Boral Limited

ABN 13 008 421 761

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APPENDIX 4E

PRELIMINARY FINAL REPORT

26 August 2019

Name of Entity: **Boral Limited**

ABN: **13 008 421 761**

Financial Year ended: **30 June 2019**

Results for announcement to the market

				2019 $m	2018 $m
Revenue from continuing operations	up	4.0%	to	**5,800.6**	5,579.3
Revenue from discontinued operations				**62.1**	289.7
Total revenue	**down**	**(0.1%)**	**to**	**5,862.7**	5,869.0
Profit from continuing operations before net interest expense, income tax and significant items	down	(0.6%)	to	**659.6**	663.5
Profit from discontinued operations before net interest expense, income tax and significant items				**-**	24.9
Profit before net interest expense, income tax and significant items	down	(4.2%)	to	**659.6**	688.4
Net interest expense from continuing operations before significant items				**(103.1)**	(103.8)
Profit before income tax and significant items	down	(4.8%)	to	**556.5**	584.6
Income tax from continuing operations before significant items				**(116.4)**	(103.4)
Income tax from discontinued operations before significant items				**-**	(8.0)
Net profit before significant items	down	(7.0%)	to	**440.1**	473.2
Significant items from continuing operations net of tax [1]				**(24.7)**	(27.6)
Significant items from discontinued operations net of tax [1]				**57.8**	-
Significant items from equity accounted results [1]				**(200.8)**	(4.6)
Net profit	**down**	**(38.2%)**	**to**	**272.4**	441.0

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 2019, but have not been subject to audit or review.

Dividends	Amount per security	Franked amount per security at 30% tax
Current period		
Final - ordinary	13.5 cents	6.75 cents
Interim - ordinary	13.0 cents	6.5 cents
Previous corresponding period		
Final - ordinary	14.0 cents	7.0 cents
Interim - ordinary	12.5 cents	6.25 cents

Record date for determining entitlements to the final dividend	26 August 2019

Comparative figures: Full year ended 30 June 2018

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 2019 - Management Discussion and Analysis dated 26 August 2019.

Income Statement

BORAL LIMITED AND CONTROLLED ENTITIES

For the year ended 30 June	Note	**2019 $m**	Restated[1] 2018 $m
Continuing operations			
Revenue	3	**5,800.6**	5,579.3
Cost of sales		**(3,845.6)**	(3,701.3)
Selling and distribution expenses		**(1,006.5)**	(941.3)
Administrative expenses		**(398.5)**	(428.2)
		(5,250.6)	(5,070.8)
Other income	4	**36.5**	65.5
Other expenses	5	**(61.5)**	(97.7)
Results of equity accounted investments	12	**(127.7)**	85.6
Profit before net interest expense and income tax		**397.3**	561.9
Interest income	6	**2.3**	1.8
Interest expense	6	**(105.4)**	(105.6)
Net interest expense		**(103.1)**	(103.8)
Profit before income tax		**294.2**	458.1
Income tax expense	8	**(79.6)**	(34.0)
Profit from continuing operations		**214.6**	424.1
Discontinued operations			
Profit from discontinued operations (net of income tax)	9	**57.8**	16.9
Net profit		**272.4**	441.0
Basic earnings per share	10	**23.2c**	37.6c
Diluted earnings per share	10	**23.2c**	37.4c
Continuing operations			
Basic earnings per share	10	**18.3c**	36.2c
Diluted earnings per share	10	**18.2c**	36.0c

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

1. Refer Note 1(d) for further details.

Statement of Comprehensive Income

BORAL LIMITED AND CONTROLLED ENTITIES

For the year ended 30 June	**2019 $m**	2018 $m
Net profit	**272.4**	441.0
Other comprehensive income		
Items that may be reclassified subsequently to Income Statement:		
Net exchange differences from translation of foreign operations taken to equity	**166.3**	115.5
Foreign currency translation reserve transferred to net profit on disposal of controlled entities	**(10.8)**	-
Fair value adjustment on cash flow hedges	**(15.9)**	10.5
Income tax on items that may be reclassified subsequently to Income Statement	**32.6**	22.5
Total comprehensive income	**444.6**	589.5

