

Half-Year Financial Report

31 December 2021

Boral Limited
ABN 13 008 421 761



APPENDIX 4D

HALF-YEAR REPORT

14 February 2022

Name of Entity: **Boral Limited**
 ABN: **13 008 421 761**
 For the half year ended: **31 December 2021**

Results for announcement to the market

				Dec-2021 \$m	Dec-2020 \$m
Revenue from continuing operations	up	1.5%	to	1,500.4	1,478.7
Revenue from discontinued operations				883.3	1,237.4
Total revenue				2,383.7	2,716.1
Profit from continuing operations before net interest expense, income tax and significant items	down	(29.2%)	to	82.9	117.1
Profit from discontinued operations before net interest expense, income tax and significant items				154.8	148.3
Profit before net interest expense, income tax and significant items	down	(10.4%)	to	237.7	265.4
Net interest expense from continuing operations before significant items				(34.8)	(55.3)
Net interest expense from discontinued operations before significant items				(3.2)	(3.0)
Profit before income tax and significant items	down	(3.6%)	to	199.7	207.1
Income tax from continuing operations before significant items				(10.9)	(14.5)
Income tax from discontinued operations before significant items				(44.2)	(29.1)
Net profit before significant items	down	(11.6%)	to	144.6	163.5
Significant items from continuing operations net of tax ¹				(15.4)	(4.9)
Significant items from discontinued operations net of tax ¹				895.0	8.3
Net profit	up	513.7%	to	1,024.2	166.9

1. Refer Note 2 of the attached half-year financial report.

Profit before significant items is a non-IFRS measure reported to provide a greater understanding of the underlying business performance of the Group. The above disclosures are extracted or derived from the financial report for the period ended 31 December 2021, which has been reviewed by Deloitte. The Independent Auditor's Review Report provided by Deloitte is included in the Half-Year Financial Report of Boral Limited for the half-year period ended 31 December 2021.

31 Dec 2021 30 Jun 2021

Net tangible asset backing per ordinary security	\$3.87	\$2.06
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Dividends	Amount per security	Franked amount per security at 30% tax
Current period: Special	7.0 cents	-
Current and previous corresponding period: Interim - ordinary	-	-

Record date for determining entitlements to the dividend

7 February 2022

Comparative Period: Half Year ended 31 December 2020

Directors' Report

The Directors of Boral Limited ('the Company') report on the consolidated entity, being the Company and its controlled entities ('the Group'), for the half-year ended 31 December 2021 ("the half-year"):

1. Review of Operations and changes in state of affairs

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.

On 7 July 2021, Network Investment Holdings Pty Limited, a wholly owned subsidiary of Seven Group Holdings Limited ('SGH'), obtained control of the Group with its off-market takeover offer concluding on 29 July 2021 and resulting in SGH obtaining 69.6% effective ownership in the Group.

During the period, the Group has appointed Deloitte Touche Tohmatsu as its auditor. This has been approved in the Annual General Meeting on 28 October 2021.

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:

Ryan Stokes AO	– Chairman, appointed 30 July 2021
Kathryn Fagg AO	– Chairman, retired 30 July 2021
Zlatko Todorcevski	– Chief Executive Officer and Managing Director
Peter Alexander	– Retired 28 October 2021
Jacqueline Chow	– Appointed 1 December 2021, effective 1 March 2022
Mark Johnson	– Appointed 1 December 2021
Karen Moses	
Deborah O'Toole	– Retired 28 October 2021
Paul Rayner	
Richard Richards	– Appointed 30 July 2021
Rob Sindel	

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 28 and forms part of this Directors' Report.

4. Rounding of Amounts

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

Signed in accordance with a resolution of the Directors.



Ryan Stokes AO
Chairman



Zlatko Todorcevski
Director

Sydney, 14 February 2022

Review of operations

Group financial overview

A\$m		1H FY22	1H FY21	Var %
<i>Figures may not add due to rounding</i>				
Revenue	– total operations	2,384	2,716	(12)
	– continuing operations	1,500	1,479	1
EBITDA¹	– total operations	347	488	(29)
	– continuing operations	193	229	(16)
EBIT¹	– total operations	238	265	(10)
	– continuing operations	83	117	(29)
	– continuing operations (ex. Property)	78	100	(23)
Net interest		(38)	(58)	35
Tax ¹		(55)	(44)	
NPAT¹	– total operations basis	145	164	(12)
	– continuing operations basis	37	47	(21)
Significant items (gross)		931	(5)	
Tax on significant items		(52)	8	
Statutory NPAT		1,024	167	514
Cash flow from operating activities		185	386	(52)
Adjusted EPS ¹ (cents)		13.1	13.3	
Statutory EPS (cents)		92.7	13.6	
Dividend – interim (cents)		-	-	

For continuing operations, sales revenue of \$1,500m increased 1%, with revenue up 3% on a comparable basis, after adjusting for an Asphalt joint venture, now equity accounted but proportionally consolidated in the prior comparable period (pcp). Revenue growth reflects stronger residential and RHS&B² demand, despite the impact of COVID-related construction shutdowns in 1Q FY22 and exceptionally wet weather on the east coast in 2Q FY22. **EBIT¹ (excl. Property) of \$78m decreased 23%**, with benefits from higher revenue and Transformation initiatives more than offset by a \$33m adverse impact of construction shutdowns, a \$6m increase in energy costs, and other costs increases largely related to the \$10m year-on-year impact of Boral's incentive schemes.

Net interest expense decreased 35% to \$38m, reflecting the benefit of measures taken in FY21 to reduce and refinance our bank facilities, as well as the significant reduction in net debt following receipt of proceeds from divestments. The average financing cost on gross debt was 4.2% p.a.

Income tax expense¹ of \$55m represents an effective tax rate of 27.6%.

Significant items: A pre-tax gain of \$931m includes a \$953m profit relating to discontinued operations matters, primarily relating to profit on sale of North American Building Products, offset by Transformation costs of \$7m and SAP implementation costs of \$15m.

Group operating cash flow of \$185m decreased by 52%, reflecting lower EBITDA due to a part period contribution from North American Building Products and Meridian Brick which were sold in October 2021, and lower earnings from continuing operations in Australia, as well as increased working capital. **Operating cash flow from continuing operations of \$86m** declined 22%, reflecting the impact of construction shutdowns on EBITDA.

A \$3b return of surplus capital to shareholders was announced on 1 February 2022 and will be completed on 14 February 2022. The cash distribution, equal to \$2.72 per share, includes a \$2.65 per share equal capital return and a special unfranked dividend of 7 cents per share. Refer to page 7.

Review of operations

Continuing and discontinued operations

A summary of continuing and discontinued results is provided in the table below, with detailed commentary on continuing operations on pages 5–6.

