



Boral Limited

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30 August 2017

The Manager, Listings
Australian Securities Exchange
ASX Market Announcements
Exchange Centre
20 Bridge Street
Sydney NSW 2000

Dear Sir

Results for announcement to the market – full year ended 30 June 2017

We attach the Appendix 4E (Preliminary Final Report) required to be given to ASX under ASX Listing Rule 4.3A.

Yours faithfully

Dominic Millgate
Company Secretary

APPENDIX 4E

PRELIMINARY FINAL REPORT

30 August 2017

Name of Entity: **Boral Limited**
 ABN: **13 008 421 761**
 Financial Year ended: **30 June 2017**

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Results for announcement to the market

			2017 \$m	2016 \$m
Revenue from continuing operations	up	7.9% to	4,257.8	3,945.2
Revenue from discontinued operations			130.5	366.0
Total revenue	up	1.8% to	4,388.3	4,311.2
Profit from continuing operations before net financing costs, income tax and significant items	up	15.3% to	455.4	394.8
Profit from discontinued operations before net financing costs, income tax and significant items			4.5	3.1
Profit before net financing costs, income tax and significant items	up	15.6% to	459.9	397.9
Net financing costs from continuing operations before significant items			(50.7)	(63.2)
Profit before income tax and significant items	up	22.3% to	409.2	334.7
Income tax from continuing operations before significant items			(66.7)	(70.1)
Income tax from discontinued operations before significant items			0.2	3.4
Net profit before significant items	up	27.9% to	342.7	268.0
Significant items from continuing operations net of tax ¹			(80.0)	(16.0)
Significant items from discontinued operations net of tax ¹			42.6	4.0
Significant items from equity accounted results ¹			(8.4)	-
Net profit	up	16.0% to	296.9	256.0

1. Refer note 7 of the attached financial report.

Profit before significant items is a Non IFRS measure reported to provide a greater understanding of the underlying business performance of the Group. The disclosures are extracted or derived from the financial report for the year ended 30 June 2017, but have not been subject to audit or review.

review:

Dividends	Amount per security	Franked amount per security at 30% tax
Current period		
Final - ordinary	12.0 cents	6.0 cents
Interim - ordinary	12.0 cents	12.0 cents
Previous corresponding period		
Final - ordinary	11.5 cents	11.5 cents
Interim - ordinary	11.0 cents	11.0 cents
Record date for determining entitlements to the final dividend		6 September 2017
Comparative figures: Full year ended 30 June 2016		

Commentary on the results for the period

The commentary on the results of the period is contained in the Results Announcement for the year ended 30 June 2017 - Management Discussion and Analysis dated 30 August 2017.

Income Statement

BORAL LIMITED AND CONTROLLED ENTITIES

For the year ended 30 June

	Note	2017 \$m	2016 \$m
Continuing operations			
Revenue	3	4,257.8	3,945.2
Cost of sales		(2,858.4)	(2,672.5)
Selling and distribution expenses		(763.2)	(713.3)
Administrative expenses		(301.4)	(288.8)
		(3,923.0)	(3,674.6)
Other income	4	25.8	44.9
Other expenses	5	(95.3)	(50.6)
Results of equity accounted investments	13	86.4	79.4
Profit before net financing costs and income tax		351.7	344.3
Financial income	6	24.4	7.6
Financial expenses	6	(75.1)	(70.8)
Net financing costs		(50.7)	(63.2)
Profit before income tax		301.0	281.1
Income tax expense	8	(51.4)	(35.6)
Profit from continuing operations		249.6	245.5
Discontinued operations			
Profit from discontinued operations (net of income tax)	9	47.3	10.5
Net profit		296.9	256.0
Continuing operations			
Basic earnings per share	11	29.2c	31.8c
Diluted earnings per share	11	29.0c	31.5c
Continuing operations			
Basic earnings per share	11	24.5c	30.5c
Diluted earnings per share	11	24.3c	30.2c

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

Statement of Comprehensive Income

BORAL LIMITED AND CONTROLLED ENTITIES

For the year ended 30 June

	2017 \$m	2016 \$m
Net profit	296.9	256.0
Other comprehensive income		
Items that may be reclassified subsequently to Income Statement:		
Net exchange differences from translation of foreign operations taken to equity	(99.4)	(7.0)
Foreign currency translation reserve transferred to net profit on disposal of controlled entities	(24.5)	-
Fair value adjustment on cash flow hedges	2.6	(7.7)
Income tax on items that may be reclassified subsequently to Income Statement	(1.3)	10.4
Total comprehensive income	174.3	251.7

