Boral Limited

ABN 13 008 421 761

Level 3, 40 Mount Street
North Sydney NSW 2060
PO Box 1228
North Sydney NSW 2059
Telephone (02) 9220 6300
Facsimile (02) 9233 6605

www.boral.com.au

APPENDIX 4E

PRELIMINARY FINAL REPORT

24 August 2016

Name of Entity: **Boral Limited**

ABN: **13 008 421 761**

Financial Year ended: **30 June 2016**

Results for announcement to the market

				2016 $M	2015 $M
Revenue from continuing operations	up	0.3%	to	**4,311.2**	4,297.6
Revenue from discontinued operations				**-**	117.1
Total revenue	**down**	**(2.3%)**	**to**	**4,311.2**	4,414.7
Profit from continuing operations before net financing costs, income tax and significant items	up	15.2%	to	**397.9**	345.4
Profit from discontinued operations before net financing costs, income tax and significant items				**-**	11.3
Profit before net financing costs, income tax and significant items	up	11.6%	to	**397.9**	356.7
Net financing costs from continuing operations before significant items				**(63.2)**	(63.7)
Profit before income tax and significant items	up	14.2%	to	**334.7**	293.0
Income tax from continuing operations before significant items				**(66.7)**	(39.7)
Income tax from discontinued operations before significant items				**-**	(4.1)
Net profit before significant items attributable to members	up	7.5%	to	**268.0**	249.2
Significant items from continuing operations net of tax [1]				**(16.0)**	7.8
Significant items from discontinued operations net of tax [1]				**4.0**	6.4
Significant items from equity accounted results [1]				**-**	(6.4)
Net profit attributable to members	**down**	**(0.4%)**	**to**	**256.0**	257.0

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 2016, but have not been subject to audit or review.

Dividends	Amount per security	Franked amount per security at 30% tax
Current period		
Final - ordinary	11.5 cents	11.5 cents
Interim - ordinary	11.0 cents	11.0 cents
Previous corresponding period		
Final - ordinary	9.5 cents	9.5 cents
Interim - ordinary	8.5 cents	8.5 cents

Record date for determining entitlements to the final dividend	31 August 2016

Comparative figures: Full year ended 30 June 2015

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 2016 - Management Discussion and Analysis dated 24 August 2016.

Income Statement

BORAL LIMITED AND CONTROLLED ENTITIES

For the year ended 30 June	Note	**2016 $M**	2015 $M
Continuing operations			
Revenue	3	**4,311.2**	4,297.6
Cost of sales		**(2,927.2)**	(3,039.2)
Selling and distribution expenses		**(819.4)**	(767.6)
Administrative expenses		**(302.9)**	(270.1)
		(4,049.5)	(4,076.9)
Other income	4	**45.2**	166.3
Other expenses	5	**(50.6)**	(103.5)
Share of equity accounted income	12	**91.1**	68.7
Profit before net financing costs and income tax		**347.4**	352.2
Financial income	6	**7.6**	12.8
Financial expenses	6	**(70.8)**	(76.5)
Net financing costs		**(63.2)**	(63.7)
Profit before income tax		**284.2**	288.5
Income tax expense	8	**(32.2)**	(45.1)
Profit from continuing operations		**252.0**	243.4
Discontinued operations			
Profit from discontinued operations (net of income tax)	9	**4.0**	13.6
Net profit		**256.0**	257.0
Attributable to:			
Members of the parent entity		**256.0**	257.0
Non-controlling interests		**-**	-
Net profit		**256.0**	257.0
Basic earnings per share	10	**34.2c**	32.9c
Diluted earnings per share	10	**33.8c**	32.6c
Continuing operations			
Basic earnings per share	10	**33.7c**	31.2c
Diluted earnings per share	10	**33.3c**	30.9c

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	**2016 $M**	2015 $M
Net profit	**256.0**	257.0
Other comprehensive income		
Items that may be reclassified subsequently to Income Statement:		
Net exchange differences from translation of foreign operations taken to equity	**(7.0)**	99.7
Fair value adjustment on cash flow hedges	**(7.7)**	8.7
Income tax on items that may be reclassified subsequently to Income Statement	**10.4**	45.1
Total comprehensive income	**251.7**	410.5
Total comprehensive income is attributable to:		
Members of the parent entity	**251.7**	410.5
Non-controlling interests	**-**	-
Total comprehensive income	**251.7**	410.5

