



13 February 2013

The Manager, Listings
Australian Securities Exchange
ASX Market Announcements
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Sydney NSW 2000

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Dear Sir

Results for announcement to the market – half year ended 31 December 2012

We attach the following:

1. Half Year Report (Appendix 4D) in accordance with ASX Listing Rule 4.2A;
2. Results Announcement for the half year ended 31 December 2012 - Media Release, and
3. Results Announcement for the half year ended 31 December 2012 - Management Discussion & Analysis.

The information contained in this announcement should be read in conjunction with Boral's most recent annual financial report.

Yours faithfully

Margaret Taylor
Company Secretary

APPENDIX 4D

HALF-YEAR REPORT

13 February 2013

Name of Entity: **Boral Limited**
 ABN: **13 008 421 761**
 For the half year ended: **31 December 2012**

Boral Limited
 ABN 13 008 421 761
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 50 Bridge Street, Sydney
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Results for announcement to the market

				Dec-2012 A\$ millions	Dec-2011 A\$ millions
Revenue from continuing operations	up	20.1%	to	2,702.1	2,250.6
Revenue from discontinued operations				71.7	182.1
Total revenue	up	14.0%	to	2,773.8	2,432.7
Profit from continuing operations before net financing costs, income tax and significant items	up	12.7%	to	118.0	104.7
Profit/(loss) from discontinued operations before net financing costs, income tax and significant items				(5.6)	3.9
Profit before net financing costs, income tax and significant items	up	3.5%	to	112.4	108.6
Net financing costs from continuing operations before significant items				(48.6)	(31.6)
Net financing costs from discontinued operations before significant items				(1.4)	(2.4)
Profit before income tax and significant items	down	(16.4%)	to	62.4	74.6
Income tax from continuing operations before significant items				(10.1)	(9.4)
Income tax from discontinued operations before significant items				2.3	(0.4)
Non-controlling interests from continuing operations				(2.4)	2.1
Non-controlling interest from discontinued operations				-	(0.2)
Net profit before significant items attributable to members	down	(21.7%)	to	52.2	66.7
Significant items from continuing operations net of tax ¹				(88.1)	86.0
Significant items from discontinued operations net of tax ¹				10.6	-
Net profit/(loss) attributable to members	down	(116.6%)	to	(25.3)	152.7

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

Dividends	Amount per security	Franked amount per security at 30% tax
Current period: Interim - ordinary	5.0 cents	5.0 cents
Previous corresponding period: Interim - ordinary	7.5 cents	7.5 cents
Record date for determining entitlements to the dividend	25 February 2013	
Comparative Period: Half Year ended 31 December 2011		

Profit before significant items is a Non IFRS measure reported to provide a greater understanding of the underlying business performance of the Group. The disclosures are extracted or derived from the financial report for the period ended 31 December 2012.

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 2012" - Management Discussion and Analysis dated 13 February 2013.



Half-Year Financial Report

31 December 2012

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 2012 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 2012 ("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:

Bob Every AO	- Chairman
Mike Kane	- Chief Executive Officer and Managing Director (appointed 1 October 2012)
Catherine Brenner	
Brian Clark	
Eileen Doyle	
Richard Longes	
John Marlay	
Paul Rayner	

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

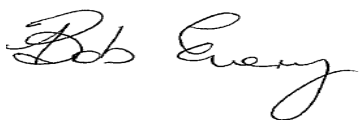
3. Lead Auditor's Independence Declaration

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



Mike Kane
Director

Sydney, 13 February 2013



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 2012 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 'G Boydell'.

KPMG

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

Greg Boydell
Partner

Sydney, 13 February 2013

Income Statement

BORAL LIMITED AND CONTROLLED ENTITIES

		CONSOLIDATED	
	Note	Half-Year 31 Dec 2012 \$ millions	Half-Year 31 Dec 2011 \$ millions
Continuing operations			
Revenue	4	2,702.1	2,250.6
Cost of sales		(1,965.4)	(1,607.2)
Selling and distribution expenses		(459.5)	(399.9)
Administrative expenses		(180.9)	(162.0)
		(2,605.8)	(2,169.1)
Other income	4	10.7	160.1
Other expenses	4	(120.0)	(103.0)
Share of net profit of associates	9	11.0	21.7
Profit/(loss) before net financing costs and income tax		(2.0)	160.3
Financial income		4.0	9.6
Financial expenses		(52.6)	(41.2)
Net financing costs		(48.6)	(31.6)
Profit/(loss) before income tax		(50.6)	128.7
Income tax benefit	5	21.8	21.0
Profit/(loss) from continuing operations		(28.8)	149.7
Discontinued operations			
Profit from discontinued operations (net of income tax)	3	5.9	1.1
Net profit/(loss)		(22.9)	150.8
Attributable to:			
Members of the parent entity		(25.3)	152.7
Non-controlling interests - profit/(loss)		2.4	(1.9)
Net profit/(loss)		(22.9)	150.8
Basic earnings per share			
Basic earnings per share	7	(3.3)c	20.7c
Diluted earnings per share			
Diluted earnings per share	7	(3.3)c	20.5c
Continuing operations			
Basic earnings per share	7	(4.1)c	20.6c
Diluted earnings per share	7	(4.1)c	20.4c

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 2012 \$ millions	Half-Year 31 Dec 2011 \$ millions
Net profit/(loss)	(22.9)	150.8
Other comprehensive income		
Items that will not be reclassified to Income Statement:		
Actuarial gain/(loss) on defined benefit plans	(2.4)	(1.0)
Income tax on items that will not be reclassified to income statement	0.6	0.3
Items that may be reclassified subsequently to Income Statement:		
Net exchange differences from translation of foreign operations taken to equity	(0.5)	(2.8)
Foreign currency translation reserve transferred to net profit on recognition of LBGA as a subsidiary	-	30.5
Foreign currency translation reserve transferred to net profit on disposal of controlled entities	3.1	-
Fair value adjustment on cash flow hedges	4.4	3.6
Income tax on items that may be reclassified subsequently to income statement	10.1	2.6
Total comprehensive income/(loss) for the half-year	(7.6)	184.0
Total comprehensive income for the half-year is attributable to:		
Members of the parent entity	(8.8)	183.5
Non-controlling interests	1.2	0.5
Total comprehensive income/(loss) for the half-year	(7.6)	184.0

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

		CONSOLIDATED	
	Note	31 Dec 2012 \$ millions	30 Jun 2012 \$ millions
CURRENT ASSETS			
Cash and cash equivalents		186.0	205.7
Receivables		803.8	809.6
Inventories		636.9	656.1
Other financial assets		0.4	0.2
Other		72.2	69.0
Assets classified as held for sale	3	25.7	62.9
TOTAL CURRENT ASSETS		1,725.0	1,803.5
NON-CURRENT ASSETS			
Receivables		8.4	17.8
Inventories		105.9	104.9
Investments accounted for using the equity method		37.5	36.6
Property, plant and equipment		3,466.3	3,566.7
Intangible assets		804.5	820.1
Deferred tax assets		117.4	101.2
Other		51.8	48.3
TOTAL NON-CURRENT ASSETS		4,591.8	4,695.6
TOTAL ASSETS		6,316.8	6,499.1
CURRENT LIABILITIES			
Payables		667.1	732.2
Loans and borrowings	11	59.8	148.3
Other financial liabilities		1.8	7.1
Current tax liabilities		20.3	22.8
Provisions		208.4	187.8
Liabilities classified as held for sale	3	21.5	44.6
TOTAL CURRENT LIABILITIES		978.9	1,142.8
NON-CURRENT LIABILITIES			
Payables		10.1	10.9
Loans and borrowings	11	1,584.5	1,575.1
Other financial liabilities		80.5	72.4
Deferred tax liabilities		144.6	182.5
Provisions		119.3	112.0
TOTAL NON-CURRENT LIABILITIES		1,939.0	1,952.9
TOTAL LIABILITIES		2,917.9	3,095.7
NET ASSETS		3,398.9	3,403.4
EQUITY			
Issued capital	12	2,395.0	2,368.4
Reserves	13	(86.8)	(109.2)
Retained earnings		1,016.2	1,069.9
Total parent entity interest		3,324.4	3,329.1
Non-controlling interests		74.5	74.3
TOTAL EQUITY		3,398.9	3,403.4