A\$m <i>Figures may not add due to rounding</i>	Sales revenue		EBITDA ¹		EBIT ¹	
	1H FY22	1H FY21	1H FY22	1H FY21	1H FY22	1H FY21
Continuing operations:						
Construction Materials	1,498	1,477	202	227	94	116
Property	-	-	5	17	5	17
Unallocated (incl. corporate)	2	2	(15)	(14)	(16)	(16)
Total continuing operations	1,500	1,479	193	229	83	117
Discontinued operations:						
Boral North America, USG Boral and Boral Australia Building Products	883	1,237	155	259	155	148
TOTAL reported (total operations basis)	2,384	2,716	347	488	238	265

Discontinued operations

Boral's 1H FY22 earnings for **Boral North America** (including Boral's 50% share of post-tax earnings in **Meridian Brick**) and **Australian Building Products** are reported under discontinued operations. Combined, discontinued operations contributed EBIT¹ of \$155m, compared with \$148m in the pcp, with no depreciation expense on discontinued operations in 1H FY22 compared to \$110m in the pcp.

On 21 June 2021, Boral announced it had agreed to sell its **North American Building Products business for US\$2.15b** (~A\$2.9b) to Westlake Chemical Corporation. The transaction completed on 1 October 2021.

On 18 December 2020, Boral together with its joint venture partner, announced an agreement to sell the **Meridian Brick joint venture to Weinerberger for US\$250m** (US\$125m for Boral's 50% share). The transaction completed on 6 October 2021.

On 6 December 2021, Boral announced it had agreed to sell its **North American Fly Ash business to Eco Material Technologies for US\$755m** (~A\$1b). The transaction completed on 11 February 2022.

Boral's North American Building Products, Fly Ash and Meridian Brick businesses contributed \$145m (US\$106m) of EBIT, compared with \$113m (US\$83m) in the pcp.

On 26 July 2021, Boral announced it had agreed to sell its **Australian softwood and hardwood Timber business for \$64.5m**. The transaction completed on 1 October 2021.

The divestment of Boral's small **Australian Roofing and Masonry business** for \$12m was completed on 1 November 2021.

Boral's Australian Building Products businesses (Timber, Roofing and Masonry) contributed \$10m of EBIT, compared with \$8m in the pcp.

Review of operations

Market conditions

Construction market demand during the period increased despite COVID-related construction shutdowns in Greater Sydney, Vic and SA which had a significant impact on the construction industry. The shutdowns saw large parts of the construction industry unable to operate, impacting Boral's volumes for the duration of the shutdowns, and in the following months, as work returned to normal activity levels.

Overall value of work done (VWD) increased 3% across Boral's end-market segments³ in 1Q FY22, with overall residential activity up 6%, RHS&B² up 4%, and other engineering up 1%, partially offset by a 1% decline in non-residential activity.

Detached housing and alterations and additions (A&A) activity both increased 19% in 1Q. Multi-residential activity declined by 15%, although multi-residential starts were up 30%, reflecting the typical lag between multi-residential starts and VWD.

However, **construction activity in the 1Q declined by 7% in NSW**, reflecting the impact of the construction shutdowns in Greater Sydney.

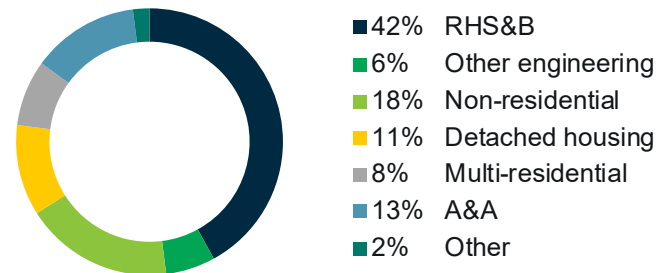
Boral's revenue in 1Q increased 1% on a comparable basis⁵, and decreased 1% on a reported basis, reflecting Boral's greater exposure to NSW.

Construction market activity in the 2Q also strengthened on the pcip despite exceptionally wet weather on the east coast, particularly in metro regions, which dampened activity levels.

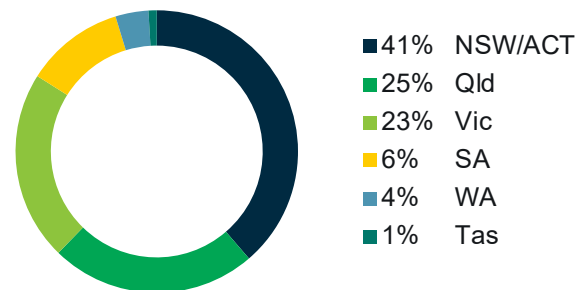
Boral's revenue in the half benefited from increased supply to the detached housing, A&A and RHS&B end-market segments, with higher residential activity supported by the Australian Government Homebuilder Grant scheme.

Overall, there was a less favourable geographic revenue shift away from NSW, where Boral has its strongest integrated position. This was reflected in Boral's revenue from NSW/ACT which accounted for 41% in 1H FY22, compared to 43%⁵ in the pcip, with the strongest revenue gains in SA and Qld.

1H FY22 revenue by end-market segments⁴



1H FY22 revenue by geography⁴



Review of operations

Financial summary – continuing operations

A\$m	1H FY22	1H FY21	Var %
Revenue	1,500	1,479	1
EBITDA ¹	193	229	(16)
<i>EBITDA¹ ROS</i>	<i>12.8%</i>	<i>15.5%</i>	
EBIT¹	83	117	(29)
- Construction Materials	94	116	
- Property	5	17	
- Unallocated (incl. corporate)	(16)	(16)	
EBIT¹ ROS	5.5%	7.9%	
EBIT¹ excl. Property	78	100	(23)
<i>EBIT¹ ROS excl. Property</i>	<i>5.2%</i>	<i>6.8%</i>	
Average funds employed excl. Property	2,121	2,131	
ROFE excl. Property⁶	7.3%	9.4%	
Capital expenditure ⁷	96	74	

Revenue and earnings overview

1H FY22 revenue of \$1,500m increased 1%, primarily reflecting higher Concrete and Quarries volumes and a 1% increase in Quarries average selling prices (ASP), partially offset by lower Concrete Placing revenue.

Like-for-like (LFL) prices were steady in Concrete and up 2% in Quarries.

The 1% growth in concrete volumes reflected a 16% increase in volumes to detached housing construction and 12% growth to supply higher A&A activity, with volume declines of 15% to multi-residential construction, 3% to infrastructure (RHS&B and other engineering) and 9% to non-residential construction, relative to the pcp.

Concrete volumes increased in Qld, Vic, SA and WA, but declined in NSW. Lower volumes in NSW reflected the impact of construction shutdowns, lower non-residential activity and a more significant decline in multi-residential activity than other states.

Quarries external revenue increased 8%, reflecting higher market activity with ASP up 1%. Total volumes increased 4%, although volumes in NSW declined, driven by lower concrete demand, which adversely impacted margins.

Cement external revenue declined 1%, reflecting lower ASP due to an adverse product mix, and lower lime volumes. LFL prices and total cement volumes were steady, despite the impact of COVID shutdowns.

Concrete Placing revenue declined 12% due to completion of major projects in NSW and Qld in FY21, the significant decline in multi-residential and non-residential construction in NSW and slower progress on projects impacted by the Greater Sydney shutdowns. Major pours occurred at Martin Place and Waterloo Metro Stations and Circular Quay Tower in NSW in 1H FY22.

Underlying revenue from Asphalt increased 7%, after adjusting for joint venture revenue now equity accounted, reflecting stronger levels of RHS&B activity particularly in Qld and SA. Major project work included the West Gate Tunnel project in Vic, Sydney Metro Linewide and WestConnex in NSW, and Pacific Highway and Deception Road in Qld.