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	**2016 $M**	2015 $M
CURRENT ASSETS			
Cash and cash equivalents	18	**452.1**	505.8
Receivables		**623.9**	659.8
Inventories		**556.9**	537.8
Financial assets		**18.9**	9.6
Other assets		**32.4**	28.3
TOTAL CURRENT ASSETS		**1,684.2**	1,741.3
NON-CURRENT ASSETS			
Receivables		**16.0**	75.4
Inventories		**12.6**	21.6
Investments accounted for using the equity method		**1,054.6**	1,048.1
Financial assets		**23.1**	29.7
Property, plant and equipment		**2,517.7**	2,448.4
Intangible assets		**234.7**	227.1
Deferred tax assets		**237.4**	243.6
Other assets		**20.2**	30.2
TOTAL NON-CURRENT ASSETS		**4,116.3**	4,124.1
TOTAL ASSETS		**5,800.5**	5,865.4
CURRENT LIABILITIES			
Trade creditors		**607.9**	641.5
Loans and borrowings	14	**352.4**	1.8
Financial liabilities		**7.8**	5.8
Current tax liabilities		**36.6**	94.8
Employee benefit liabilities		**118.8**	115.9
Provisions		**58.2**	63.4
TOTAL CURRENT LIABILITIES		**1,181.7**	923.2
NON-CURRENT LIABILITIES			
Deferred income		**30.8**	15.8
Loans and borrowings	14	**992.8**	1,320.8
Financial liabilities		**18.6**	0.8
Employee benefit liabilities		**11.3**	11.9
Provisions		**59.0**	68.8
TOTAL NON-CURRENT LIABILITIES		**1,112.5**	1,418.1
TOTAL LIABILITIES		**2,294.2**	2,341.3
NET ASSETS		**3,506.3**	3,524.1
EQUITY			
Issued capital	15	**2,246.2**	2,361.6
Reserves	16	**162.0**	166.2
Retained earnings		**1,098.1**	996.3
TOTAL EQUITY		**3,506.3**	3,524.1

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

For the year ended 30 June 2016	Issued capital $M	Reserves $M	Retained earnings $M	Total equity $M
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**

For the year ended 30 June 2015	Issued capital $M	Reserves $M	Retained earnings $M	Total equity $M
Balance at 1 July 2014	2,477.6	2.1	868.4	3,348.1
Net profit	-	-	257.0	257.0
Other comprehensive income				
Translation of net assets of overseas entities	-	259.5	-	259.5
Translation of long-term borrowings and foreign currency forward contracts	-	(159.8)	-	(159.8)
Fair value adjustment on cash flow hedges	-	8.7	-	8.7
Income tax relating to other comprehensive income	-	45.1	-	45.1
Total comprehensive income	-	153.5	257.0	410.5
Transactions with owners in their capacity as owners				
On-market share buy-back	(116.0)	-	-	(116.0)
Dividends paid	-	-	(129.1)	(129.1)
Share-based payments	-	10.6	-	10.6
Total transactions with owners in their capacity as owners	(116.0)	10.6	(129.1)	(234.5)
Balance at 30 June 2015	2,361.6	166.2	996.3	3,524.1

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	**2016 $M**	2015 $M
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**4,635.7**	4,847.4
Payments to suppliers and employees		**(4,069.5)**	(4,317.5)
		566.2	529.9
Dividends received		**75.9**	41.2
Interest received		**8.5**	8.8
Borrowing costs paid		**(69.2)**	(72.1)
Income taxes paid		**(69.4)**	(45.4)
Restructure costs paid		**(34.5)**	(44.1)
Net cash provided by operating activities		**477.5**	418.3
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(320.3)**	(243.6)
Purchase of intangibles		**(3.5)**	(6.3)
Repayment of loans by associates		**8.8**	-
Proceeds on disposal of non-current assets		**55.5**	45.0
Proceeds on disposal of controlled entities (net of transaction costs)	9	**-**	149.2
Net cash used in investing activities		**(259.5)**	(55.7)
CASH FLOWS FROM FINANCING ACTIVITIES			
On-market share buy-back		**(115.4)**	(116.0)
Dividends paid		**(154.2)**	(129.1)
Proceeds from borrowings		**2.2**	245.2
Repayment of borrowings		**(6.0)**	(251.7)
Net cash used in financing activities		**(273.4)**	(251.6)
NET CHANGE IN CASH AND CASH EQUIVALENTS		**(55.4)**	111.0
Cash and cash equivalents at beginning of the year		**505.8**	383.2
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies		**1.7**	11.6
Cash and cash equivalents at end of the year	18	**452.1**	505.8

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 CEO and Managing Director 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 CEO and Managing Director on a recurring basis.