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	**2019 $m**	2018 $m
CURRENT ASSETS			
Cash and cash equivalents	18	**207.2**	74.3
Receivables		**877.4**	879.7
Inventories		**683.8**	613.8
Financial assets		**3.8**	11.2
Other assets		**39.6**	38.1
Assets classified as held for sale		**-**	121.2
TOTAL CURRENT ASSETS		**1,811.8**	1,738.3
NON-CURRENT ASSETS			
Receivables		**27.8**	35.1
Inventories		**11.4**	11.4
Investments accounted for using the equity method		**1,292.0**	1,411.3
Financial assets		**41.6**	32.8
Property, plant and equipment		**2,880.4**	2,782.1
Intangible assets		**3,372.8**	3,395.1
Deferred tax assets		**78.7**	69.6
Other assets		**27.2**	34.6
TOTAL NON-CURRENT ASSETS		**7,731.9**	7,772.0
TOTAL ASSETS		**9,543.7**	9,510.3
CURRENT LIABILITIES			
Trade creditors		**832.6**	752.0
Loans and borrowings	14	**339.7**	19.2
Financial liabilities		**23.8**	8.6
Current tax liabilities		**29.0**	20.0
Employee benefit liabilities		**118.7**	129.6
Provisions		**48.4**	55.1
Liabilities classified as held for sale		**-**	10.7
TOTAL CURRENT LIABILITIES		**1,392.2**	995.2
NON-CURRENT LIABILITIES			
Loans and borrowings	14	**2,060.8**	2,507.6
Financial liabilities		**-**	26.9
Deferred tax liabilities		**50.8**	39.5
Employee benefit liabilities		**46.1**	40.6
Provisions		**118.6**	147.9
Other liabilities		**16.3**	21.8
TOTAL NON-CURRENT LIABILITIES		**2,292.6**	2,784.3
TOTAL LIABILITIES		**3,684.8**	3,779.5
NET ASSETS		**5,858.9**	5,730.8
EQUITY			
Issued capital	15	**4,265.1**	4,265.1
Reserves	16	**330.0**	155.8
Retained earnings		**1,263.8**	1,309.9
TOTAL EQUITY		**5,858.9**	5,730.8

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 2019	Issued capital $m	Reserves $m	Retained earnings $m	Total equity $m
Balance at 30 June 2018	**4,265.1**	**155.8**	**1,309.9**	**5,730.8**
Transition impact from implementation of AASB 15	**-**	**-**	**(2.0)**	**(2.0)**
Balance at 1 July 2018	**4,265.1**	**155.8**	**1,307.9**	**5,728.8**
Net profit	**-**	**-**	**272.4**	**272.4**
Other comprehensive income				
Translation of net assets of overseas entities	**-**	**258.8**	**-**	**258.8**
Translation of long-term borrowings and foreign currency forward contracts	**-**	**(92.5)**	**-**	**(92.5)**
Foreign currency translation reserve transferred to net profit on disposal of controlled entities	**-**	**(10.8)**	**-**	**(10.8)**
Fair value adjustment on cash flow hedges	**-**	**(15.9)**	**-**	**(15.9)**
Income tax relating to other comprehensive income	**-**	**32.6**	**-**	**32.6**
Total comprehensive income	**-**	**172.2**	**272.4**	**444.6**
Transactions with owners in their capacity as owners				
Share acquisition rights vested	**-**	**(7.5)**	**-**	**(7.5)**
Dividends paid	**-**	**-**	**(316.5)**	**(316.5)**
Share-based payments	**-**	**9.5**	**-**	**9.5**
Total transactions with owners in their capacity as owners	**-**	**2.0**	**(316.5)**	**(314.5)**
Balance at 30 June 2019	**4,265.1**	**330.0**	**1,263.8**	**5,858.9**