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

Balance Sheet

BORAL LIMITED AND CONTROLLED ENTITIES

As at 30 June	Note	2017 \$m	2016 \$m
CURRENT ASSETS			
Cash and cash equivalents	19	237.8	452.1
Receivables		873.6	623.9
Inventories		606.6	556.9
Financial assets		3.8	18.9
Other assets		41.9	32.4
TOTAL CURRENT ASSETS		1,763.7	1,684.2
NON-CURRENT ASSETS			
Receivables		30.4	16.0
Inventories		13.1	12.6
Investments accounted for using the equity method		1,353.7	1,054.6
Financial assets		31.8	23.1
Property, plant and equipment		2,755.7	2,517.7
Intangible assets		3,208.6	234.7
Deferred tax assets		128.4	237.4
Other assets		28.2	20.2
TOTAL NON-CURRENT ASSETS		7,549.9	4,116.3
TOTAL ASSETS		9,313.6	5,800.5
CURRENT LIABILITIES			
Trade creditors		812.4	607.9
Loans and borrowings	15	407.4	352.4
Financial liabilities		15.4	7.8
Current tax liabilities		64.1	36.6
Employee benefit liabilities		115.5	118.8
Provisions		53.5	58.2
TOTAL CURRENT LIABILITIES		1,468.3	1,181.7
NON-CURRENT LIABILITIES			
Loans and borrowings	15	2,163.7	992.8
Financial liabilities		10.9	18.6
Employee benefit liabilities		44.4	11.3
Provisions		157.5	59.0
Other liabilities		28.3	30.8
TOTAL NON-CURRENT LIABILITIES		2,404.8	1,112.5
TOTAL LIABILITIES		3,873.1	2,294.2
NET ASSETS		5,440.5	3,506.3
EQUITY			
Issued capital	16	4,265.1	2,246.2
Reserves	17	19.3	162.0
Retained earnings		1,156.1	1,098.1
TOTAL EQUITY		5,440.5	3,506.3

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

Statement of Changes in Equity

BORAL LIMITED AND CONTROLLED ENTITIES

	Issued capital \$m	Reserves \$m	Retained earnings \$m	Total equity \$m
For the year ended 30 June 2017				
Balance at 1 July 2016	2,246.2	162.0	1,098.1	3,506.3
Net profit	-	-	296.9	296.9
Other comprehensive income				
Translation of net assets of overseas entities	-	(101.3)	-	(101.3)
Translation of long-term borrowings and foreign currency forward contracts	-	1.9	-	1.9
Foreign currency translation reserve transferred to net profit on disposal of controlled entities	-	(24.5)	-	(24.5)
Fair value adjustment on cash flow hedges	-	2.6	-	2.6
Income tax relating to other comprehensive income	-	(1.3)	-	(1.3)
Total comprehensive income	-	(122.6)	296.9	174.3
Transactions with owners in their capacity as owners				
Share acquisition rights vested	-	(38.3)	-	(38.3)
Dividends paid	-	-	(226.2)	(226.2)
Shares issued under capital raising net of costs	2,018.9	-	-	2,018.9
Share-based payments	-	11.3	-	11.3
Acquisition of non-controlling interest by associate	-	(5.8)	-	(5.8)
Transfer other reserves to retained earnings	-	12.7	(12.7)	-
Total transactions with owners in their capacity as owners	2,018.9	(20.1)	(238.9)	1,759.9
Balance at 30 June 2017	4,265.1	19.3	1,156.1	5,440.5

	Issued capital \$m	Reserves \$m	Retained earnings \$m	Total equity \$m
For the year ended 30 June 2016				
Balance at 1 July 2015	2,361.6	166.2	996.3	3,524.1
Net profit	-	-	256.0	256.0
Other comprehensive income				
Translation of net assets of overseas entities	-	20.4	-	20.4
Translation of long-term borrowings and foreign currency forward contracts	-	(27.4)	-	(27.4)
Fair value adjustment on cash flow hedges	-	(7.7)	-	(7.7)
Income tax relating to other comprehensive income	-	10.4	-	10.4
Total comprehensive income	-	(4.3)	256.0	251.7
Transactions with owners in their capacity as owners				
On-market share buy-back	(115.4)	-	-	(115.4)
Share acquisition rights vested	-	(14.6)	-	(14.6)
Dividends paid	-	-	(154.2)	(154.2)
Share-based payments	-	14.7	-	14.7
Total transactions with owners in their capacity as owners	(115.4)	0.1	(154.2)	(269.5)
Balance at 30 June 2016	2,246.2	162.0	1,098.1	3,506.3

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

Statement of Cash Flows

BORAL LIMITED AND CONTROLLED ENTITIES

For the year ended 30 June

	Note	2017 \$m	2016 \$m
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		4,583.3	4,635.7
Payments to suppliers and employees		(4,049.2)	(4,069.5)
		534.1	566.2
Dividends received		87.9	75.9
Interest received		24.4	8.5
Borrowing costs paid		(74.4)	(69.2)
Income taxes paid		(41.8)	(69.4)
Restructure, acquisition and integration costs paid	19	(116.9)	(34.5)
Net Cash Provided by Operating Activities		413.3	477.5
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(336.4)	(320.3)
Purchase of intangibles		(3.7)	(3.5)
Purchase of controlled entities and businesses		(3,636.5)	-
Cash acquired relating to acquisition of controlled entities		74.8	-
Repayment of loans by associates		8.8	8.8
Proceeds on disposal of non-current assets		39.2	55.5
Proceeds on disposal of controlled entities and associates (net of transaction costs)		122.5	-
Net Cash Used in Investing Activities		(3,731.3)	(259.5)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital raising net of transaction costs		2,018.9	-
On-market share buy-back		-	(115.4)
Dividends paid		(226.2)	(154.2)
Proceeds from borrowings		1,803.6	2.2
Repayment of borrowings		(489.3)	(6.0)
Net Cash Provided by/(Used in) Financing Activities		3,107.0	(273.4)
NET CHANGE IN CASH AND CASH EQUIVALENTS			
		(211.0)	(55.4)
Cash and cash equivalents at beginning of the year		452.1	505.8
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies		(3.3)	1.7
Cash and cash equivalents at the end of the year	19	237.8	452.1

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

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

1. ABOUT THIS REPORT

Statement of compliance

This financial report represents the consolidated results of Boral Limited (ABN 13 008 421 761), a for profit company limited by shares, incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange. The financial report comprises Boral Limited and its controlled entities (the "Group"). The financial report has been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001 for the purposes of fulfilling the Group's obligation under Australian Securities Exchange (ASX) listing rules.