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

Construction Materials and Cement	-	Quarries, concrete, asphalt, transport, landfill, property, cement and concrete placing.
Building Products *	-	Australian bricks (comprising West Coast bricks, East Coast bricks up to 30 April 2015 and Boral CSR bricks joint venture from 1 May 2015), roofing and masonry, and timber products.
Boral Gypsum Joint Venture	-	50/50 joint venture between USG Corporation and Boral Limited responsible for the manufacture and sale of Plasterboard and associated products.
Boral USA	-	Bricks, cultured stone, trim, roof tiles, fly ash, concrete and quarries.
Unallocated	-	Non-trading operations and unallocated corporate costs.

* The results of the East Coast bricks operations for the prior comparative period is shown as part of "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.

Reconciliations of reportable segment revenues and profits	Note	**2016 $M**	2015 $M
External revenue		**4,311.2**	4,414.7
Less: Revenue from discontinued operations	9	**-**	(117.1)
Revenue from continuing operations		**4,311.2**	4,297.6
Profit before tax			
Profit before net financing costs and income tax from reportable segments		**351.4**	358.6
Less: Profit before net financing costs and income tax from discontinued operations	9	**(4.0)**	(6.4)
Profit before net financing costs and income tax from continuing operations		**347.4**	352.2
Net financing costs from continuing operations		**(63.2)**	(63.7)
Profit before tax from continuing operations		**284.2**	288.5

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

2. SEGMENTS (continued)

	2016 $M	2015 $M	**2016 $M**	2015 $M	**2016 $M**	2015 $M
	TOTAL REVENUE		**INTERNAL REVENUE**		**EXTERNAL REVENUE**	
Construction Materials and Cement	**2,926.9**	3,110.9	**20.2**	20.2	**2,906.7**	3,090.7
Building Products *	**372.0**	485.4	**-**	-	**372.0**	485.4
Boral USA	**1,032.5**	840.1	**-**	1.5	**1,032.5**	838.6
	4,331.4	4,436.4	**20.2**	21.7	**4,311.2**	4,414.7

	OPERATING PROFIT (EXC EQUITY ACCOUNTED INCOME)		**EQUITY ACCOUNTED INCOME**		**PROFIT BEFORE NET FINANCING COSTS AND INCOME TAX EXPENSE**	
Construction Materials and Cement	**272.4**	276.2	**20.6**	25.2	**293.0**	301.4
Building Products *	**20.9**	28.0	**11.7**	1.5	**32.6**	29.5
Boral Gypsum Joint Venture	**-**	-	**59.0**	48.7	**59.0**	48.7
Boral USA	**44.4**	6.2	**(0.2)**	(0.3)	**44.2**	5.9
Unallocated	**(30.9)**	(28.8)	**-**	-	**(30.9)**	(28.8)
	306.8	281.6	**91.1**	75.1	**397.9**	356.7
Significant items (refer to note 7)	**(46.5)**	8.3	**-**	(6.4)	**(46.5)**	1.9
	260.3	289.9	**91.1**	68.7	**351.4**	358.6

	SEGMENT ASSETS (EXC EQUITY ACCOUNTED INVESTMENTS)		**EQUITY ACCOUNTED INVESTMENTS**		**TOTAL ASSETS**	
Construction Materials and Cement	**2,597.0**	2,629.9	**14.6**	13.7	**2,611.6**	2,643.6
Building Products *	**322.8**	321.0	**88.9**	83.9	**411.7**	404.9
Boral Gypsum Joint Venture	**-**	-	**951.1**	950.5	**951.1**	950.5
Boral USA	**1,078.9**	1,010.6	**-**	-	**1,078.9**	1,010.6
Unallocated	**57.7**	106.4	**-**	-	**57.7**	106.4
	4,056.4	4,067.9	**1,054.6**	1,048.1	**5,111.0**	5,116.0
Cash and cash equivalents	**452.1**	505.8	**-**	-	**452.1**	505.8
Tax assets	**237.4**	243.6	**-**	-	**237.4**	243.6
	4,745.9	4,817.3	**1,054.6**	1,048.1	**5,800.5**	5,865.4

* The results of the East Coast bricks operations for the prior comparative period is shown as part of "Discontinued Operations" in the Income Statement.

