

APPENDIX 4D

HALF-YEAR REPORT

15 February 2017

Name of Entity: **Boral Limited**
 ABN: **13 008 421 761**
 For the half year ended: **31 December 2016**

Boral Limited

ABN 13 008 421 761

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Results for announcement to the market

				Dec-2016 \$m	Dec-2015 \$m
Revenue from continuing operations	down	(3.2%)	to	1,893.9	1,955.6
Revenue from discontinued operations				199.0	238.1
Total revenue	down	(4.6%)	to	2,092.9	2,193.7
Profit from continuing operations before net financing costs, income tax and significant items	up	4.9%	to	201.5	192.1
Profit from discontinued operations before net financing costs, income tax and significant items				9.4	7.4
Profit before net financing costs, income tax and significant items	up	5.7%	to	210.9	199.5
Net financing costs from continuing operations before significant items				(27.2)	(31.4)
Profit before income tax and significant items	up	9.3%	to	183.7	168.1
Income tax from continuing operations before significant items				(33.1)	(31.0)
Income tax from discontinued operations before significant items				(1.6)	(0.5)
Net profit before significant items attributable to members	up	9.1%	to	149.0	136.6
Significant items from continuing operations net of tax ¹				(9.9)	-
Significant items from discontinued operations net of tax ¹				15.5	-
Significant items from equity accounted results ¹				(1.2)	-
Net profit attributable to members	up	12.3%	to	153.4	136.6

1. Refer note 6 of the attached half-year financial report.

Profit before significant items is a Non IFRS measure reported to provide a greater understanding of the underlying business performance of the Group. The above disclosures are extracted or derived from the financial report for the period ended 31 December 2016, but have not been subject to audit or review.

Dividends	Amount per security	Franked amount per security at 30% tax
Current period: Interim - ordinary	12.0 cents	12.0 cents
Previous corresponding period: Interim - ordinary	11.0 cents	11.0 cents
Record date for determining entitlements to the dividend	22 February 2017	
Comparative Period: Half Year ended 31 December 2015		

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 2016 - Management Discussion and Analysis" dated 15 February 2017.



Half-Year Financial Report

31 December 2016

Boral Limited
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 2016 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 Securities 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 2016 ("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:

Brian Clark	- Chairman
Mike Kane	- Chief Executive Officer and Managing Director
Catherine Brenner	
Eileen Doyle	
Kathryn Fagg	
John Marlay	
Karen Moses	
Paul Rayner	

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

Unless otherwise expressly stated, amounts have been rounded off to the nearest whole number of millions of dollars and one place of decimals representing hundreds of thousands of dollars in accordance with ASIC Corporations Instrument 2016/191, dated 24 March 2016. Amounts shown as "-" represent zero amounts and amounts less than \$50,000 which have been rounded down.

Signed in accordance with a resolution of the Directors.



Dr Brian Clark
Director

Mike Kane
Director

Sydney, 15 February 2017



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 for the half-year ended 31 December 2016 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.

A handwritten signature in black ink, appearing to read 'KPMG'.

KPMG

A handwritten signature in black ink, appearing to read 'Kenneth Reid'.

Kenneth Reid
Partner

Sydney, 15 February 2017

Income Statement

BORAL LIMITED AND CONTROLLED ENTITIES

	Note	Half-Year 31 Dec 2016 \$m	Half-Year 31 Dec 2015 \$m
Continuing operations			
Revenue	4	1,893.9	1,955.6
Cost of sales		(1,239.2)	(1,321.2)
Selling and distribution expenses		(361.6)	(359.1)
Administrative expenses		(144.2)	(135.5)
		(1,745.0)	(1,815.8)
Other income		2.9	10.9
Other expenses		(13.9)	-
Share of equity accounted income	9	49.9	41.4
Profit before net financing costs and income tax		187.8	192.1
Financial income		7.2	5.1
Financial expenses		(34.4)	(36.5)
Net financing costs		(27.2)	(31.4)
Profit before income tax		160.6	160.7
Income tax expense	5	(30.5)	(31.0)
Profit from continuing operations		130.1	129.7
Discontinued operations			
Profit from discontinued operations (net of income tax)	3	23.3	6.9
Net profit attributable to members of the parent entity		153.4	136.6
Basic earnings per share			
Basic earnings per share	7	17.7c	16.9c
Diluted earnings per share	7	17.5c	16.7c
Continuing operations			
Basic earnings per share	7	15.0c	16.0c
Diluted earnings per share	7	14.9c	15.9c

The Income Statement should be read in conjunction with the accompanying notes which form an integral part of the half-year financial report.

Statement of Comprehensive Income

BORAL LIMITED AND CONTROLLED ENTITIES

	Half-Year 31 Dec 2016 \$m	Half-Year 31 Dec 2015 \$m
Net profit	153.4	136.6
Other comprehensive income		
Items that may be reclassified subsequently to Income Statement:		
Net exchange differences from translation of foreign operations taken to equity	1.8	1.9
Foreign currency translation reserve transferred to net profit on disposal of controlled entities	(24.5)	-
Fair value adjustment on cash flow hedges	36.9	(13.4)
Income tax on items that may be reclassified subsequently to Income Statement	(7.0)	21.9
Total comprehensive income for the half-year attributable to members of the parent entity	160.6	147.0

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes which form an integral part of the half-year financial report.