For the year ended 30 June 2018	Issued capital $m	Reserves $m	Retained earnings $m	Total equity $m
Balance at 1 July 2017	4,265.1	19.3	1,156.1	5,440.5
Net profit	-	-	441.0	441.0
Other comprehensive income				
Translation of net assets of overseas entities	-	201.2	-	201.2
Translation of long-term borrowings and foreign currency forward contracts	-	(85.7)	-	(85.7)
Fair value adjustment on cash flow hedges	-	10.5	-	10.5
Income tax relating to other comprehensive income	-	22.5	-	22.5
Total comprehensive income	-	148.5	441.0	589.5
Transactions with owners in their capacity as owners				
Share acquisition rights vested	-	(22.4)	-	(22.4)
Dividends paid	-	-	(287.2)	(287.2)
Share-based payments	-	10.4	-	10.4
Total transactions with owners in their capacity as owners	-	(12.0)	(287.2)	(299.2)
Balance at 30 June 2018	4,265.1	155.8	1,309.9	5,730.8

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	**2019 $m**	2018 $m
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**6,243.3**	6,209.0
Payments to suppliers and employees		**(5,333.8)**	(5,399.1)
		909.5	809.9
Dividends received		**55.0**	68.4
Interest received		**1.9**	1.8
Borrowing costs paid		**(100.2)**	(97.7)
Income taxes paid		**(50.6)**	(86.0)
Restructure, acquisition and integration costs paid	18	**(54.0)**	(118.4)
Net Cash Provided by Operating Activities		**761.6**	578.0
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(447.1)**	(421.5)
Purchase of intangibles		**(6.3)**	(3.8)
Purchase of controlled entities and businesses		**(10.9)**	-
Repayment of loans (to)/by associates		**7.6**	(1.6)
Proceeds on disposal of non-current assets		**38.4**	74.7
Proceeds on disposal of controlled entities and associates (net of transaction costs)		**375.8**	7.6
Net Cash Used in Investing Activities		**(42.5)**	(344.6)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		**(316.5)**	(287.2)
Proceeds from borrowings		**-**	1,664.2
Repayment of borrowings		**(272.6)**	(1,775.2)
Net Cash Used in Financing Activities		**(589.1)**	(398.2)
NET CHANGE IN CASH AND CASH EQUIVALENTS		**130.0**	(164.8)
Cash and cash equivalents at beginning of the year		**74.3**	237.8
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies		**2.9**	1.3
Cash and cash equivalents at the end of the year	18	**207.2**	74.3

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.

(a) 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.

(b) 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.

(c) Changes in accounting policies

Adoption of new and revised accounting standards

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.

Effective 1 July 2018, the Group adopted AASB 15 *Revenue from Contracts with Customers* . The Group elected to use the cumulative effect method on the initial application of the standard, and therefore has not applied the requirements of AASB 15 to the comparative period presented in this report. The net transition impact was recorded as a reduction in retained earnings of $2.0 million, and is disclosed in the Statement of Changes in Equity.

The implementation of this standard did not have a significant impact on the revenue recognition practice of the Group.

(d) Comparative figures

Where applicable, certain comparative figures have been reclassified, to align with current year presentation, as a result of the implementation of AASB 15 and the sale of US Block.

(e) 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

1. ABOUT THIS REPORT (continued)

(f) Accounting policies applied from 1 July 2018

Revenue recognition

Revenue from sale of goods

Revenue from the sale of goods, such as quarry product, concrete, cement, flyash, roofing and building products, is recognised at the point in time the customer obtains control of the goods. This is typically at the time of delivery to the customer.

Revenue from contracting businesses

Revenue from contracting businesses, such as asphalt and concrete placing, is included in sale of goods and is recognised progressively over the period of time the performance obligation is fulfilled and the customer obtains control of the goods being provided in the contract, with the Group having a right to payment for performance to date. The Group predominantly uses the output method based on volumes delivered to determine the amount of revenue to recognise in a given period.