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

2. SEGMENTS (continued)

	2016 $M	2015 $M	2016 $M	2015 $M	2016 $M	2015 $M
	LIABILITIES		ACQUISITION OF SEGMENT ASSETS **		DEPRECIATION AND AMORTISATION	
Construction Materials and Cement	**547.0**	557.9	**222.0**	189.1	**187.4**	183.9
Building Products *	**65.0**	76.7	**22.3**	13.9	**9.8**	20.2
Boral USA	**192.8**	183.7	**78.7**	45.9	**48.8**	44.3
Unallocated	**107.6**	105.6	**0.8**	1.0	**0.6**	0.4
	912.4	923.9	**323.8**	249.9	**246.6**	248.8
Loans and borrowings	**1,345.2**	1,322.6	**-**	-	**-**	-
Tax liabilities	**36.6**	94.8	**-**	-	**-**	-
	2,294.2	2,341.3	**323.8**	249.9	**246.6**	248.8

* The results of the East Coast bricks operations for the prior comparative period is shown as part of "Discontinued Operations" in the Income Statement.

** Excludes amounts attributable to the acquisition of controlled entities and businesses.

Geographic location

In presenting information on a geographical basis, segment revenues are based on the geographical location of customers, while segment assets are based on the geographical location of assets.

	EXTERNAL REVENUE 2016 $M	2015 $M	SEGMENT NON-CURRENT ASSETS *** 2016 $M	2015 $M
Australia	**3,278.7**	3,576.1	**2,473.8**	2,509.3
Asia	**-**	-	**642.0**	646.5
USA	**1,032.5**	838.6	**740.0**	695.0
	4,311.2	4,414.7	**3,855.8**	3,850.8

*** Excludes deferred tax assets and other financial assets.

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

	Note	**2016 $M**	2015 $M
3. REVENUE FROM CONTINUING OPERATIONS			
Sale of goods		**4,246.2**	4,217.0
Rendering of services		**65.0**	80.6
Revenue from continuing operations		**4,311.2**	4,297.6
4. OTHER INCOME FROM CONTINUING OPERATIONS			
Significant items	7	**-**	116.7
Net profit on sale of assets		**27.3**	41.0
Net foreign exchange gain		**-**	5.7
Other income		**17.9**	2.9
Other income from continuing operations		**45.2**	166.3
5. OTHER EXPENSES FROM CONTINUING OPERATIONS			
Significant items	7	**50.5**	103.5
Net foreign exchange loss		**0.1**	-
Other expenses from continuing operations		**50.6**	103.5
6. NET FINANCING COSTS FROM CONTINUING OPERATIONS			
Interest income received or receivable from:			
Associated entities		**0.6**	0.1
Other parties (cash at bank and bank short-term deposits)		**7.0**	9.6
Unwinding of discount		**-**	3.1
		7.6	12.8
Interest expense paid or payable to:			
Other parties (bank overdrafts, bank loans and other loans) *		**67.6**	72.7
Finance charges on capitalised leases		**0.5**	0.7
Unwinding of discount		**2.7**	3.1
		70.8	76.5
Net financing costs from continuing operations		**(63.2)**	(63.7)

* In addition, in FY2016, interest of $1.0 million was paid to other parties and capitalised in respect of qualifying assets. The capitalisation rate used was 5.4%.

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

7. SIGNIFICANT ITEMS

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 has 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)

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

2015 Significant items

		Note	Asset impairment $M	Redundancies & Restructure $M	Sale of Business $M	Total $M
Gain on disposal of Western Landfill	Continuing	(i)	-	-	115.0	115.0
Impairment of Building Products businesses	Continuing	(ii)	(70.1)	(2.5)	-	(72.6)
Construction Materials & Cement restructure	Continuing	(iii)	(13.3)	(17.6)	-	(30.9)
Loss on disposal of East Coast Bricks	Discontinued	(iv)	-	-	(1.7)	(1.7)
Boral CSR Bricks Joint Venture restructure	Continuing	(v)	-	(6.4)	-	(6.4)
Other	Continuing	(vi)	-	-	1.7	1.7
Other	Discontinued	(vi)	-	-	(3.2)	(3.2)
			(83.4)	(26.5)	111.8	1.9