Balance Sheet

BORAL LIMITED AND CONTROLLED ENTITIES

	Note	31 Dec 2016 \$m	30 Jun 2016 \$m
CURRENT ASSETS			
Cash and cash equivalents		2,539.4	452.1
Receivables		570.5	623.9
Inventories		485.6	556.9
Financial assets		49.2	18.9
Other assets		32.0	32.4
Assets classified as held for sale	3	118.0	-
TOTAL CURRENT ASSETS		3,794.7	1,684.2
NON-CURRENT ASSETS			
Receivables		14.2	16.0
Inventories		13.0	12.6
Investments accounted for using the equity method		1,400.8	1,054.6
Financial assets		18.6	23.1
Property, plant and equipment		2,225.5	2,517.7
Intangible assets		110.3	234.7
Deferred tax assets		218.7	237.4
Other assets		25.3	20.2
TOTAL NON-CURRENT ASSETS		4,026.4	4,116.3
TOTAL ASSETS		7,821.1	5,800.5
CURRENT LIABILITIES			
Trade creditors		515.2	607.9
Loans and borrowings	11	355.5	352.4
Financial liabilities		6.7	7.8
Current tax liabilities		49.5	36.6
Employee benefit liabilities		110.0	118.8
Provisions		48.4	58.2
Liabilities classified as held for sale	3	10.7	-
TOTAL CURRENT LIABILITIES		1,096.0	1,181.7
NON-CURRENT LIABILITIES			
Deferred income		30.5	30.8
Loans and borrowings	11	1,004.8	992.8
Financial liabilities		18.1	18.6
Employee benefit liabilities		11.7	11.3
Provisions		56.4	59.0
TOTAL NON-CURRENT LIABILITIES		1,121.5	1,112.5
TOTAL LIABILITIES		2,217.5	2,294.2
NET ASSETS		5,603.6	3,506.3
EQUITY			
Issued capital	12	4,263.9	2,246.2
Reserves	13	173.7	162.0
Retained earnings		1,166.0	1,098.1
TOTAL EQUITY		5,603.6	3,506.3

The Balance Sheet should be read in conjunction with the accompanying notes which form an integral part of the half-year financial report.

Statement of Changes in Equity

BORAL LIMITED AND CONTROLLED ENTITIES

	Issued capital \$m	Reserves \$m	Retained earnings \$m	Total Equity \$m
Balance at 1 July 2016	2,246.2	162.0	1,098.1	3,506.3
Net profit	-	-	153.4	153.4
Other comprehensive income				
Translation of net assets of overseas entities	-	15.5	-	15.5
Translation of long-term borrowings and foreign currency forward contracts	-	(13.7)	-	(13.7)
Foreign currency translation reserve transferred to net profit on disposal of controlled entities	-	(24.5)	-	(24.5)
Fair value adjustment on cash flow hedges	-	36.9	-	36.9
Income tax relating to other comprehensive income	-	(7.0)	-	(7.0)
Total comprehensive income	-	7.2	153.4	160.6
Transactions with owners in their capacity as owners				
Share acquisition rights vested	-	(3.6)	-	(3.6)
Dividend paid	-	-	(85.5)	(85.5)
Shares issued under capital raising net of costs	2,017.7	-	-	2,017.7
Share-based payment	-	8.1	-	8.1
Total transactions with owners in their capacity as owners	2,017.7	4.5	(85.5)	1,936.7
Balance at 31 December 2016	4,263.9	173.7	1,166.0	5,603.6
Balance at 1 July 2015	2,361.6	166.2	996.3	3,524.1
Net profit	-	-	136.6	136.6
Other comprehensive income				
Translation of net assets of overseas entities	-	62.0	-	62.0
Translation of long-term borrowings and foreign currency forward contracts	-	(60.1)	-	(60.1)
Fair value adjustment on cash flow hedges	-	(13.4)	-	(13.4)
Income tax relating to other comprehensive income	-	21.9	-	21.9
Total comprehensive income	-	10.4	136.6	147.0
Transactions with owners in their capacity as owners				
On-market share buy-back	(115.4)	-	-	(115.4)
Share acquisition rights vested	-	(14.6)	-	(14.6)
Dividend paid	-	-	(72.4)	(72.4)
Share-based payment	-	7.4	-	7.4
Total transactions with owners in their capacity as owners	(115.4)	(7.2)	(72.4)	(195.0)
Balance at 31 December 2015	2,246.2	169.4	1,060.5	3,476.1

The Statement of Changes in Equity should be read in conjunction with the accompanying notes which form an integral part of the half-year financial report.

