	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions
Building products - Australia	90.1	107.4	9.1	10.2	99.2	117.6
Construction materials - Australia	301.1	267.8	16.9	18.2	318.0	286.0
United States of America	101.5	148.0	(7.0)	37.7	94.5	185.7
Asia	(4.0)	2.9	16.1	19.7	12.1	22.6
Other	19.4	10.5	-	-	19.4	10.5
	<b>508.1</b>	<b>536.6</b>	<b>35.1</b>	<b>85.8</b>	<b>543.2</b>	<b>622.4</b>
Corporate	(12.3)	(8.4)	-	-	(12.3)	(8.4)
	<b>495.8</b>	<b>528.2</b>	<b>35.1</b>	<b>85.8</b>	<b>530.9</b>	<b>614.0</b>
Net financing expense	(110.5)	(98.2)	-	-	(110.5)	(98.2)
	<b>385.3</b>	<b>430.0</b>	<b>35.1</b>	<b>85.8</b>	<b>420.4</b>	<b>515.8</b>

BUSINESS SEGMENTS	Segment assets (excluding investments in associates)		Equity accounted investments in associates		Total assets	
	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions
Building products - Australia	1,335.0	1,211.1	10.1	12.1	1,345.1	1,223.2
Construction materials - Australia	2,680.3	2,588.5	17.4	23.8	2,697.7	2,612.3
United States of America	807.4	841.9	110.9	130.7	918.3	972.6
Asia	154.2	151.5	250.4	251.8	404.6	403.3
Other	398.4	279.7	-	-	398.4	279.7
	<b>5,375.3</b>	<b>5,072.7</b>	<b>388.8</b>	<b>418.4</b>	<b>5,764.1</b>	<b>5,491.1</b>
Corporate	16.8	19.7	-	-	16.8	19.7
	<b>5,392.1</b>	<b>5,092.4</b>	<b>388.8</b>	<b>418.4</b>	<b>5,780.9</b>	<b>5,510.8</b>
Cash and cash equivalents	35.7	76.2	-	-	35.7	76.2
	<b>5,427.8</b>	<b>5,168.6</b>	<b>388.8</b>	<b>418.4</b>	<b>5,816.6</b>	<b>5,587.0</b>

BUSINESS SEGMENTS	Liabilities		Acquisition of segment assets **		Depreciation and amortisation	
	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions
Building products - Australia	231.3	222.4	124.1	117.0	51.9	44.5
Construction materials - Australia	426.8	410.5	160.5	248.1	135.9	123.8
United States of America	105.4	124.7	96.2	96.7	34.7	32.8
Asia	28.6	26.5	22.1	20.0	8.4	7.0
Other	1.0	1.4	-	-	-	-
	<b>793.1</b>	<b>785.5</b>	<b>402.9</b>	<b>481.8</b>	<b>230.9</b>	<b>208.1</b>
Corporate	137.6	101.0	0.7	1.9	0.5	0.5
	<b>930.7</b>	<b>886.5</b>	<b>403.6</b>	<b>483.7</b>	<b>231.4</b>	<b>208.6</b>
Interest bearing loans and borrowings	1,518.0	1,654.4	-	-	-	-
Tax liabilities	380.6	291.1	-	-	-	-
	<b>2,829.3</b>	<b>2,832.0</b>	<b>403.6</b>	<b>483.7</b>	<b>231.4</b>	<b>208.6</b>

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

\*\* Acquisition of segment assets excludes purchases of controlled entities, businesses and other investments.

No significant non-cash expenses other than depreciation and amortisation.

### 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, flyash, cement, quarry end use, transport, concrete placing and scaffolding.
United States of America	Bricks, roof tiles, flyash, premix concrete, quarries and masonry.
Asia	Plasterboard, premix concrete and quarries.
Other	Investments in listed shares and non-trading operations.