	Note	Asset impairment $M	Redundancies & Restructure $M	Sale of Business $M	Total $M
Continuing operations					
Other income	4	-	-	116.7	116.7
Other expenses	5	(83.4)	(20.1)	-	(103.5)
Share of equity accounted income	12	-	(6.4)	-	(6.4)
Discontinued operations	9	-	-	(4.9)	(4.9)
		(83.4)	(26.5)	111.8	1.9

	Asset impairment $M	Redundancies & Restructure $M	Sale of Business $M	Total $M
Summary of significant items from continuing operations				
Profit/(loss) before interest and tax	(83.4)	(26.5)	116.7	6.8
Income tax benefit/ (expense)	25.0	6.0	(36.4)	(5.4)
Net significant items from continuing operations	(58.4)	(20.5)	80.3	1.4
Summary of significant items from discontinued operations				
Loss before interest and tax	-	-	(4.9)	(4.9)
Income tax benefit *	-	-	11.3	11.3
Net significant items from discontinued operations	-	-	6.4	6.4
Summary of significant items				
Profit/(loss) before interest and tax	(83.4)	(26.5)	111.8	1.9
Income tax benefit/(expense)	25.0	6.0	(25.1)	5.9
Net significant items	(58.4)	(20.5)	86.7	7.8

* Includes tax benefits attributable to tax losses recovered from previous sale transactions.

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

7. SIGNIFICANT ITEMS (continued)

2015 Significant items (continued)

(i) ***Gain on disposal of Western Landfill***

In February 2015, the Group sold its Western Landfill business for net cash proceeds of $139.0 million, and generated a profit before tax of $115.0 million.

(ii) ***Impairment of Building Products businesses***

Our ongoing review of the Building Products segment resulted in impairments of Building Products assets reflecting results and forecasts at the time. A value in use methodology was used to determine the recoverable amount of the West Coast Bricks and Roofing and Masonry businesses, leading to an impairment of $31.3 million for West Coast Bricks and $29.9 million for Roofing and Masonry. A pre-tax discount rate of 15% was used in the value in use model.

In the Hardwood business, a structural improvement program was implemented to improve operational efficiency and restructure its warehousing and distribution network, which led to an asset impairment of $8.9 million and restructuring costs of $2.5 million being incurred.

(iii) ***Construction Materials & Cement restructure***

In response to market conditions at the time, a review of the asset portfolio of Construction Materials was performed resulting in impairment costs of $13.3 million and restructuring costs of $7.6 million being incurred in the second half of the year. This related to the mothballing and closure of a number of operating sites, predominantly in Queensland, as well as make safe demolition costs at the Waurn Ponds clinker manufacturing facility. In addition, restructuring costs in the first half of $10.0 million were incurred to streamline the division and align with current market conditions.

(iv) ***Loss on disposal of East Coast Bricks***

During 2015, the Group received clearance by the Australian Competition and Consumer Commission for the East Coast Bricks business to enter into a joint venture with CSR Limited. On disposal of its interest, Boral deconsolidated its existing East Coast Bricks business and recognised an equity accounted investment in respect of its 40% shareholding in the Boral CSR Bricks Joint Venture. This resulted in a net loss of $1.7 million.

(v) ***Boral CSR Bricks Joint Venture restructure***

Following formation of the Boral CSR Bricks Joint Venture, the joint venture incurred restructuring and stamp duty costs of $6.4 million (Boral's share) in order to realise overhead savings from consolidation of management structures and efficiency gains in sales and administration functions.

(vi) ***Other***

Other items include the gain on disposal of the Oklahoma Quarries business of $1.7 million, and a loss of $3.2 million as a result of finalisation of completion adjustments associated with the disposal of the Gypsum shareholding.

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

7. SIGNIFICANT ITEMS (continued)

	Note	2016 $M	2015 $M
Asset Impairment			
Property, plant and equipment		**-**	(74.2)
Receivables		**(50.5)**	-
Inventory		**-**	(9.2)
		(50.5)	(83.4)
Segment summary of significant items before interest and tax			
Construction Materials and Cement		**-**	84.1
Building Products		**-**	(79.0)
Boral USA		**-**	1.7
Discontinued Operations		**4.0**	(4.9)
Unallocated		**(50.5)**	-
		(46.5)	1.9

8. INCOME TAX EXPENSE

	Note	2016 $M	2015 $M
Reconciliation of income tax expense to prima facie tax payable			
Income tax expense on profit at Australian tax rates 30% (2015: 30%)		**86.5**	88.5
Variation between Australian and overseas tax rates		**4.3**	(0.4)
Share of associates' net income		**(27.3)**	(20.7)
Capital losses from prior year's brought to account		**(2.5)**	(27.0)
Tax benefit arising from share acquisition rights vested		**(4.4)**	-
Finalisation of tax matters	7	**(28.9)**	-
Non deductible significant items and other items		**4.5**	(2.5)
		32.2	37.9
Tax expense relating to continuing operations		**32.2**	45.1
Tax benefit relating to discontinued operations		**-**	(7.2)
		32.2	37.9

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

9. DISCONTINUED OPERATIONS AND BUSINESS DISPOSALS

There were no discontinued operations as at 30 June 2016.