Statement of Cash Flows

BORAL LIMITED AND CONTROLLED ENTITIES

	Note	Half-Year 31 Dec 2016 \$m	Half-Year 31 Dec 2015 \$m
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		2,237.0	2,438.9
Payments to suppliers and employees		(2,062.5)	(2,248.1)
		174.5	190.8
Dividends received		49.2	37.4
Interest received		7.2	5.1
Borrowing costs paid		(33.5)	(34.5)
Income taxes paid		(27.1)	(62.0)
Restructure costs paid		(12.3)	(23.7)
Net cash provided by operating activities		158.0	113.1
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(140.7)	(114.8)
Purchase of intangibles		(2.8)	(0.6)
Purchase of controlled entities and businesses		(8.6)	-
Repayment of loans by associates		3.2	8.0
Proceeds on disposal of non-current assets		19.6	19.4
Proceeds on disposal of controlled entities and associates (net of transaction costs)		125.8	-
Net cash used in investing activities		(3.5)	(88.0)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital raising net of transaction costs		2,017.7	-
On-market share buy-back		-	(115.4)
Dividends paid		(85.5)	(72.4)
Repayment of borrowings		(0.2)	(3.5)
Net cash provided by/(used in) financing activities		1,932.0	(191.3)
NET CHANGE IN CASH AND CASH EQUIVALENTS			
		2,086.5	(166.2)
Cash and cash equivalents at the beginning of the year		452.1	505.8
Effects of exchange rate fluctuations on the balances of cash and cash equivalents held in foreign currencies		0.8	4.0
Cash and cash equivalents at the end of the half-year	15	2,539.4	343.6

The Statement of Cash Flows should be read in conjunction with the accompanying notes which form an integral part of the half-year financial report.

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

1. ACCOUNTING POLICIES

Boral Limited is a company domiciled in Australia. The consolidated half-year financial report of Boral Limited as at and for the half-year ended 31 December 2016 comprises Boral Limited 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 Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001. The financial report also complies with IAS 34 *Interim Financial Reporting*.

The half-year financial 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 2016 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 15 February 2017.

The half-year financial report is presented in Australian dollars.

(b) Significant Accounting Policies

The accounting policies have been consistently applied by each entity in the consolidated entity and are consistent with those applied in the 30 June 2016 Annual Financial Report. The half-year financial report has been prepared on the basis of historical cost, except where assets and liabilities are stated at their fair values in accordance with relevant accounting policies.

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.

(c) Changes in Accounting Policies

The Group has adopted all new and amended Australian Accounting Standards and Australian Accounting Standards Board (AASB) interpretations that are mandatory for the current reporting period and relevant to the Group. Adoption of these standards and interpretations has not resulted in any material changes to the Group's half-year financial report.

(d) Comparative Figures

Where necessary to facilitate comparison, comparative figures have been adjusted to conform with changes in presentation in the current financial year.

(e) Rounding of Amounts

Unless otherwise expressly stated, amounts have been rounded off to the nearest whole number of millions of dollars and one place of decimals representing hundreds of thousands of dollars in accordance with ASIC Corporations Instrument 2016/191, dated 24 March 2016. Amounts shown as "-" represent zero amounts and amounts less than \$50,000 which have been rounded down.

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

2. SEGMENTS

An operating segment is a component of an entity that engages in business activities from which it may earn revenue and incur expenses, whose operating results are regularly reviewed by the Group's chief operating decision maker in order to effectively allocate Group resources and assess performance.

The Group has identified its operating segments based on the internal reports that are reviewed and used by the CEO and Managing Director in assessing performance and in determining the allocation of resources. The operating segments are identified by the Group based on consideration of the nature of the services provided as well as the geographical region. Discrete financial information about each of these operating businesses is reported to the CEO and Managing Director on a recurring basis.

Effective 1 July 2016, the Construction Materials & Cement and Building Products divisions combined to form a new Boral Australia division. Comparative segment information has been restated to align with the current structure.

The following summary describes the operations of the Group's reportable segments:

Boral Australia	- Construction Materials & Cement (comprising quarries, concrete, asphalt, transport, landfill, property, cement and concrete placing) and Building Products (comprising west coast bricks, roofing and masonry, and timber).
USG Boral	- 50/50 joint venture between USG Corporation and Boral Limited responsible for the manufacture and sale of plasterboard and associated products.
Boral USA *	- Bricks (comprising US bricks up to 31 October 2016, and the Meridian Brick joint venture from 1 November 2016), cultured stone, trim, roof tiles and fly ash.
Discontinued Operations	- Boral CSR bricks joint venture and Denver Construction Materials.
Unallocated	- Non-trading operations and unallocated corporate costs.

* The results of the US bricks operations for the current year up to the date of formation of the Meridian Brick joint venture and prior year comparative periods are shown as part of "Boral USA" in the Segment note and "Discontinued Operations" in the Income Statement.

The major end use markets for Boral's products include residential and non-residential construction and the engineering and infrastructure markets.

Inter-segment pricing is determined on an arm's-length basis.