Var %	1H FY22 vs 1H FY21		
	Volume ⁸	ASP ⁹	LFL price ⁹
Concrete	1	steady	steady
Quarries	4	1	2
Cement	steady ¹⁰	(1) ¹¹	steady ¹¹

Review of operations

Boral's **major projects** revenue (including Concrete Placing) which can include RHS&B, other engineering and non-residential construction, accounted for ~10% of revenue, down from ~12% in 1H FY21, and 17% in FY20. A number of new major projects remain slow to move into execution or are commenced but slow to progress. Boral estimates that construction materials demand was ~3% of major projects VWD in 1H FY22, steady on the pcp.

Work continued during the period at Sydney Metro Linewide, WestConnex and Snowy Hydro in NSW, and the West Gate Tunnel project in Vic continued to progress. New projects commencing during the period included Pacific Highway upgrades and Deception Bay road in Qld and Tonkin Gap in WA is expected to ramp up in the 2H FY22.

Other major projects recently secured but not commenced in 1H FY22 include Sydney Metro West – Central and Western Sydney Airport terminals. In addition, Boral is tendering on a sizeable pipeline of new major infrastructure projects expected to commence in FY23.

External revenue by product	1H FY22	1H FY21	Var %
	\$m	\$m	
Concrete	629	612	3
Concrete Placing	110	124	(12)
Asphalt	335	339	(1)
Quarries	238	221	8
Cement	161	163	(1)
Other	27	20	35
	1,500	1,479	1

Excluding property, 1H FY22 EBIT¹ of \$78m declined \$23m or 23%. The benefit of higher volumes and prices and Transformation initiatives were more than offset by an adverse \$33m impact from construction shutdowns, and higher energy and other costs.

Despite overall revenue growth, revenue from NSW, where Boral has substantial exposure and strong integrated margins, was lower compared to the pcp reflecting the decline in construction market VWD.

Higher energy prices (largely coal and diesel) resulted in a \$6m adverse earnings impact, net of hedging gains, compared to the pcp. Higher other costs included \$10m from the year-on-year impact of Boral's short- and long-term incentive schemes, with the short-term incentive scheme paused in FY21 – a similar impact is expected in 2H FY22.

Boral's **Transformation program** delivered benefits of \$22m net of inflation in 1H FY22. Including the Transformation benefit of \$75m delivered in FY21 (\$6m in Australian discontinued operations), this equates to an annualised run rate of \$106m compared to the Transformation target of \$200–\$250m by 2025.

A number of key Transformation projects, including commissioning of the Geelong clinker grinding and storage facility and Tarong fly ash classifier, were delayed due to COVID construction shutdowns. Initiatives that contributed to the delivered Transformation benefits in the half included:

- a broad range of improvement projects to drive operations excellence, including incremental lower carbon concrete sales and improved truck utilisation in South East Qld
- cost savings from transition to the new operating model, including from an operational and functional restructure
- rationalising our Innovation capability previously split between Australia and the US
- additional earnings derived from Recycling and other growth opportunities, and
- cost benefits from procurement initiatives.

Excluding the impact of construction shutdowns, the Transformation program underpinned an increase in ROFE (excluding Property)⁶ to 10.5%, compared to 9.4% in the pcp.

1H FY22 EBIT¹ of \$83m declined \$34m or 29%, reflecting property earnings of \$5m, compared with \$17m in the pcp. Property earnings in 1H FY22 were primarily from the sale of land at Kiama in NSW and Noarlunga in SA.

Review of operations

Capital structure and capital allocation

Optimal capital structure

Boral's optimal capital structure is defined by the point where its cost of capital is at its lowest. This is defined as net debt at 2–2.5 times EBITDA where ROFE = WACC, which is \$900m–\$1.1b for continuing operations. Boral continues to target the bottom of this range to ensure it retains flexibility.

Following receipt of \$3.1b in proceeds from the divestment of Boral North America Building Products, Meridian Brick and the Australian Building Products businesses, Boral's net cash position as at 31 December 2021 was \$1.8b.

		1H FY22	FY21
Net debt ¹² / (cash)	\$m	(1,778)	899
Gross debt	\$m	1,847	1,803
Average cost of debt	%	4.2	4.3
Weighted average debt maturity	Years	4.4	4.9
Gearing (net debt / (net debt + equity))	%	-	30
Undrawn facilities	\$m	450	450

Boral has US\$127m of 144A / Reg S bonds which mature in November 2022.

The Group maintains significant liquidity. Following receipt of the Fly Ash proceeds on 11 February 2022 and completion of the capital return and an unfranked dividend on 14 February 2022, net debt will be less than \$400m on a proforma basis, with cash of \$1.4b and undrawn facilities of \$450m.

The Group maintains an investment grade credit rating with Moody's (Baa2).

Capital expenditure

Capital expenditure of \$96m (including leases) for continuing operations increased 30%, and included:

- a strategic land purchase at Dunmore to access additional quarry reserves
- the new clinker storage and grinding facility at the Port of Geelong, Vic
- the new fly ash classifier as part of the operations at the Tarong Power Station, Qld, and
- investment in a chlorine bypass system at the Berrima alternative fuels facility, NSW.

Boral has also agreed to acquire land at Badgerys Creek, NSW for \$21m with completion expected in 2H FY22.

In December 2021, Boral agreed to acquire the Hillview Sands business in Vic for \$30m. The transaction is expected to complete in February 2022. The acquisition will enhance Boral's west of Melbourne sand quarry position, providing greater optionality within its network by delivering additional capacity and enabling Boral to better serve local demand.

Including the acquisition of Hillview Sands and land at Badgerys Creek, capital expenditure in continuing operations is expected to be about \$300m (including new leases) in FY22.

Disciplined allocation of capital

Boral completed its 10% on-market share buy back in July 2021 at an average price of \$7.01 per share.

A \$3b return of surplus capital to shareholders was announced on 1 February 2021 in the form of a \$2.65 per share equal capital reduction, totalling \$2,923m and an unfranked dividend of 7 cents per share, totalling \$77m. The Australian Tax Office confirmed that the \$2.65 per share equal capital reduction will not be treated as a dividend for Australian taxation purposes.

Following receipt of proceeds from the sale of the Fly Ash business on 11 February 2022, Boral has at least \$500m in surplus capital on a proforma basis. After considering any reinvestment opportunities, Boral will determine how to apply the surplus in accordance with its Financial Framework.