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 interests \$ millions	Total Equity \$ millions
Balance at 1 July 2012	2,368.4	(109.2)	1,069.9	3,329.1	74.3	3,403.4
Net profit /(loss)	-	-	(25.3)	(25.3)	2.4	(22.9)
Other comprehensive income						
Translation of net assets of overseas controlled entities	-	(5.5)	-	(5.5)	(1.2)	(6.7)
Translation of long-term borrowings and foreign currency forward contracts	-	6.2	-	6.2	-	6.2
Foreign currency translation reserve transferred to net profit on disposal of controlled entities	-	3.1	-	3.1	-	3.1
Fair value adjustment on cash flow hedges	-	4.4	-	4.4	-	4.4
Actuarial gain/(loss) on defined benefit plans	-	-	(2.4)	(2.4)	-	(2.4)
Income tax relating to other comprehensive income	-	10.1	0.6	10.7	-	10.7
Total comprehensive income	-	18.3	(27.1)	(8.8)	1.2	(7.6)
Transactions with owners in their capacity as owners						
Shares issued under the Dividend Reinvestment Plan and underwriting agreement	26.6	-	-	26.6	-	26.6
Dividend paid	-	-	(26.6)	(26.6)	(2.5)	(29.1)
Share-based payments	-	4.1	-	4.1	-	4.1
Contributions by non-controlling interests	-	-	-	-	1.5	1.5
Total transactions with owners in their capacity as owners	26.6	4.1	(26.6)	4.1	(1.0)	3.1
Balance at 31 December 2012	2,395.0	(86.8)	1,016.2	3,324.4	74.5	3,398.9
Balance at 1 July 2011	2,261.3	(159.5)	1,007.0	3,108.8	47.6	3,156.4
Net profit /(loss)	-	-	152.7	152.7	(1.9)	150.8
Other comprehensive income						
Translation of net assets of overseas controlled entities	-	7.2	-	7.2	2.4	9.6
Translation of long-term borrowings and foreign currency forward contracts	-	(12.4)	-	(12.4)	-	(12.4)
Foreign currency translation reserve transferred to net profit on recognition of LBGA as a subsidiary	-	30.5	-	30.5	-	30.5
Fair value adjustment on cash flow hedges	-	3.6	-	3.6	-	3.6
Actuarial gain/(loss) on defined benefit plans	-	-	(1.0)	(1.0)	-	(1.0)
Income tax relating to other comprehensive income	-	2.6	0.3	2.9	-	2.9
Total comprehensive income	-	31.5	152.0	183.5	0.5	184.0
Transactions with owners in their capacity as owners						
Shares issued under the Dividend Reinvestment Plan and underwriting agreement	51.1	-	-	51.1	-	51.1
Dividend paid	-	-	(51.1)	(51.1)	-	(51.1)
Share-based payments	-	3.7	-	3.7	-	3.7
Non-controlling interest acquired	-	-	-	-	22.5	22.5
Contributions by non-controlling interests	-	-	-	-	1.0	1.0
Total transactions with owners in their capacity as owners	51.1	3.7	(51.1)	3.7	23.5	27.2
Balance at 31 December 2011	2,312.4	(124.3)	1,107.9	3,296.0	71.6	3,367.6

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 2012 \$ millions	Half-Year 31 Dec 2011 \$ millions
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		2,979.7	2,643.4
Payments to suppliers and employees		(2,796.2)	(2,538.4)
		183.5	105.0
Dividends received		10.0	12.1
Interest received		3.9	9.7
Borrowing costs paid		(52.7)	(42.5)
Income taxes paid		(27.9)	(40.1)
Acquisition costs, restructure costs and legal settlements paid	16	(18.5)	(42.5)
NET CASH PROVIDED BY OPERATING ACTIVITIES		98.3	1.7
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(154.6)	(169.7)
Purchase of intangibles		(0.3)	(7.1)
Purchase of controlled entities and businesses (net of cash acquired)		-	(669.7)
Loans to associates		-	(2.2)
Proceeds on disposal of non-current assets		30.3	5.1
Proceeds on disposal of controlled entities and businesses (net of cash disposed)		59.9	-
NET CASH USED IN INVESTING ACTIVITIES		(64.7)	(843.6)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		15.1	25.7
Dividends paid (net of dividends reinvested under the Dividend Reinvestment Plan of \$11.5 million (2011: \$25.4 million))		(15.1)	(25.7)
Dividends paid to non-controlling interests		(2.5)	-
Contributions by non-controlling interests		1.5	1.0
Proceeds from borrowings		47.4	500.0
Repayment of borrowings		(86.1)	(7.3)
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES		(39.7)	493.7
NET CHANGE IN CASH AND CASH EQUIVALENTS		(6.1)	(348.2)
Cash and cash equivalents at the beginning of the year		181.5	561.2
Effects of exchange rate fluctuations on the balances of cash and cash equivalents held in foreign currencies		(2.0)	1.1
Cash and cash equivalents at the end of the half-year	16	173.4	214.1

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 2012 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 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 2012 Annual Financial Report and any public announcements by Boral Limited and its controlled entities during the half-year in accordance with continuous disclosure obligations under the Corporations Act 2001.

The half-year financial report was authorised for issue by the Directors on 13 February 2013.

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 2012 Annual Financial Report.

From 1 July 2012, the Group applied amendments to AASB 134 *Interim Financial Reporting* outlined in AASB 2011-9 *Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income*. The change in accounting policy relates to disclosures only. The changes have been applied retrospectively and require the Group to separately present those items of other comprehensive income that may be reclassified to the Income Statement in the future from those that will never be reclassified to the Income Statement.

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

Operating segments are based on internal reporting to the Chief Executive in assessing performance and determining the allocation of resources. As a result of changes to the Group's management reporting structure, the reportable segments have been amended to comply with requirements of the relevant accounting standard.

A new segment, Boral Gypsum has been formed, which consists of the Group's Australian and Asian plasterboard operations. The remaining Australian Building Product businesses have been aggregated into the redefined Building Products segment.

Comparative segment information has been restated to align with the current structure.

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

Construction Materials	- Quarries, concrete, asphalt, transport, landfill and property.
Cement Division	- Cement and concrete placing.
Building Products	- Australian bricks, roof tiles, masonry, timber products and windows.
Boral Gypsum *	- Australian and Asian plasterboard.
Boral USA	- Bricks, cultured stone, roof tiles, fly ash, concrete and quarries.
Discontinued Operations	- Asian Construction Materials, East Coast masonry and Queensland roofing.
Unallocated	- Non-trading operations and unallocated corporate costs.

* Results from Boral Gypsum Asia (BGA) were equity accounted until 9 December 2011 when the Group acquired the remaining 50% interest from Lafarge.

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 includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

	CONSOLIDATED	
	Half-Year 31 Dec 2012 \$ millions	Half-Year 31 Dec 2011 \$ millions
Reconciliations of reportable segment revenues and profits		
External revenue	2,773.8	2,432.7
Less revenue from discontinued operations	(71.7)	(182.1)
Revenue from continuing operations	2,702.1	2,250.6
Profit before Tax		
Profit before net financing costs and income tax expense from reportable segments	3.4	164.2
(Profit)/loss from discontinued operations	5.6	(3.9)
Significant items applicable to discontinued operations	(11.0)	-
Profit/(loss) before net financing costs and income tax expense from continuing operations	(2.0)	160.3
Net financing costs from continuing operations	(48.6)	(31.6)
Profit/(loss) before tax from continuing operations	(50.6)	128.7

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

2. SEGMENTS (continued)

	Half-Year 31 Dec 2012 \$ millions	Half-Year 31 Dec 2011 \$ millions	Half-Year 31 Dec 2012 \$ millions	Half-Year 31 Dec 2011 \$ millions	Half-Year 31 Dec 2012 \$ millions	Half-Year 31 Dec 2011 \$ millions
	TOTAL REVENUE		INTERNAL REVENUE		EXTERNAL REVENUE	
Construction Materials	1,525.6	1,290.2	79.0	78.9	1,446.6	1,211.3
Cement Division	321.2	308.4	108.6	99.8	212.6	208.6
Building Products	315.6	362.4	0.4	0.3	315.2	362.1
Boral Gypsum	461.6	224.3	-	-	461.6	224.3
Boral USA	266.3	244.8	0.2	0.5	266.1	244.3
Discontinued Operations	71.7	183.0	-	0.9	71.7	182.1
	2,962.0	2,613.1	188.2	180.4	2,773.8	2,432.7

	OPERATING PROFIT (EXCLUDING ASSOCIATES)		EQUITY ACCOUNTED RESULTS OF ASSOCIATES		PROFIT BEFORE NET FINANCING COSTS AND INCOME TAX EXPENSE	
Construction Materials	111.0	88.7	0.7	0.6	111.7	89.3
Cement Division	29.4	34.7	5.2	6.0	34.6	40.7
Building Products	(17.8)	6.3	-	-	(17.8)	6.3
Boral Gypsum	36.6	16.9	5.4	15.4	42.0	32.3
Boral USA	(38.4)	(51.2)	(0.3)	(0.3)	(38.7)	(51.5)
Discontinued Operations	(5.6)	3.9	-	-	(5.6)	3.9
Unallocated	(13.8)	(12.4)	-	-	(13.8)	(12.4)
	101.4	86.9	11.0	21.7	112.4	108.6
Significant items (refer note 6)	(109.0)	55.6	-	-	(109.0)	55.6
	(7.6)	142.5	11.0	21.7	3.4	164.2

	SEGMENT ASSETS (EXCLUDING INVESTMENTS IN ASSOCIATES)		EQUITY ACCOUNTED INVESTMENTS IN ASSOCIATES		TOTAL ASSETS	
	Half-Year 31 Dec 2012 \$ millions	Full Year 30 Jun 2012 \$ millions	Half-Year 31 Dec 2012 \$ millions	Full Year 30 Jun 2012 \$ millions	Half-Year 31 Dec 2012 \$ millions	Full Year 30 Jun 2012 \$ millions
Construction Materials	2,221.8	2,170.1	1.3	0.8	2,223.1	2,170.9
Cement Division	539.6	643.2	19.8	19.4	559.4	662.6
Building Products	807.7	827.1	-	-	807.7	827.1
Boral Gypsum	1,582.1	1,585.1	13.0	12.7	1,595.1	1,597.8
Boral USA	792.7	829.1	3.4	3.7	796.1	832.8
Discontinued Operations	25.7	62.9	-	-	25.7	62.9
Unallocated	6.3	38.1	-	-	6.3	38.1
	5,975.9	6,155.6	37.5	36.6	6,013.4	6,192.2
Cash and cash equivalents	186.0	205.7	-	-	186.0	205.7
Deferred tax assets	117.4	101.2	-	-	117.4	101.2
	6,279.3	6,462.5	37.5	36.6	6,316.8	6,499.1

Geographical information

For the half-year ended 31 December 2012, the Group's trading revenue from external customers in Australia amounted to \$2,147.5 million (2011: \$1,974.4 million), with \$288.5 million (2011: \$31.9 million) from the Plasterboard Asia operations, \$266.1 million (2011: \$244.3 million) relating to operations in the USA and \$71.7 million (2011: \$182.1 million) relating to discontinued operations. The Group's non-current assets (excluding deferred tax assets and other financial assets) in Australia amounted to \$2,852.9 million (30 June 2012: \$2,942.3 million), with \$1,021.6 million (30 June 2012: \$1,024.3 million) in Asia and \$599.9 million (30 June 2012: \$627.8 million) in the USA.