Prior year comparatives include the discontinued operations relating to the former East Coast bricks business, which was disposed of during financial year ended 30 June 2015.

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

	Note	**2016 $M**	2015 $M
Results of discontinued operations			
Revenue		**-**	117.1
Expenses		**-**	(105.8)
Trading profit before significant items, net financing costs and income tax		**-**	11.3
Net profit/(loss) on sale of discontinued operations	7	**4.0**	(4.9)
Profit before net financing costs and income tax		**4.0**	6.4
Net financing costs		**-**	-
Profit before income tax		**4.0**	6.4
Income tax benefit		**-**	7.2
Net profit		**4.0**	13.6
Attributable to:			
Members of the parent entity		**4.0**	13.6
Non-controlling interest		**-**	-
Net profit		**4.0**	13.6
Cash flows from discontinued operations			
Net cash from operating activities		**-**	10.4
Net cash used in investing activities		**-**	(3.3)
Net cash from discontinued operations		**-**	7.1

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

9. DISCONTINUED OPERATIONS AND BUSINESS DISPOSALS (continued)

Effect of disposal on the financial position of the Group

(i) Disposal of discontinued businesses

No businesses classified as discontinued operations were disposed in financial year ended 30 June 2016.

Prior year comparatives include the disposal entries relating to the former East Coast bricks businesses.

	2016 $M	2015 $M
Fair value of interest in new Joint Venture	**-**	100.8
Less: Transaction costs	**-**	(2.2)
Total consideration	**-**	98.6
Receivables	**-**	(20.4)
Inventories	**-**	(30.3)
Property, plant and equipment	**-**	(65.6)
Other assets	**-**	(0.3)
Payables	**-**	11.3
Provisions	**-**	5.0
Net assets disposed	**-**	(100.3)
Loss on disposal of discontinued operations before income tax	**-**	(1.7)
Cash consideration	**-**	-
Less: Transaction costs	**-**	(2.2)
Cash consideration net of transaction costs	**-**	(2.2)
Less: Cash and cash equivalents disposed	**-**	-
Consideration (net of transaction costs and cash and cash equivalents disposed)	**-**	(2.2)

(ii) Disposal of other businesses

In the prior year, the Western Landfill and Oklahoma Quarries businesses were disposed. These disposals were not recorded as a discontinued operation as they were not a separate major line of business of the Group.

(iii) Summary of cash consideration (after transaction costs)

	2016 $M	2015 $M
Boral Limited and CSR Limited Joint Venture	**-**	(2.2)
Western Landfill	**-**	139.0
Oklahoma Quarries	**-**	12.4
Total	**-**	149.2

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

10. EARNINGS PER SHARE

Classification of securities as ordinary shares
Only ordinary shares have been included in basic earnings per share (EPS).

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

	2016	2015
Weighted average number of ordinary shares used as the denominator		
Number for basic earnings per share	**747,618,114**	780,336,204
Effect of potential ordinary shares	**8,972,636**	8,327,214
Number for diluted earnings per share	**756,590,750**	788,663,418

Basic earnings per share

Basic earnings per share (EPS) is calculated by dividing the net profit attributable to members of the parent entity, 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 attributable to members of the parent entity, by the weighted average number of ordinary shares after adjustment for the effects of all dilutive potential ordinary shares and bonus issue.

