



9 February 2011

Boral Limited

The Manager, Listings
Australian Securities Exchange
Company Announcements Office
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Dear Sir

Boral Limited – Half Year Results

We attach the following:

1. Results Announcement for the half year ended 31 December 2010.
2. Half Year Report incorporating the Directors' Report and the consolidated financial report.

Yours faithfully

Margaret Taylor
Company Secretary

Results Announcement for the half year ended 31 December 2010

9 February 2011



Highlights

- Profit after tax¹ of \$94 million – up 28%
- Building Products and Cement EBIT up over 20% year-on-year
- Acquisition of 50% of Cultured Stone in the USA
- Disposal of loss making non-core Scaffolding and Precast businesses
- Reported Earnings Per Share up 14% to 13.0 cents (1H 2010: 11.4 cents)
- Increased dividend 7.5 cents (1H 2010: 7.0 cents)

(A\$ millions)	1H 2011			1H 2010		
	Group	Discontinued Operations	Continuing Operations	Group	Discontinued Operations	Continuing Operations
Sales	2,388	29	2,359	2,330	53	2,277
EBITDA	269	(2)	271	259	(4)	262
EBIT	149	(2)	151	133	(7)	139
NPAT	92	(1)	94	68	(5)	73
EPS (cents)*	13.0		13.2	11.4		12.3

* Excludes discontinued operations

To assist in meaningful comparison, the review of half year result excludes discontinued operations which were sold in the first quarter of this financial year.

The Chief Executive of Boral Limited, Mark Selway, today said, "I am pleased with the Group's progress especially in light of the weather related difficulties we faced during the first half of FY2011. I attribute much of the progress to actions taken by Boral employees globally to improve the productivity of our operations and increase our focus on those activities where the Group sees opportunities to build competitive advantage."

First half revenue was up 4% to \$2.4 billion reflecting a generally strong first quarter across the Australian operations which helped offset continued tough trading conditions in the United States and the impact of acutely wet weather on the east coast of Australia in the second quarter of the financial year.

Earnings before interest and tax for the first half increased by 8% to \$151 million with improvements in profits and margins across all divisions with the exception of Construction Materials where, as anticipated, results were lower than the prior year.

Profit after tax at \$94 million was 28% above the comparable period last year and was assisted by \$18 million lower interest and an \$8 million year to year benefit from the sale of surplus property. The first half tax charge was \$8 million higher and earnings per share for the half year also increased to 13.2 cents compared with 12.3 cents last year.

Cash generated from operations reduced significantly to \$81 million (1H 2010: \$196 million) as a result of lower business activity in the December quarter due to the persistent rain on the east coast of Australia which delayed construction activity. Working capital increased \$106 million reflecting a decline in payables and reduced trading activity. Half year capital expenditure increased to \$128 million against \$60 million in the prior year, including \$88 million stay-in-business related expenditure representing 73% of depreciation for the half year.

¹ Continuing operations

Net debt reduced to \$634 million against \$1.2 billion a year ago. Gearing decreased to 20% from 44% at 31 December 2009 due to the Group's July 2010 capital raising combined with a 13% appreciation in the Australian dollar when compared to 31 December 2009. At 31 December 2010, around 95% of debt was denominated in US dollars.

Last year, Boral developed plans to turn its vision 'Building Something Great' into real action and took decisive actions to improve operational performance, produce best in class products and improve our customer service. A strong and dynamic platform for future growth is being created through a structured and deliberate Group-wide transfer and adoption of best practice.

In the first quarter of FY2011 the Group disposed of the non core, loss-making precast and scaffolding businesses in Australia. In July we acquired the balance of MonierLifetile and in December we acquired a 50% interest in, and gained management control of, Cultured Stone in the United States. These actions are further evidence of the Group's progress in our stated ambitions for the strategic development of the business.

Management focus for FY2011 is to ensure that the operational changes we have initiated are successfully implemented and deliver on their potential. At the same time we will continue to invest in new products and in growth sectors.

The Board has resolved to pay a fully franked interim dividend of 7.5 cents per share (1H 2010: 7.0 cents per share) representing a dividend pay-out ratio of 59% of after tax earnings. In recent years, shares issued under Boral's Dividend Reinvestment Plan (DRP) have been issued at a 2.5% discount to the market price. That discount will also apply to the FY2011 interim dividend, which will be paid on 24 March 2011.

Standard and Poor's and Moody's Investors Service currently hold Boral long and short term ratings of BBB/A-2 and Baa2/P2 respectively with stable outlook.

For more information:

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REVIEW OF RESULTS

Boral Construction Materials

The Group's largest division is Construction Materials, which includes operations involved in the production and supply of concrete, asphalt and quarry materials to the Australian building and construction sectors.

The division had a difficult and mixed first half to the year. Western Australia, South Australia and Victoria all performed strongly, while New South Wales and Queensland were rain impacted for much of the second quarter.

First half revenue of \$1.1 billion was 2% above last year, with increased demand from concrete and quarries, offsetting a 16% reduction in asphalt due to rain related delays and lower construction activity, particularly in Queensland. EBIT at \$93 million was 14% below the prior year due to exceptional asphalt results in the prior corresponding period offset in part by increased levels of activity in South Australia, Victoria and Western Australia and \$8 million higher earnings from property sales.

Revenue of \$734 million from concrete and quarries was 7% above the prior year with volumes up 4% when compared to the same period last year. Market prices improved in the period and in December 2010, the division advised customers nationally of our intention to raise prices across the full range of products which will progressively take effect from 1st April 2011.

Our \$30 million investment in a world-class quarry and processing plant near Ballarat continues to make good progress with commissioning planned for June this year. We expect this investment to reduce processing costs and increase capacity in response to growth in the region.

The Group is working to secure our long term leadership position in the Sydney aggregate market. The proposed \$200 million investment in our resource-rich, Peppertree quarry and a low cost rail link will be presented for Board approval over the next couple of months with capital equipment spending planned in the early part of FY2012.

The largest single variable in our outlook remains the Queensland market which represents a significant contributor to the Construction Materials annual result. Performance in January 2011 has been significantly impacted by delays to site access and continued weather but beyond this we are ideally placed to support Queensland's massive clean up and rebuild programme which is expected to last for years ahead. Our core construction materials operations are all back up and running and mobile equipment is being moved to the region in anticipation of strong demand in the final quarter of this financial year.