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

		CONSOLIDATED	
		Half-Year 31 Dec 2012 \$ millions	Half-Year 31 Dec 2011 \$ millions
	Note		

3. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

Discontinued operations consist of the Group's Asian Construction Materials, East Coast masonry and Queensland roofing businesses, which has either been sold or are in the process of being divested.

Comparative figures have been restated on a consistent basis with the current year's report.

Results of discontinued operations

Revenue		71.7	182.1
Expenses		(77.3)	(178.2)
		(5.6)	3.9
Gain on sale of discontinued operations	6	11.0	-
Profit before net financing costs and income tax expense		5.4	3.9
Net financing costs		(1.4)	(2.4)
Profit before income tax expense		4.0	1.5
Income tax (expense)/benefit	5	1.9	(0.4)
Net profit		5.9	1.1

Attributable to:

Members of the parent entity		5.9	0.9
Non-controlling interest		-	0.2
Net profit		5.9	1.1

Basic earnings per share		0.8c	0.1c
Diluted earnings per share		0.8c	0.1c

Cash flows from/(used in) discontinued operations

Net cash from/(used in) operating activities		(0.4)	6.9
Net cash from/(used in) investing activities		58.0	(8.8)
Net cash from/(used in) discontinued operations		57.6	(1.9)

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

CONSOLIDATED

Half-Year 31 Dec 2012	Half-Year 31 Dec 2011
\$ millions	\$ millions

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

Effect of disposal on the financial position of the Group

During the period, the Group divested its remaining Asian Construction Materials operations in Thailand and finalised the sale of the Indonesian operations.

Consideration	32.3	-
Cash	(4.3)	-
Trade and other receivables	(18.2)	-
Inventories	(3.1)	-
Property, plant and equipment	(4.4)	-
Intangible assets	(0.6)	-
Other assets	(2.4)	-
Payables	13.7	-
Provisions	1.1	-
Net assets disposed	(18.2)	-
Foreign currency translation reserve transferred to net profit on disposal of controlled entities	(3.1)	-
Gain on disposal of discontinued operations before income tax expense	11.0	-
Consideration	32.3	-
Cash and cash equivalents disposed	(4.3)	-
Add: Deferred consideration received	31.9	-
Consideration (net of disposal costs)	59.9	-

CONSOLIDATED

31 Dec 2012	30 Jun 2012
\$ millions	\$ millions

Assets and liabilities classified as held for sale

Property, plant and equipment	9.0	15.1
Intangible assets	0.3	0.9
Inventories	5.1	11.2
Trade and other receivables	9.6	32.3
Other assets	1.7	3.4
Assets classified as held for sale	25.7	62.9
Payables	4.6	18.8
Other liabilities	0.1	-
Provisions	16.8	25.8
Liabilities classified as held for sale	21.5	44.6
Net assets	4.2	18.3

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

CONSOLIDATED

Note	Half-Year 31 Dec 2012 \$ millions	Half-Year 31 Dec 2011 \$ millions
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4. OPERATING PROFIT

REVENUE FROM CONTINUING OPERATIONS

Sale of goods	2,647.5	2,206.4
Rendering of services	54.6	44.2
Revenue from continuing operations	2,702.1	2,250.6

Depreciation and amortisation expenses	144.1	128.4
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OTHER INCOME FROM CONTINUING OPERATIONS

Significant item	6	-	158.1
Net profit on sale of assets		9.2	-
Net foreign exchange gain		0.1	-
Other income		1.4	2.0
Other income from continuing operations		10.7	160.1

OTHER EXPENSES FROM CONTINUING OPERATIONS

Significant items	6	120.0	102.5
Net loss on sale of assets		-	0.5
Other expenses from continuing operations		120.0	103.0

5. INCOME TAX EXPENSE

Reconciliation of income tax expense to prima facie tax payable

Income tax expense/(benefit) on profit at Australian tax rates 30% (2011: 30%)	(14.0)	39.1
Variation between Australian and overseas tax rates	(6.6)	(7.7)
Share of associates' net income and franked dividend income	(3.3)	(6.5)
Gain on fair value measurement of initial LBGA shareholding	-	(47.4)
Other items	0.2	1.9
Income tax benefit	(23.7)	(20.6)
Tax benefit relating to continuing operations	(21.8)	(21.0)
Tax (benefit)/ expense relating to discontinued operations	(1.9)	0.4
	(23.7)	(20.6)

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

CONSOLIDATED		
	Half-Year 31 Dec 2012 \$ millions	Half-Year 31 Dec 2011 \$ millions
6. SIGNIFICANT ITEMS		
Net profit includes the following items whose disclosure is relevant in explaining the financial performance of the Group:		
Continuing operations		
Gain on fair value remeasurement of initial LBGA shareholding	-	158.1
Acquisition and integration costs	-	(23.6)
Curtailment of clinker operations at Waurin Ponds (i)	(113.3)	-
Organisational restructure costs (ii)	(6.7)	-
Impairment of assets, businesses and restructuring costs	-	(78.9)
Total significant items before tax, from continuing operations	(120.0)	55.6
Income tax benefit	31.9	30.4
Net significant items from continuing operations	(88.1)	86.0
Discontinued operations		
Gain on disposal of Asian Construction Materials	11.0	-
Income tax expense	(0.4)	-
Net significant items from discontinued operations	10.6	-
Summary of significant items		
Profit/(loss) before interest and tax	(109.0)	55.6
Income tax benefit	31.5	30.4
Net significant items	(77.5)	86.0

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

6. SIGNIFICANT ITEMS (continued)

Half-Year December 2012 Significant items

(i) Curtailment of clinker operations at Waurin Ponds

On 6 December 2012, the Group announced the indefinite suspension of its clinker manufacturing operations at the Waurin Ponds cement works in Victoria. This resulted in impairment of assets of \$100.4 million together with closure and restructure costs of \$12.9 million.

(ii) Organisational restructure costs

Redundancies and restructuring costs of \$6.7 million were incurred during the half year as part of a broader organisational restructure exercise to streamline the organisation and align with current market conditions.

Half-Year December 2011 Significant items

Gain on fair value remeasurement of initial LBGA shareholding

On 9 December 2011, the Group acquired the remaining 50% shareholding in Lafarge Boral Gypsum in Asia Sdn Bhd ("LBGA"). On acquisition of the remaining 50% interest in LBGA, this initial investment was remeasured to fair value in accordance with Australian Accounting Standards AASB 3 "Business Combinations", which resulted in a gain to the Group. The gain is net of the derecognition of the foreign currency reserve of \$30.5 million associated with this initial investment.

Acquisition and integration costs

During the half year ended 31 December 2011, the Group incurred costs (including stamp duty), associated with the acquisition and integration of the Asian Plasterboard operations, Wagners' Construction Material concrete and quarry Assets, and Sunshine Coast Quarries' concrete assets and quarries. The acquisition costs are included in other expenses in the Income Statement for the prior period.

Impairment of assets, businesses and restructuring costs

Deterioration in returns from a number of businesses resulted in a reassessment of long term manufacturing capacity requirements. This resulted in a write-down of \$43.0 million in respect of the Galong lime plant that was closed during the period and \$15.9 million in respect of two US brick plants. In light of ongoing depressed trading conditions in the US construction materials markets in Oklahoma and Denver, the goodwill associated with the US construction materials businesses was reassessed which resulted in a \$20.0 million impairment charge reflecting lower margins and increased competition.

Summary of significant items before interest and tax	CONSOLIDATED	
	Half-Year 31 Dec 2012 \$ millions	Half-Year 31 Dec 2011 \$ millions
Construction Materials	(3.7)	-
Cement Division	(113.3)	(43.0)
Building Products	(1.6)	-
Boral Gypsum	-	158.1
Boral USA	-	(35.9)
Discontinued Operations	11.0	-
Unallocated - acquisition, restructure costs	(1.4)	(23.6)
	(109.0)	55.6

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.