The Group has a large number of customers to which it provides products, with no single customer responsible for more than 10% of the Group's revenue.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

	Note	Half-Year 31 Dec 2016 \$m	Half-Year 31 Dec 2015 \$m
Reconciliations of reportable segment revenues and profits			
External revenue		2,092.9	2,193.7
Less: Revenue from discontinued operations	3	(199.0)	(238.1)
Revenue from continuing operations		1,893.9	1,955.6
Profit before tax			
Profit before net financing costs and income tax from reportable segments		236.2	199.5
Less: Profit before net financing costs and income tax from discontinued operations	3	(48.4)	(7.4)
Profit before net financing costs and income tax from continuing operations		187.8	192.1
Net financing costs from continuing operations		(27.2)	(31.4)
Profit before tax from continuing operations		160.6	160.7

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

2. SEGMENTS (continued)

	Half-Year 31 Dec 2016 \$m	Half-Year 31 Dec 2015 \$m	Half-Year 31 Dec 2016 \$m	Half-Year 31 Dec 2015 \$m	Half-Year 31 Dec 2016 \$m	Half-Year 31 Dec 2015 \$m
	REVENUE		DEPRECIATION AND AMORTISATION			
Boral Australia	1,615.7	1,681.3	99.6	96.9		
Boral USA *	409.5	454.7	19.6	23.1		
Discontinued Operations	67.7	57.7	2.7	2.1		
Unallocated	-	-	0.3	0.3		
	2,092.9	2,193.7	122.2	122.4		

	OPERATING PROFIT (EXC EQUITY ACCOUNTED INCOME)		EQUITY ACCOUNTED INCOME		PROFIT BEFORE NET FINANCING COSTS AND INCOME TAX EXPENSE	
Boral Australia	152.7	159.7	11.6	9.6	164.3	169.3
USG Boral	-	-	39.9	31.8	39.9	31.8
Boral USA *	13.8	(0.2)	(0.4)	-	13.4	(0.2)
Discontinued Operations	4.9	8.4	5.0	5.7	9.9	14.1
Unallocated	(16.6)	(15.5)	-	-	(16.6)	(15.5)
	154.8	152.4	56.1	47.1	210.9	199.5
Significant items (refer note 6)	26.5	-	(1.2)	-	25.3	-
	181.3	152.4	54.9	47.1	236.2	199.5

	Half-Year 31 Dec 2016 \$m	Full Year 30 Jun 2016 \$m	Half-Year 31 Dec 2016 \$m	Full Year 30 Jun 2016 \$m	Half-Year 31 Dec 2016 \$m	Full Year 30 Jun 2016 \$m
	SEGMENT ASSETS (EXC EQUITY ACCOUNTED INVESTMENTS)		EQUITY ACCOUNTED INVESTMENTS		TOTAL ASSETS	
Boral Australia	2,944.3	2,919.8	17.1	14.6	2,961.4	2,934.4
USG Boral	-	-	951.1	951.1	951.1	951.1
Boral USA *	521.6	962.2	432.6	-	954.2	962.2
Discontinued Operations	118.0	116.7	-	88.9	118.0	205.6
Unallocated	78.3	57.7	-	-	78.3	57.7
	3,662.2	4,056.4	1,400.8	1,054.6	5,063.0	5,111.0
Cash and cash equivalents	2,539.4	452.1	-	-	2,539.4	452.1
Deferred tax assets	218.7	237.4	-	-	218.7	237.4
	6,420.3	4,745.9	1,400.8	1,054.6	7,821.1	5,800.5

	LIABILITIES	
Boral Australia	560.3	612.0
Boral USA *	113.0	178.1
Discontinued Operations	10.7	14.7
Unallocated	123.7	107.6
	807.7	912.4
Loans and borrowings	1,360.3	1,345.2
Tax liabilities	49.5	36.6
	2,217.5	2,294.2

* The results of the US bricks operations for the current year up to the date of formation of the Meridian Brick joint venture and prior year comparative periods are shown as part of "Boral USA" in the Segment note and "Discontinued Operations" in the Income Statement.

Geographical location

In presenting information on a geographical basis, segment assets are based on the geographical location of assets.

	SEGMENT NON-CURRENT ASSETS	
	Half-Year 31 Dec 2016 \$m	Full Year 30 Jun 2016 \$m
Australia	2,308.9	2,473.8
Asia	640.7	642.0
United States of America	839.5	740.0
	3,789.1	3,855.8
Deferred tax assets	218.7	237.4
Financial assets	18.6	23.1
	4,026.4	4,116.3

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

3. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

During the period, the Group completed the following divestments on 31 October 2016:

- the divestment of its 40% interest in the Boral CSR bricks joint venture; and
- the divestment of a 50% interest in its US bricks operations.

The Group also undertook an active program to divest its Denver Construction Materials operations.

As a result, the earnings in the current and comparative periods for these respective businesses have been reclassified to "Discontinued Operations" in the Income Statement, and the assets and liabilities for the Denver construction materials business has been reclassified to held for sale at 31 December 2016.

The Group also recorded various significant items in relation to discontinued operations. Refer to note 6 for further information.

	Note	Half-Year 31 Dec 2016 \$m	Half-Year 31 Dec 2015 \$m
Results of discontinued operations			
Revenue		199.0	238.1
Expenses		(194.6)	(236.4)
Share of equity accounted income		5.0	5.7
Trading profit before significant items, net financing costs and income tax			
		9.4	7.4
Net gain on sale of discontinued operations	6	39.0	-
Profit before income tax			
		48.4	7.4
Income tax expense	5	(25.1)	(0.5)
Net profit attributable to members of the parent entity			
		23.3	6.9
Cash flows of discontinued operations			
Net cash provided by/(used in) operating activities		0.6	2.7
Net cash provided by/(used in) investing activities		118.1	(17.5)
Net cash provided by/(used in) discontinued operations			
		118.7	(14.8)
Assets and liabilities classified as held for sale			
Receivables		13.8	-
Inventories		2.1	-
Property, plant and equipment		81.9	-
Intangible assets		17.0	-
Other assets		3.2	-
Assets classified as held for sale			
		118.0	-
Trade creditors		10.6	-
Provisions		0.1	-
Liabilities classified as held for sale			
		10.7	-
Net assets			
		107.3	-

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

3. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE (continued)

(i) Meridian Brick Joint Venture

During August 2016, the Group entered into an agreement with an affiliate of Forterra Inc. ("Forterra"), to combine its US Bricks business with Forterra's US and Canadian businesses into two 50/50 owned joint ventures, which together operate as the Meridian Brick joint venture. The transaction was completed on 31 October 2016.

