



Boral Limited

Half-Year Financial Report

31 December 2006

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 2006 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 Stock 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 2006 ("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:

Kenneth J Moss (Chairman)
Rodney T Pearse (Managing Director and CEO)
Elizabeth A Alexander
E John Cloney
Richard A Longes
Mark R Rayner
J Roland Williams

All of those persons have been Directors at all times during and since the end of the half-year.

3. Lead Auditor's Independence Declaration

The lead auditor's independence declaration made under Section 307C of the Corporations Act 2001 is set out on page 2 and forms part of this Directors' Report.

4. Rounding of Amounts

The Company is 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.

RODNEY T PEARSE
DIRECTOR

Sydney, 7 February 2007

Lead Auditor's Independence Declaration

under Section 307C of the Corporations Act 2001 to the Directors of Boral Limited

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in

Income Statement

BORAL LIMITED AND CONTROLLED ENTITIES

	Note	Half-year 31 Dec 2006 \$ millions	Half-year 31 Dec 2005 \$ millions
Revenue	3	2,491.5	2,343.2
Cost of sales		(1,551.0)	(1,451.2)
Distribution expenses		(413.9)	(383.6)
Selling and marketing expenses		(111.0)	(103.1)
Administrative expenses		(176.4)	(162.6)
		(2,252.3)	(2,100.5)
Other income		4.7	10.0
Other expenses		(2.1)	(0.1)
Profit before net provisions		20.2	40.3
Profit after net provisions		20.2	292.9

Statement of Recognised Income and Expense

BORAL LIMITED AND CONTROLLED ENTITIES

	Half-year 31 Dec 2006 \$ millions	Half-year 31 Dec 2005 \$ millions
Actuarial gain on defined benefit plans, net of tax	2.4	4.1
Net exchange differences from foreign operations taken to equity, net of tax	(6.7)	17.4
Fair value adjustment on cash flow hedges, net of tax	(7.8)	1.4
Fair value adjustment on available for sale financial assets, net of tax	18.9	17.4
Net income recognised directly in equity	6.8	40.3
Net profit	147.4	172.7
Total recognised income and expense for the half-year	154.2	213.0
Total recognised income and expense for the half-year is attributable to:		
Members of the parent entity	154.0	212.7
Minority interests	0.2	0.3
Total recognised income and expense for the half-year	154.2	213.0

Statement of Cash Flows

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

1. ACCOUNTING POLICIES

Boral Limited (the "Company") is a company domiciled in Australia. The consolidated half-year financial report of the Company as at and for the half-year ended 31 December 2006 comprises the Company and its controlled entities (the "Group").

The half-year report does not include full note disclosures of the type normally included in an annual financial report. The half-year consolidated financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 134 *Interim Financial Reporting*, the recognition and measurement requirements of applicable AASB standards, other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group Consensus Views.

e) sThis half-year financial report is to be read in conjunction with the 0

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

2. SEGMENTS

Half-year	Half-year	Half-year	Half-year
31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

2. SEGMENTS (CONTINUED)

GEOGRAPHICAL SEGMENTS	Half-year	Half-year	Half-year	Half-year	Half-year	Half-year
	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions
Australia	1,917.6	1,799.7				
United States of America	469.0	454.6				
Asia	99.5	84.3				
Other	5.4	4.6				
	2,491.5	2,343.2				
Australia	177.3	185.5	12.7			

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

Consolidated

Half-year	Half-year
31 Dec 2006	31 Dec 2005
\$ millions	\$ millions

3. OPERATING PROFIT

REVENUE

Sale of goods	2,445.1	2,282.9
Rendering of services	41.0	55.7
	2,486.1	2,338.6

OTHER REVENUES

Dividends received from other parties	5.4	4.6
	2,491.5	2,343.2

DEPRECIATION AND AMORTISATION EXPENSES

Land and buildings	5.8	4.2
Plant and equipment	102.0	95.0
Timber licences and mineral reserves	0.7	0.7
Leased assets capitalised	0.2	0.2
Other intangibles	7.1	0.3
	115.8	100.4

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

4. EARNINGS PER SHARE

	Consolidated	
	Half-year 31 Dec 2006 \$ millions	Half-year 31 Dec 2005 \$ millions
Earnings reconciliation		
Net profit attributable to members of the parent entity	147.2	172.4

	Consolidated	
	Half-year 31 Dec 2006	Half-year 31 Dec 2005
Weighted average number of ordinary shares used as the denominator		
Number for basic earnings per share	593,062,533	584,001,248
Effect of potential ordinary shares	1,479,303	1,396,039
Number for diluted earnings per share	594,541,836	585,397,287
Basic earnings per share - ordinary shares	24.8c	29.5c
Diluted earnings per share - ordinary shares	24.8c	29.5c

Classification of securities as ordinary shares

Only ordinary shares have been included in basic earnings per share.