Basis of preparation

The financial report has been prepared on a historical cost basis, except for the revaluation of certain financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

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

Accounting estimates and judgements

Preparation of the financial report requires management to make judgements, estimates and assumptions about future events. Information on material estimates and judgements considered when applying the accounting policies can be found in the Group's full financial statements.

Changes in accounting policies

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

Rounding of amounts

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

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

2. SEGMENTS

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

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

The following changes to the segment structure have occurred during the period:

- Effective 1 July 2016, the Construction Materials & Cement and Building Products divisions combined to form a new Boral Australia division. Comparative segment information has been restated to align with the current structure.
- Following the completion of the acquisition of Headwaters Incorporated on 8 May 2017, Boral USA and Headwaters combined to form a new division named Boral North America which combined the existing US operations with the acquired Headwaters business.

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

Boral Australia	- Construction Materials & Cement (comprising quarries, concrete, asphalt, transport, landfill, property, cement and concrete placing) and Building Products (comprising West Coast bricks, roofing and masonry, and timber products).
USG Boral	- 50/50 joint venture between USG Corporation and Boral Limited responsible for the manufacture and sale of Plasterboard and associated products.
Boral North America*	- Construction Materials (comprising fly ash, block and Denver construction materials), Building Products (comprising stone, roofing, light building products and windows), and Bricks (comprising US bricks up to 31 October 2016, and 50% share of Meridian Brick joint venture from 1 November 2016).
Discontinued Operations	- Boral CSR bricks joint venture.
Unallocated	- Non-trading operations and unallocated corporate costs.

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

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

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

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

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

	Note	2017 \$m	2016 \$m
Reconciliations of reportable segment revenues and profits			
External revenue		4,388.3	4,311.2
Less revenue from discontinued operations	9	(130.5)	(366.0)
Revenue from continuing operations		4,257.8	3,945.2
Profit before tax			
Profit before net financing costs and income tax from reportable segments		394.7	351.4
Less: Profit before net financing costs and income tax from discontinued operations	9	(43.0)	(7.1)
Profit before net financing costs and income tax from continuing operations		351.7	344.3
Net financing costs from continuing operations	6	(50.7)	(63.2)
Profit before tax from continuing operations		301.0	281.1

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

2. SEGMENTS (continued)

	2017 \$m	2016 \$m	2017 \$m	2016 \$m	2017 \$m	2016 \$m
	EXTERNAL REVENUE		DEPRECIATION AND AMORTISATION			
Boral Australia	3,295.6	3,278.7	202.5	197.2		
Boral North America*	1,092.7	1,032.5	56.8	48.8		
Unallocated	-	-	0.7	0.6		
	4,388.3	4,311.2	260.0	246.6		
	OPERATING PROFIT (EXC EQUITY ACCOUNTED INCOME)		EQUITY ACCOUNTED INCOME		PROFIT BEFORE NET FINANCING COSTS AND INCOME TAX EXPENSE	
Boral Australia	322.5	293.3	26.2	20.6	348.7	313.9
USG Boral	-	-	69.5	59.0	69.5	59.0
Boral North America*	67.2	44.4	(0.9)	(0.2)	66.3	44.2
Discontinued Operations	-	-	5.0	11.7	5.0	11.7
Unallocated	(29.6)	(30.9)	-	-	(29.6)	(30.9)
	360.1	306.8	99.8	91.1	459.9	397.9
Significant items (refer to note 7)	(56.8)	(46.5)	(8.4)	-	(65.2)	(46.5)
	303.3	260.3	91.4	91.1	394.7	351.4
	SEGMENT ASSETS (EXC EQUITY ACCOUNTED INVESTMENTS)		EQUITY ACCOUNTED INVESTMENTS		TOTAL ASSETS	
Boral Australia	3,050.2	2,919.8	19.8	14.6	3,070.0	2,934.4
USG Boral	-	-	931.1	951.1	931.1	951.1
Boral North America*	4,526.9	1,078.9	402.8	-	4,929.7	1,078.9
Discontinued Operations	-	-	-	88.9	-	88.9
Unallocated	16.6	57.7	-	-	16.6	57.7
	7,593.7	4,056.4	1,353.7	1,054.6	8,947.4	5,111.0
Cash and cash equivalents	237.8	452.1	-	-	237.8	452.1
Tax assets	128.4	237.4	-	-	128.4	237.4
	7,959.9	4,745.9	1,353.7	1,054.6	9,313.6	5,800.5
	LIABILITIES		ACQUISITION OF SEGMENT ASSETS**			
Boral Australia	681.3	612.0	288.5	244.3		
Boral North America*	428.6	192.8	51.4	78.7		
Unallocated	128.0	107.6	0.2	0.8		
	1,237.9	912.4	340.1	323.8		
Loans and borrowings	2,571.1	1,345.2	-	-		
Tax liabilities	64.1	36.6	-	-		
	3,873.1	2,294.2	340.1	323.8		

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

** Excludes amounts attributable to the acquisition of controlled entities and businesses as detailed in note 20.

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

2. SEGMENTS (continued)

Geographic location

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

	NON-CURRENT ASSETS	
	2017	2016
	\$M	\$M
Australia	2,449.7	2,473.8
Asia	625.0	642.0
North America	4,315.0	740.0
	7,389.7	3,855.8
Tax assets	128.4	237.4
Financial assets	31.8	23.1
	7,549.9	4,116.3