For the period 1 July 2016 to 31 October 2016, the Group held a 100% interest in its US Bricks operations, and the results were consolidated into the Group's financial report. On formation of the Meridian Brick joint venture, Boral:

- deconsolidated its existing US Bricks business; and
- recognised an equity accounted investment in respect of its 50% shareholding in each of the US and Canadian entities.

No cash consideration was included, with the exception of working capital adjustments.

The accounting for the transaction is subject to finalisation of the determination of the fair value of the joint venture, as well as working capital adjustments. These activities are expected to be completed by 30 June 2017.

The following disposal entries were recorded in the current period.

	Note	Half-Year 31 Dec 2016 \$m	Half-Year 31 Dec 2015 \$m
Estimated fair value of 50% interest in new Joint Venture		413.6	-
Receivables		(40.7)	-
Inventories		(76.1)	-
Property, plant and equipment		(228.8)	-
Intangible assets		(106.7)	-
Other assets		(1.0)	-
Payables		35.2	-
Provisions		1.2	-
Net assets disposed		(416.9)	-
Costs incurred		(9.1)	-
Foreign currency translation reserve transferred to net profit on disposal of controlled entities		24.5	-
Estimated gain on disposal of discontinued operations before income tax	6	12.1	-

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

3. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE (continued)

(ii) Disposal of Boral CSR Bricks Joint Venture

In October 2016, the Group disposed of its 40% interest in the Boral CSR bricks joint venture. The following disposal entries were recorded in the period.

	Note	Half-Year 31 Dec 2016 \$m	Half-Year 31 Dec 2015 \$m
Cash consideration net of costs		126.2	-
Equity accounted investment disposed		(90.4)	-
Gain on disposal before income tax	6	35.8	-

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

	Half-Year 31 Dec 2016 \$m	Half-Year 31 Dec 2015 \$m
4. REVENUE FROM CONTINUING OPERATIONS		
Sale of goods	1,860.7	1,920.4
Rendering of services	33.2	35.2
Revenue from continuing operations	1,893.9	1,955.6

5. INCOME TAX EXPENSE

Reconciliation of income tax expense to prima facie tax

Income tax expense on profit at Australian tax rates 30% (2015: 30%)	62.7	50.4
Variation between Australian and overseas tax rates	0.4	0.2
Share of associates' net income	(16.4)	(14.1)
Tax benefit arising from share acquisition rights vested	(1.1)	(4.4)
Adjustments for sale of business	14.2	-
Other items	(4.2)	(0.6)
Income tax expense	55.6	31.5
Income tax expense relating to continuing operations	30.5	31.0
Income tax expense relating to discontinued operations	25.1	0.5
	55.6	31.5

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

6. SIGNIFICANT ITEMS

December 2016

Net profit includes the following significant items, which relate to material transactions that are disclosed separately in order to better explain financial performance.

		Note	Sale of Business \$m	Redundancies & Restructure \$m	Acquisition Costs \$m	Total \$m
Gain on disposal of Boral CSR bricks joint venture	Discontinued	(i)	35.8	-	-	35.8
Gain on disposal of US bricks	Discontinued	(ii)	12.1	-	-	12.1
Meridian Brick joint venture restructure	Continuing	(iii)	-	(1.2)	-	(1.2)
Headwaters acquisition costs	Continuing	(iv)	-	-	(12.5)	(12.5)
Adjustment to disposal of Thailand Construction Materials	Discontinued	(v)	(8.9)	-	-	(8.9)
			39.0	(1.2)	(12.5)	25.3

	Sale of Business \$m	Redundancies & Restructure \$m	Acquisition Costs \$m	Total \$m
Continuing operations				
Other expenses	-	-	(12.5)	(12.5)
Share of equity accounted income	-	(1.2)	-	(1.2)
Discontinued operations	39.0	-	-	39.0
	39.0	(1.2)	(12.5)	25.3

	Sale of Business \$m	Redundancies & Restructure \$m	Acquisition Costs \$m	Total \$m
Summary of significant items from continuing operations				
Loss before interest and tax	-	(1.2)	(12.5)	(13.7)
Income tax benefit	-	0.3	2.3	2.6
Net significant items from continuing operations	-	(0.9)	(10.2)	(11.1)
Summary of significant items from discontinued operations				
Profit before interest and tax	39.0	-	-	39.0
Income tax expense	(23.5)	-	-	(23.5)
Net significant items from discontinued operations	15.5	-	-	15.5
Summary of significant items				
Profit/(loss) before interest and tax	39.0	(1.2)	(12.5)	25.3
Income tax (expense)/benefit	(23.5)	0.3	2.3	(20.9)
Net significant items	15.5	(0.9)	(10.2)	4.4

December 2015

No significant items were recorded in the comparative period.