Boral Building Products

The Building Products division includes all operations involved in the manufacture and sale of clay and concrete products, plasterboard and timber to the Australian housing and construction industries, as well as Boral's equity accounted 50%-owned Asian plasterboard joint venture, LBGA.

First half revenue of \$624 million was 3% above the same period last year. EBIT was up 22% to \$55 million with significant improvements in operational efficiency and strong market conditions helped by stimulus works early in the half year, offsetting exceptionally wet conditions in the second quarter.

Plasterboard's Australian revenue increased 5% to \$210 million, through a combination of improved selling prices and increased volumes. Despite the effect of weather in the second quarter, EBIT improved considerably reflecting continued strong operational performance across all plasterboard operations.

Revenue from Clay & Concrete at \$271 million was consistent with the prior year and reflected stronger performances in Western Australia and Victoria offset in part by weather related declines in New South Wales and Queensland. EBIT was significantly improved reflecting the benefits of improvement initiatives and stronger results from roofing and masonry.

Timber revenues of \$143 million were virtually unchanged when compared to last year with equivalent demand in softwood offsetting tougher conditions in hardwood and distribution. Margins and profits reduced when compared to the prior year due to weather related impact on timber yields and mill efficiency.

The Group's Plasterboard joint venture with Lafarge includes manufacturing operations throughout Asia. Volumes were up 11% with solid growth right across the region and an equity accounted income of \$9 million was 19% higher than the prior year.

The \$44 million investment in a world-class masonry operation in Western Australia was commissioned on time and on budget with production work-up occurring in the first quarter of this calendar year.

The planned \$80 million investment to expand the capacity of the Victorian plasterboard operation is proceeding to plan with site preparation and major equipment contracts now in place to support a start up in second half of calendar year 2012, with the expectation that this investment will significantly reduce costs and support growth for the future.

During the second quarter, our products businesses were also significantly impacted by consistent rain and flooding down the east coast of Australia. Beyond the reporting period, the floods in Queensland have had a significant impact on operations during January 2011 but the division is well placed to participate in the rebuild. With the exception of the Plywood business in Ipswich, all the Building Products businesses are now operational.

Boral Cement

The Cement Division includes Boral's Australian cement businesses and the Group's Asian construction materials operations in Thailand and Indonesia.

First half revenue of \$271 million was 4% above last year reflecting the combination of improved market conditions in Thailand and Indonesia offsetting lower construction activity, particularly in Queensland. EBIT was up 25% to \$57 million, and reflected a normal cycle of production volumes following inventory reduction in the prior year.

Cement volumes were 7% below 1H 2010 with marginally improved pricing and higher activity in the first quarter being offset by weather related delays and slower housing starts in the run up to Christmas.

In the Australian lime business, volumes and prices were considerably improved on the same period last year and key customers have indicated an equally strong outlook for the balance of this financial year.

The Asian operations continue to experience strong local demand, despite some quite difficult weather conditions of their own. Indonesian operations delivered half year revenue of \$78 million, some 5% lower than the prior year with local competitive pricing pressure and increased volumes of project work reducing margins when compared to the prior year.

Thailand saw volumes increase 21% with record revenues delivered and a first half profit generated, compared to a \$2 million loss in the comparable period last year.

Our cement division's exposure to Queensland is largely related to our joint venture ownership of Sunstate which avoided any serious damage in the flooding. Much like our construction materials operations, Sunstate is ideally positioned to capitalise on the rebuild.

Boral USA

The United States business includes the Group's exterior cladding, roofing and construction materials operations serving the US housing and construction sectors and a first time contribution for our sole ownership of MonierLifetile.

First half revenue of \$212 million was 16% above the same period last year and underlying earnings improved 7% before the first time consolidation of MonierLifetile. This improvement was despite the six monthly annualised comparison for new housing starts being down 2% on the prior year at 563,000 against a ten year average of 1.5 million.

EBIT continued to be impacted by historically low volumes and poor utilisation of fixed plant. Losses reduced to \$47 million against \$49 million in the prior year reflecting the benefits of favourable currency translation offset in part by the incremental trading losses associated with the full ownership of MonierLifetile.

The US cladding businesses consists of 23 brick-making operations and the Group's extensive sales and distribution network. On a local currency basis, revenues, margins and volumes were all broadly in line with the comparable period in the prior year and required less than 25% of installed capacity to satisfy this demand.

The Group's US roofing operations are the leading suppliers of clay and concrete roof tiles to the residential new build market and consists of 13 plants in the United States, one in Mexico and a small joint venture in Trinidad. Like for like revenue was down 2% on the comparable period last year and mirrored the cycle of new build activity. Margins on a combined basis were considerably improved and benefitted from the successful delivery of synergies which were identified at the time of purchase of MonierLifetile.

Construction Materials includes the quarry and concrete operations in Oklahoma and Colorado and the Group's fly ash distribution business, BMTI. Collective revenues remain well down on the peak but in local currency were up 10% on the first half of last year, largely as a result of market share recoveries in Colorado. The combined businesses returned close to break even earnings, marginally up on the prior year.

In December 2010, we announced the acquisition of the controlling stake in Cultured Stone which is the leading supplier of synthetic stone veneer to the USA residential and commercial property market. The deal was structured to share in the short term market risks while gaining control of a highly attractive and aligned business at the low point in the cycle. Plans are being developed to leverage distribution, materials and manufacturing capabilities.

Other Businesses

The other business segment consists of the remaining construction related businesses which now include Dowell Windows and De Martin & Gasparini, the Group's Sydney based concrete placing business.

Half year revenue at \$150 million was 5% above last year. Windows revenue was up 8% to \$83 million reflecting a stronger first quarter offsetting weather related delays experienced in the second quarter across New South Wales, Queensland and South Australia.

In De Martins, revenue at \$67 million and the order book remained flat year on year, while profit was up on the comparable period due to improved project performance.

Half year profit from these businesses of \$4 million was considerably above the \$2 million delivered in the prior year, and reflects the continued success of improvement initiatives undertaken to grow returns.