	CONSOLIDATED	
	Half-Year	Half-Year
	31 Dec 2012	31 Dec 2011
	\$ millions	\$ millions
Earnings reconciliation		
Net profit before significant items and non-controlling interests	54.6	64.8
Loss/(profit) attributable to non-controlling interests	(2.4)	1.9
Net profit excluding significant items	52.2	66.7
Net significant items	(77.5)	86.0
Net profit/(loss) attributable to members of the parent entity	(25.3)	152.7

Earnings reconciliation - continuing operations		
Net profit before significant items and non-controlling interests	59.3	63.7
Loss/(profit) attributable to non-controlling interests	(2.4)	2.1
Net profit excluding significant items	56.9	65.8
Net significant items	(88.1)	86.0
Net profit/(loss) attributable to members of the parent entity - continuing operations	(31.2)	151.8

	CONSOLIDATED	
	Half-Year	Half-Year
	31 Dec 2012	31 Dec 2011
Weighted average number of ordinary shares used as the denominator		
Number for basic earnings per share	763,059,621	737,083,408
Effect of potential ordinary shares	7,890,464	6,539,796
Number for diluted earnings per share	770,950,085	743,623,204
Basic earnings per share	(3.3)c	20.7c
Diluted earnings per share	(3.3)c	20.5c
Basic earnings per share (excluding significant items)	6.8c	9.0c
Diluted earnings per share (excluding significant items)	6.8c	9.0c
Basic earnings per share (continuing operations)	(4.1)c	20.6c
Diluted earnings per share (continuing operations)	(4.1)c	20.4c

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

	Amount per share	Total amount \$ millions	Franked amount per share	Date of payment
For the half-year ended 31 December 2012				
Final June 2012 - ordinary	3.5 cents	26.6	3.5 cents	28 September 2012
Total		26.6		

For the half-year ended 31 December 2011

Final June 2011 - ordinary	7.0 cents	51.1	7.0 cents	27 September 2011
Total		51.1		

Subsequent Event

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

Interim - ordinary	5.0 cents	38.3	5.0 cents	25 March 2013
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The financial effect of the interim dividend for December 2012 has not been brought to account in the financial report for the period ended 31 December 2012 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 25 February 2013. 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

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

			OWNERSHIP INTEREST CONSOLIDATED	
		Balance date	31 Dec 2012 %	30 Jun 2012 %
Name	Principal activity			
DETAILS OF INVESTMENTS IN ASSOCIATES				
Bitumen Importers Australia Pty Ltd	Bitumen importer	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
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
US Tile LLC	Roof tiles	31-Dec	50	50

	CONSOLIDATED	
	Half-Year 31 Dec 2012 \$ millions	Half-Year 31 Dec 2011 \$ millions
RESULTS OF ASSOCIATES		
Share of associates' profit before income tax expense	15.4	31.0
Share of associates' income tax expense	(4.4)	(8.4)
Non-controlling interest	-	(0.9)
Share of associates' net profit - equity accounted	11.0	21.7

MATERIAL INTERESTS IN ASSOCIATES

Share of associate's net profit - equity accounted

Rondo Building Services Pty Ltd	5.4	5.3
Sunstate Cement Ltd	4.0	5.2
Lafarge Boral Gypsum in Asia Sdn Bhd*	-	10.1

* Results from Lafarge Boral Gypsum in Asia Sdn Bhd were equity accounted until 9 December 2011 when the Group acquired the remaining 50% interest from Lafarge and the entity became a controlled entity.

	CONSOLIDATED		
	Half-Year 31 Dec 2012	Full Year 30 Jun 2012	Half-Year 31 Dec 2011
10. NET TANGIBLE ASSET BACKING			
Net tangible asset backing per ordinary security	\$3.29	\$3.31	\$3.27

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

	CONSOLIDATED	
	31 Dec 2012	30 Jun 2012
	\$ millions	\$ millions
11. LOANS AND BORROWINGS		
CURRENT		
Bank overdrafts - unsecured	12.6	24.2
Bank loans - unsecured	46.2	120.6
Other loans - unsecured	0.7	3.2
Finance lease liabilities	0.3	0.3
	59.8	148.3
NON-CURRENT		
Bank loans - unsecured	697.0	668.5
Other loans - unsecured	886.9	906.0
Finance lease liabilities	0.6	0.6
	1,584.5	1,575.1
TOTAL	1,644.3	1,723.4

TERM AND DEBT REPAYMENT SCHEDULE

Terms and conditions of outstanding loans were as follows:

				CONSOLIDATED	
				31 Dec 2012	30 Jun 2012
	Currency	Effective interest rate 31 Dec 2012	Calendar year of maturity	Carrying amount \$ millions	Carrying amount \$ millions
CURRENT					
Bank overdrafts - unsecured	Multi	4.69%	2013	12.6	24.2
US senior notes - unsecured	USD	-	-	-	2.8
Bank loans - unsecured	USD	1.38%	2013	9.7	9.8
Bank loans - unsecured	THB	-	-	-	50.1
Bank loans - unsecured	Multi	5.88%	2013	36.5	60.7
Other loans - unsecured	Multi	4.11%	2013	0.7	0.4
Finance lease liabilities	Multi	8.57%	2013	0.3	0.3
				59.8	148.3
NON-CURRENT					
US senior notes - unsecured	USD	6.35%	2014-2020	883.8	905.7
Syndicated term credit facility - unsecured	USD	2.36%	2015	146.8	150.0
Syndicated loan facility - unsecured	AUD	5.15%	2016	500.0	461.3
Bank loans - unsecured	Multi	6.18%	2014-2016	50.2	57.2
Other loans - unsecured	Multi	8.54%	2014-2022	3.1	0.3
Finance lease liabilities	Multi	9.09%	2014-2017	0.6	0.6
				1,584.5	1,575.1
TOTAL				1,644.3	1,723.4

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

	Consolidated	
	Half-Year 31 Dec 2012 \$ millions	Full Year 30 Jun 2012 \$ millions
12. ISSUED CAPITAL		
766,235,816 (30 Jun 2012: 758,572,140) ordinary shares	2,395.0	2,368.4
MOVEMENTS IN ISSUED CAPITAL		
Balance at the beginning of the period	2,368.4	2,261.3
3,379,508 (30 Jun 2012: 14,626,401) shares issued under the Dividend Reinvestment Plan	11.5	54.8
4,284,168 (30 Jun 2012: 13,971,102) shares issued under the Dividend Reinvestment Plan underwriting agreement	15.1	52.1
Nil (30 Jun 2012: 48,647) shares issued on vesting of rights	-	0.2
Balance at the end of the period	2,395.0	2,368.4

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	-	-
Nil (30 Jun 2012: 228,625) shares vested and transferred from share-based payments reserve	-	1.0
Nil (30 Jun 2012: 228,625) shares purchased on-market	-	(1.0)
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.

13. RESERVES

Foreign currency translation reserve	(72.6)	(87.5)
Hedging reserve - cash flow hedges	(0.2)	(3.6)
Other reserve	(66.3)	(66.3)
Share-based payments reserve	52.3	48.2
Balance at the end of the period	(86.8)	(109.2)

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

14. 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.

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

15. ACQUISITIONS

There were no acquisitions during the current half-year.

During the half year ended 31 December 2011, the Group acquired:

- the remaining 50% shareholding in Lafarge Boral Gypsum in Asia Sdn Bhd
- the construction materials assets of Wagners Group
- the quarry and concrete assets of Sunshine Coast Quarries

The initial accounting for these acquisitions has been fully determined and details of the purchase consideration and the fair value of assets and liabilities acquired are as disclosed in the Boral Limited Annual Report 2012.

	CONSOLIDATED	
	Half-Year 31 Dec 2012 \$ millions	Half-Year 31 Dec 2011 \$ millions

16. 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 and cash equivalents	186.0	214.1
Bank overdrafts	(12.6)	-
	173.4	214.1

(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	11.5	25.4
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(iii) Acquisition costs, restructure costs and legal settlements paid

During the half year, the Group incurred costs associated with:

Acquisition and integration costs	-	22.0
Restructure and business closure costs	18.5	19.7
Legal settlements and associated costs	-	0.8
	18.5	42.5

17. SUBSEQUENT EVENTS

(i) Organisational Restructure

Boral announced on 16 January 2013 a number of restructuring initiatives that will strengthen Boral's competitiveness and result in a significantly streamlined, more responsive organisation with a lower, more sustainable fixed cost base. The changes will result in employee reductions in Australia and the USA with implementation and redundancy costs estimated at \$60 million for FY 2013, including the previously advised \$13 million of costs associated with the Waurin Ponds clinker manufacturing curtailment and \$6.7 million of organisational restructure costs included in the December half year result .

(ii) Swiss Franc bond issue

On 24 January 2013, Boral announced that it has successfully priced a new seven year bond issue in the Swiss Franc market, to raise CHF150 million (approximately A\$152.9 million). Completion of the bond issue is expected to take place on 20 February 2013, subject to customary conditions. The proceeds on the issue will be used to repay existing bank debt.

(iii) East Coast Masonry

On 8 February 2013, the Group completed the divestment of the New South Wales and Victoria's East Coast Masonry operations, with sale proceeds approximating carrying value.