When estimating the transaction price, variable consideration is considered, which typically relates to claims or variations submitted in connection with the performance of a contract. Assumptions are made in order to determine the amount of variable consideration that can be recognised, including consideration of whether the variable consideration is constrained. Claims and variations are included to the extent they are approved, or if not approved, are estimated whilst also considering the constraint requirement.

Revenue from rendering of services

Revenue from the rendering of services, which is predominantly in Flyash, is allocated across each service or performance obligation based on their stand-alone selling price, and recognised as the service or performance obligation is performed.

Revenue from the sale of land

Revenue from the sale of land is recognised at the point in time the customer obtains control of the land. This is typically at the point in time the customer obtains unrestricted access to the land which was sold. The revenue is measured at the transaction price agreed under the contract and classified as other income.

Bundling of performance obligations

Contracts with customers, particularly in concrete and asphalt, may contain revenue items for ancillary services such as mobilisation and demobilisation of plant, concrete testing, and other related services. These services are typically combined into the core performance obligation of delivering concrete, or the supply and lay of asphalt. On occasion, ancillary services may be deemed to have a stand-alone value to the customer, and are accounted for as a separate performance obligation.

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

2. SEGMENTS

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

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

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

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

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	**2019 $m**	Restated[1] 2018 $m
External revenue		**5,862.7**	5,869.0
Less: revenue from discontinued operations	9	**(62.1)**	(289.7)
Revenue from continuing operations		**5,800.6**	5,579.3
Profit before tax			
Profit before net interest expense and income tax from reportable segments		**466.9**	586.8
Less: Profit before net interest expense and income tax from discontinued operations	9	**(69.6)**	(24.9)
Profit before net interest expense and income tax from continuing operations		**397.3**	561.9
Net interest expense from continuing operations	6	**(103.1)**	(103.8)
Profit before tax from continuing operations		**294.2**	458.1

1. Refer Note 1(d) for further details.

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

2. SEGMENTS (continued)

	Boral Australia		USG Boral		Boral North America		Discontinued Operations		Unallocated		Total	
					Restated[1]		Restated[1]					
	2019 $m	2018 $m	**2019 $m**	2018 $m	**2019 $m**	2018 $m	**2019 $m**	2018 $m	**2019 $m**	2018 $m	**2019 $m**	2018 $m
External Revenue	**3,571.9**	3,589.8	**-**	-	**2,228.7**	1,989.5	**62.1**	289.7	**-**	-	**5,862.7**	5,869.0
Profit/(loss) before depreciation, amortisation, interest, income tax expense and significant items (EBITDA)	**593.4**	633.6	**56.7**	63.1	**415.4**	348.9	**4.2**	41.5	**(32.3)**	(31.1)	**1,037.4**	1,056.0
Depreciation and amortisation, excluding amortisation of acquired intangibles	**(209.5)**	(200.2)	**-**	-	**(104.3)**	(95.2)	**(1.9)**	(11.4)	**(0.7)**	(0.6)	**(316.4)**	(307.4)
Profit/(loss) before amortisation of acquired intangibles, interest, income tax expense and significant items (EBITA)	**383.9**	433.4	**56.7**	63.1	**311.1**	253.7	**2.3**	30.1	**(33.0)**	(31.7)	**721.0**	748.6
Amortisation of acquired intangibles	**-**	-	**-**	-	**(59.1)**	(55.0)	**(2.3)**	(5.2)	**-**	-	**(61.4)**	(60.2)
Profit/(loss) before interest, income tax and significant items (EBIT)	**383.9**	433.4	**56.7**	63.1	**252.0**	198.7	**-**	24.9	**(33.0)**	(31.7)	**659.6**	688.4
Significant items before income tax expense	**(25.7)**	(23.8)	**(5.2)**	(1.0)	**(228.4)**	(76.8)	**69.6**	-	**(3.0)**	-	**(192.7)**	(101.6)
Profit/(loss) before interest and income tax expense	**358.2**	409.6	**51.5**	62.1	**23.6**	121.9	**69.6**	24.9	**(36.0)**	(31.7)	**466.9**	586.8
Equity accounted income before significant items	**25.8**	28.8	**56.7**	63.1	**(9.4)**	(1.7)	**-**	-	**-**	-	**73.1**	90.2
Significant items	**-**	-	**(5.2)**	(1.0)	**(195.6)**	(3.6)	**-**	-	**-**	-	**(200.8)**	(4.6)
Equity accounted income after significant items	**25.8**	28.8	**51.5**	62.1	**(205.0)**	(5.3)	**-**	-	**-**	-	**(127.7)**	85.6