Review of operations

Footnotes

1. Excluding significant items
2. RHS&B: Roads, highways, subdivisions and bridges
3. ABS original value of work done, Sep-21 quarter
4. Based on split of 1H FY22 external revenue from continuing operations
5. After adjusting for revenue from an Asphalt joint venture, now equity accounted but proportionally consolidated in the pcp
6. ROFE is EBIT before significant items and Property on proportional funds employed excluding net Property assets (average of opening and closing funds employed divided by two)
7. Includes lease additions
8. Includes internal and external sales
9. For external sales only
10. For external and internal sales including wholesale cement but excluding Sunstate JV
11. For external cement sales excluding wholesale cement and Sunstate JV
12. Includes lease liabilities

Condensed Income Statement

BORAL LIMITED AND CONTROLLED ENTITIES

For the half-year ended 31 December	Note	2021 \$m	2020 ¹ \$m
Continuing operations			
Revenue	4	1,500.4	1,478.7
Cost of sales		(1,104.9)	(1,078.7)
Selling and distribution expenses		(214.1)	(202.9)
Administrative expenses		(118.0)	(109.1)
		(1,437.0)	(1,390.7)
Other income		9.8	20.9
Other expenses		(22.0)	(6.8)
Share of equity accounted income		9.7	8.2
Profit before net interest expense and income tax		60.9	110.3
Interest income		0.9	0.9
Interest expense		(35.7)	(56.2)
Net interest expense		(34.8)	(55.3)
Profit before income tax		26.1	55.0
Income tax expense	5	(4.3)	(12.6)
Profit from continuing operations		21.8	42.4
Discontinued operations			
Profit from discontinued operations (net of income tax)	3	1,002.4	124.5
Net profit		1,024.2	166.9
Basic earnings per share			
Basic earnings per share	6	92.7c	13.6c
Diluted earnings per share	6	92.1c	13.6c
Continuing operations			
Basic earnings per share	6	2.0c	3.5c
Diluted earnings per share	6	2.0c	3.4c

1. Restated, refer to Note 1(c) for further details.

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

Condensed Statement of Comprehensive Income

BORAL LIMITED AND CONTROLLED ENTITIES

For the half-year ended 31 December	2021 \$m	2020 ¹ \$m
Net profit	1,024.2	166.9
Other comprehensive income		
Items that may be reclassified subsequently to Income Statement:		
Net exchange differences from translation of foreign operations taken to other comprehensive income	60.5	(198.0)
Foreign currency translation reserve transferred to net profit on disposal of controlled entities and equity accounted investment	(113.9)	-
Fair value adjustment on cash flow hedges	1.4	2.3
Income tax on items that may be reclassified subsequently to Income Statement	5.9	(33.4)
Total comprehensive income/(loss)	978.1	(62.2)

1. Restated, refer to Note 1(c) for further details.

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

Condensed Balance Sheet

BORAL LIMITED AND CONTROLLED ENTITIES

	Note	31 Dec 2021 \$m	30 Jun 2021 \$m
CURRENT ASSETS			
Cash and cash equivalents		3,625.3	903.8
Receivables		423.8	472.7
Inventories		234.3	213.5
Financial assets		10.6	11.6
Current tax assets		23.7	13.4
Other assets		36.3	28.6
Assets classified as held for sale	3	1,199.1	3,626.1
TOTAL CURRENT ASSETS		5,553.1	5,269.7
NON-CURRENT ASSETS			
Receivables		24.0	24.2
Inventories		5.7	4.8
Investments accounted for using the equity method		22.4	15.0
Financial assets		5.5	8.3
Property, plant and equipment		1,996.9	2,031.7
Intangible assets		71.5	72.4
Deferred tax assets		183.0	133.1
Other assets		25.4	25.2
TOTAL NON-CURRENT ASSETS		2,334.4	2,314.7
TOTAL ASSETS		7,887.5	7,584.4
CURRENT LIABILITIES			
Trade creditors		381.3	484.1
Interest bearing liabilities	9	203.6	33.2
Financial liabilities		1.0	22.1
Current tax liabilities		0.4	5.0
Employee benefit liabilities		102.0	93.2
Provisions		22.2	32.5
Liabilities classified as held for sale	3	395.8	610.3
TOTAL CURRENT LIABILITIES		1,106.3	1,280.4
NON-CURRENT LIABILITIES			
Interest bearing liabilities	9	1,643.4	1,769.7
Financial liabilities		14.2	19.4
Deferred tax liabilities		-	39.9
Employee benefit liabilities		7.2	10.1
Provisions		98.3	100.6
Other liabilities		0.3	0.3
TOTAL NON-CURRENT LIABILITIES		1,763.4	1,940.0
TOTAL LIABILITIES		2,869.7	3,220.4
NET ASSETS		5,017.8	4,364.0
EQUITY			
Issued capital	10	3,516.9	3,839.5
Reserves	11	75.0	122.8
Retained earnings/(accumulated deficit)		1,425.9	401.7
TOTAL EQUITY		5,017.8	4,364.0

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

Condensed Statement of Changes in Equity

BORAL LIMITED AND CONTROLLED ENTITIES

	Issued capital \$m	Reserves \$m	Retained earnings \$m	Total Equity \$m
Balance at 1 July 2021	3,839.5	122.8	401.7	4,364.0
Net profit	-	-	1,024.2	1,024.2
Other comprehensive income				
Translation of net assets of overseas entities	-	81.4	-	81.4
Translation of long-term borrowings and foreign currency forward contracts	-	(20.9)	-	(20.9)
Foreign currency translation reserve transferred to net profit on disposal of controlled entities and equity accounted investment	-	(113.9)	-	(113.9)
Fair value adjustment on cash flow hedges	-	1.4	-	1.4
Income tax relating to other comprehensive income	-	5.9	-	5.9
Total comprehensive income/(loss)	-	(46.1)	1,024.2	978.1
Transactions with owners in their capacity as owners				
On-market share buy-back	(322.6)	-	-	(322.6)
Share acquisition rights vested	-	(3.7)	-	(3.7)
Share-based payment	-	2.0	-	2.0
Total transactions with owners in their capacity as owners	(322.6)	(1.7)	-	(324.3)
Balance at 31 December 2021	3,516.9	75.0	1,425.9	5,017.8
Balance at 1 July 2020	4,376.4	356.9	(238.2)	4,495.1
Net profit ¹	-	-	166.9	166.9
Other comprehensive income				
Translation of net assets of overseas entities	-	(332.5)	-	(332.5)
Translation of share of equity accounted other comprehensive income	-	25.3	-	25.3
Translation of long-term borrowings and foreign currency forward contracts	-	109.2	-	109.2
Fair value adjustment on cash flow hedges	-	2.3	-	2.3
Income tax relating to other comprehensive income	-	(33.4)	-	(33.4)
Total comprehensive income/(loss)	-	(229.1)	166.9	(62.2)
Transactions with owners in their capacity as owners				
Share acquisition rights vested	-	(1.2)	-	(1.2)
Share-based payment	-	(0.3)	-	(0.3)
Total transactions with owners in their capacity as owners	-	(1.5)	-	(1.5)
Balance at 31 December 2020	4,376.4	126.3	(71.3)	4,431.4

1. Restated, refer to Note 1(c) for further details.

The Condensed 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.