STRATEGIC UPDATE

The Group's first half results, while impacted by second quarter rains down the east coast of Australia, reflected early signs of the benefits from our operational and sales improvement activities.

The Group's LEAN programme is making good progress throughout all operations. Plant efficiency and uptime remains the immediate focus as does health and safety. We are delighted with the way our employees have embraced the improvement initiatives and are already seeing terrific progress in many of our operations. The increased spend in plant maintenance and stay-in-business capital will further accelerate our progress.

Our sales and marketing excellence programme is also making sound progress. National and regional cross-divisional sales forums are now in place and are generating significant leads and new orders which would have previously fallen to competitors. Regional credit hubs are being rolled out across Australia and improved systems are being designed to bring greater discipline and clarity to pricing across the diverse range of our operations.

Work in the United States to extend the product portfolio and introduce a new range of light-weight, environmentally efficient products is progressing well and the investment in new facilities for the composite trim and retool of the lone tile plant to extend its offerings are due to be completed in the second half of this calendar year. The Australian innovation programme will mirror the structure now successfully embedded in the United States and is expected to gain significant momentum as the year progresses.

In terms of portfolio realignment we are now out of scaffold and precast in Australia and the benefits are evident in our first half results. We have secured two acquisitions to strengthen our roofing and cladding businesses in the United States and will continue to look for opportunities to increase our presence in our chosen markets with an objective to be largely invested in our core activities at the early point in any recovery.

PROSPECTS - FY2011

Conditions make it impossible to accurately predict the outcome for the balance of this year. The fundamental rebuild of Queensland and its infrastructure could have a favourable impact on the second half of the year. Weather permitting, underlying markets in general are expected to be reasonably flat when compared to last year.

In Construction Materials we expect improved trading due to strong order books and a catch up on project work which was weather delayed in the first half of the year. Pricing is expected to improve but its effect will be less immediate due to existing commitments on delayed projects. Queensland's rebuild programme could have a favourable effect on this year's profits with difficult conditions impacting January and now February 2011 followed up with much higher demand for the balance of the financial year.

Building Products division is expected to experience slower residential new build activity in Australia, offset in part by improvements in refit together with continuing growth in Asia. Queensland's rebuild could have a positive influence on the final quarter of FY2011.

In Cement, following our scheduled shut-down at Wauru Ponds, we expect improved production volumes and the continued strong market demands in Indonesia and Thailand to deliver an improved performance in the current year.

The US market is expected to remain broadly similar in the early part of calendar year 2011 before seeing modest improvement in the second quarter. Some early signs of improved US fundamentals are a positive against the background of disappointing housing starts.

Forecasting with the current range of variable parts is extremely difficult, but on balance, we expect our full year net profit after tax to be between \$160 million and \$175 million with the low end of this range representing a 20% increase on last year's underlying net profit after tax. Given this uncertainty we will look to provide a further update at the conclusion of our first quarter 2011 trading.

RESULTS AT A GLANCE

(A\$ million unless stated)

Half Year ended 31 December 2010	1H 2011	1H 2010	% Change
Revenue	2,388	2,330	3
EBITDA	269	259	4
EBIT	149	133	12
Net interest	(31)	(49)	36
Profit before tax	117	84	40
Tax	(25)	(15)	(59)
Minority interest	(1)	(1)	-
Profit after tax	92	68	36
Cash flow from operating activities	81	196	(59)
Gross assets	5,489	5,349	3
Funds employed	3,750	4,051	(7)
Liabilities	2,373	2,543	(7)
Net debt	634	1,245	(49)
Stay-in-business capital expenditure	88	45	95
Growth capital expenditure	40	15	166
Acquisition capital expenditure	128	-	-
Depreciation	120	126	(4)
Employees ²	14,363	14,297	-
Sales per employee, \$ million	0.166	0.163	2
Net tangible asset backing, \$ per share	3.89	4.23	(8)
EBITDA margin on sales, %	11.3	11.1	2
EBIT margin on sales, %	6.2	5.7	9
EBIT return on funds employed, % (MAT) ³	7.1	6.2	15
Return on equity, % (MAT) ³	5.1	4.4	16
Gearing			
Net debt/equity, %	20	44	(54)
Net debt/net debt + equity, %	17	31	(45)
Interest cover, times	4.7	2.7	74
Earnings per share, ¢	13.0	11.4	14
Dividend per share, ¢	7.5	7.0	7
Employee Safety: (per million hours worked)			
Lost time injury frequency rate	2.0	1.9	5
Recordable injury frequency rate	21.6	23.3	(7)

² Excludes employees from the Cultured Stone business in the USA, acquired at the end of December 2010.³ Excludes significant items

APPENDIX 4D

HALF-YEAR REPORT

9 February 2011

Boral Limited



ABN 13 008 421 761

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www.boral.com.au

Name of Entity: **Boral Limited**

ABN: **13 008 421 761**

For the half year ended: **31 December 2010**

Results for announcement to the market

				Dec-2010 A '\$ millions	Dec-2009 A '\$ millions
Revenue from continuing operations	up	3.6%	to	2,359.3	2,276.6
Revenue from discontinued operations				28.8	53.0
Total revenue	up	2.5%	to	2,388.1	2,329.6
Profit from continuing operations before net financing costs and income tax	up	8.2%	to	150.7	139.3
Profit/(loss) from discontinued operations before net financing costs and income tax				(2.0)	(6.7)
Profit before net financing costs and income tax	up	12.1%	to	148.7	132.6
Net financing costs	down	(35.5%)	to	(31.4)	(48.7)
Profit before income tax	up	39.8%	to	117.3	83.9
Income tax from continuing operations				(25.2)	(17.0)
Income tax from discontinued operations				0.6	1.5
Non-controlling interest				(0.4)	(0.5)
Net profit attributable to members	up	35.9%	to	92.3	67.9

Dividends	Amount per security	Franked amount per security at 30% tax
Current period		
Interim - ordinary	7.5 cents	7.5 cents
Previous corresponding period		
Interim - ordinary	7.0 cents	7.0 cents

Record date for determining entitlements to the dividend	24 February 2011
Comparative period: Half Year ended 31 December 2009	

Commentary on the results for the period

The commentary on the results of the period is continued in the "Results Announcement for the half-year ended 31 December 2010" dated 9 February 2011.