Statutory Statements

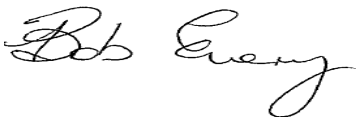
BORAL LIMITED AND CONTROLLED ENTITIES

Directors' Declaration

In the opinion of the Directors of Boral Limited:

1. The financial statements and notes set out on pages 3 to 22, 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 2012 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



Mike Kane
Director

Sydney, 13 February 2013



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 2012, 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 17 comprising a summary of significant 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 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

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 2012 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 2012 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

Greg Boydell
Partner

Sydney, 13 February 2013



Results Announcement for the half year ended 31 December 2012

13 February 2013

Media Release

Boral Limited (ASX: BLD) today reported a half year profit after tax (before significant items¹) of \$52 million for the six months ended 31 December 2012, in line with the guidance given on 23 January 2013.

After net significant items costing \$77 million, Boral reported a net after tax loss of \$25 million. Significant items included asset impairment charges relating to the suspension of clinker production at Waurin Ponds, Victoria, and first half restructuring and redundancy costs, which were partially offset by a gain on the divestment of the Asian Construction Materials businesses.

Boral's sales revenue of \$2.77 billion was 14% above the prior year, but excluding the impact of acquisitions, revenue was broadly steady. Earnings before interest and tax (EBIT) (before significant items¹) increased by 3% to \$112m, also benefiting from acquisitions.

Boral's CEO and Managing Director, Mike Kane, said that some of Boral's businesses performed ahead of expectation, but others disappointed as they continued to face external challenges and are still transitioning to lower cost bases and more appropriate production configurations and organisation structures.

"In Australia, Construction Materials delivered a solid 25% improvement in EBIT, but Cement reported a 15% decline and Building Products reported a very disappointing \$18 million first half loss, following an \$11 million loss in the second half last year," Mr Kane said.

"The improved Construction Materials result reflects strong volumes from resources and infrastructure projects combined with dry weather and the early benefits of restructuring. On the other hand, in the Cement division, the high Australian dollar and increasing production costs continued to impact, but we have taken action to replace Boral's manufactured clinker in Victoria with lower cost imports.

"The deterioration in Building Products reflects increased import and domestic competition and low levels of alterations and additions work impacting Timber, together with significant volume and cost pressures in clay and concrete products, in part due to production reconfiguration impacts in Bricks as well as lower production to reduce stock levels.

"In the newly combined Boral Gypsum division, Australian Plasterboard was also significantly impacted by lower volumes and higher operational costs, reporting a 45% decline in EBIT. This decline was more than offset by a \$19 million increase in reported earnings from Asia as a result of the acquisition of the remaining 50% interest of BGA in FY2012."

Having spent two and half years as President of Boral USA before being appointed CEO in October 2012, Mike Kane played a significant role realigning the US business to the changed market conditions and positioning Boral to take full advantage of the US market recovery.

"While US housing activity is still 44% below the 50-year annual average of 1.5 million starts, it is encouraging to see the recovery now in full swing, with single family housing starts in Boral's brick states up 24% year-on-year, and losses from Boral's US business reducing by 25% in the first half. With low cost production builders being the early movers in the US market, brick intensity in the market is lower than normal but this will improve as activity from higher end builders starts to rebound and Boral leverages its relatively strong cost and market positions", said Mr Kane.

¹ Profit before significant items is a Non-IFRS measure reported to provide a greater understanding of the Group's underlying business performance. Full details of significant items are contained in Note 6 of the half year Financial Report.

As part of today's results announcement, Mike Kane also presented on the progress made on his immediate strategic priorities, providing his perspectives on the Company after his first 100 days as CEO.

"Boral is a great company with significant potential. We have an enviable integrated position in Construction Materials in Australia; arguably the best Gypsum position in the highest growth market in the world; and in the USA, we are coming through the worst downturn since the Great Depression with a leading position in the Cladding and Roof Tile markets in terms of cost, distribution and product offering.

"While the future for Boral is positive, we can't afford to just sit and wait for the markets to recover. We need to perform better through the cycle and be better prepared for future downturns, which will follow the inevitable recoveries. Therefore, we have been continuing to get our house in order – restructuring, maximising the potential of our businesses, divesting non-core assets, integrating acquisitions, and realigning capacities to mid-cycle levels – not peak-levels of demand, as we have typically done in the past.

"In October I set three immediate priorities to focus our improvement efforts – cost reductions, cash generation and pulling back on capital expenditure. I am pleased with the progress we have made in a few short months.

"Boral's overhead structure is well on the way to becoming much leaner and more efficient, with around one-quarter of functional and managerial positions coming out of the business in Australia. We have also continued with operational rationalisation activities. Combined, these cost reduction activities will deliver \$105 million of annualised savings from next year. Our cash generation from operating activities has also improved, increasing by \$96 million year-on-year, and we have identified around \$50 million of planned capital expenditure that can be deferred this year or avoided altogether. As a result, debt has reduced from \$1.52 billion to \$1.46 billion over six months.

"While the rates of market recoveries remain uncertain and adverse weather conditions can have a significant impact, the progress already made in realigning overhead costs, strengthening the portfolio, and improving the balance sheet, positions Boral very well, particularly on the back of ongoing resources work in Australia and the US market recovery. We expect a significant volume uplift in the USA in the final quarter of this financial year," concluded Mr Kane

A fully franked interim dividend of 5.0 cents per share will be paid on 25 March 2013.

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Results Announcement

for the half year ended 31 December 2012

13 February 2013

Management Discussion & Analysis

KEY POINTS

- Half year revenue up 14% to \$2.77b
- Half year EBITDA¹ up 8% to \$256m
- Half year EBIT¹ up 3% to \$112m
- Revenue and earnings improvements include contributions from acquisitions of Lafarge's 50% of LBGA, Sunshine Coast Quarries and Wagners concrete and quarry assets
- Group profit after tax¹ down 22% to \$52m, in line with the guidance provided on 23 January 2013
- Reported net loss after tax of \$25m after net significant items of \$77m relating to impairment charges and restructuring
- Net debt of \$1.46b down from \$1.52b at 30 June 2012
- Half year dividend of 5.0 cents per share, fully franked
- Strong increase in earnings from Boral Construction Materials and reduced losses from Boral USA offset significant reduction in earnings from Building Products and Plasterboard Australia:
 - Resources and infrastructure work, together with dry weather, benefited Construction Materials
 - Cement unable to recover higher production costs due to import parity pricing
 - Building Products impacted by weak demand, inventory reduction and production reconfigurations
 - Half year of fully consolidated earnings from Asia benefited Boral Gypsum while Plasterboard Australia impacted by soft trading conditions
 - Improving US demand constrained by lower product intensity at start of recovery cycle
- Progress made on immediate priorities set by new CEO, Mike Kane:
 - A reduction of 700 functional, support and managerial positions in Australia delivering \$90m p.a. of overhead cost savings from FY2014 (\$37m in FY2013, including \$10m in 1H FY2013)
 - A further reduction of 300 positions from operational rationalisation and outsourcing initiatives, including ceasing clinker production at Waurin Ponds, delivering \$15m of benefits from FY2014
 - Corporate structure streamlined and executive responsibilities re-allocated

(A\$ millions)	1H FY2013			1H FY2012		
	Group ²	Discontinued Operations	Continuing Operations	Group ²	Discontinued Operations	Continuing Operations
Revenue	2,774	72	2,702	2,433	182	2,251
EBIT ¹	112	(6)	118	109	4	105
PAT ¹	52	(5)	57	67	1	66
Significant items (net)	(77)	11	(88)	86	-	86
NPAT	(25)	6	(31)	153	1	152
EPS (cents) ¹	6.8		7.5	9.0		8.9
Gearing (net D/net D+E)	30			31		
Half year dividend	5.0 cents			7.5 cents		

¹ Excluding significant items

² Commentary in this document refers to Group operations before significant items

FINANCIAL OVERVIEW

Boral's **sales revenue** of \$2.77b was 14% above the prior comparable period, reflecting the December 2011 acquisition of Lafarge's 50% interest in the Asian Plasterboard business (Boral Gypsum Asia - BGA) and full half year contributions from the Wagners and Sunshine Coast Quarries acquisitions. Excluding these impacts, revenues were broadly steady.

Boral's earnings before interest and tax (**EBIT**)¹ increased by 3% to \$112m with underlying earnings from continuing operations (including acquisitions) up \$13m or 13% to \$118m. Early benefits from Boral's overhead cost reduction program delivered \$10m of EBIT uplift, primarily in Construction Materials and Building Products. Improved earnings from Construction Materials and Boral USA, and the consolidation of Boral Gypsum Asia (BGA) earnings, offset a decline in earnings from Building Products, Cement and Gypsum Australia.

- EBIT from **Construction Materials** increased by \$23m underpinned by major project activity, full period contribution from acquisitions, drier weather conditions and a \$4m uplift in Property earnings.
- Boral **USA** EBIT improved by A\$12m driven by increased market demand and cost reductions.
- Boral **Gypsum** EBIT increased by \$10m despite a \$9m decline in Australian earnings driven by lower volumes and higher costs. While there was a \$19m increase in reported earnings from BGA, reflecting full half year consolidation, underlying BGA EBIT was down 5% due to challenging market conditions in China and Korea and a \$1m adverse foreign exchange movement.
- Despite restructuring and overhead cost reduction initiatives, **Building Products** EBIT decreased by \$24m, reflecting significant volume declines and one-off cost impacts from brick capacity rationalisation and inventory reductions.
- A \$6m decline in **Cement** EBIT was driven by lower production volumes, input cost increases and the loss of lime and limestone sales volumes to BlueScope Steel which had an adverse \$2m EBIT impact.