1. Refer Note 1(d) for further details.

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

2. SEGMENTS (continued)

	Boral Australia		USG Boral		Boral North America		Discontinued Operations		Unallocated		Total	
						Restated[1]		Restated[1]				
	2019 $m	2018 $m	**2019 $m**	2018 $m	**2019 $m**	2018 $m	**2019 $m**	2018 $m	**2019 $m**	2018 $m	**2019 $m**	2018 $m
External revenue by product												
Concrete	**1,441.7**	1,506.4	**-**	-	**-**	-	**-**	89.6	**-**	-	**1,441.7**	1,596.0
Asphalt	**764.3**	801.5	**-**	-	**-**	-	**-**	-	**-**	-	**764.3**	801.5
Fly ash	**-**	-	**-**	-	**730.3**	675.6	**-**	-	**-**	-	**730.3**	675.6
Roofing	**92.8**	92.0	**-**	-	**513.5**	413.7	**-**	-	**-**	-	**606.3**	505.7
Quarry products	**439.1**	403.7	**-**	-	**-**	-	**-**	48.3	**-**	-	**439.1**	452.0
Light building products	**-**	-	**-**	-	**387.6**	356.5	**-**	-	**-**	-	**387.6**	356.5
Stone	**-**	-	**-**	-	**376.6**	346.4	**-**	-	**-**	-	**376.6**	346.4
Cement	**323.4**	301.9	**-**	-	**-**	-	**-**	-	**-**	-	**323.4**	301.9
Windows	**-**	-	**-**	-	**220.7**	193.3	**-**	-	**-**	-	**220.7**	193.3
Concrete Placing	**216.3**	178.6	**-**	-	**-**	-	**-**	-	**-**	-	**216.3**	178.6
Other	**294.3**	305.7	**-**	-	**-**	4.0	**62.1**	151.8	**-**	-	**356.4**	461.5
	3,571.9	3,589.8	**-**	-	**2,228.7**	1,989.5	**62.1**	289.7	**-**	-	**5,862.7**	5,869.0

1. Refer Note 1(d) for further details.

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

2. SEGMENTS (continued)

	Boral Australia		USG Boral		Boral North America		Discontinued Operations		Unallocated		Total	
						Restated[1]		Restated[1]				
	2019 $m	2018 $m	**2019 $m**	2018 $m	**2019 $m**	2018 $m	**2019 $m**	2018 $m	**2019 $m**	2018 $m	**2019 $m**	2018 $m
Segment assets (excluding equity accounted investments)	**3,263.2**	3,159.6	**-**	-	**4,686.5**	4,481.5	**-**	293.8	**16.1**	20.2	**7,965.8**	7,955.1
Equity accounted investments	**22.3**	23.0	**1,041.1**	977.7	**228.6**	410.6	**-**	-	**-**	-	**1,292.0**	1,411.3
	3,285.5	3,182.6	**1,041.1**	977.7	**4,915.1**	4,892.1	**-**	293.8	**16.1**	20.2	**9,257.8**	9,366.4
Cash and cash equivalents											**207.2**	74.3
Deferred tax assets											**78.7**	69.6
Total assets	**3,285.5**	3,182.6	**1,041.1**	977.7	**4,915.1**	4,892.1	**-**	293.8	**16.1**	20.2	**9,543.7**	9,510.3
Segment liabilities	**748.6**	700.8	**-**	-	**380.6**	378.6	**-**	19.1	**75.3**	94.7	**1,204.5**	1,193.2
Loans and borrowings											**2,400.5**	2,526.8
Tax liabilities											**79.8**	59.5
Total liabilities	**748.6**	700.8	**-**	-	**380.6**	378.6	**-**	19.1	**75.3**	94.7	**3,684.8**	3,779.5
Acquisition of segment assets[2]	**291.0**	283.7	**-**	-	**158.7**	132.9	**2.1**	8.2	**1.6**	0.5	**453.4**	425.3

1. Refer Note 1(d) for further details.
2. Excludes amounts attributable to the acquisition of controlled entities and businesses.