Half-Year Financial Report

31 December 2010

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 2010 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 2010 ("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:

Robert L Every	- Chairman
Mark W Selway	- Managing Director and CEO
Catherine Brenner	- Appointed 15 September 2010
J Brian Clark	
Eileen J Doyle	
Richard A Longes	
John Marlay	
Paul A Rayner	
J Roland Williams	- Retired 4 November 2010

All of those persons, other than Dr Williams and Ms Brenner, have been Directors at all times during and since the end of the half-year.

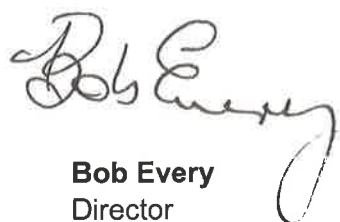
3. Lead Auditor's Independence Declaration

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.

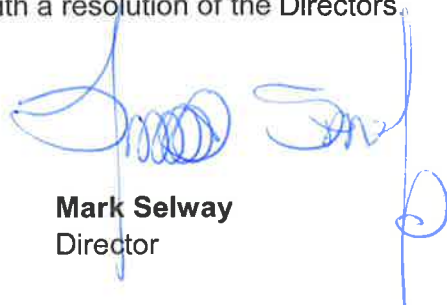
4. Rounding of Amounts

The Company is an entity of a kind referred to in ASIC Class Order 98/100 and, in accordance with that Class Order, amounts in the financial report and Directors' Report have been rounded to the nearest one hundred thousand dollars unless otherwise stated.

Signed in accordance with a resolution of the Directors



Bob Every
Director



Mark Selway
Director

Sydney, 9 February 2011



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 2010 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG


David Rogers
Partner

Sydney, 9 February 2011

Income Statement

BORAL LIMITED AND CONTROLLED ENTITIES

		CONSOLIDATED	
	Note	Half-Year 31 Dec 2010 \$ millions	Half-Year 31 Dec 2009 \$ millions
Continuing operations			
Revenue	4	2,359.3	2,276.6
Cost of sales		(1,623.1)	(1,539.3)
Selling and distribution expenses		(449.7)	(436.4)
Administrative expenses		(173.5)	(177.3)
		(2,246.3)	(2,153.0)
Other income		16.1	8.4
Other expenses		(0.9)	(0.2)
Share of net profit of associates	8	22.5	7.5
Profit before net financing costs and income tax expense		150.7	139.3
Financial income		14.1	2.4
Financial expenses		(45.5)	(51.1)
Net financing costs		(31.4)	(48.7)
Profit before income tax expense		119.3	90.6
Income tax expense	5	(25.2)	(17.0)
Profit from continuing operations		94.1	73.6
Discontinued operations			
Profit/(loss) from discontinued operations (net of income tax)	3	(1.4)	(5.2)
Net profit		92.7	68.4
Attributable to:			
Members of the parent entity		92.3	67.9
Non-controlling interest		0.4	0.5
Net profit		92.7	68.4
Basic earnings per share	6	13.0c	11.4c
Diluted earnings per share	6	12.9c	11.4c
Continuing operations			
Basic earnings per share	6	13.2c	12.3c
Diluted earnings per share	6	13.1c	12.3c

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

	CONSOLIDATED	
	Half-Year 31 Dec 2010 \$ millions	Half-Year 31 Dec 2009 \$ millions
Net profit	92.7	68.4
Other comprehensive income		
Actuarial gain/(loss) on defined benefit plans	2.0	9.0
Net exchange differences from translation of foreign operations taken to equity	(20.2)	3.0
Fair value adjustment on cash flow hedges	1.5	11.8
Income tax relating to components of other comprehensive income	(26.9)	(26.9)
Total comprehensive income for the half-year	49.1	65.3
Total comprehensive income for the half-year is attributable to:		
Members of the parent entity	48.7	64.8
Non-controlling interest	0.4	0.5
Total comprehensive income for the half-year	49.1	65.3

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

		CONSOLIDATED	
	Note	31 Dec 2010 \$ millions	30 Jun 2010 \$ millions
CURRENT ASSETS			
Cash and cash equivalents		483.5	157.0
Receivables		688.3	783.7
Inventories		587.5	548.5
Other		75.5	63.3
Assets classified as held for sale		-	59.5
TOTAL CURRENT ASSETS		1,834.8	1,612.0
NON-CURRENT ASSETS			
Receivables		32.9	19.2
Inventories		89.7	85.3
Investments accounted for using the equity method		246.5	294.1
Other financial assets		11.1	26.8
Property, plant and equipment		2,900.3	2,785.1
Intangible assets		253.1	277.6
Deferred tax asset		63.9	43.3
Other		56.8	66.0
TOTAL NON-CURRENT ASSETS		3,654.3	3,597.4
TOTAL ASSETS		5,489.1	5,209.4
CURRENT LIABILITIES			
Payables		556.4	640.9
Interest bearing loans and borrowings	10	8.1	8.9
Current tax liabilities		88.9	98.9
Provisions		212.4	246.0
Liabilities classified as held for sale		-	9.9
TOTAL CURRENT LIABILITIES		865.8	1,004.6
NON-CURRENT LIABILITIES			
Payables		127.4	22.1
Interest bearing loans and borrowings	10	1,109.4	1,330.7
Deferred tax liabilities		160.1	118.9
Provisions		110.7	107.0
TOTAL NON-CURRENT LIABILITIES		1,507.6	1,578.7
TOTAL LIABILITIES		2,373.4	2,583.3
NET ASSETS		3,115.7	2,626.1
EQUITY			
Issued capital	11	2,232.9	1,724.0
Reserves	12	(149.5)	(38.9)
Retained earnings		985.4	938.4
Total parent entity interest		3,068.8	2,623.5
Non-controlling interest		46.9	2.6
TOTAL EQUITY		3,115.7	2,626.1