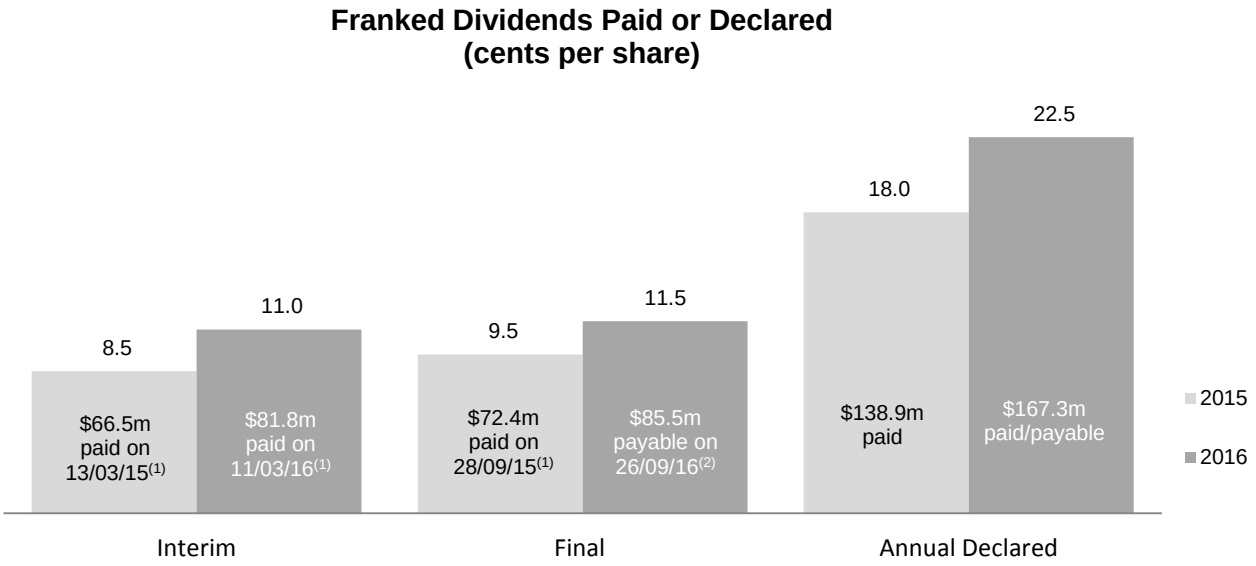
	Continuing operations	**Discontinued operations**	**Total**	Continuing operations	Discontinued operations	Total
	2016 $M	**2016 $M**	**2016 $M**	2015 $M	2015 $M	2015 $M
Earnings reconciliation						
Net profit attributable to members of the parent entity excluding significant items	**268.0**	**-**	**268.0**	242.0	7.2	249.2
Net significant items (refer note 7)	**(16.0)**	**4.0**	**(12.0)**	1.4	6.4	7.8
Net profit attributable to members of the parent entity	**252.0**	**4.0**	**256.0**	243.4	13.6	257.0
Basic earnings per share	**33.7c**	**0.5c**	**34.2c**	31.2c	1.7c	32.9c
Diluted earnings per share	**33.3c**	**0.5c**	**33.8c**	30.9c	1.7c	32.6c
Basic earnings per share (excluding significant items)	**35.8c**	**-**	**35.8c**	31.0c	0.9c	31.9c
Diluted earnings per share (excluding significant items)	**35.4c**	**-**	**35.4c**	30.7c	0.9c	31.6c

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

11. DIVIDENDS



(1) Declared and paid.

(2) Estimated final dividend payable, subject to variations in number of shares up to record date. The financial effect of the final dividend for the year ended 30 June 2016 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

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Name	Principal activity	Country of incorporation	Balance date	OWNERSHIP INTEREST 2016 %	OWNERSHIP INTEREST 2015 %
Details of equity accounted investments					
Bitumen Importers Australia Pty Ltd	Bitumen importer	Australia	30-Jun	**50**	50
Caribbean Roof Tile Company Limited	Roof tiles	Trinidad	31-Dec	**50**	50
Boral CSR Bricks Pty Limited *	Bricks	Australia	31-Mar	**40**	40
Flyash Australia Pty Ltd	Fly ash collection	Australia	31-Dec	**50**	50
Highland Pine Products Pty Ltd	Timber	Australia	30-Jun	**50**	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

* The Group has a 40% interest in the Boral CSR Bricks Pty Limited joint venture. The results were equity accounted from 1 May 2015 when the joint venture was formed.