Geographic location

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

NON-CURRENT ASSETS	**2019 $m**	2018 $m
Australia	**2,606.5**	2,531.0
Asia	**729.0**	670.0
North America	**4,187.1**	4,323.6
Other	**89.0**	145.0
	7,611.6	7,669.6
Tax assets	**78.7**	69.6
Financial assets	**41.6**	32.8
	7,731.9	7,772.0

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

	Note	2019 $m	Restated[1] 2018 $m
3. REVENUE FROM CONTINUING OPERATIONS			
Sale of goods		**5,559.8**	5,312.5
Rendering of services		**240.8**	266.8
Revenue from continuing operations		**5,800.6**	5,579.3
4. OTHER INCOME FROM CONTINUING OPERATIONS			
Net profit on sale of assets		**21.6**	58.1
Net foreign exchange gain		**7.2**	-
Other income		**7.7**	7.4
Other income from continuing operations		**36.5**	65.5
5. OTHER EXPENSES FROM CONTINUING OPERATIONS			
Significant items	7	**(61.5)**	(97.0)
Net foreign exchange loss		**-**	(0.7)
Other expenses from continuing operations		**(61.5)**	(97.7)
6. NET INTEREST EXPENSE FROM CONTINUING OPERATIONS			
Interest income received or receivable from:			
Other parties (cash at bank and bank short-term deposits)		**1.9**	1.5
Unwinding of discount		**0.4**	0.3
		2.3	1.8
Interest expense paid or payable to:			
Other parties (bank overdrafts, bank loans and other loans)*		**(101.2)**	(101.7)
Finance charges on capitalised leases		**(0.4)**	(0.5)
Unwinding of discount		**(3.8)**	(3.4)
		(105.4)	(105.6)
Net interest expense from continuing operations		**(103.1)**	(103.8)

* In 2019, interest of $4.2 million (2018: $6.5 million) was paid to other parties and capitalised in respect of qualifying assets. The capitalisation rate used was 5.4% (2018: 5.4%).

1. Refer Note 1(d) for further details.

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

7. SIGNIFICANT ITEMS

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

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

2019 Significant items

	Note	Sale of business (i) $m	Restructure costs (ii) $m	Integration costs (iii) $m	Joint venture matters (iv) $m	Asset impairment (v) $m	Total $m
Continuing operations							
Other expenses	5	-	(25.7)	(32.8)	(3.0)	-	(61.5)
Share of equity accounted income	12	-	-	-	(5.2)	(195.6)	(200.8)
Loss before interest and tax		-	(25.7)	(32.8)	(8.2)	(195.6)	(262.3)
Income tax benefit		-	8.0	6.7	-	22.1	36.8
Net significant items from continuing operations		-	(17.7)	(26.1)	(8.2)	(173.5)	(225.5)
Discontinued operations							
Profit before interest and tax	9	69.6	-	-	-	-	69.6
Income tax expense		(11.8)	-	-	-	-	(11.8)
Net significant items from discontinued operations		57.8	-	-	-	-	57.8
Summary of significant items							
Profit/(loss) before interest and tax		69.6	(25.7)	(32.8)	(8.2)	(195.6)	(192.7)
Income tax (expense)/benefit		(11.8)	8.0	6.7	-	22.1	25.0
Net significant items		57.8	(17.7)	(26.1)	(8.2)	(173.5)	(167.7)

(i) ***Sale of business***

In July 2018, the Group sold the Denver Construction Materials business for cash proceeds of $173.2 million, and generated a profit before tax of $66.1 million.