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

6. SIGNIFICANT ITEMS (continued)

December 2016 Significant items

(i) Gain on disposal of Boral CSR bricks joint venture

On 31 October 2016, the Group disposed of its 40% interest in the Boral CSR bricks joint venture. This resulted in a net gain of \$35.8 million. Refer to note 3 for further information.

(ii) Gain on disposal of US bricks

During the period, the Group entered into an agreement with an affiliate of Forterra Inc. ("Forterra"), to combine its US Bricks business with Forterra US and Canadian businesses into two 50/50 owned joint ventures. On disposal of its interest, Boral deconsolidated its existing US Bricks business, and recognised an equity accounted investment in respect of its 50% shareholding in each of the US and Canadian entities, that operate as the Meridian Brick joint venture. This resulted in a net gain of \$12.1 million. Refer to note 3 for further information.

(iii) Meridian Brick joint venture restructure

Following formation of the Meridian Brick joint venture, restructuring and integration costs of \$1.2 million were incurred, as the joint venture commenced plant rationalisation and an organisational restructure, in order to achieve targeted synergies and streamline the organisation for optimal performance. Additional costs are anticipated in the second half of the current financial year.

(iv) Headwaters acquisition costs

Costs of \$12.5 million were incurred in relation to the proposed acquisition of Headwaters Incorporated, mostly related to various due diligence costs. Additional costs are anticipated in the second half of the current financial year.

(v) Adjustment to disposal of Thailand Construction Materials

This relates to additional costs attributable to the finalisation of working capital adjustments from the sale of the Thailand Construction Materials' business in December 2012.

	Half-Year 31 Dec 2016	Half-Year 31 Dec 2015
	\$m	\$m
Segment summary of significant items before interest and tax		
Boral USA	(13.7)	-
Discontinued Operations	39.0	-
	25.3	-

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

7. 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 and Share Performance Rights have been classified as potential ordinary shares and are included in diluted earnings per share only.

Calculation of Weighted Average number of ordinary shares

The calculation for the current and comparative periods have been adjusted to reflect the bonus element in the renounceable entitlement offer which occurred during November and December 2016.

	Half-Year 31 Dec 2016	Half-Year 31 Dec 2015
Weighted average number of ordinary shares used as the denominator		
Number for basic earnings per share	864,902,133	808,322,056
Effect of potential ordinary shares	10,127,392	9,727,110
Number for diluted earnings per share	875,029,525	818,049,166

	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	Half-Year 31 Dec 2016 \$m	Half-Year 31 Dec 2016 \$m	Half-Year 31 Dec 2016 \$m	Half-Year 31 Dec 2015 \$m	Half-Year 31 Dec 2015 \$m	Half-Year 31 Dec 2015 \$m
Earnings reconciliation						
Net profit attributable to members of the parent entity excluding significant items	141.2	7.8	149.0	129.7	6.9	136.6
Net significant items (refer note 6)	(11.1)	15.5	4.4	-	-	-
Net profit attributable to members of the parent entity	130.1	23.3	153.4	129.7	6.9	136.6
Basic earnings per share*	15.0c	2.7c	17.7c	16.0c	0.9c	16.9c
Diluted earnings per share*	14.9c	2.7c	17.5c	15.9c	0.8c	16.7c
Basic earnings per share (excluding significant items)*	16.3c	0.9c	17.2c	16.0c	0.9c	16.9c
Diluted earnings per share (excluding significant items)*	16.1c	0.9c	17.0c	15.9c	0.8c	16.7c

* Numbers may not add due to rounding.

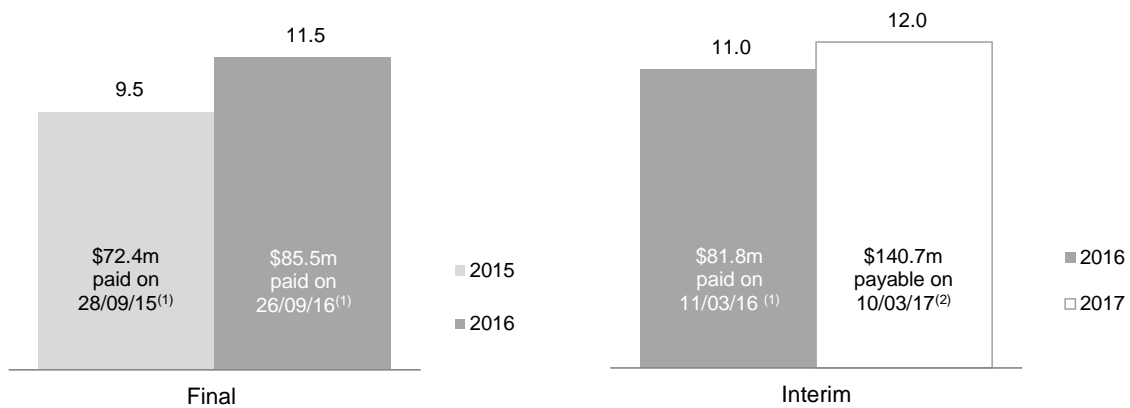
The average market value of the Company's shares for the purpose of calculating the dilutive effect of share options was based on quoted market prices for the period that the options were outstanding.