RESULTS OF EQUITY ACCOUNTED INVESTMENTS	Note	USG Boral Building Products 2016 $M	USG Boral Building Products 2015 $M	Total 2016 $M	Total 2015 $M
Summarised Income Statement at 100%					
Profit before income tax		**174.8**	140.7	**277.3**	194.5
Income tax expense		**(49.6)**	(36.0)	**(80.9)**	(46.5)
Non-controlling interest		**(7.1)**	(7.3)	**(7.1)**	(7.3)
Net profit before significant items		**118.1**	97.4	**189.3**	140.7
Restructure costs disclosed as significant item net of tax		**-**	-	**-**	(16.0)
Net profit - equity accounted relating to continuing operations		**118.1**	97.4	**189.3**	124.7
The Group's share based on % ownership:					
Net profit before significant items		**59.0**	48.7	**91.1**	75.1
Restructure costs disclosed as significant item	7	**-**	-	**-**	(6.4)
Net profit - equity accounted relating to continuing operations		**59.0**	48.7	**91.1**	68.7

Results include the following equity accounted share of net profit:

	2016	2015
Boral CSR Bricks Pty Limited	**11.7**	1.5
Sunstate Cement Ltd	**9.2**	8.8
Penrith Lakes Development Corporation Ltd	**2.5**	11.6
USG Boral Building Products	**59.0**	48.7

13. NET TANGIBLE ASSET BACKING

	2016	2015
Net tangible asset backing per ordinary security	**$4.40**	$4.31

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

	2016 $M	2015 $M
14. LOANS AND BORROWINGS		
Current		
Other loans - unsecured	**351.1**	0.4
Finance lease liabilities	**1.3**	1.4
	352.4	1.8
Non-current		
Other loans - unsecured	**990.0**	1,317.1
Finance lease liabilities	**2.8**	3.7
	992.8	1,320.8
Total	**1,345.2**	1,322.6

TERM AND DEBT REPAYMENT SCHEDULE

Terms and conditions of outstanding loans were as follows:

	Currency	Effective interest rate 2016	Calendar year of maturity	2016 **Carrying amount $M**	2015 Carrying amount $M
Current					
US senior notes - unsecured	USD	5.85%	2017	**351.0**	-
Other loans - unsecured	Multi	5.00%	2016 - 2017	**0.1**	0.4
Finance lease liabilities	AUD	6.01%	2016 - 2017	**1.3**	1.4
				352.4	1.8
Non-current					
US senior notes - unsecured	USD	6.11%	2018 - 2030	**784.6**	1,104.9
CHF notes - unsecured	CHF	2.25%	2020	**205.4**	208.9
Other loans - unsecured	Multi	-	-	**-**	3.3
Finance lease liabilities	AUD	5.90%	2017 - 2021	**2.8**	3.7
				992.8	1,320.8
Total				**1,345.2**	1,322.6

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

	2016 $M	2015 $M
15. ISSUED CAPITAL		
Issued and paid up capital		
743,599,437 (2015: 764,241,387) ordinary shares, fully paid	**2,246.2**	2,361.6
Movements in ordinary issued capital		
Balance at the beginning of year	**2,361.6**	2,477.6
20,641,950 (2015: 18,494,862) on-market share buy-back	**(115.4)**	(116.0)
Balance at the end of the year	**2,246.2**	2,361.6

During the 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 benefit.

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

16. RESERVES

Foreign currency translation reserve	**98.5**	97.4
Hedging reserve - cash flow hedges	**(3.9)**	1.5
Other reserve	**(6.9)**	(6.9)
Share-based payments reserve	**74.3**	74.2
	162.0	166.2

17. 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

	2016 $M	2015 $M
18. 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	**124.1**	87.9
Bank short-term deposits	**328.0**	417.9
	452.1	505.8

19. SUBSEQUENT EVENTS

On 24 August 2016, the Group announced that it had reached an agreement with an affiliate of Forterra, Inc. ("Forterra"), which is the owner of Forterra Brick, to combine their brick businesses in North America. The proposed Joint Venture, to be 50% owned by Boral and 50% owned by Forterra, will bring together Boral's US clay brick operations and distribution network, with Forterra's clay brick and concrete brick businesses in the USA and Canada. There is no cash consideration as part of the proposed joint venture, other than standard working capital adjustments.

Completion remains subject to regulatory approval and other standard closing conditions. The transaction is expected to be completed at the end of calendar year 2016.

Annual General Meeting

The Annual General Meeting will be held as follows:

Place:	The Concourse, Chatswood
Date:	Thursday, 3 November 2016
Time:	10.30 am
Approximate date the annual report will be available:	15 September 2016

Compliance Statement

1 This preliminary final report for the year ended 30 June 2016 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 2016. The Annual Report is currently being finalised in publishable form.

2 The entity has a formally constituted audit committee.