Condensed Statement of Cash Flows

BORAL LIMITED AND CONTROLLED ENTITIES

For the half-year ended 31 December	2021 \$m	2020 ¹ \$m
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	2,616.1	2,980.6
Payments to suppliers and employees	(2,342.7)	(2,548.7)
	273.4	431.9
Dividends received	5.3	50.7
Interest received	1.0	2.8
Borrowing costs paid	(35.8)	(64.0)
Income taxes paid	(17.3)	(7.9)
Restructure and transaction costs paid	(41.6)	(27.5)
Net cash provided by operating activities	185.0	386.0
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(122.0)	(118.3)
Capital contribution in equity accounted investment	(2.8)	-
Proceeds on disposal of non-current assets	8.4	37.2
Proceeds on disposal of controlled entities and associates (net of transaction costs)	3,053.5	71.5
Net cash provided by/(used in) investing activities	2,937.1	(9.6)
CASH FLOWS FROM FINANCING ACTIVITIES		
On-market share buy-back	(352.9)	-
Repayment of lease principal	(36.7)	(43.1)
Proceeds from borrowings	3.4	105.6
Repayment of borrowings	(0.7)	(732.8)
Net cash used in financing activities	(386.9)	(670.3)
NET CHANGE IN CASH AND CASH EQUIVALENTS		
	2,735.2	(293.9)
Cash and cash equivalents at the beginning of the year	903.8	904.4
Effects of exchange rate fluctuations on the balances of cash and cash equivalents held in foreign currencies	(13.7)	(52.4)
Cash and cash equivalents at the end of the half-year	3,625.3	558.1

1. Restated, refer to Note 1(c) for further details.

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

Condensed Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

1. ACCOUNTING POLICIES

Boral Limited is a company limited by shares, incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange. The consolidated half-year financial report of Boral Limited as at and for the half-year ended 31 December 2021 comprises Boral Limited and its controlled entities (the "Group").

(a) Basis of Preparation

The half-year consolidated financial report is a condensed general purpose financial report which has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The financial report also complies with IAS 34 *Interim Financial Reporting*.

The half-year financial report does not include full note disclosures of the type normally included in an annual financial report. As a result, the half-year financial report should be read in conjunction with the 30 June 2021 Annual Financial Report.

The half-year financial report was authorised for issue by the Directors on 14 February 2022.

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

(b) Significant Accounting Policies

The accounting policies have been consistently applied by each entity in the consolidated entity and are consistent with those applied in the 30 June 2021 Annual Financial Report. The half-year financial report has been prepared on the basis of historical cost, except where assets and liabilities are stated at their fair values in accordance with relevant accounting policies.

The Group has no transactions that are affected by newly effective Australian Accounting Standards and Australian Accounting Standards Board Interpretations or its accounting policies are already consistent with the new requirements.

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 applicable, certain comparative figures have been reclassified to discontinued operations, to align with current year presentation, as a result of the divestments of Boral's investment in North American Building Products, 50% interest in Meridian Brick and Australian Building Products; and the expected divestment in Fly Ash in North America. Refer to Note 3 for further details.

In addition, certain comparative figures have been reclassified in Note 2 Segment reporting to align with current year presentation, as a result of the reassessment of Boral's reporting segments.

Condensed Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

(c) Comparative Figures (continued)

In the prior financial year, as a result of the International Accounting Standards Board (IASB) accepting the IFRS Interpretations Committee's (IFRIC) decision around the accounting treatment for costs of configuring and customising software in a Software as a Service (SaaS) arrangement, the Group has changed its accounting policy for cloud computing arrangements to align with the conclusion that configuration and customisation costs for SaaS arrangements should be expensed at the time the service is performed. The impact to the Group's Balance Sheet, Income Statement, earnings per share and Statement of Cash Flows for 30 June 2021 and 30 June 2020 has been disclosed in the 30 June 2021 Annual Financial Report. As a result of the change in accounting policy in the prior financial year, the December 2020 comparative has been restated, and disclosed below.

Impact on the Income Statement of the Group - increase/(decrease)

For the half-year ended 31 December	2020
	\$m
Administrative expenses	7.8
Other income	3.2
Other expenses	(3.1)
Income tax expense	(2.4)
Profit from continuing operations	5.5

Impact on total earnings per share - increase

Basic earnings per share	0.4c
Diluted earnings per share	0.5c

The change did not have an impact on other comprehensive income for the comparative period ended 31 December 2020. In the Group's Statement of Cash Flows for 31 December 2020, \$4.6 million of SaaS costs previously classified as investing cash outflows are now presented as operating cash outflows.

In the prior financial year, as a result of the change in the Group's new operating model from a regional operating structure to a national integrated operating structure, the Group has changed the presentation of internal distribution costs to better reflect the integrated financial outcome. The voluntary change in presentation results in all internal distribution costs being presented as part of cost of sales within the Income Statement, as opposed to within selling and distribution expenses. As a result of the change, the 31 December 2020 comparative has been restated. The Group has adjusted the presentation of these expenses in the Income Statement resulting in an increase of \$96.9 million in cost of sales and an offsetting decrease of \$96.9 million in selling and distribution expenses for the period ended 31 December 2020.

Condensed Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

(c) Comparative Figures (continued)

Impact of comparative figures adjustments on the Income Statement - increase/(decrease)

31 December 2020	Previously Reported \$m	Changes in accounting policies and reclassification \$m	Discontinued operations \$m	Restated \$m
Revenue	2,703.3	-	(1,224.6)	1,478.7
Cost of sales	(1,835.6)	(96.9)	853.8	(1,078.7)
Selling and distribution expenses	(473.7)	96.9	173.9	(202.9)
Administrative expenses	(211.8)	7.8	94.9	(109.1)
Other income	24.7	3.2	(7.0)	20.9
Other expenses	(3.7)	(3.1)	-	(6.8)
Results of equity accounted investments	8.2	-	-	8.2
Interest income	2.9	-	(2.0)	0.9
Interest expense	(61.2)	-	5.0	(56.2)
Income tax expense	(37.7)	(2.4)	27.5	(12.6)
Profit from continuing operations	115.4	5.5	(78.5)	42.4
Profit from discontinued operations (net of income tax)	46.0	-	78.5	124.5

(d) 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.

Condensed 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.

As a result of the decision to exit North America and Asia as well as the organisational restructure in Australia, Boral has assessed and revised the Group's operating segments. The prior period comparatives have been restated as a result of the change in the Group's operating segments.

The Group has identified its operating segments based on the information that is regularly reviewed and used by the CEO and Managing Director in assessing performance and in determining the allocation of resources. Discrete financial information about each of these operating businesses is reported to the CEO and Managing Director on a recurring basis. Although Property does not meet the quantitative reportable segment thresholds in the current year, the Group considers that the separate disclosure of its financial performance qualitatively provides useful information to users of the Group's financial statements.

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

Construction Materials	- Integrated construction materials business operating across Australia (concrete, asphalt, quarries, cement, landfill, recycling, transport and placing).
Property	- The property segment primarily generates earnings from the sale of former operating sites.
Discontinued Operations	- Boral North America (fly ash, stone, roofing, light building products, windows and bricks joint venture) and Australian Building Products (comprising roofing and masonry, and timber products). The prior year comparative period also includes Midland Brick and USG Boral.
Unallocated	- Ventures and unallocated costs including corporate.