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

8. DIVIDENDS

Franked Dividends Paid or Declared (cents per share)



(1) Declared and paid.

(2) Estimated interim dividend payable, subject to variations in number of shares up to record date. The financial effect of the interim dividend for December 2016 has not been brought to account in the financial report for the period ended 31 December 2016 but will be recognised in subsequent financial reports.

Dividend Reinvestment Plan

The Group's Dividend Reinvestment Plan, which was suspended following the interim dividend paid on 24 March 2014, will remain suspended until further notice.

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Name	Principal activity	Balance date	OWNERSHIP INTEREST	
			31 Dec 2016 %	30 Jun 2016 %
DETAILS OF EQUITY ACCOUNTED INVESTMENTS				
Bitumen Importers Australia Pty Ltd	Bitumen importer	30-Jun	50	50
Boral CSR Bricks Pty Limited ¹	Bricks	31-Mar	-	40
Caribbean Roof Tile Company Limited	Roof tiles	31-Dec	50	50
Flyash Australia Pty Ltd	Fly ash collection	31-Dec	50	50
Highland Pine Products Pty Ltd	Timber	30-Jun	50	50
Meridian Brick ²	Bricks	31-Dec	50	-
Penrith Lakes Development Corporation Ltd	Property development	30-Jun	40	40
South East Asphalt Pty Ltd	Asphalt	30-Jun	50	50
Sunstate Cement Ltd	Cement manufacturer	30-Jun	50	50
USG Boral Building Products	Plasterboard	30-Jun	50	50
US Tile LLC	Roof tiles	31-Dec	50	50

1. On 31 October 2016, the Group divested its interests in Boral CSR Bricks Pty Limited.

2. The Group has a 50% interest in the new joint ventures in the USA (Meridian Brick LLC) and Canada (Forterra Brick Ltd). The results were equity accounted from 1 November 2016 when the joint venture was formed.

	USG Boral Building Products		Total	
	Half-Year 31 Dec 2016 \$m	Half-Year 31 Dec 2015 \$m	Half-Year 31 Dec 2016 \$m	Half-Year 31 Dec 2015 \$m
RESULTS OF EQUITY ACCOUNTED INVESTMENTS				
Summarised Income Statement at 100%				
Profit before income tax	117.4	90.5	152.3	119.5
Income tax expense	(34.4)	(23.2)	(46.1)	(31.9)
Non-controlling interest	(3.3)	(3.6)	(3.3)	(3.6)
Net profit before significant items	79.7	63.7	102.9	84.0
Significant items	-	-	(2.4)	-
Net profit - equity accounted relating to continuing operations	79.7	63.7	100.5	84.0
The Group's share based on % ownership:				
Net profit before significant items	39.9	31.8	51.1	41.4
Significant items	-	-	(1.2)	-
Net profit - equity accounted relating to continuing operations	39.9	31.8	49.9	41.4

MATERIAL INTERESTS IN EQUITY ACCOUNTED INVESTMENTS

Results include the following equity accounted share of net profit:

Sunstate Cement Ltd	5.8	4.7
Penrith Lakes Development Corporation Ltd	1.3	2.6
USG Boral Building Products	39.9	31.8

	31 Dec 2016	30 Jun 2016	31 Dec 2015
10. NET TANGIBLE ASSET BACKING			
Net tangible asset backing per ordinary security	\$4.67	\$4.40	\$4.36

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

	31 Dec 2016 \$m	30 Jun 2016 \$m
11. LOANS AND BORROWINGS		
CURRENT		
Other loans - unsecured	354.2	351.1
Finance lease liabilities	1.3	1.3
	355.5	352.4
NON-CURRENT		
Other loans - unsecured	1,002.7	990.0
Finance lease liabilities	2.1	2.8
	1,004.8	992.8
TOTAL	1,360.3	1,345.2

TERM AND DEBT REPAYMENT SCHEDULE

Terms and conditions of outstanding loans were as follows:

		Effective interest rate 31 Dec 2016	Calendar year of maturity	31 Dec 2016 Carrying amount \$m	30 Jun 2016 Carrying amount \$m
CURRENT					
US senior notes - unsecured	USD	5.85%	2017	354.2	351.1
Finance lease liabilities	AUD	6.01%	2017	1.3	1.3
				355.5	352.4
NON-CURRENT					
US senior notes - unsecured	USD	6.10%	2018 - 2030	799.9	784.6
CHF notes - unsecured	CHF	2.25%	2020	202.8	205.4
Finance lease liabilities	AUD	5.87%	2018 - 2021	2.1	2.8
				1,004.8	992.8
TOTAL				1,360.3	1,345.2

CHANGES TO BANK FACILITIES

Acquisition loan facility

The Group entered into a new committed US\$1.2 billion syndicated loan facility upon the announcement of the proposed Headwaters Incorporated acquisition. The maturity date of the facility is the earlier of 21 November 2018 and 18 months following the date of completion of the acquisition. The facility was undrawn as at 31 December 2016.