Profit after tax (PAT)¹ of \$52m decreased by 22% on the prior comparable period PAT of \$67m. Net profit after tax (NPAT), after significant items, was a loss of \$25m compared to a \$153m profit in the prior comparable period.

Net **significant items** totalled a \$77m loss after tax. A net gain from the sale of the Asian Construction Materials operations was offset by organisational restructuring costs and recognition of impairment charges of \$100m (net \$74m) relating to the cessation of clinker manufacture at Waurin Ponds.

Depreciation and amortisation increased by \$16m to \$144m resulting from the consolidation of BGA and net **interest** expense increased by \$16m to \$50m, reflecting increased borrowings used to fund the BGA, Wagners and Sunshine Coast Quarries acquisitions.

Earnings per share¹ were 6.8 cents compared to 9.0 cents in the six months to 31 December 2011.

Return on funds employed^{1,2} reduced to 4.2% from 4.8% and return on equity reduced to 2.6% from 4.5%.

EBITDA of \$256m was up 8% above the prior comparable period while **operating cash flow** of \$98m was \$96m above the prior comparable period largely due to improved working capital management and lower acquisition and restructuring costs paid. **Capital expenditure** was \$155m (\$52m of stay-in-business and \$103m of growth and acquisition expenditure) and is expected to be around \$300m for FY2013 as a result of measures taken to constrain capital expenditure for the remainder of the year.

Boral's **net debt** at 31 December 2012 was \$1,458m, a \$60m reduction from the net debt at 30 June 2012 and \$86m below 31 December 2011. **Gearing**, net debt / (net debt + equity), reduced from 31% at 31 December 2011 to 30% at 31 December 2012. Boral's principal bank gearing covenant of gross debt / (gross debt + equity – intangibles) reduced to 39% at 31 December 2012.

A fully franked interim **dividend** of 5.0 cents per share will be paid on 25 March 2013. Boral's Dividend Reinvestment Plan (DRP) will be underwritten in respect of the interim dividend, with the shares issued under the DRP to be issued at a 2.5% discount to the market price.

¹ Excluding significant items

² On a moving annual total (MAT) basis

EXTERNAL MARKET CONDITIONS

In the first half of FY2013 (1H FY2013), annualised total housing starts in Australia (including single and multi-dwellings) were estimated to be 152,300¹, broadly in line with the first half of FY2012 (1H FY2012) and up 14% compared to the second half of FY2012 (2H FY2012), when annualised housing starts were 134,000.

Australian non-residential activity in 1H FY2013 is estimated to be down 4%² on 1H FY2012, with Queensland (QLD) particularly weak.

Ongoing pricing constraints in the cement market resulting from the high Australian dollar and low overseas shipping costs, together with rising domestic production costs, resulted in Boral announcing plans to suspend indefinitely clinker production at Waurin Ponds and develop additional import capabilities by operating the existing site as a milling facility using imported clinker.

In line with expectations, the US housing market continued its recovery, with 1H FY2013 annualised housing starts of 836,000 up 29% on 1H FY2012 starts of 646,000 and up 15% on 2H FY2012 starts of 725,000³. In Boral's US Brick states⁴, annualised single dwelling housing starts in 1H FY2013 were up 24% compared to 1H FY2012 and in Boral's US Tile states⁵ they were up 46%. Annualised US housing starts for 1H FY2013 were however still 44% below the 50-year annual average of 1.5m starts.

In Asia, Indonesia, Thailand and Malaysia continued to experience strong underlying demand while market activity in South Korea declined. In China, housing construction remains weaker than expected as a result of central government intervention to reduce house price inflation.

SEGMENT RESULTS

Boral Construction Materials

Concrete, Quarries, Asphalt, Transport and Property

(A\$ millions)	1H FY13	1H FY12	Var %
Revenue	1,447	1,211	19
EBITDA	169	138	22
EBIT	112	89	25

External Revenue	1H FY 13	1H FY12	Var %
Concrete	638	538	18
Quarries	263	238	11
Asphalt	432	373	16

Construction Materials revenues of \$1.45b increased \$236m (19%) on 1H FY2012, assisted by favourable weather conditions across Eastern Australia and contributions from the Wagners and Sunshine Coast Quarries acquisitions. Revenues also benefited from increased resources and major project activity, and strong activity in New South Wales (NSW) metro and QLD country markets, which more than offset weaker concrete demand in NSW and Victoria (VIC) country.

Excluding acquisitions, concrete volumes were up 4% while quarry volumes were down 4% on the prior

corresponding period. Concrete and quarry prices were up 7% and 12% respectively, reflecting strong pricing disciplines and a shift to higher priced project and country markets.

EBIT of \$110m before property sales was up \$18m or 20%, driven by revenue growth and the early benefits from cost reduction programs.

Concrete and Quarries earnings benefited from supply to the three Curtis Island LNG projects at Gladstone which has now reached steady state demand and will continue throughout FY2013.

Revenue from the Asphalt business increased by 16% on higher volumes with earnings benefiting from drier weather, flood recovery activity in QLD and supply to the Brisbane Port Connect and Melbourne Peninsula Link projects.

¹ Sep-12 quarter based on ABS original housing starts; Dec-12 quarter based on HIA estimate

² Sep-12 quarter based on ABS original value of work done; Dec-12 quarter based on BIS forecast value of work done

³ US census seasonally adjusted housing starts

⁴ McGraw Hill / Dodge data. Brick States include: Alabama, Arkansas, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas

⁵ McGraw Hill / Dodge data. Tile States include: Arizona, California, Colorado, Florida, Kansas, Missouri, Nevada, Oregon, Washington

Property earnings of \$1.5m were up \$4m on last year. The result largely reflects the sale of surplus land at Red Hill in Western Australia (WA) and Pine Mountain in QLD offset by development costs.

Construction Materials is focused on delivering strong cost savings through overhead reductions, restructuring and rationalisation. Currently underway, the consolidation of the South Australia (SA) and VIC regional management structures will improve costs and efficiencies. A program of rationalising small and redundant sites which commenced in FY2012 is also continuing with a total of 10 sites exited in the six months to December 2012.

The Peppertree Quarry project remains on budget with practical completion expected in November 2013 and full production planned for mid 2014.

Boral Cement

Cement, Lime and Concrete Placing

(A\$ millions)	1H FY13	1H FY12	Var %
Revenue	213	209	2
EBITDA	62	66	(7)
EBIT	35	41	(15)

Cement revenue of \$213m was 2% above the prior comparable period, reflecting marginally higher cement volumes and prices, improved lime prices and higher revenues from De Martin & Gasparini, which offset a significant reduction in lime and limestone volumes.

External Revenue	1H FY13	1H FY12	Var %
Cement & Lime	145	157	(8)
Concrete Placing	68	52	32

EBIT of \$35m was \$6m (15%) below the prior comparable period. Earnings were negatively impacted by lower clinker production, significant increases in input costs (particularly electricity and fuel) and the loss of lime and limestone sales to

BlueScope Steel following the closure of the Port Kembla furnace in August 2011; the latter negatively impacted EBIT by \$2m. The strong Australian dollar continues to suppress pricing through import competition, thereby inhibiting the recovery of cost inflation, although this was partially contained through cost reduction projects.

While clinker production was lower year-on-year, inventory levels increased ahead of the planned suspension of clinker production at Waurin Ponds from May 2013. As Boral replaces production at Waurin Ponds with imported clinker, Boral's cost of supply will be lowered from FY2014.

Boral Building Products

Australian Bricks, Roofing, Masonry (SA and WA), Timber and Windows

(A\$ millions)	1H FY13	1H FY12	Var %
Revenue	315	362	(13)
EBITDA	1	26	-
EBIT	(18)	6	-

Building Products revenue of \$315m was \$47m or 13% below the prior comparable period (but up 6% from 2H FY2012) driven by lower volumes across most products.

External Revenue	1H FY13	1H FY12	Var %
Clay & concrete	159	181	(12)
Timber	89	109	(18)
Windows	67	72	(8)

Volumes were impacted by reduced activity in the premium alterations and additions market, short-term lack of availability in Bricks of certain product lines as manufacturing capacity was re-configured, and increased domestic and import competition (supported by the high Australian dollar) in some Timber segments. Volumes declined by 10% in Bricks, 8% in

Roofing, 9% in Masonry and 17% across Hardwood and Softwood compared to 1H FY2012. Average prices were 2% - 3% higher in Bricks, Roofing and Hardwood but down 5% in Masonry.

An EBIT loss of \$18m was \$24m below the prior comparable period, primarily driven by lower earnings in the WA bricks and masonry operation and in Timber. In addition, inventory reductions, including an 11% reduction in brick inventories, had a \$5m adverse EBIT impact during the period; production re-configuration to optimise brick capacity at Bringelly and Darra had a \$3m adverse impact; and there was a \$5m one-off cost relating to insurance claims and inventory revaluations, while the prior period benefited from \$3m of inventory revaluations.