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

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

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

Reconciliations of reportable segment revenues and profits		2021	2020¹
For the half-year ended 31 December	Note	\$m	\$m
External revenue		2,383.7	2,716.1
Less: revenue from discontinued operations	3	(883.3)	(1,237.4)
Revenue from continuing operations		1,500.4	1,478.7
Profit before tax			
Profit before net interest expense and income tax from reportable segments		1,169.1	260.8
Less: Profit before net interest expense and income tax from discontinued operations	3	(1,108.2)	(150.5)
Profit before net interest expense and income tax from continuing operations		60.9	110.3
Net interest expense from continuing operations		(34.8)	(55.3)
Profit before tax from continuing operations		26.1	55.0

1. Restated, refer to Note 1(c) for further details.

Condensed Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

2. SEGMENTS (continued)

For the half-year ended 31 December	Construction Materials		Property		Discontinued Operations		Unallocated		Total	
	2021 \$m	2020 ¹ \$m	2021 \$m	2020 ¹ \$m	2021 \$m	2020 ¹ \$m	2021 \$m	2020 ¹ \$m	2021 \$m	2020 ¹ \$m
External Revenue	1,498.1	1,477.1	-	0.1	883.3	1,237.4	2.3	1.5	2,383.7	2,716.1
EBITDA before incentives ²	207.0	226.6	5.4	17.1	154.8	258.5	(10.3)	(14.3)	356.9	487.9
Depreciation and amortisation	(108.6)	(111.1)	-	-	-	(110.2)	(1.1)	(1.2)	(109.7)	(222.5)
EBIT before incentives ³	98.4	115.5	5.4	17.1	154.8	148.3	(11.4)	(15.5)	247.2	265.4
Short and long term incentives	(4.8)	-	-	-	-	-	(4.7)	-	(9.5)	-
EBIT⁴	93.6	115.5	5.4	17.1	154.8	148.3	(16.1)	(15.5)	237.7	265.4
Discontinued operations matters (i)	-	-	-	-	953.4	2.2	-	-	953.4	2.2
Transformation and restructure costs (ii)	-	-	-	-	-	-	(7.4)	(3.7)	(7.4)	(3.7)
SAP implementation costs (iii)	(14.6)	(3.1)	-	-	-	-	-	-	(14.6)	(3.1)
Significant items before income tax expense	(14.6)	(3.1)	-	-	953.4	2.2	(7.4)	(3.7)	931.4	(4.6)
Profit/(loss) before interest and income tax expense	79.0	112.4	5.4	17.1	1,108.2	150.5	(23.5)	(19.2)	1,169.1	260.8
Equity accounted income	9.7	8.2	-	-	7.4	40.6	-	-	17.1	48.8

1. Restated, refer to Note 1(c) for further details.

2. EBITDA before incentives is profit/(loss) before depreciation, amortisation, interest, income tax expense, significant items and short and long term incentives.

3. EBIT before incentives is profit/(loss) before interest, income tax expense, significant items and short and long term incentives.

4. EBIT is profit/(loss) before interest, income tax expense and significant items.

Condensed Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

2. SEGMENTS (continued)

Significant items For the half-year ended 31 December	Gross 2021 \$m	Tax 2021 \$m	Net 2021 \$m	Gross 2020 \$m	Tax 2020 \$m	Net 2020 \$m
(i) Discontinued operations matters	953.4	(58.4)	895.0	2.2	6.1	8.3
(ii) Transformation and restructure costs	(7.4)	2.2	(5.2)	(3.7)	1.0	(2.7)
(iii) SAP implementation costs	(14.6)	4.4	(10.2)	(3.1)	0.9	(2.2)
	931.4	(51.8)	879.6	(4.6)	8.0	3.4

(i) Discontinued operations matters

During the current period, the Group has completed the following divestments:

- sale of the North American Building Products business in October, which generated net cash proceeds of \$2.9 billion and a profit before tax of \$973.5 million.
- sale of the 50% interest in the Meridian Brick joint venture, which generated net cash proceeds of \$167 million and a profit before tax of \$12.1 million.
- sale of the Timber products business in October, which generated net cash proceeds of \$59.1 million and a loss before tax of \$3.3 million.
- sale of the Roofing and masonry business in October, which generated net cash proceeds of \$12 million and a loss before tax of \$3.8 million.

In addition, \$26 million of costs were incurred in relation to the exit of North America primarily asset impairments, recognition of provisions and costs related to the Fly Ash transaction. Further, a net \$0.9 million of additional proceeds were received in relation to previously disposed businesses.

In the prior period, the Group completed the sale of the Midland Brick business, which generated net cash proceeds of \$81.3 million and a profit before tax of \$2.2 million.

(ii) Transformation and restructure costs

During the period, the Group incurred \$7.4 million (31 December 2020: \$3.7 million) of costs in relation to implementation of the Group's transformation program, primarily restructuring costs incurred in resetting the operating model as well as consulting costs to support the major initiatives.

(iii) SAP implementation costs

The implementation of SAP in Australia is a key initiative in the Group's transformation program. During the period, the Group has incurred \$14.6 million (31 December 2020: \$3.1 million) of costs related to the SAP project.

Condensed Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

2. SEGMENTS (continued)

	Construction Materials		Property		Discontinued Operations		Unallocated		Total	
	31 Dec 2021 \$m	30 Jun 2021 \$m	31 Dec 2021 \$m	30 Jun 2021 \$m	31 Dec 2021 \$m	30 Jun 2021 \$m	31 Dec 2021 \$m	30 Jun 2021 \$m	31 Dec 2021 \$m	30 Jun 2021 \$m
Segment assets (excluding equity accounted investments)	2,726.4	2,776.6	77.2	78.2	1,199.1	3,626.1	30.4	38.2	4,033.1	6,519.1
Equity accounted investments	22.4	15.0	-	-	-	-	-	-	22.4	15.0
	2,748.8	2,791.6	77.2	78.2	1,199.1	3,626.1	30.4	38.2	4,055.5	6,534.1
Cash and cash equivalents							3,625.3	903.8	3,625.3	903.8
Tax assets							206.7	146.5	206.7	146.5
Total assets	2,748.8	2,791.6	77.2	78.2	1,199.1	3,626.1	3,862.4	1,088.5	7,887.5	7,584.4
Segment liabilities	542.6	613.2	11.3	9.8	395.8	610.3	72.6	139.3	1,022.3	1,372.6
Interest bearing liabilities							1,847.0	1,802.9	1,847.0	1,802.9
Tax liabilities							0.4	44.9	0.4	44.9
Total liabilities	542.6	613.2	11.3	9.8	395.8	610.3	1,920.0	1,987.1	2,869.7	3,220.4
	2021 \$m	2020 \$m	2021 \$m	2020 \$m	2021 \$m	2020 \$m	2021 \$m	2020 \$m	2021 \$m	2020 \$m
For the half-year ended 31 December										
Acquisition of segment assets ¹	95.6	73.5	-	-	46.0	69.6	-	0.1	141.6	143.2

1. Excludes amounts attributable to the capital contribution on equity accounted investment.

Geographical location

All assets in the Group, excluding assets held for sale of \$1,199.1 million as at 31 December 2021 (30 June 2021: \$3,514.1 million) are based in Australia.

Condensed Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

3. DISCONTINUED OPERATIONS AND DISPOSALS

During the current period, the Group has completed the following divestments:

- sale of the North American Building Products business in October, which generated net cash proceeds of \$2.9 billion and a profit before tax of \$973.5 million.
- sale of the 50% interest in the Meridian Brick joint venture, which generated net cash proceeds of \$167 million and a profit before tax of \$12.1 million.
- sale of the Timber products business in October, which generated net cash proceeds of \$59.1 million and a loss before tax of \$3.3 million.
- sale of the Roofing and masonry business in October, which generated net cash proceeds of \$12 million and a loss before tax of \$3.8 million.