Product

	EXTERNAL REVENUE BY PRODUCT	
	2017	2016
	\$M	\$M
Concrete	1,494.9	1,454.3
Asphalt	691.2	648.5
Quarry products	433.6	404.9
Roofing	363.2	333.5
Cement	302.5	302.6
Cladding	242.3	191.7
Bricks	212.7	477.2
Fly ash	209.4	120.8
Other	438.5	377.7
	4,388.3	4,311.2

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

	Note	2017 \$m	2016 \$m
3. REVENUE FROM CONTINUING OPERATIONS			
Sale of goods		4,173.0	3,880.2
Rendering of services		84.8	65.0
Revenue from continuing operations		4,257.8	3,945.2

4. OTHER INCOME FROM CONTINUING OPERATIONS

Net profit on sale of assets		13.7	27.0
Net foreign exchange gain		1.3	-
Other income		10.8	17.9
Other income from continuing operations		25.8	44.9

5. OTHER EXPENSES FROM CONTINUING OPERATIONS

Significant items	7	(95.3)	(50.5)
Net foreign exchange loss		-	(0.1)
Other expenses from continuing operations		(95.3)	(50.6)

6. NET FINANCING COSTS FROM CONTINUING OPERATIONS

Interest income received or receivable from:

Associated entities		0.1	0.6
Other parties (cash at bank and bank short-term deposits)		24.3	7.0
		24.4	7.6

Interest expense paid or payable to:

Other parties (bank overdrafts, bank loans and other loans)*		(72.4)	(67.6)
Finance charges on capitalised leases		(0.2)	(0.5)
Unwinding of discount		(2.5)	(2.7)
		(75.1)	(70.8)
Net financing costs from continuing operations		(50.7)	(63.2)

* In 2017, interest of \$4.4 million (2016: \$1.0 million) was paid to other parties and capitalised in respect of qualifying assets. The capitalisation rate used was 5.4% (2016: 5.4%).

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

7. SIGNIFICANT ITEMS

Net profit includes the following significant items, which relate to material transactions that are disclosed separately in order to better explain financial performance. Management consider significant items when assessing performance of the Group, and in order to provide a meaningful and consistent representation of the underlying performance of each operating segment and the Boral group.

Significant items is not a defined performance measure in IFRS. The company's definition of significant items may not be comparable with similarly titled performance measures and disclosures by other entities.

2017 Significant items

		Note	Sale of Business \$m	Acquisition Costs \$m	Integration Costs \$m	Asset impairment \$m	Total \$m
Gain on disposal of Boral CSR bricks joint venture	Discontinued	(i)	35.8	-	-	-	35.8
Gain on disposal of US bricks	Discontinued	(ii)	13.2	-	-	-	13.2
Meridian Brick joint venture integration costs	Continuing	(iii)	-	-	(8.4)	-	(8.4)
Headwaters acquisition and integration costs	Continuing	(iv)	-	(63.2)	(11.7)	-	(74.9)
Impairment of West Coast bricks	Continuing	(v)	-	-	-	(20.4)	(20.4)
Adjustment to disposal of Thailand Construction Materials	Discontinued	(vi)	(10.5)	-	-	-	(10.5)
			38.5	(63.2)	(20.1)	(20.4)	(65.2)

	Note	Sale of Business \$m	Acquisition Costs \$m	Integration Costs \$m	Asset impairment \$m	Total \$m
Continuing operations						
Other expenses	5	-	(63.2)	(11.7)	(20.4)	(95.3)
Share of equity accounted income	13	-	-	(8.4)	-	(8.4)
Discontinued operations	9	38.5	-	-	-	38.5
		38.5	(63.2)	(20.1)	(20.4)	(65.2)

	Sale of Business \$m	Acquisition Costs \$m	Integration Costs \$m	Asset impairment \$m	Total \$m
Summary of significant items from continuing operations					
Loss before interest and tax	-	(63.2)	(20.1)	(20.4)	(103.7)
Income tax benefit	-	10.4	4.9	-	15.3
Net significant items from continuing operations	-	(52.8)	(15.2)	(20.4)	(88.4)
Summary of significant items from discontinued operations					
Profit before interest and tax	38.5	-	-	-	38.5
Income tax benefit	4.1	-	-	-	4.1
Net significant items from discontinued operations	42.6	-	-	-	42.6
Summary of significant items					
Profit/(loss) before interest and tax	38.5	(63.2)	(20.1)	(20.4)	(65.2)
Income tax benefit	4.1	10.4	4.9	-	19.4
Net significant items	42.6	(52.8)	(15.2)	(20.4)	(45.8)

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

7. SIGNIFICANT ITEMS (continued)

2017 Significant items (continued)

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

On 31 October 2016, the Group disposed of its 40% interest in the Boral CSR bricks joint venture. This resulted in a net gain of \$35.8 million. Refer to note 10 for further information.

(ii) *Gain on disposal of US bricks*

During the period, the Group entered into an agreement with an affiliate of Forterra Inc. ("Forterra"), to combine its US bricks business, and Forterra's US and Canadian businesses into two 50/50 owned joint ventures. On disposal of its interest, Boral deconsolidated its existing US bricks business, and recognised an equity accounted investment in respect of its 50% shareholding in each of the US and Canadian entities, that operate as the Meridian Brick joint venture. This resulted in a net gain of \$13.2 million. Refer to note 10 for further information.