Earnings from WA bricks and masonry operation declined by \$8m on the prior comparable period due to weaker demand accompanied by lower production volumes, increased price competition and costs of mothballing kilns 7 and 8. Timber earnings declined by \$9m, impacted by a significant decline in hardwood and softwood volumes from lower residential and premium alterations and additions market demand, increased import competition supported by the high Australian dollar, and increased domestic competition.

Although divisional overhead cost reduction measures totalled \$10m, including \$6m through restructuring and removal of the Clay & Concrete Products overhead structure, these benefits were insufficient to offset the overall impact of lower volumes, cost inflation and one-off items.

Having regard to the disappointing performance of Building Products, the businesses making up that division will be kept under close review with the objective of improving returns and ensuring that the long term configuration of these businesses is appropriate.

Boral Gypsum

Plasterboard Australia and 100% of Boral Gypsum Asia (BGA) - from 9 December 2011

(A\$ millions)	1H FY13	1H FY12	Var %
Revenue	462	224	na
EBITDA	62	38	na
EBIT	42	32	na

External Revenue	1H FY13	1H FY12	Var %
Australia	173	192	(10)
Asia	289	32	na

EBIT	1H FY13	1H FY12	Var %
Australia	11	20	(45)
Asia	31	12	na

Note: 1H FY12 includes BGA's equity accounted after tax result to 8 Dec-11. On a proforma comparative basis, BGA revenue for six months to Dec-11 was \$287m and EBIT was \$33m.

Boral Gypsum revenue incorporates 100% of revenue from BGA from 9 December 2011 and revenue from the Australian plasterboard operations.

Plasterboard Australia revenue of \$173m for the 1H FY2013 was down 10% on the prior comparable period driven by a 5% decline in board volumes, lower resale product and contracting revenues, and flat board prices. The volume decline is in line with contraction in the Australian plasterboard market.

In Asia, double-digit underlying revenue growth in Thailand, Indonesia and Malaysia was offset by lower revenue in Korea, Vietnam and India. Revenue from China grew less than expected as the slow-down in construction activity continued, resulting in strong price competition. Korea was impacted by weaker market demand and intense price competition, as well as

adverse weather conditions in December. Thailand and Indonesia continue to experience solid volume growth underpinned by strong economic conditions.

EBIT of \$42m for the Gypsum division includes 100% fully consolidated EBIT for BGA of \$31m in 1H FY2013, which compares to a total reported contribution of \$12.4m in the prior comparative period, \$10.1m of which was equity income recognised prior to completion of the acquisition. On a like-for-like basis, theoretical consolidation for the prior comparative period would have resulted in EBIT for BGA of \$32.8m in 1H FY2012. The 5% decrease in BGA EBIT on a consolidated basis was largely driven by challenging market conditions in Korea and China and a \$1m negative foreign exchange movement which were partially offset by growth in earnings in Thailand and Indonesia.

The decline in Australian EBIT to \$11m in 1H FY2013 from \$20m in 1H FY2012 reflects the market-led decline in sales volumes and higher operational costs which were not fully recovered through cost reduction programs.

Boral remains confident of achieving earnings growth in Asia through product penetration, operational improvement programs and capacity expansions. Plant expansions of 30m m² at Cilegon (Indonesia) and 15m m² at Chongqing (China) are expected to be in operation in the first quarter of calendar 2013 with the 30m m² capacity expansion at Ho Chi Minh (Vietnam) to be completed in 1H FY2014.

Boral USA*Bricks & Cultured Stone, Roof Tiles, Fly Ash, Construction Materials*

(A\$ millions)	1H FY13	1H FY12	Var %
Revenue	266	244	9
EBITDA	(18)	(31)	42
EBIT	(39)	(51)	25

Boral USA reported revenue of A\$266m, 9% above 1H FY2012, reflecting early benefits from a recovering US housing market.

(US\$ millions)	1H FY13	1H FY12	Var %
Revenue	277	253	10
EBITDA	(19)	(32)	41
EBIT	(40)	(53)	24

An EBIT loss of A\$39m was a 25% improvement on the prior comparable half year loss of A\$51m. US dollar losses decreased to US\$40m compared with US\$53m in 1H FY2012. The improved result reflects increased housing demand, cost reductions from plant rationalisation and other cost containment measures.

External Revenue (US\$ millions)	1H FY13	1H FY12	Var %
Cladding ¹	130	117	12
Roofing	59	51	15
Construction Materials & Fly Ash	88	85	4

While there was a 27% uplift in annualised single family housing starts in the USA compared to the prior comparable period, this increased activity was concentrated on production builders, where the intensity per start of Boral's products is lower. This lower level of

brick and stone intensity together with the slower recovery in the commercial segment is contributing to the expected lag between the recovery in housing starts and Boral's earnings. Demand patterns reflect the start of the recovery cycle as US housing activity remains 44% below the 50-year annual average of 1.5m starts.

Revenue from Cladding (Bricks, Cultured Stone & Trim) was up 12% to US\$130m, reflecting an 11% and 6% volume increase in Bricks and Cultured Stone respectively, and higher resale product volumes which offset weaker prices. Prices were down partly as a result of the adverse market mix shift to high volume production builders. Earnings from Cladding benefited from lower operating costs including benefits from rationalisation and lower energy prices. Nevertheless, Bricks and Cultured Stone plant utilisation remains low at 40% and 24% respectively in 1H FY2013, with brick plant utilisation benefiting from substantial plant rationalisations over recent years.

Roofing revenues of US\$59m increased by 15%, resulting in a significant improvement in earnings on the prior comparable period. Roofing volumes increased 21% while average selling prices declined 7% reflecting the mix shift to low cost production builders.

Construction Materials and Fly Ash revenues of US\$88m increased by 4% on the prior comparable period. Volume increases in concrete and quarries of 27% and 4% respectively offset lower average prices and relatively flat Fly Ash revenue. The combined businesses delivered improved earnings.

Discontinued Businesses*Asian Construction Materials, Masonry East Coast and Roofing Queensland*

Discontinued Businesses reported \$72m of revenue and a \$6m EBIT loss in 1H FY2013.

Thailand Construction Materials was sold in December 2012, and sale contracts for the divestment of the remaining east coast Masonry assets have been signed. On a combined basis, these business divestments will deliver proceeds of up to \$45m, which is in line with their carrying values.

Final proceeds relating to the Indonesian Construction Materials sale in the prior year were received during the half year.

¹ Includes Bricks, Cultured Stone and Trim

BORAL'S STRATEGIC PRIORITIES

PORTFOLIO MANAGEMENT

Over the past two years, significant progress has been made to strengthen Boral's businesses through acquisitions, restructuring and improvement programs.

Capital allocation has been directed to those parts of Boral's portfolio that have significant potential to deliver strong earnings growth. Capital will continue to be prioritised to those businesses which have leading market positions and strong prospects for the future:

- Construction Materials in Australia – *quarries, concrete, asphalt and cement*
- Building Products in the USA – *cladding and roofing*
- Gypsum in Australia and Asia.

During the first half of the year, significant progress was made in restructuring, divesting or closing unprofitable businesses, further adjusting Boral's manufacturing footprint in the context of external markets, and outsourcing certain activities that are non-core to Boral. These activities have further focused Boral's portfolio of businesses, positioning the business well for recovering markets at the same time as reducing future investment requirements and structural support costs.

Key steps undertaken in the first half of FY2013 to strengthen Boral's portfolio included:

- ✓ Restructuring Plasterboard Australia into Boral Gypsum (Asia and Australia), with work underway to secure long-term technology support
- ✓ Streamlining the corporate structure and re-allocation of executive responsibilities
- ✓ Announcement to cease clinker manufacturing at Waurin Ponds and develop import capabilities following Cement's strategic review
- ✓ Contracts signed for divestments of Thailand Construction Materials and East Coast Masonry
- ✓ Closures of:
 - o Bateman's Bay Timber mill
 - o Nowra and Newcastle Windows fabrication operations
 - o Emu Plains Transport depot
- ✓ Consolidation, exit or closure of 10 small and redundant concrete batching plants and quarry sites
- ✓ Outsourcing initiatives in Australia and the USA including IT infrastructure support in Australia.

As previously announced, employee numbers will reduce by around 300 as a result of portfolio rationalisation and outsourcing initiatives and cost savings of \$15m per annum will be delivered from FY2014. Furthermore, avoided future costs and avoided capital investments as a result of closing and reconfiguring operations are significant.

Boral will continue to explore value enhancing opportunities across the portfolio, including value-creating divestment opportunities of individual assets or businesses where appropriate.

IMMEDIATE PRIORITIES

In recent years, Boral's invested capital has increased at the same time that profits have decreased under cyclical market pressures. With an EBIT return on funds¹ employed (ROFE) in the first half of the year of 4.2%, there is an urgent need for this trend to be reversed and considerable improvement is required to exceed Boral's targeted pre-tax ROFE of 15%.

At the time of his appointment in October 2012, Boral's new Managing Director and CEO, Mike Kane, confirmed his support for the group's strategy and set the following immediate priorities to help deliver a performance turnaround and to maximise returns from Boral's existing asset positions:

- Significantly reduce Boral's **overhead costs**;
- Maximise **cash generation**; and
- Conserve **capital**.

Significant progress against these priorities has been made during Mike Kane's first 100 days.