In addition, \$26 million of costs were incurred in relation to the exit of North America primarily asset impairments, recognition of provisions and costs related to the Fly Ash transaction. Further, a net \$0.9 million of additional proceeds were received in relation to previously disposed businesses.

As part of the portfolio review and the decision to exit the North American businesses, the remaining North American business has been classified as assets and liabilities held for sale. The disposal of this business is expected to occur in second half of financial year 2022.

The earnings up to date of disposal, in the current and comparative periods for these businesses, including the gain on sale in North American Building Products, Meridian Brick and Australian Building Products businesses, have been reclassified to "Discontinued Operations" in the Income Statement, and are summarised below.

For the half-year ended 31 December	Note	Boral North America		Australian Building Products		USG Boral		Total	
		2021 \$m	2020 \$m	2021 \$m	2020 \$m	2021 \$m	2020 \$m	2021 \$m	2020 \$m
Results of discontinued operations									
Revenue		809.7	1,098.2	73.6	139.2	-	-	883.3	1,237.4
Expenses		(672.1)	(997.9)	(63.8)	(131.8)	-	-	(735.9)	(1,129.7)
Share of equity accounted income		7.4	12.8	-	-	-	27.8	7.4	40.6
Trading profit before significant items, net interest expense and income tax		145.0	113.1	9.8	7.4	-	27.8	154.8	148.3
Significant items	2	960.9	-	(7.1)	2.2	(0.4)	-	953.4	2.2
Profit/(loss) before net interest expense and income tax		1,105.9	113.1	2.7	9.6	(0.4)	27.8	1,108.2	150.5
Net interest expense		(3.1)	(2.9)	(0.1)	(0.1)	-	-	(3.2)	(3.0)
Profit/(loss) before income tax		1,102.8	110.2	2.6	9.5	(0.4)	27.8	1,105.0	147.5
Income tax (expense)/benefit		(68.6)	(27.4)	(34.0)	4.4	-	-	(102.6)	(23.0)
Net profit/(loss)		1,034.2	82.8	(31.4)	13.9	(0.4)	27.8	1,002.4	124.5
Cash flows from discontinued operations									
Net cash provided by operating activities		91.8	211.5	7.5	19.9	-	45.3	99.3	276.7
Net cash provided by/(used in) investing activities		2,963.4	(39.7)	61.1	67.6	-	-	3,024.5	27.9
Net cash used in financing activities		(19.2)	(25.1)	(0.9)	(2.1)	-	-	(20.1)	(27.2)
Net cash provided by discontinued operations		3,036.0	146.7	67.7	85.4	-	45.3	3,103.7	277.4

Condensed Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

3. DISCONTINUED OPERATIONS AND DISPOSALS (continued)

As at 31 December	2021 \$m
Assets and liabilities classified as held for sale	
Receivables	95.2
Inventories	30.5
Property, plant and equipment	310.6
Intangible assets	679.5
Other financial assets	38.1
Other assets	45.2
Assets classified as held for sale	1,199.1
Payables	(98.4)
Interest bearing liabilities	(107.1)
Net tax liabilities	(88.4)
Employee benefit liabilities	(47.6)
Provisions	(54.3)
Liabilities classified as held for sale	(395.8)
Net assets	803.3

The Group has allocated \$808.9 million of goodwill to the North American Building Products net assets disposed using the relative fair value allocation method. The residual \$260.2 million of goodwill has been allocated to Fly Ash and classified in assets held for sale.

The following profit impacts on disposal were recorded in the current period. The Group's net gain on disposal is subject to finalisation of working capital adjustments, which is expected by 30 June 2022.

Amounts in \$m	Note	Boral North America Building Products	Meridian Brick	Australian Building Products	Total
Proceeds		2,858.2	167.0	75.8	3,101.0
Less: Cash disposed		(6.7)	-	(4.7)	(11.4)
Consideration		2,851.5	167.0	71.1	3,089.6
Receivables		(167.1)	-	(37.3)	(204.4)
Inventories		(199.2)	-	(70.6)	(269.8)
Investments accounted for using the equity method		-	(174.9)	-	(174.9)
Property, plant and equipment		(630.6)	-	(18.8)	(649.4)
Intangible assets		(1,297.7)	-	-	(1,297.7)
Other assets		(6.0)	-	(1.3)	(7.3)
Payables		144.8	-	24.6	169.4
Interest bearing liabilities		94.2	-	6.4	100.6
Employee benefit liabilities		23.8	-	10.5	34.3
Provisions		18.0	-	12.6	30.6
Net deferred taxes		96.4	-	-	96.4
Net assets disposed		(1,923.4)	(174.9)	(73.9)	(2,172.2)
Foreign currency translation reserve transferred to net profit on disposal		93.9	20.0	-	113.9
Costs incurred		(48.5)	-	(4.3)	(52.8)
Gain/(loss) on disposal before income tax	2	973.5	12.1	(7.1)	978.5

Condensed Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

	2021	2020 ¹
For the half-year ended 31 December	\$m	\$m
4. REVENUE FROM CONTINUING OPERATIONS		
Sale of goods	1,353.7	1,323.7
Rendering of services	37.2	31.2
Contracting business	109.5	123.8
Revenue from continuing operations	1,500.4	1,478.7
5. INCOME TAX EXPENSE		
Reconciliation of income tax expense to prima facie tax		
Income tax expense on profit at Australian tax rates 30%	339.3	60.8
Variation between Australian and overseas tax rates	(38.6)	(3.5)
Share of associates' net income (excluding significant items)	(2.2)	(11.3)
Tax benefit arising from share acquisition rights vested	(0.4)	(0.3)
Tax benefit on disposal of business	(181.1)	(6.7)
Income tax losses brought to account	(9.9)	(6.1)
Other items	(0.2)	2.7
Income tax expense	106.9	35.6
Income tax expense relating to continuing operations	4.3	12.6
Income tax expense relating to discontinued operations	102.6	23.0
	106.9	35.6

1. Restated, refer to Note 1(c) for further details.

Condensed Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

6. EARNINGS PER SHARE

Classification of securities as ordinary shares

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

Classification of securities as potential ordinary shares

Performance Rights outstanding under the Boral Limited Equity Incentive Plan have been classified as potential ordinary shares and are included in diluted earnings per share only.