(iii) *Meridian Brick joint venture integration costs*

Following formation of the Meridian Brick joint venture, restructuring and integration costs of \$8.4 million were incurred, reflecting plant rationalisation, integration of back office functions and an organisational restructure, in order to achieve targeted synergies and streamline the organisation for optimal performance.

(iv) *Headwaters acquisition and integration costs*

Costs of \$63.2 million were incurred in relation to the acquisition of Headwaters Incorporated, related to various due diligence costs, success fees paid to advisers, and certain change in control payments to Headwaters executives.

Following the acquisition of Headwaters, \$11.7 million of costs have been incurred on the initial integration of the business. The costs to date predominantly relate to redundancies, employee incentives implemented by Headwaters and consultant fees supporting the integration. Additional costs are anticipated in 2018 and 2019.

(v) *Impairment of West Coast bricks*

Deteriorating market conditions in Western Australia and our ongoing review of the West Coast bricks business has resulted in an impairment of assets during the period. A fair value less costs to sell methodology was used to determine the recoverable amount of the West Coast bricks business, leading to an impairment of \$20.4 million.

(vi) *Adjustment to disposal of Thailand Construction Materials*

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

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

7. SIGNIFICANT ITEMS (continued)

Net profit includes the following items whose disclosure is relevant in explaining the financial performance of the Group:

2016 Significant items

	Non-current receivable impairment (i) \$m	Finalisation of tax matters (ii) \$m	Other (iii) \$m	Total \$m
Summary of significant items from continuing operations				
Loss before interest and tax	(50.5)	-	-	(50.5)
Income tax benefit	5.6	28.9	-	34.5
Net significant items from continuing operations	(44.9)	28.9	-	(16.0)
Summary of significant items from discontinued operations				
Profit before interest and tax	-	-	4.0	4.0
Income tax benefit	-	-	-	-
Net significant items from discontinued operations	-	-	4.0	4.0
Summary of significant items				
Profit/(loss) before interest and tax	(50.5)	-	4.0	(46.5)
Income tax benefit	5.6	28.9	-	34.5
Net significant items	(44.9)	28.9	4.0	(12.0)

(i) Non-current receivable impairment

A carrying value assessment of the USG Boral earnout receivable recorded on commencement of the Gypsum Joint Venture concluded that, due primarily to the deterioration of Australian and Asian currencies against the US Dollar, the recoverability of the earnout was no longer probable. An impairment of A\$50.5 million was recorded to fully impair the receivable at 30 June 2016.

(ii) Finalisation of tax matters

The Group finalised a number of outstanding tax matters during the year. This led to a tax benefit of A\$28.9 million being recorded.

(iii) Other

Relates to additional proceeds attributable to final working capital adjustments from the sale of the Indonesia Construction Materials' business in 2012.

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

7. SIGNIFICANT ITEMS (continued)

	Note	2017 \$m	2016 \$m
Asset Impairment			
Property, plant and equipment		(20.4)	-
Receivables		-	(50.5)
		(20.4)	(50.5)
Summary of significant items before interest and tax by segment			
Boral Australia		(20.4)	-
Boral North America		(83.3)	-
Discontinued Operations		38.5	4.0
Unallocated		-	(50.5)
		(65.2)	(46.5)

8. INCOME TAX EXPENSE

Reconciliation of income tax expense to prima facie tax

Income tax expense on profit at Australian tax rates 30% (2016: 30%)		103.2	86.5
Variation between Australian and overseas tax rates		(3.4)	4.3
Share of associates' net income		(28.5)	(27.3)
Capital and income tax losses realised		(20.4)	(2.5)
Non-deductible asset impairments and write-downs		6.1	-
Tax benefit arising from share acquisition rights vested		(11.5)	(4.4)
Finalisation of tax matters	7	-	(28.9)
Non deductible significant items and other items		1.6	4.5
		47.1	32.2
Tax expense relating to continuing operations		51.4	35.6
Tax benefit relating to discontinued operations		(4.3)	(3.4)
		47.1	32.2

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

9. DISCONTINUED OPERATIONS

During the year, the Group completed the following divestments on 31 October 2016.

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

As a result, the earnings in the current and comparative periods for these respective businesses have been reclassified to "Discontinued Operations" in the Income Statement.

In addition, there were various significant items in relation to discontinued operations. Refer to note 7 for further information.

	Note	2017 \$m	2016 \$m
Results of discontinued operations			
Revenue		130.5	366.0
Expenses		(131.0)	(374.6)
Share of equity accounted income		5.0	11.7
Trading profit before significant items, net financing costs and income tax			
		4.5	3.1
Net profit on sale of discontinued operations	7	38.5	4.0
Profit before net financing costs and income tax			
		43.0	7.1
Net financing costs		-	-
Profit before income tax			
		43.0	7.1
Income tax benefit		4.3	3.4
Net profit			
		47.3	10.5
Cash flows from discontinued operations			
Net cash (used in)/ provided by operating activities		(8.5)	20.8
Net cash provided by/(used in) investing activities		120.3	(15.4)
Net cash provided by discontinued operations			
		111.8	5.4

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

10. BUSINESS DISPOSALS

Effect of disposal on the financial position of the Group

(i) Meridian Brick joint venture

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

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

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

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

The following disposal entries were recorded in the current period.