Classification of securities as potential ordinary shares

5. DIVIDENDS

	Amount per share	Total amount \$ millions	Franked amount per share	Date of payment
For the half-year ended 31 December 2006				
Final June 2006 - ordinary	17.0 cents	100.4	17.0 cents	18 September 2006
Total amount		100.4		

For the half-year ended 31 December 2005

Final June 2005 - ordinary	17.0 cents	98.6	17.0 cents	16 September 2005
Total amount		98.6		

Subsequent events

Since the end of the period, the directors declared the following dividend :

Interim - ordinary	17.0 cents	101.1	17.0 cents	21 March 2007
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The financial effect of the interim dividend for December 2006 has not been brought to account in the financial statements for the period ended 31 December 2006 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

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

6. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Name	Principal Activity		31 Dec 2006 %	30 Jun 2006 %
DETAILS OF INVESTMENTS IN ASSOCIATES				
Caribbean Roof Tile Company Limited	Rooftiles	31-Dec	50	50
Flyash Australia Pty Ltd	Flyash collection	30-Jun	50	50
Giroto Precast Pty Ltd *	Precast Concrete	30-Jun	-	50
Gypsum Resources Australia Pty Ltd	Gypsum mining	30-Jun	50	50
Highland Pine Products Pty Ltd	Timber	30-Jun	50	50
Lafarge Boral Gypsum in Asia Ltd	Plasterboard	31-Dec	50	50
Monier Lifetile LLC	Rooftiles	31-Dec	50	50
Monier Lifetile S.R.L. de C.V.	Rooftiles	31-Dec	50	50
Penrith Lakes Development Corporation Pty Ltd	Quarrying	30-Jun	40	40
Rondo Building Services Pty Ltd	Rollform system	30-Jun	50	50
South East Asphalt Pty Ltd	Asphalt	30-Jun	50	50
Sunstate Cement Ltd	Cement manufacturer	30-Jun	50	50
Tile Service Company LLC	Rooftiles	31-Dec	50	50
US Tile LLC	Rooftiles	31-Dec	50	50

* Giroto Precast Pty Ltd became a controlled entity during the half-year.

Half-year 31 Dec 2006 \$ millions	Half-year 31 Dec 2005 \$ millions
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RESULTS OF ASSOCIATES:

Share of associates' profit before income tax expense	32.1
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Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

	Consolidated	
	Half-year 31 Dec 2006 \$ millions	Full Year 30 Jun 2006 \$ millions

8. OTHER FINANCIAL ASSETS

NON-CURRENT

Listed shares - at fair value	303.0	276.0
Financial instruments	9.3	13.1
	312.3	289.1

9. ISSUED CAPITAL

594,947,535 (30 Jun 2006: 589,814,236) ordinary shares, fully paid	1,655.6	1,622.7
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MOVEMENTS IN ISSUED CAPITAL

Balance at the beginning of the period	1,622.7	1,556.0
Nil (30 Jun 2006: 658,600) shares issued under employee share plan	-	5.3
4,614,199 (30 Jun 2006: 8,233,548) shares issued under the dividend reinvestment plan	30.9	61.9
519,100 (30 Jun 2006: 4,045,500) shares issued upon the exercise of executive options	2.0	15.8
Nil (30 Jun 2006: 1,892,364) shares bought back	-	(16.3)
Balance at the end of the period	1,655.6	1,622.7

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

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

10. RETAINED EARNINGS

Balance at the beginning of the period	1,048.5	881.3
Net profit attributable to members of the parent entity	147.2	362.4
Dividends recognised during the period	(100.4)	(198.8)
Actuarial gain on defined benefit plans, net of tax	2.4	3.6
Balance at the end of the period	1,097.7	1,048.5

11. TOTAL EQUITY

Total equity at the beginning of the period	2,755.0	2,406.8
Total recognised in the statement of recognised income and expense for the period	154.2	457.1
Adjustment on change of accounting policy of AASB 132 and AASB 139, net of tax	-	20.5
Shares issued during the period	32.9	83.0
Shares bought back	-	(16.3)
Share-based payments expense	2.1	3.1
Dividend paid	(100.4)	(198.8)
Other changes in minority interests	1.1	(0.4)
Total equity at the end of the period	2,844.9	2,755.0

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

12. 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.

In the period February to March 2006 Australian subsidiaries of the Group received assessments and amended assessments from the ATO relating to the utilisation of tax losses and capital gains arising from the demerger in 2000. The amounts assessed include primary tax of \$56.5 million, general interest charge of \$37.4 million and penalties of \$6.9 million. All assessments have been objected to and, to date, there has been no response from the ATO to those objections. In accordance with ATO administrative practice on disputed assessments, the Group has made payments totalling 50% of the amounts owing.

A deed was entered into at the time of the demerger which contained certain indemnities and other agreements between the Group and Origin Energy Limited and their respective controlled entities covering the transfer of the businesses, investments, tax, other liabilities, debt and assets of the Group and some temporary shared arrangements. A wholly owned subsidiary of Origin has received an amended assessment from the ATO for the year ended 30 June 1999. The amounts assessed consist of \$27.5 million of primary tax and a general interest charge of \$24.7 million (subsequently reduced to \$15.8 million). This assessment has been objected to by Origin. Origin has indicated that if the ATO's claims against it are ultimately successful it may seek to rely on indemnities contained in the demerger deed. Similarly, should the ATO be successful in its claims against the Group, this may give rise to a claim by the Group against Origin.

13. ACQUISITION/DISPOSAL OF CONTROLLED ENTITIES

The following controlled entities were acquired or disposed of during the period:

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

Consolidated

Half-year 31 Dec 2006	Half-year 31 Dec 2005
\$ millions	\$ millions

14. NOTES TO STATEMENT OF CASH FLOWS

1. Reconciliation of cash and cash equivalents.

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

Cash and cash equivalents	45.4	52.7
Bank overdrafts	(4.7)	(23.9)
	40.7	28.8

2. 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	30.9	35.8
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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 15, 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 2006 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:

RODNEY T. PEARSE
DIRECTOR

Sydney, 7 February 2007