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

	CONSOLIDATED					
	Issued capital \$ millions	Reserves \$ millions	Retained earnings \$ millions	Total parent entity interest \$ millions	Non-controlling interest \$ millions	Total Equity \$ millions
Balance at 1 July 2010	1,724.0	(38.9)	938.4	2,623.5	2.6	2,626.1
Net profit	-	-	92.3	92.3	0.4	92.7
Other comprehensive income						
Translation of assets and liabilities of overseas controlled entities	-	(106.2)	-	(106.2)	-	(106.2)
Translation of long-term borrowings and foreign currency forward contracts	-	86.0	-	86.0	-	86.0
Fair value adjustment on cash flow hedges	-	1.5	-	1.5	-	1.5
Actuarial gain/(loss) on defined benefit plans	-	-	2.0	2.0	-	2.0
Income tax relating to components of other comprehensive income	-	(26.3)	(0.6)	(26.9)	-	(26.9)
Total comprehensive income	-	(45.0)	93.7	48.7	0.4	49.1
Transactions with owners in their capacity as owners						
Shares issued under the dividend reinvestment plan	25.2	-	-	25.2	-	25.2
Shares issued on vesting of rights	0.3	(0.3)	-	-	-	-
Dividend paid	-	-	(46.7)	(46.7)	-	(46.7)
Shares issued under capital raising	479.8	-	-	479.8	-	479.8
Purchase of employee compensation shares	-	(1.5)	-	(1.5)	-	(1.5)
Other - Cultured Stone (Note 12)	-	(66.3)	-	(66.3)	-	(66.3)
Share-based payments	-	2.5	-	2.5	-	2.5
Income tax benefit on capital raising	3.6	-	-	3.6	-	3.6
Non-controlling interest in acquisition	-	-	-	-	44.3	44.3
Other changes in non-controlling interest	-	-	-	-	(0.4)	(0.4)
Total transactions with owners in their capacity as owners	508.9	(65.6)	(46.7)	396.6	43.9	440.5
Balance at the end of the half-year	2,232.9	(149.5)	985.4	3,068.8	46.9	3,115.7
Balance at 1 July 2009	1,691.4	(43.2)	1,104.2	2,752.4	1.2	2,753.6
Net profit	-	-	67.9	67.9	0.5	68.4
Other comprehensive income						
Translation of assets and liabilities of overseas controlled entities	-	(65.9)	-	(65.9)	-	(65.9)
Translation of long-term borrowings and foreign currency forward contracts	-	68.9	-	68.9	-	68.9
Fair value adjustment on cash flow hedges	-	11.8	-	11.8	-	11.8
Actuarial gain on defined benefit plans	-	-	9.0	9.0	-	9.0
Income tax relating to components of other comprehensive income	-	(24.2)	(2.7)	(26.9)	-	(26.9)
Total comprehensive income	-	(9.4)	74.2	64.8	0.5	65.3
Transactions with owners in their capacity as owners						
Shares issued under the dividend reinvestment plan	12.8	-	-	12.8	-	12.8
Shares issued upon the exercise of executive options	0.7	-	-	0.7	-	0.7
Dividend paid	-	-	(32.6)	(32.6)	-	(32.6)
Share-based payments	-	5.6	-	5.6	-	5.6
Other changes in non-controlling interest	-	-	-	-	-	-
Total transactions with owners in their capacity as owners	13.5	5.6	(32.6)	(13.5)	-	(13.5)
Balance at the end of the half-year	1,704.9	(47.0)	1,145.8	2,803.7	1.7	2,805.4

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

		CONSOLIDATED	
	Note	Half-Year 31 Dec 2010 \$ millions	Half-Year 31 Dec 2009 \$ millions
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		2,614.4	2,564.5
Payments to suppliers and employees		(2,470.3)	(2,310.6)
		144.1	253.9
Dividends received		10.7	11.3
Interest received		18.1	4.4
Borrowing costs paid		(46.4)	(52.0)
Income taxes paid		(45.9)	(21.4)
NET CASH PROVIDED BY OPERATING ACTIVITIES		80.6	196.2
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(128.2)	(60.1)
Purchase of controlled entities and businesses (net of cash acquired)		(128.4)	-
Loans to associates		(5.5)	(3.0)
Proceeds on disposal of controlled entities, businesses and non-current assets		58.0	12.2
NET CASH USED IN INVESTING ACTIVITIES		(204.1)	(50.9)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	0.7
Proceeds from capital raising		479.8	-
Purchase of employee compensation shares		(1.5)	-
Dividends paid (net of dividends reinvested under the Dividend Reinvestment Plan \$25.2 million (2009: \$12.8 million))		(21.5)	(19.8)
Proceeds from borrowings		4.5	1.6
Repayment of borrowings		-	(50.5)
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES		461.3	(68.0)
NET CHANGE IN CASH AND CASH EQUIVALENTS		337.8	77.3
Cash and cash equivalents at the beginning of the year		157.0	100.5
Effects of exchange rate fluctuations on the balances of cash and cash equivalents held in foreign currencies		(11.3)	(5.1)
Cash and cash equivalents at the end of the half-year	15	483.5	172.7

The statement of cash flows should be read in conjunction with the accompanying notes which form an integral part of the half-year financial 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 2010 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 the requirements of the Corporations Act 2001, Accounting Standard AASB 134 *Interim Financial Reporting*, the recognition, measurement and classification requirements of applicable AASB standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The half-year report does not include full note disclosures of the type normally included in an annual financial report. As a result the half-year financial report should be read in conjunction with the 30 June 2010 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 9 February 2011.

The half-year report is presented in Australian dollars.

(b) Significant Accounting Policies

The half-year financial report has been prepared on the basis of historical cost, except for derivative financial instruments 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 2010 Annual Financial Report.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

(c) Comparative Figures

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

(d) Rounding of Amounts

Boral Limited is an entity of a kind referred to in ASIC Class Order 98/100 and, in accordance with that Class Order, amounts in the financial report have been rounded to the nearest one hundred thousand dollars unless otherwise stated.

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

2. SEGMENTS

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

Boral Construction Materials	- Quarries, concrete, asphalt, transport and quarry end use.
Cement Division	- Cement, Asian concrete, quarries and pipes.
Boral Building Products	- Australian plasterboard, bricks, timber products, roof tiles, masonry and Asian plasterboard.
United States of America	- Bricks, roof tiles, fly ash, concrete, quarries, masonry and cultured stone.
Other	- Concrete placing and windows.
Discontinued Operations	- Scaffolding and precast panels.
Unallocated	- Non-trading operations and unallocated corporate costs.