	2017 \$m	2016 \$m
Estimated fair value of 50% interest in new Joint Venture	409.0	-
Receivables	(40.7)	-
Inventories	(76.1)	-
Property, plant and equipment	(228.8)	-
Intangible assets	(106.7)	-
Other assets	(1.0)	-
Payables	33.4	-
Provisions	3.3	-
Net assets disposed	(416.6)	-
Costs incurred net of working capital adjustments	(3.7)	-
Foreign currency translation reserve transferred to net profit on disposal of controlled entities	24.5	-
Profit on disposal of discontinued operations before income tax	13.2	-

(ii) Disposal of Boral CSR bricks joint venture

On 31 October 2016, the Group disposed of its 40% interest in the Boral CSR bricks joint venture.

The following disposal entries were recorded in the period.

Cash consideration net of costs	126.2	-
Equity accounted investment disposed	(90.4)	-
Profit on disposal of discontinued operations before income tax	35.8	-

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

11. EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share (EPS) is calculated by dividing the net profit, by the weighted average number of ordinary shares of Boral Limited, adjusted for any bonus issue.

Diluted earnings per share

Diluted EPS is calculated by dividing the net profit, by the weighted average number of ordinary shares after adjustment for the effects of all dilutive potential ordinary shares and bonus issue.

Options outstanding under the Executive Share Option Plan and Share Performance Rights have been classified as potential ordinary shares and are included in diluted earnings per share only.

Calculation of Weighted Average number of ordinary shares

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

	2017	2016
Weighted average number of ordinary shares used as the denominator		
Number for basic earnings per share	1,018,195,892	804,040,931
Effect of potential ordinary shares	7,315,555	9,649,802
Number for diluted earnings per share	1,025,511,447	813,690,733

	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	2017	2017	2017	2016	2016	2016
	\$m	\$m	\$m	\$m	\$m	\$m
Earnings reconciliation						
Net profit excluding significant items	338.0	4.7	342.7	261.5	6.5	268.0
Net significant items (refer note 7)	(88.4)	42.6	(45.8)	(16.0)	4.0	(12.0)
Net profit	249.6	47.3	296.9	245.5	10.5	256.0
Basic earnings per share*	24.5c	4.6c	29.2c	30.5c	1.3c	31.8c
Diluted earnings per share*	24.3c	4.6c	29.0c	30.2c	1.3c	31.5c
Basic earnings per share (excluding significant items)	33.2c	0.5c	33.7c	32.5c	0.8c	33.3c
Diluted earnings per share (excluding significant items)*	33.0c	0.5c	33.4c	32.1c	0.8c	32.9c

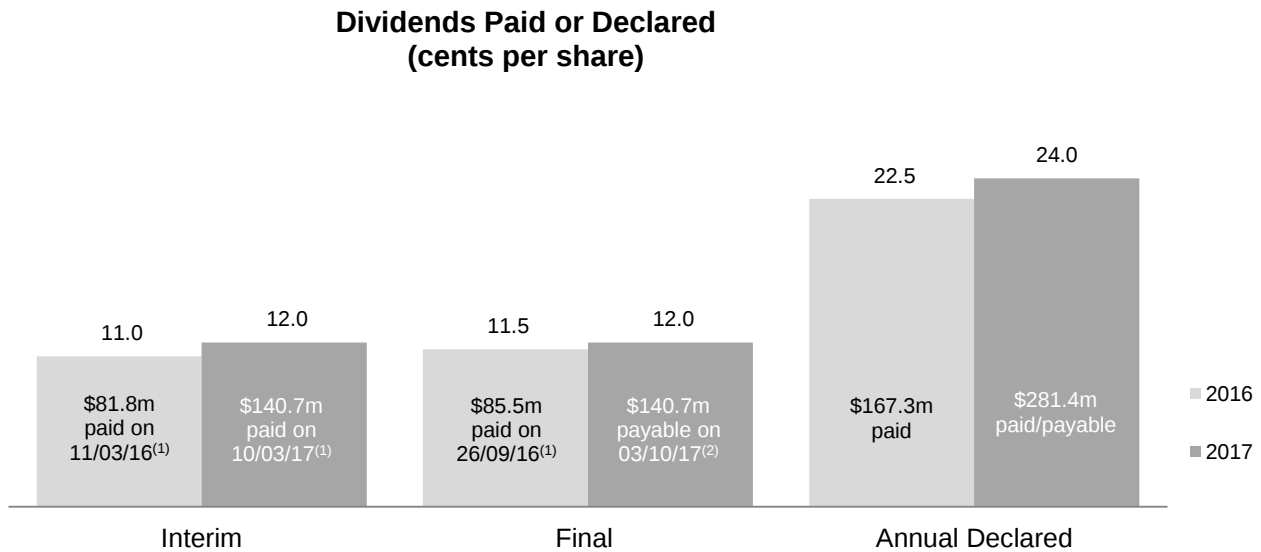
* Numbers may not add due to rounding.

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

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

12. DIVIDENDS



(1) Declared, paid and fully franked.

(2) Estimated final dividend payable, 50% franked, subject to variations in number of shares up to record date. The financial effect of the final dividend for the year ended 30 June 2017 has not been brought to account in the financial statements for the year but will be recognised in subsequent financial reports.