## Notes to the Financial Report

### BORAL LIMITED AND CONTROLLED ENTITIES

#### 2. SEGMENTS (CONTINUED)

GEOGRAPHICAL SEGMENTS	2007	2006	2007	2006	2007	2006
	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions
	Revenue*		Acquisition of segment assets **			
Australia	3,824.1	3,623.0	284.6	365.1		
United States of America	882.5	956.5	96.2	96.7		
Asia	182.5	176.6	22.1	20.0		
Other	19.9	11.3	-	-		
	4,909.0	4,767.4	402.9	481.8		
Corporate	-	-	0.7	1.9		
	4,909.0	4,767.4	403.6	483.7		

	Operating profit (excluding associates)		Equity accounted results of associates		Operating profit before tax	
Australia	391.2	375.2	26.0	28.4	417.2	403.6
United States of America	101.5	148.0	(7.0)	37.7	94.5	185.7
Asia	(4.0)	2.9	16.1	19.7	12.1	22.6
Other	19.4	10.5	-	-	19.4	10.5
	508.1	536.6	35.1	85.8	543.2	622.4
Corporate	(12.3)	(8.4)	-	-	(12.3)	(8.4)
	495.8	528.2	35.1	85.8	530.9	614.0
Net financing expense	(110.5)	(98.2)	-	-	(110.5)	(98.2)
	385.3	430.0	35.1	85.8	420.4	515.8

	Segment assets (excluding investments in associates)		Equity accounted investments in associates		Total assets	
Australia	4,015.3	3,799.6	27.5	35.9	4,042.8	3,835.5
United States of America	807.4	841.9	110.9	130.7	918.3	972.6
Asia	154.2	151.5	250.4	251.8	404.6	403.3
Other	398.4	279.7	-	-	398.4	279.7
	5,375.3	5,072.7	388.8	418.4	5,764.1	5,491.1
Corporate	16.8	19.7	-	-	16.8	19.7
	5,392.1	5,092.4	388.8	418.4	5,780.9	5,510.8
Cash and cash equivalents	35.7	76.2	-	-	35.7	76.2
	5,427.8	5,168.6	388.8	418.4	5,816.6	5,587.0

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

\*\* Acquisition of segment assets excludes purchases of controlled entities, businesses and other investments.

#### Geographic segments

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



## Notes to the Financial Report

### BORAL LIMITED AND CONTROLLED ENTITIES

	CONSOLIDATED	
	2007	2006
	\$ millions	\$ millions
<b>3. OPERATING PROFIT</b>		
<b>REVENUE</b>		
Sale of goods	4,808.8	4,647.6
Rendering of services	80.3	108.5
	<b>4,889.1</b>	<b>4,756.1</b>
<b>OTHER REVENUES</b>		
Dividends from other parties	19.9	11.3
	<b>4,909.0</b>	<b>4,767.4</b>
<b>DEPRECIATION AND AMORTISATION EXPENSES</b>		
Land and buildings	9.2	8.4
Plant and equipment	211.9	197.8
Timber licences, plantation costs and mineral reserves	1.2	1.4
Leased assets capitalised	0.3	0.4
Other intangibles	8.8	0.6
	<b>231.4</b>	<b>208.6</b>

### 4. EARNINGS PER SHARE

#### Classification of securities as ordinary shares

Only ordinary shares have been included in basic earnings per share ("EPS").

#### 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.

for the year ended 30 June	CONSOLIDATED	
	2007	2006
	\$ millions	\$ millions
<b>Earnings reconciliation</b>		
Net profit attributable to members of the parent entity	298.1	362.4

	CONSOLIDATED	
	2007	2006
<b>Weighted average number of ordinary shares used as the denominator</b>		
Number for basic earnings per share	595,749,107	587,114,891
Effect of potential ordinary shares	1,961,823	1,995,183
<b>Number for diluted earnings per share</b>	<b>597,710,930</b>	<b>589,110,074</b>
Basic earnings per share - ordinary shares	50.0c	61.7c
Diluted earnings per share - ordinary shares	49.9c	61.5c

## Notes to the Financial Report

### BORAL LIMITED AND CONTROLLED ENTITIES

#### 5. DIVIDENDS

Dividends recognised by Boral Limited and the consolidated entity are:

	Amount per share	Total amount \$ millions	Franked amount per share	Date of payment
<b>2007</b>				
2006 final - ordinary	<b>17.0 cents</b>	<b>100.4</b>	<b>17.0 cents</b>	<b>18 September 2006</b>
2007 interim - ordinary	<b>17.0 cents</b>	<b>101.5</b>	<b>17.0 cents</b>	<b>21 March 2007</b>
<b>Total amount</b>		<b>201.9</b>		

2006				
2005 final - ordinary	17.0 cents	98.6	17.0 cents	16 September 2005
2006 interim - ordinary	17.0 cents	100.2	17.0 cents	20 March 2006
<b>Total amount</b>		<b>198.8</b>		

	Amount per share	Total amount \$ millions	Franked amount per share	Date of payment
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#### Subsequent Event

Since the end of the financial year, the Directors declared the following dividend :

<b>2007 final - ordinary</b>	<b>17.0 cents</b>	<b>101.9</b>	<b>17.0 cents</b>	<b>18 September 2007</b>
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The financial effect of the final dividend for June 2007 has not been brought to account in the financial report for the year ended 30 June 2007 but will be recognised in subsequent financial reports.

#### Dividend Franking Account

The balance of the franking account of Boral Limited as at 30 June 2007 is \$67.5 million (2006: \$108.2 million) after adjusting for franking credits/(debits) that will arise from:

- the payment/refund of the amount of the current tax liability;
- the receipt of dividends recognised as receivables at year end;

and before taking into account the franking credits associated with payment of the final dividend declared subsequent to year end.

The impact on the franking account of the dividend recommended by the Directors since year end, but not recognised as a liability at year end, will be a reduction in the franking account of \$43.7 million (2006: \$43.0 million).

#### Dividend Reinvestment Plan

The Company's dividend reinvestment plan will operate in respect of the payment of the final dividend and the last date for the receipt of an election notice for participation in the plan is 29 August 2007.

## Notes to the Financial Report

### BORAL LIMITED AND CONTROLLED ENTITIES

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

Name	Principal Activity	Country of Incorporation	Balance Date	OWNERSHIP INTEREST CONSOLIDATED	
				2007 %	2006 %
<b>DETAILS OF INVESTMENTS IN ASSOCIATES ARE AS FOLLOWS:</b>					
Caribbean Roof Tile Company Limited	Roof tiles	Trinidad	31-Dec	50	50
Flyash Australia Pty Ltd	Flyash collection	Australia	30-Jun	50	50
Giroto Precast Pty Ltd *	Precast concrete	Australia	30-Jun	-	50
Gypsum Resources Australia Pty Ltd	Gypsum mining	Australia	30-Jun	50	50
Highland Pine Products Pty Ltd	Timber	Australia	30-Jun	50	50
Lafarge Boral Gypsum in Asia Ltd	Plasterboard	Malaysia	31-Dec	50	50
MonierLifetile LLC	Roof tiles	USA	31-Dec	50	50
MonierLifetile S.R.L. de C.V.	Roof tiles	Mexico	31-Dec	50	50
Penrith Lakes Development Corporation Pty Ltd	Quarrying	Australia	30-Jun	40	40
Rondo Building Services Pty Ltd	Rollform system	Australia	30-Jun	50	50
South East Asphalt Pty Ltd	Asphalt	Australia	30-Jun	50	50
Sunstate Cement Ltd	Cement manufacturer	Australia	30-Jun	50	50
Tile Service Company LLC	Roof tiles	USA	31-Dec	50	50
US Tile LLC	Roof tiles	USA	31-Dec	50	50

\* Giroto Precast Pty Ltd became a controlled entity during the period

	CONSOLIDATED	
	2007 \$ millions	2006 \$ millions
<b>RESULTS OF ASSOCIATES:</b>		
Share of associates' profit before income tax expense	50.2	99.7
Share of associates' income tax expense	(15.1)	(13.9)
Share of associates' net profit - equity accounted	35.1	85.8

#### Results of associates include the following:

Share of associates' net profit /(loss) - equity accounted:

Lafarge Boral Gypsum in Asia Ltd	16.1	19.7
MonierLifetile LLC * and MonierLifetile S.R.L. de C.V.	(4.8)	38.1