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.

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

	CONSOLIDATED	
	Half-Year 31 Dec 2010 \$ millions	Half-Year 31 Dec 2009 \$ millions
Reconciliations of reportable segment revenues and profits		
External revenue	2,388.1	2,329.6
Less revenue from discontinued operations	(28.8)	(53.0)
Revenue from continuing operations	2,359.3	2,276.6
Profit before Tax		
Profit before net financing costs and income tax expense from reportable segments	148.7	132.6
Losses from discontinued operations	2.0	6.7
	150.7	139.3
Net financing costs	(31.4)	(48.7)
Profit before tax from continuing operations	119.3	90.6

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

2. SEGMENTS (Continued)

	Half-Year 31 Dec 2010 \$ millions	Half-Year 31 Dec 2009 \$ millions	Half-Year 31 Dec 2010 \$ millions	Half-Year 31 Dec 2009 \$ millions	Half-Year 31 Dec 2010 \$ millions	Half-Year 31 Dec 2009 \$ millions
	TOTAL REVENUE		INTERNAL REVENUE		EXTERNAL REVENUE	
Boral Construction Materials	1,173.6	1,164.3	71.5	82.3	1,102.1	1,082.0
Cement Division	370.1	364.0	99.1	103.1	271.0	260.9
Boral Building Products	628.1	611.1	3.9	3.6	624.2	607.5
United States of America	212.0	182.7	-	-	212.0	182.7
Other	150.0	143.5	-	-	150.0	143.5
Discontinued Operations	29.7	54.2	0.9	1.2	28.8	53.0
	2,563.5	2,519.8	175.4	190.2	2,388.1	2,329.6

	OPERATING PROFIT (EXCLUDING ASSOCIATES)		EQUITY ACCOUNTED RESULTS OF ASSOCIATES		PROFIT BEFORE NET FINANCING COSTS AND INCOME TAX EXPENSE	
Boral Construction Materials	91.3	107.9	1.3	(0.8)	92.6	107.1
Cement Division	49.3	39.1	7.6	6.3	56.9	45.4
Boral Building Products	41.1	32.9	14.2	12.4	55.3	45.3
United States of America	(46.6)	(38.3)	(0.6)	(10.4)	(47.2)	(48.7)
Other	4.1	1.7	-	-	4.1	1.7
Discontinued Operations	(2.0)	(6.7)	-	-	(2.0)	(6.7)
Unallocated	(11.0)	(11.5)	-	-	(11.0)	(11.5)
	126.2	125.1	22.5	7.5	148.7	132.6

	SEGMENT ASSETS (EXCLUDING INVESTMENTS IN ASSOCIATES)		EQUITY ACCOUNTED INVESTMENTS IN ASSOCIATES		TOTAL ASSETS	
	Half-Year 31 Dec 2010 \$ millions	Full Year 30 Jun 2010 \$ millions	Half-Year 31 Dec 2010 \$ millions	Full Year 30 Jun 2010 \$ millions	Half-Year 31 Dec 2010 \$ millions	Full Year 30 Jun 2010 \$ millions
Boral Construction Materials	1,673.7	1,634.0	1.2	1.4	1,674.9	1,635.4
Cement Division	784.2	832.2	23.4	18.8	807.6	851.0
Boral Building Products	1,281.9	1,297.8	217.3	232.3	1,499.2	1,530.1
United States of America	857.7	775.1	4.6	41.6	862.3	816.7
Other	90.0	90.8	-	-	90.0	90.8
Discontinued Operations	-	59.5	-	-	-	59.5
Unallocated	7.7	25.6	-	-	7.7	25.6
	4,695.2	4,715.0	246.5	294.1	4,941.7	5,009.1
Cash and cash equivalents	483.5	157.0	-	-	483.5	157.0
Tax assets	63.9	43.3	-	-	63.9	43.3
	5,242.6	4,915.3	246.5	294.1	5,489.1	5,209.4

Geographical information

For the half-year ended 31 December 2010, the Group's trading revenue from external customers in Australia amounted to \$2,058.1 million (2009: \$2,031.7 million), with \$118.0 million (2009: \$115.2 million) from the Asian operations and \$212.0 million (2009: \$182.7 million) relating to the operations in the USA. The Group's non-current assets (excluding deferred tax assets and other financial assets) in Australia amounted to \$2,614.7 million (30 June 2010: \$2,584.3 million), with \$277.0 million (30 June 2010: \$310.3 million) in Asia and \$687.6 million (30 June 2010: \$632.7 million) in the USA.

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

CONSOLIDATED

Half-Year 31 Dec 2010 \$ millions	Half-Year 31 Dec 2009 \$ millions
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3. DISCONTINUED OPERATIONS

During the period the Group sold both its Precast Panels and Scaffolding businesses. The comparative income statement has been re-presented to show the discontinued operations separately from continuing operations.

The carrying value of both businesses was remeasured at 30 June 2010 to fair value less costs to sell.

Results of discontinued operations

Revenue	28.8	53.0
Expenses	(30.8)	(59.7)
Profit/(loss) before income tax expense	(2.0)	(6.7)
Income tax benefit	0.6	1.5
Net profit/(loss)	(1.4)	(5.2)
Basic earnings/(loss) per share	(0.2c)	(0.9c)
Diluted earnings/(loss) per share	(0.2c)	(0.9c)

The profit/(loss) from discontinued operations is attributable entirely to the Group.

Cash flows from/(used in) discontinued operations

Net cash from/(used in) operating activities	(1.3)	(0.4)
Net cash from/(used in) investing activities	48.2	(0.6)
Net cash from/(used in) discontinued operations	46.9	(1.0)

Effect of disposal on the financial position of the Group

Property, plant and equipment	37.2	-
Intangibles	8.2	-
Inventories	7.6	-
Other assets	0.4	-
Trade and other receivables	12.5	-
Deferred tax asset/liabilities	0.2	-
Payables	(11.4)	-
Provisions	(5.9)	-
Net assets disposed	48.8	-
Consideration received	48.8	-
Cash and cash equivalents disposed of	-	-
Net cash inflow	48.8	-

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

	CONSOLIDATED	
	Half-Year 31 Dec 2010 \$ millions	Half-Year 31 Dec 2009 \$ millions
4. OPERATING PROFIT		
REVENUE FROM CONTINUING OPERATIONS		
Sale of goods	2,328.0	2,254.2
Rendering of services	31.3	22.4
	2,359.3	2,276.6
Depreciation and amortisation expenses	120.4	125.9

5. INCOME TAX EXPENSE

The income tax expense for the six months to 31 December 2010 reflects the tax effect of losses in the US businesses during the period and the higher tax rate that applies to that jurisdiction.