Dividend Reinvestment Plan

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

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

				OWNERSHIP INTEREST	
		Country of incorporation	Balance date	2017	2016
Name	Principal activity			%	%
Details of equity accounted investments					
Bitumen Importers Australia Pty Ltd	Bitumen importer	Australia	30-Jun	50	50
Boral CSR Bricks Pty Limited*	Bricks	Australia	31-Mar	-	40
Caribbean Roof Tile Company Limited	Roof tiles	Trinidad	31-Dec	50	50
Flyash Australia Pty Ltd	Fly ash collection	Australia	31-Dec	50	50
Highland Pine Products Pty Ltd	Timber	Australia	30-Jun	50	50
Meridian Brick**	Bricks	USA/ Canada	30-Jun	50	-
Penrith Lakes Development Corporation Ltd	Property development	Australia	30-Jun	40	40
South East Asphalt Pty Ltd	Asphalt	Australia	30-Jun	50	50
Sunstate Cement Ltd	Cement manufacturer	Australia	30-Jun	50	50
USG Boral Building Products***	Plasterboard	Australia/ Singapore	30-Jun	50	50
US Tile LLC	Roof tiles	USA	31-Dec	50	50

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

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

*** The Group has a 50% interest in the Gypsum joint ventures in Australia (USG Boral Building Products Pty Ltd) and Asia (USG Boral Building Products Pte Ltd).

		USG Boral Building Products		Meridian Brick		Total	
		2017	2016	2017	2016	2017	2016
		\$m	\$m	\$m	\$m	\$m	\$m
RESULTS OF EQUITY ACCOUNTED INVESTMENTS							
Summarised Income Statement at 100%							
Profit/(loss) before income tax		216.9	174.8	(1.4)	-	289.7	235.0
Income tax expense		(72.2)	(49.6)	(0.3)	-	(91.8)	(67.8)
Non-controlling interest		(5.8)	(7.1)	-	-	(5.8)	(7.1)
Net profit/(loss) before significant items		138.9	118.1	(1.7)	-	192.1	160.1
Integration costs disclosed as significant item net of tax		-	-	(16.8)	-	(16.8)	-
Net profit/(loss) - equity accounted relating to continuing operations		138.9	118.1	(18.5)	-	175.3	160.1
The Group's share based on % ownership:							
Net profit/(loss) before significant items		69.5	59.0	(0.9)	-	94.8	79.4
Integration costs disclosed as significant item net of tax	7	-	-	(8.4)	-	(8.4)	-
Net profit/(loss) - equity accounted relating to continuing operations		69.5	59.0	(9.3)	-	86.4	79.4

Results include the following equity accounted share of net profit:

Sunstate Cement Ltd	11.2	9.2
Penrith Lakes Development Corporation Ltd	5.1	2.5

	2017	2016
14. NET TANGIBLE ASSET BACKING		
Net tangible asset backing per ordinary security	\$1.90	\$4.40

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

	2017 \$m	2016 \$m
15. LOANS AND BORROWINGS		
Current		
Other loans - unsecured	398.3	351.1
Finance lease liabilities	9.1	1.3
	407.4	352.4
Non-current		
Other loans - unsecured	2,157.2	990.0
Finance lease liabilities	6.5	2.8
	2,163.7	992.8
Total	2,571.1	1,345.2

TERM AND DEBT REPAYMENT SCHEDULE

Terms and conditions of outstanding loans were as follows:

	Currency	Effective interest rate 2017	Calendar year of maturity	2017 Carrying amount \$m	2016 Carrying amount \$m
Current					
US senior notes - unsecured	USD	7.12%	2018	398.3	351.0
Other loans - unsecured	USD	-	-	-	0.1
Finance lease liabilities	AUD	5.90%	2017 - 2018	9.1	1.3
				407.4	352.4
Non-current					
US senior notes - unsecured	USD	4.95%	2018 - 2030	355.4	784.6
CHF notes - unsecured	CHF	2.25%	2020	203.2	205.4
Acquisition loan facility - unsecured	USD	2.07%	2018	1,237.0	-
Term credit facility - unsecured	Multi	2.90%	2021	361.6	-
Finance lease liabilities	AUD	5.91%	2018 - 2022	6.5	2.8
				2,163.7	992.8
Total				2,571.1	1,345.2

CHANGES TO BANK FACILITIES

Syndicated loan facility

On 25 August 2016, the Group increased its existing multi-currency syndicated loan facility from US\$400 million to US\$750 million, and extended the maturity date to 1 July 2021. The facility was drawn down A\$290.0 million and US\$55.0 million as at 30 June 2017.

Acquisition loan facility

The Group entered into a new committed US\$1.2 billion syndicated loan facility upon the announcement of the Headwaters Incorporated acquisition. The maturity date of the facility is 8 November 2018, being 18 months following the date of completion of the acquisition. The facility was drawn down US\$950.0 million as at 30 June 2017.

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

	2017 \$m	2016 \$m
16. ISSUED CAPITAL		
Issued and paid up capital		
1,172,331,924 (2016: 743,599,437) ordinary shares, fully paid	4,265.1	2,246.2
Movements in ordinary issued capital		
Balance at the beginning of year	2,246.2	2,361.6
428,732,487 (30 Jun 2016: Nil) shares issued under capital raising net of costs	2,018.9	-
Nil (30 Jun 2016: 20,641,950) on-market share buy-back	-	(115.4)
Balance at the end of the year	4,265.1	2,246.2

During the year, the Group undertook an equity raising of \$2,018.9 million net of transaction costs of \$38.9 million. The equity raising consisted of a 1 for 2.22 pro rata accelerated renounceable entitlement offer at an offer price of \$4.80 per share. The capital raising resulted in the issue of 93,750,000 ordinary shares under the Institutional Placement, 233,648,069 ordinary shares under the Institutional Entitlement Offer and 101,334,418 ordinary shares under the Retail Entitlement Offer.