For the half-year ended 31 December	2021	2020
Weighted average number of ordinary shares used as the denominator		
Number for basic earnings per share	1,104,724,770	1,225,653,798
Effect of potential ordinary shares	7,204,447	5,480,069
Number for diluted earnings per share	1,111,929,217	1,231,133,867

For the half-year ended 31 December	2021			2020		
	Continuing operations	Discontinued operations	Total	Continuing operations ¹	Discontinued operations ¹	Total ¹
	\$m	\$m	\$m	\$m	\$m	\$m
Earnings reconciliation						
Net profit attributable to members of the parent entity excluding significant items	37.2	107.4	144.6	47.3	116.2	163.5
Net significant items (refer note 2)	(15.4)	895.0	879.6	(4.9)	8.3	3.4
Net profit	21.8	1,002.4	1,024.2	42.4	124.5	166.9
Basic earnings per share ²	2.0c	90.7c	92.7c	3.5c	10.2c	13.6c
Diluted earnings per share ²	2.0c	90.1c	92.1c	3.4c	10.1c	13.6c
Excluding significant items						
Basic earnings per share ²	3.4c	9.7c	13.1c	3.9c	9.5c	13.3c
Diluted earnings per share ²	3.3c	9.7c	13.0c	3.8c	9.4c	13.3c

1. Restated, refer to Note 1(c) for further details.

2. 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 performance rights was based on quoted market prices for the period that the rights were outstanding.

7. DIVIDENDS

	Amount per share	Total amount (\$m)	Franked amount per share	Date of payment
For the half-year ended 31 December 2021 and 31 December 2020				
Final June 2021 and June 2020 - ordinary	-	-	-	-

Subsequent event

Since the end of the period, the Directors have determined to pay the following dividend:

Special dividend	7.0 cents	77.2	-	14 February 2022
Interim - ordinary	-	-	-	-

The financial effect of the special dividend has not been brought to account in the financial report for the period ended 31 December 2021 but will be recognised in the subsequent financial report.

Dividend Reinvestment Plan

The Group's Dividend Reinvestment Plan will not apply to the special dividend.

Condensed Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

8. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Name	Principal activity	Balance date	OWNERSHIP INTEREST	
			31 Dec 2021 %	30 Jun 2021 %
DETAILS OF EQUITY ACCOUNTED INVESTMENTS				
Bitumen Importers Australia Pty Ltd	Bitumen importer	30-Jun	50	50
ConnectSydney Pty Ltd	Road maintenance	30-Jun	38.5	38.5
Flyash Australia Pty Ltd	Fly ash collection	31-Dec	50	50
Highland Pine Products Pty Ltd ¹	Timber	30-Jun	-	50
Meridian Brick ¹	Bricks	30-Jun	-	50
Penrith Lakes Development Corporation Ltd	Property development	30-Jun	40	40
South Australian Road Services Pty Ltd	Road maintenance	30-Jun	50	50
South East Asphalt Pty Ltd	Asphalt	30-Jun	50	50
Sunstate Cement Ltd	Cement manufacturer	30-Jun	50	50

1. In October 2021, the Group divested its interests in the Highland Pine Products Pty Ltd joint venture, the Meridian Brick LLC joint venture in the USA and the Meridian Brick Canada Ltd joint venture in Canada.

	31 Dec 2021 \$m	30 Jun 2021 \$m
9. INTEREST BEARING LIABILITIES		
CURRENT		
Loans - unsecured ²	174.6	-
Other loans	-	1.8
Lease liabilities	29.0	31.4
	203.6	33.2
NON-CURRENT		
Loans - unsecured	1,547.4	1,672.1
Other loans	-	0.1
Lease liabilities	96.0	97.5
	1,643.4	1,769.7
TOTAL	1,847.0	1,802.9

2. US Senior Notes - 144a notional amount of US\$126.9 million matures in November 2022.

Condensed Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

	31 Dec 2021 \$m	30 Jun 2021 \$m
10. ISSUED CAPITAL		
1,103,088,419 (30 June 2021: 1,146,734,664) ordinary shares ¹	3,516.9	3,839.5
MOVEMENTS IN ISSUED CAPITAL		
Balance at the beginning of the period	3,839.5	4,376.4
43,646,245 (30 June 2021: 78,919,134) on-market share buy-back ²	(322.6)	(536.9)
Balance at the end of the period	3,516.9	3,839.5

1. The number of ordinary shares as at 30 June 2021 includes 5,505,800 shares bought back on market prior to 30 June 2021 that were cancelled on 2 July 2021.

2. \$30.3 million of the prior year share buy-back was paid in the current period.

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

During the period, the Company completed the buy-back of 43,646,245 shares, at an average price of \$7.39, as part of the Company's on-market share buy-back program to acquire up to 10% of the Company's issued capital or approximately 122 million ordinary shares, that commenced on 19 April 2021. The total consideration for shares bought back on market is \$859.5 million, at an average price of \$7.01. The consideration paid was allocated to share capital.

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

11. RESERVES

Foreign currency translation reserve	32.4	79.5
Hedging reserve - cash flow hedges	4.6	3.6
Share-based payments reserve	38.0	39.7
Balance at the end of the period	75.0	122.8

Condensed Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

12. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The fair value measurement principles adopted in this report are consistent with those applied in the Group's Annual Financial Report for the year ended 30 June 2021.

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

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

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

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

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

	Level 2	
	31 Dec 2021	30 June 2021
	\$m	\$m
Assets		
Derivative financial assets	16.1	19.9
Liabilities		
Derivative financial liabilities	15.2	41.5

The Group does not have financial instruments that have been valued at Level 1 and Level 3.

13. COMMITMENTS

Capital expenditure commitments

Contracted but not provided for are payable as follows:

Not later than one year	60.3	26.8
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The capital expenditure commitments are in respect of the purchase of plant and equipment and the acquisition of a quarry business in Victoria.

14. CONTINGENT LIABILITIES

There has not been any material change to the Group's contingent liabilities as disclosed in the 30 June 2021 Annual Financial Report.

15. SUBSEQUENT EVENTS

On 1 February 2022, the Group announced that it will return \$3 billion of surplus capital to shareholders. The cash distribution of \$2.72 per share will be in the form of a \$2.65 per share capital reduction, totalling \$2,923 million and an unfranked dividend of 7 cents per share, totalling \$77 million.

On 11 February 2022, the Group completed the sale of its North American Fly Ash business to Eco Material Technologies Inc for US\$755 million.

14 February 2022

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The Board of Directors
Boral Limited
Level 18, 15 Blue Street
North Sydney NSW 2060

Dear Board Members

Auditor's Independence Declaration to Boral Limited

In accordance with section 307C of the *Corporations Act 2001*, we are pleased to provide the following declaration of independence to the directors of Boral Limited.

As lead audit partners for the review of the half-year financial report of Boral Limited for the half-year ended 31 December 2021, we declare that to the best of our knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



J A Leotta
Partner
Chartered Accountants



T C Elliott
Partner
Chartered Accountants

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 9 to 27, 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 2021 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:



Ryan Stokes AO
Chairman

Sydney, 14 February 2022



Zlatko Todorcevski
CEO & Managing Director

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

Conclusion

We have reviewed the half-year financial report of Boral Limited (the "Company") and its subsidiaries (the "Group"), which comprises the condensed balance sheet as at 31 December 2021, and the condensed income statement, the condensed statement of comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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 the Group 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 2021 and of its performance for the half-year ended on that date; and
- (b) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the "Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

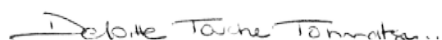
Directors' Responsibilities for the Half-year Financial Report

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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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.



DELOITTE TOUCHE TOHMATSU



J A Leotta
Partner
Chartered Accountants
Sydney, 14 February 2022



T C Elliott
Partner
Chartered Accountants
Sydney, 14 February 2022