6. 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.

	CONSOLIDATED	
	Half-Year 31 Dec 2010 \$ millions	Half-Year 31 Dec 2009 \$ millions
Earnings reconciliation		
Net profit attributable to members of the parent entity	92.3	67.9

	CONSOLIDATED	
	Half-Year 31 Dec 2010	Half-Year 31 Dec 2009
Weighted average number of ordinary shares used as the denominator		
Number for basic earnings per share	710,319,094	594,248,217
Effect of potential ordinary shares	3,409,782	2,460,946
Number for diluted earnings per share	713,728,876	596,709,163
Basic earnings per share	13.0c	11.4c
Diluted earnings per share	12.9c	11.4c
Basic earnings per share (continuing operations)	13.2c	12.3c
Diluted earnings per share (continuing operations)	13.1c	12.3c

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

7. DIVIDENDS

	Amount per share	Total amount \$ millions	Franked amount per share	Date of payment
For the half-year ended 31 December 2010				
Final June 2010 - ordinary	6.5 cents	46.7	6.5 cents	28 September 2010
Total amount		46.7		

For the half-year ended 31 December 2009

Final June 2009 - ordinary	5.5 cents	32.6	5.5 cents	28 September 2009
Total amount		32.6		

Subsequent Event

Since the end of the period, the Directors have declared the following dividend:

Interim - ordinary	7.5 cents	54.3	7.5 cents	24 March 2011
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The financial effect of the interim dividend for December 2010 has not been brought to account in the financial report for the period ended 31 December 2010 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 24 February 2011. Shares issued under Boral's Dividend Reinvestment Plan will be issued at a 2.5% discount to market price.

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

8. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

			OWNERSHIP INTEREST CONSOLIDATED	
Name	Principal activity	Balance date	31 Dec 2010 %	30 Jun 2010 %
DETAILS OF INVESTMENTS IN ASSOCIATES ARE AS FOLLOWS				
Bitumen Importers Australia Pty Ltd	Non trading	30-Jun	50	50
Caribbean Roof Tile Company Limited	Roof tiles	31-Dec	50	50
Flyash Australia Pty Ltd	Flyash collection	31-Dec	50	50
Gypsum Resources Australia Pty Ltd	Gypsum mining	30-Jun	50	50
Highland Pine Products Pty Ltd	Timber	30-Jun	50	50
Lafarge Boral Gypsum in Asia SDN BHD	Plasterboard	31-Dec	50	50
Monier Lifetile LLC *	Roof tiles	31-Dec	-	50
Monier Lifetile S.R.L. de C.V. *	Roof tiles	31-Dec	-	50
Penrith Lakes Development Corporation Ltd	Quarrying	30-Jun	40	40
Rondo Building Services Pty Ltd	Rollform systems	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 *	Roof tiles	31-Dec	-	50
US Tile LLC	Roof tiles	31-Dec	50	50

* Monier Lifetile LLC, Monier Lifetile S.R.L. de C.V. and Tile Service Company LLC became controlled entities during the period.

	CONSOLIDATED	
	Half-Year 31 Dec 2010 \$ millions	Half-Year 31 Dec 2009 \$ millions
RESULTS OF ASSOCIATES		
Share of associates' profit before income tax expense	32.7	18.1
Share of associates' income tax expense	(8.8)	(9.5)
Non-controlling interest	(1.4)	(1.1)
Share of associates' net profit - equity accounted	22.5	7.5

MATERIAL INTERESTS IN ASSOCIATES

Share of associate's net profit/(loss) - equity accounted

Lafarge Boral Gypsum in Asia SDN BHD	9.3	7.8
Monier Lifetile LLC * and Monier Lifetile S.R.L. de C.V.	-	(9.6)
Rondo Building Services Pty Ltd	4.9	4.6
Sunstate Cement Ltd	6.7	5.4

* taxed as a partnership in the USA.

	CONSOLIDATED		
	Half-Year 31 Dec 2010	Full Year 30 Jun 2010	Half-Year 31 Dec 2009
9. NET TANGIBLE ASSET BACKING			
Net tangible asset backing per ordinary security	\$3.89	\$3.92	\$4.23

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

	CONSOLIDATED	
	31 Dec 2010 \$ millions	30 Jun 2010 \$ millions
10. INTEREST BEARING LOANS AND BORROWINGS		
CURRENT		
Bank loans - unsecured	7.7	8.4
Other loans - unsecured	0.3	0.4
Finance lease liabilities	0.1	0.1
	8.1	8.9
NON-CURRENT		
Bank loans - unsecured	53.0	58.5
Other loans - unsecured	1,056.4	1,272.2
	1,109.4	1,330.7
	1,117.5	1,339.6

TERM AND DEBT REPAYMENT SCHEDULE

Terms and conditions of outstanding loans were as follows:

	CONSOLIDATED				
	Currency	Effective interest rate 31 Dec 2010	Year of maturity	31 Dec 2010 Carrying amount \$ millions	30 Jun 2010 Carrying amount \$ millions
CURRENT					
Bank loans - unsecured	THB	3.68%	2011	7.7	8.4
Other loans - unsecured ^{1.}	AUD	-	2011	0.3	0.4
Finance lease liabilities	AUD	6.00%	2011	0.1	0.1
				8.1	8.9
NON-CURRENT					
US senior notes - unsecured	USD	6.44%	2012-2020	1,055.6	1,271.2
Bank loans - unsecured	THB	4.13%	2012	53.0	58.5
Other loans - unsecured ^{1.}	AUD	-	2014	0.8	1.0
				1,109.4	1,330.7
TOTAL				1,117.5	1,339.6

1. Vendor loan covering the purchase of plant and equipment where instalment repayments by the Boral Group do not include an interest component.