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

	31 Dec 2016 \$m	30 Jun 2016 \$m
12. ISSUED CAPITAL		
1,172,331,924 (30 Jun 2016: 743,599,437) ordinary shares	4,263.9	2,246.2
MOVEMENTS IN ISSUED CAPITAL		
Balance at the beginning of the period	2,246.2	2,361.6
428,732,487 (30 Jun 2016: Nil) shares issued under capital raising net of costs	2,017.7	-
Nil (30 Jun 2016: 20,641,950) on-market share buy-back	-	(115.4)
Balance at the end of the period	4,263.9	2,246.2

During the period, the Group undertook an equity raising of \$2,017.7 million net of transaction costs of \$40.2 million. The equity raising consisted of a 1 for 2.22 pro rata accelerated renounceable entitlement offer at an offer price of \$4.80 per share. The capital raising resulted in the issue of 93,750,000 ordinary shares under the Institutional Placement, 233,648,069 ordinary shares under the Institutional Entitlement Offer and 101,334,418 ordinary shares under the Retail Entitlement Offer.

In financial year ended 2016, the Company completed the buy-back of 20,641,950 shares, at an average price of \$5.59. This was part of the Company's on-market share buy-back program which commenced on 18 March 2015 and completed on 22 September 2015. The total consideration for shares bought back on market is \$231.4 million, at an average price of \$5.91. The consideration paid was allocated to share capital.

Ordinary shares issued are classified as equity and are fully paid, have no par value and carry one vote per share and the right to dividends. Incremental costs directly attributable to the issue of new shares or the exercise of options are recognised as a deduction from equity, net of any related income tax benefit.

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

13. RESERVES

Foreign currency translation reserve	79.9	98.5
Hedging reserve - cash flow hedges	21.9	(3.9)
Other reserve	(6.9)	(6.9)
Share-based payments reserve	78.8	74.3
Balance at the end of the period	173.7	162.0

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

14. CONTINGENT LIABILITIES

The Company 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 Group and its associates 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 Group are, from time to time, subject to various lawsuits, claims, regulatory investigations, and, on occasion, prosecution.

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 taxation authorities in other jurisdictions in which Boral operates.

The Group has considered all of the above claims and, where appropriate, sought independent advice and believes it holds appropriate provisions.

As at 31 December 2016, the acquisition of Headwaters Incorporated was in progress, with completion subject to a number of items, including regulatory approval. Boral Limited and Headwaters Incorporated must use best efforts to obtain these approvals, including to agree to divestures up to a specified threshold. Boral will also be liable for certain adviser fees and other specific transaction costs upon successful completion of the acquisition.

If such regulatory approvals are not obtained, Boral is required to pay Headwaters Incorporated a termination fee of US\$75 million.

	Half-Year 31 Dec 2016	Half-Year 31 Dec 2015
	\$m	\$m

15. NOTES TO STATEMENT OF CASH FLOWS

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	2,539.4	343.6
	2,539.4	343.6

16. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The fair value measurement principles adopted in this report are consistent with those applied in the Group's Annual Financial Report for the year ended 30 June 2016.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for asset or liability that are not based on observable market data.

The following table presents the Group's financial assets and liabilities that are measured at Level 1 and Level 2 fair value:

	Level 1		Level 2	
	31 Dec 2016	30 June 2016	31 Dec 2016	30 June 2016
	\$m	\$m	\$m	\$m
Assets				
Equity Securities	16.5	15.3	-	-
Derivative financial assets	-	-	51.3	26.7
Total assets	16.5	15.3	51.3	26.7
Liabilities				
Derivative financial liabilities	-	-	24.8	26.4
Total liabilities	-	-	24.8	26.4

The Group does not have financial instruments that have been valued at Level 3.

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

17. ACQUISITIONS

Headwaters Incorporated acquisition

During November 2016, the Group announced that it had entered into a binding agreement to acquire Headwaters Incorporated representing an aggregate enterprise value of US\$2.6 billion (A\$3.5 billion). The acquisition is subject to customary closing conditions, including Headwaters shareholders approval and regulatory approval, and is expected to complete in mid CY2017. The acquisition positions Boral with a more balanced portfolio of traditional and light weight products with strengthened ability to grow in large, contestable US markets and through innovation.

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 23, 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 2016 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:



Dr Brian Clark
Director



Mike Kane
Director

Sydney, 15 February 2017



Independent Auditor's Review Report to the Members of Boral Limited

Report on the Half-year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Boral Limited.

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:

- (i) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

The half-year financial report comprises:

- the consolidated Balance Sheet as at 31 December 2016;
- consolidated Income Statement and consolidated Statement of Comprehensive Income, consolidated Statement of Changes in Equity and consolidated Statement of Cash Flows for the half-year ended on that date;
- notes 1 to 17 comprising a summary of significant accounting policies and other explanatory information; and
- the Directors' Declaration.

The Group comprises Boral Limited (the Company) and the entities it controlled at the half year's end or from time to time during the half-year.

Responsibilities of the Directors for the Half-Year Financial Report

The Directors of the Company are responsible for:

- the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the Half-year Financial Report

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 a 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 Group's financial position as at 31 December 2016 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

KPMG

Kenneth Reid
Partner
Sydney, 15 February 2017