¹ On a moving annual total (MAT) basis

Realigning overhead costs

In parallel with operational rationalisation activities, a comprehensive review of Boral's overhead structures and costs in Australia commenced in October 2012 and was completed in January 2013. The outcome of the review, which was announced in January, identified 700 positions that will come out of Boral's Australian organisation in FY2013, delivering annualised cost savings of \$90m and supporting a more efficient, streamlined overhead structure.

Key progress made in the first half of the year to reduce overhead costs includes:

- ✓ Reviewed 2,750 managerial, functional and support roles in Australia identifying 700 positions to come out of the business
- ✓ 200 of the 700 redundancies completed by December 2012
- ✓ Remaining 500 redundancies to take place in 2H FY2013, largely by March 2013
- ✓ \$10m of identified \$37m FY2013 cost savings delivered in 1H FY2013
- ✓ \$90m annualised savings to be delivered from FY2014.

Maximise cash generation

A two-year FY2013-2014 target of delivering between \$200m and \$300m of cash proceeds from land sales and divestments is on target.

In 1H FY2013, \$90m of cash proceeds was delivered from divestments and land sales, including final proceeds from the sale of Indonesian construction materials and proceeds from Thailand Construction Materials. Proceeds from the Masonry divestments are expected in 2H FY2013. The targeted \$200m to \$300m will continue to be progressively delivered over the next 18 months.

Cash generation is also being targeted by reducing inventory levels, particularly in the Timber and Bricks businesses, where inventory levels remain too high. While production volumes being below sales levels is having an adverse EBIT impact, cash generation as a result of inventory reduction in bricks, hardwood timber and plasterboard in Australia totalled \$7m in 1H FY2013. Inventory reduction plans will continue to impact the Australian Building Products businesses in the second half as production is held below sales levels.

Overall, cash flow from operating activities increased by \$96m in 1H FY2013.

Conserve capital

Over the past 100 days, capital plans have been closely scrutinised and prioritisation of capital projects has taken place. Where prudent, capital expenditure, including stay-in-business (SIB) capital, has been deferred or reduced.

A total of \$52m was spent on SIB capital in 1H FY2013 compared with \$81m in the prior corresponding period. This expenditure represents 36% of depreciation. Growth capital of \$103m was broadly in line with the prior year and included \$36m of capital invested into the Peppertree Quarry project and \$11m on the upgrades of the Cilegon, Chongqing and Ho Chi Minh plants in BGA.

The previous FY2013 planned capital expenditure of \$345m has been reduced to around \$300m for the full year.

CHANGE LEVERS

To deliver sector best performance, Boral will continue to rely on Safety, LEAN, Sales & Marketing Excellence, and Innovation programs as levers for change.

Safety

Boral's safety performance for 1H FY2013, as measured by Lost Time Injury Frequency Rate per million hours worked (LTIFR) for employees and contractors, was 1.5, which was unchanged on the prior comparable period. Improving Boral's safety performance and embedding a focus and commitment to safety management remains an imperative across the business, with current initiatives including:

- ✓ CEO-led four-day safety intervention in QLD Asphalt, commencing the roll-out of a comprehensive Safety Intervention program in Australia and Asia to be undertaken by divisional leaders. Boral's safety intervention program has already delivered strong results in the US business, and will now be implemented across Boral's 30 worst performing sites in Australia where 50% of injuries occur.
- ✓ With 36 Lost Time Injuries (LTIs) reported in 1H FY2013 up from 31 LTIs in 1H FY2012, each LTI is being closely scrutinised in dedicated meetings involving all levels of management responsible for the business where the accident occurred together with the CEO.
- ✓ New next generation Du Pont safety programs are being piloted in QLD Asphalt and the Bessemer brick plant in the USA.

LEAN

LEAN is continuing to be used throughout Boral to reduce waste, reduce physical inventories and streamline processes. As markets recover and demand improves LEAN will facilitate the release of additional capacity from Boral's existing production base. Current activities are focusing on:

- ✓ Transferring the management of LEAN principles and tools from functional specialists to front-line operational positions and line management in Australia.
- ✓ Rolling out LEAN tools in Boral Gypsum Asia, with a primary objective of releasing capacity to delay future capital investment in capacity upgrades.
- ✓ More closely aligning LEAN and safety management to ensure front line engagement leads to safer operations.

Sales & Marketing

In the USA a 'one Boral' approach to Boral's customer base has been rolled out, and in Australia, cross-business collaboration to better serve customers has been a priority. The following progress was made in the first half of the year:

- ✓ Completed the roll out of a common customer relationship management (CRM) tool across all Australian businesses, providing for improved customer knowledge sharing.
- ✓ A Boral-developed, automated lead-sharing program was also rolled out across all Australian businesses, which will support cross-business sales and a more responsive organisation.
- ✓ A defined global Brand Strategy has allowed for more consistent and effective marketing efforts across geographies.

Innovation

A single R&D organisation is being established to coordinate Boral's global R&D activities and manage the group's international patent portfolio. This new R&D structure will support a more responsive, customer-focused innovation program including selective investments in R&D to address unmet customer needs.

FY2013 OUTLOOK

In the second half of the year, **Construction Materials** is expected to deliver a sustained performance underpinned by major infrastructure and LNG project activity and improved pricing outcomes. This assumes continued improved weather conditions relative to the second half of FY2012.

Boral's **Cement** sales volumes in the second half are expected to be flat and the pricing environment will remain challenging due to the high Australian dollar and low sea freight prices. The benefits from building inventory in the first half ahead of the planned Waurin Ponds manufacturing closure in May 2013 will largely be reversed in the second half of the year.

Conditions will remain challenging for **Building Products** in the second half, although the division will benefit from cost reduction and restructuring programs.

In Boral **Gypsum**, better volumes and pricing outcomes are expected in the Australian plasterboard business in the second half and volumes in Vietnam and Korea should improve.

In the **USA**, increased housing starts and improvements in product intensity are expected to underpin a significant volume uplift in the fourth quarter.

The second half of FY2013 will be a period of consolidating recent portfolio changes, continuing to deliver on identified immediate priorities, examining further value maximising opportunities within Boral's existing portfolio and leveraging early benefits from recovering markets, particularly in the USA.

RESULTS AT A GLANCE

(A\$ million unless stated)

Half year ended 31 December	1H FY2013	1H FY2012	% Change
Revenue	2,774	2,433	14
EBITDA ¹	256	237	8
EBIT ¹	112	109	3
Net interest ¹	(50)	(34)	(47)
Profit before tax ¹	62	75	(16)
Tax ¹	(8)	(10)	20
Non-controlling interests	(2)	2	
Profit after tax¹	52	67	(22)
Net significant items	(77)	86	
Net profit after tax	(25)	153	(117)
Cash flow from operating activities	98	2	
Gross assets	6,317	6,557	
Funds employed	4,857	4,912	
Liabilities	2,918	3,190	
Net debt	1,458	1,544	
Stay-in-business capital expenditure	52	81	
Growth capital expenditure	103	96	
Acquisition capital expenditure ²	-	670	
Depreciation and amortisation	144	128	
Employees ³	13,206	17,559	(25)
Revenue per employee, \$ million	0.210	0.139	51
Net tangible asset backing, \$ per share	3.29	3.27	
EBITDA margin on revenue ¹ , %	9.2	9.7	
EBIT margin on revenue ¹ , %	4.1	4.5	
EBIT return on funds employed (MAT) ¹ , %	4.2	4.8	
Return on equity (MAT) ¹ , %	2.6	4.5	
Gearing			
Net debt/equity, %	43	46	
Net debt/net debt + equity, %	30	31	
Interest cover ¹ , times	2.2	3.2	
Earnings per share ¹ , ¢	6.8	9.0	
Dividend per share, ¢	5.0	7.5	
Employee safety ⁴ : (per million hours worked)			
Lost time injury frequency rate	1.5	1.5	
Recordable injury frequency rate	16.6	20.2	

Figures relate to the total Group including continuing and discontinued operations

¹ Excludes significant items² Net of \$94 million cash acquired in BGA³ Includes reduction of 4,059 employees through Asian divestments in CY2012⁴ Includes employees and contractors combined

Non – IFRS Information

Boral Limited's statutory results are reported under International Financial Reporting Standards.

Earnings before significant items is a non statutory measure reported to provide a greater understanding of the underlying business performance of the Group.

Significant items are detailed in the Note 6 of the half year financial report and relate to amounts of income and expense that are associated with significant business restructuring, impairment or individual transactions.

A reconciliation of earnings from continuing operations before significant items to reported profit is detailed below:

Six months ended 31 December 2012

	Trading Operations	Significant Items	Total
	\$m	\$m	\$m
Continuing Operations			
EBIT from continuing operations	118.0	(120.0)	(2.0)
Net financing costs	(48.6)		(48.6)
Income tax (expense) benefit	(10.1)	31.9	21.8
Profit/ (loss) from continuing operations	59.3	(88.1)	(28.8)
Non controlling interests	(2.4)		(2.4)
NPAT from continuing operations attributable to members of the Boral Group	56.9	(88.1)	(31.2)
Discontinued Operations			
NPAT from discontinued operations attributable to members of the Boral Group	(4.7)	10.6	5.9
NPAT attributable to members of the Boral Group	52.2	(77.5)	(25.3)

The results announcement has not been subject to review or audit, however it contains disclosures which are extracted or derived from the Financial Report for the half year ended 31 December 2012 which has been subject to review by the Group's Independent Auditor.

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