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

	Consolidated	
	Half-Year 31 Dec 2010 \$ millions	Full Year 30 Jun 2010 \$ millions
11. ISSUED CAPITAL		
724,446,767 (30 Jun 2010: 598,952,998) ordinary shares	2,232.9	1,724.0
MOVEMENTS IN ISSUED CAPITAL		
Balance at the beginning of the period	1,724.0	1,691.4
5,515,775 (30 Jun 2010: 5,895,282) shares issued under the Dividend Reinvestment Plan	25.2	31.9
Nil (30 Jun 2010: 167,186) shares issued upon the exercise of executive options	-	0.7
77,375 (30 Jun 2010: Nil) shares issued on vesting of rights	0.3	
119,900,619 (30 Jun 2010: Nil) shares issued under Capital Raising	479.8	-
Income tax benefit on capital raising	3.6	-
Balance at the end of the period	2,232.9	1,724.0

During the period the Group undertook a capital raising of \$479.8 million net of transaction costs of \$11.8 million. The capital raising consisted of a 1 for 5 accelerated renounceable entitlement offer at an offer price of \$4.10 per share. The capital raising resulted in the issue of 68,332,173 ordinary shares under the Institutional Entitlement offer and 51,568,446 ordinary shares under the Retail Entitlement offer.

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.

MOVEMENTS IN EMPLOYEE COMPENSATION SHARES

Balance at the beginning of the period	-	-
317,930 (30 Jun 2010: Nil) shares vested and transferred to share-based payments reserve	1.5	-
317,930 (30 Jun 2010: Nil) shares purchased on-market	(1.5)	-
Balance at the end of the period	-	-

The employee equity compensation account represents the balance of Boral shares held by the Group which as at the end of the period have not vested to Group employees and therefore are controlled by the Group. These shares relate to the Boral Senior Executive Performance Share Plan.

12. RESERVES

Foreign currency translation reserve	(121.0)	(75.0)
Hedging reserve - cash flow hedges	(0.1)	(1.1)
Other reserves*	(66.3)	-
Share-based payments reserve	37.9	37.2
Balance at the end of the period	(149.5)	(38.9)

* relates to future consideration on the Cultured Stone acquisition

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

13. 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 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 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 taxation authorities in other jurisdictions in which Boral operates.

A deed was entered into at the time of the demerger which contained certain indemnities and other agreements between Boral Limited and Origin Energy Limited (Origin) 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 number of matters have been resolved with both the Australian and United States taxation authorities which are likely to give rise to claims by the Group under the demerger deed. As the settlement resulted in a payment to the ATO, Origin is likely to rely on indemnities contained in the demerger deed.

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

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

14. ACQUISITIONS

- i. During July 2010, the Group acquired the remaining 50% interest in MonierLifetile LLC, MonierLifetile S.R.L. de C.V. and Tile Service Company LLC. ("MonierLifetile").

At 30 June 2010, the Group held an initial 50% interest in MonierLifetile that was recorded as an equity accounted investment. On acquisition of the remaining 50% of MonierLifetile this initial investment was remeasured to fair value in accordance with Australian Accounting Standards.

	\$ millions
Carrying value of equity accounted investment as at acquisition date	(35.8)
Carrying value of loans to associates as at acquisition date	(51.9)
Fair value of investment as at acquisition date	88.0
Profit/(loss) on remeasurement to fair value	0.3

The Group is still finalising the fair value of the assets, liabilities and intangibles acquired. The provisional fair value of net assets acquired (at 50%) is A\$88.0 million (US\$75 million) which is consistent with the consideration paid.

During the period from July to 31 December 2010, MonierLifetile has contributed revenue of \$39.5 million and a loss before interest and tax of \$10.9 million.

- ii. Effective 31 December 2010, the Group acquired a 50% controlling interest in Owens Corning Masonry Products LLC ("Cultured Stone"), a stone veneer producer in the United States. Under the terms of the agreement, the acquisition of Owens Corning Masonry Products LLC will occur in two stages:
- an initial acquisition of a 50% controlling interest for US\$45 million in December 2010;
 - followed by the acquisition of the remaining 50% membership interest for a payment equal to a multiple of 7.0 times 50% of calendar year 2013 EBITDA, subject to a minimum payment of US\$45 million.

Due to the proximity of the acquisition to the half - year reporting date the fair value of the assets, liabilities and intangibles has not been finalised. The provisional fair value of net assets acquired (at 100%) is A\$88.5 million (US\$90 million). The acquisition did not contribute to the revenues or result of the Group for the period. It is considered impractical to calculate the impact on the Group financial report had the acquisition been part of the Group for the full period.

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

Consolidated

Half-Year 31 Dec 2010 \$ millions	Half-Year 31 Dec 2009 \$ millions
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15. NOTES TO STATEMENT OF CASH FLOWS

i. Reconciliation of cash and cash equivalents

Cash includes cash on hand, at bank and short-term deposits at call, net of outstanding bank overdrafts. Cash as at the end of the financial period as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

Cash and cash equivalents	483.5	172.7
Bank overdrafts	-	-
	483.5	172.7

ii. Non-cash items

The following non-cash financing and investing activities have not been included in the statement of cash flows:

Dividends reinvested under the Dividend Reinvestment Plan	25.2	12.8
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16. SUBSEQUENT EVENT

In January 2011 the east coast of Australia experienced significant flood events in Queensland, Northern New South Wales and Victoria which caused disruption to a number of the Groups operations. The Group anticipates it is covered by insurance in respect of all material damage or losses at these sites.

As reconstruction work commences the overall demand for the Group's products is expected to increase however the timing of this reconstruction is uncertain.

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 19, 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 2010 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:



Bob Every
Director



Mark Selway
Director

Sydney, 9 February 2011



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

Report on the Financial Report

We have reviewed the accompanying half-year financial report of Boral Limited, which comprises the consolidated balance sheet as at 31 December 2010, and the consolidated income statement, 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 16 comprising accounting policies and other explanatory information and the Directors' Declaration of the Group 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 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 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

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 2010 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.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Boral Limited is not in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.

KPMG

KPMG

David Rogers
Partner

Sydney, 9 February 2011