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

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

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

17. RESERVES

Foreign currency translation reserve	(25.9)	98.5
Hedging reserve	(2.1)	(3.9)
Other reserve	-	(6.9)
Share-based payments reserve	47.3	74.3
	19.3	162.0

18. CONTINGENT LIABILITIES

The Company has given to its bankers letters of responsibility in respect of accommodation provided from time to time by the banks to controlled entities.

A number of sites within the Group and its associates have been identified as contaminated, generally as a result of prior activities conducted at the sites, and review and appropriate implementation of clean-up requirements for these is ongoing. For sites where the requirements can be assessed, estimated clean-up costs have been expensed or provided for. For some sites, the requirements cannot be reliably assessed at this stage.

Certain entities within the Group are from time to time, subject to various lawsuits, claims, regulatory investigations, and, on occasion, prosecution.

Consistent with other companies of the size and diversity of Boral, the Group is the subject of periodic information requests, investigations and audit activity by the Australian Taxation Office (ATO) and taxation authorities in other jurisdictions in which Boral operates.

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

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

	2017 \$m	2016 \$m
19. NOTES TO STATEMENT OF CASH FLOWS		
Reconciliation of cash and cash equivalents:		
Cash includes cash on hand, at bank and short term deposits, net of outstanding bank overdrafts. Cash as at the end of the year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:		
Cash at bank and on hand	155.2	124.1
Bank short-term deposits	82.6	328.0
	237.8	452.1
During the year, the Group incurred costs associated with:		
Acquisition costs	(82.0)	-
Integration costs	(11.7)	-
Restructure costs	(23.2)	(34.5)
	(116.9)	(34.5)

20. ACQUISITIONS

The following controlled entity was acquired during the financial year ended 30 June 2017.

Headwaters Incorporated acquisition

During November 2016, the Group announced that it had entered into a binding agreement to acquire 100% of the shares of Headwaters Incorporated. The acquisition completed on 8 May 2017. The acquisition positions Boral with a more balanced portfolio of traditional and light weight products with strengthened ability to grow in large, contestable US markets and through innovation.

The acquisition had the following effect on the Group's assets and liabilities:

Consideration transferred		
Cash paid - purchase price	3,611.6	-
Non-controlling interest	25.0	-
Less: fair value of net identifiable assets acquired	(1,379.2)	-
Preliminary goodwill on acquisition	2,257.4	-

Acquisition-related costs of \$63.2 million are included in other expenses in the Income Statement, and \$82.0 million of cash payments associated with acquisition-related costs are included in operating cash flows in the Statement of Cash Flows.

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

2017
\$m

20 ACQUISITIONS (continued)

The table below represents the preliminary fair value of net identifiable assets acquired, based on the purchase price accounting exercise performed to date. This exercise is in progress, and further adjustments are expected as this exercise is finalised, with any revisions to be reflected as an adjustment to goodwill up to 12 months following the acquisition date of 8 May 2017.

The purchase price accounting exercise is ongoing due to the inherent complexity in determining the fair value of certain balances, particularly intangible assets, tax balances and provisions.

Preliminary fair value of net identifiable assets acquired

CURRENT ASSETS

Cash and cash equivalents	74.8
Receivables	190.2
Inventories	139.4
Other assets	23.8

NON-CURRENT ASSETS

Receivables	13.9
Financial assets	11.2
Property, plant and equipment	437.8
Intangible assets	959.3
Other assets	18.1

CURRENT LIABILITIES

Trade creditors	(209.3)
Loans and borrowings	(8.3)
Provisions	(16.4)

NON-CURRENT LIABILITIES

Payables	(6.8)
Loans and borrowings	(5.5)
Deferred tax liabilities	(137.8)
Employee benefit liabilities	(11.2)
Provisions	(94.0)

Net identifiable assets acquired	1,379.2
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During the period from 8 May 2017 to 30 June 2017, Headwaters has contributed revenue of \$258.6 million and earnings before interest and tax of \$27.9 million to the Group's Income Statement. If this business acquisition had taken place at 1 July 2016, additional revenue of \$1,224.1 million and earnings before interest and tax of \$97.3 million would have been recorded in Boral's Income Statement.

Preliminary goodwill on acquisition of \$2,257.4 million represents the difference in consideration paid and identifiable fair value of the net assets acquired, and reflects the synergies and economics of scale expected from combining the operations of Boral and Headwaters, benefits from the diversification of market exposures in North America, and transforming the North America business to a more flexible, variable cost structure with lower capital intensity. The goodwill is not tax deductible.

Acquisition of 20% non-controlling interest in Entegra

On 31 May 2017, Boral acquired the 20% non-controlling interest in Entegra Holdings LLC, that was included in the acquisition of Headwaters Incorporated, for consideration of \$24.9 million.

Annual General Meeting

The Annual General Meeting will be held as follows:

Place:

The Concourse, Chatswood

Date:

Thursday, 2 November 2017

Time:

10.30 am

Approximate date the annual report will be available:

15 September 2017

Compliance Statement

- 1 This preliminary final report for the year ended 30 June 2017 has been prepared in accordance with the ASX listing rules. It should be read in conjunction with any announcements to the market made by the Group during the year.

This report is based on accounts which have been audited. The audit report, which is unmodified, will be made available with the Boral Limited Annual Report on 15 September 2017. The Annual Report is currently being finalised in publishable form.

- 2 The entity has a formally constituted audit committee.