\* Taxed as a partnership in the USA

	CONSOLIDATED	
	2007	2006
<b>7. NTA BACKING</b>		
Net tangible asset backing per ordinary security	\$4.41	\$4.07

## Notes to the Financial Report

### BORAL LIMITED AND CONTROLLED ENTITIES

	CONSOLIDATED	
	2007	2006
	\$ millions	\$ millions
<b>8. OTHER FINANCIAL ASSETS</b>		
<b>NON-CURRENT</b>		
Listed shares - at fair value	395.7	276.0
Financial instruments	3.6	13.1
	<b>399.3</b>	<b>289.1</b>

### 9. ISSUED CAPITAL

<b>ISSUED AND PAID-UP CAPITAL</b>		
599,407,033 (2006: 589,814,236) ordinary shares, fully paid	1,688.1	1,622.7
<b>MOVEMENTS IN ORDINARY SHARE CAPITAL</b>		
Balance at the beginning of year	1,622.7	1,556.0
Nil (2006: 658,600) shares issued under the employee share plan	-	5.3
7,316,365 (2006: 8,233,548) shares issued under the dividend reinvestment plan	53.7	61.9
2,276,432 (2006: 4,045,500) shares issued upon the exercise of executive options	11.7	15.8
Nil (2006: 1,892,364) shares bought back	-	(16.3)
Balance at the end of year	<b>1,688.1</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

Retained earnings at the beginning of year	1,048.5	881.3
Net profit attributable to members of the parent entity	298.1	362.4
Dividend recognised during the year	(201.9)	(198.8)
Actuarial gain on defined benefit plans, net of tax	3.5	3.6
Retained earnings at the end of year	<b>1,148.2</b>	<b>1,048.5</b>

## Notes to the Financial Report

### BORAL LIMITED AND CONTROLLED ENTITIES

	CONSOLIDATED	
	2007	2006
	\$ millions	\$ millions
<b>11. CONTINGENT LIABILITIES</b>		
Details of contingent liabilities and contingent assets where the probability of future payments/receipts is not considered remote are set out below.		
Unsecured contingent liabilities:		
Bank guarantees	16.6	8.3
Other items	1.2	1.2
	<b>17.8</b>	<b>9.5</b>

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.

During the year, further 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 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 in both jurisdictions the Group is in continuing dialogue with the appropriate revenue authority.

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 \$15.8 million. This assessment has been objected to by Origin. If the ATO's claims against Origin are ultimately successful it is likely to rely on indemnities contained in the demerger deed. Similarly, should claims against the Group 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.

## Notes to the Financial Report

### BORAL LIMITED AND CONTROLLED ENTITIES

#### 12. ACQUISITION/DISPOSAL OF CONTROLLED ENTITIES

The following controlled entity was acquired during the financial year ended 30 June 2007:

Entity acquired:	Date acquired	Consideration paid \$ millions	Interest acquired %
Giroto Precast Pty Ltd	Jul 2006	8.8	30%

#### CONSOLIDATED

	2007 \$ millions	2006 \$ millions
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#### 13. NOTES TO CASH FLOW STATEMENT

(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 cash flow statement is reconciled to the related items in the balance sheet as follows:

Cash and cash equivalents	35.7	76.2
Bank overdrafts	(24.3)	-
	11.4	76.2

(ii) The following non cash financing and investing activities have not been included in the cash flow statement:

Dividends reinvested under the dividend reinvestment plan	53.7	61.9
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#### 14. SUBSEQUENT EVENT

During August, the Group announced that it has 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. The total acquisition price was US\$80 million (around \$95 million).

## Commentary on the results for the period

The commentary on the results of the period is contained in the "Results Announcement for the year ended 30 June 2007 - Management Discussion and Analysis" dated 15 August 2007.

## Annual General Meeting

The annual general meeting will be held as follows:

Place:

City Recital Hall, Angel Place

Date:

29 October 2007

Time:

10.30 am

Approximate date the annual report will be available:

28 September 2007

## Compliance statement

- 1 The financial report is in the process of being audited.
- 2 The entity has a formally constituted audit committee.