In November 2018, the Group sold the Block business for cash proceeds of $210.6 million, and generated a profit before tax of $3.5 million.

(ii) ***Restructure costs***

During the period, $25.7 million of restructuring related costs have been incurred to align the Australian business with current market conditions.

(iii) ***Integration costs***

During the period, $32.8 million of costs have been incurred on the integration of Headwaters business into the Boral North America business, which forms part of the integration costs of US$90 million - $100 million expected. The costs during the period predominantly relate to redundancies, consultant fees supporting the integration, integration of IT systems and closure costs arising from rationalisation of Stone plants.

(iv) ***Joint venture matters***

This relates to joint venture matters in USG Boral. This includes $4.0 million of legal and consulting costs ($3.0 million incurred by Boral Limited) related to negotiating and agreeing a new ownership and operating structure as a result of Knauf's acquisition of USG, $3.4 million of restructuring costs incurred as a result of the significant downturn in Korea and the housing decline in Australia and $0.8 million of costs resulting from an ownership reorganisation in Thailand.

(v) ***Asset impairment***

The significant decline in the Canadian housing market and intensity deterioration in the US bricks market triggered an impairment of the investment in the Meridian Brick joint venture. A value in use methodology was used to determine the recoverable amount of the investment, leading to an impairment of $195.6 million. The $22.1 million tax benefit is recognised directly by Boral North America due to the Meridian joint venture ownership structure.

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

7. SIGNIFICANT ITEMS (continued)

2018 Significant items

	Note	Headwaters integration costs (i) $m	Waurn Ponds rehabilitation and closure costs (ii) $m	Reassessment of US tax balances (iii) $m	Joint venture matters (iv) $m	Total $m
Summary of significant items from continuing operations						
Other expenses	5	(73.2)	(23.8)	-	-	(97.0)
Share of equity accounted income	12	-	-	-	(4.6)	(4.6)
Loss before interest and tax		(73.2)	(23.8)	-	(4.6)	(101.6)
Income tax benefit		19.0	7.0	42.5	0.9	69.4
Net significant items from continuing operations		(54.2)	(16.8)	42.5	(3.7)	(32.2)

(i) ***Headwaters integration costs***

In the prior year, $73.2 million of costs were incurred on the integration of the Headwaters business into the Boral North America business, which forms part of the implementation costs of US$90 million - $100 million expected over financial years 2018 and 2019. The costs predominantly relate to redundancies, employee incentives implemented by Headwaters, consultant fees supporting the integration, integration of IT systems, brand consolidation, rationalisation of products in metal roofing, safety implementation costs and asset impairments upon consolidation of the Boral and Headwaters concrete roofing business.

(ii) ***Waurn Ponds rehabilitation and closure costs***

In the prior year, the organisation progressed its plans on the long term cement position in Victoria, which has led to a reassessment of the expected end use of the Waurn Ponds cement facility, resulting in the recognition of a provision of $23.8 million with respect to rehabilitation of the limestone quarry attached to the facility.

(iii) ***Reassessment of US tax balances***

On 22 December 2017, a tax bill, H.R. 1, was enacted into US law. This triggered a revaluation of the carrying value of tax balances associated with the Boral North America division, primarily as a result of a reduction in the federal tax rate from 35% to 21%.

The reduction in tax rate resulted in a net tax benefit of A$33.7 million, reflecting a net reduction in deferred tax liabilities.

In addition, the Group reassessed its US tax losses, which had not been recognised on the Balance Sheet, as a result of improved earnings following the acquisition of Headwaters Incorporated in May 2017. This reassessment led to a benefit of A$8.8 million being recorded.

The total impact of the above adjustments on income tax expense is a benefit of $42.5 million.

(iv) ***Joint venture matters***

Includes $3.6m of integration and restructuring costs incurred in Meridian Brick, and a $1.0m loss associated with asset impairments in USG Boral.

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

7. SIGNIFICANT ITEMS (continued)

	2019 $m	2018 $m
Asset Impairment		
Property, plant and equipment	**(3.1)**	(4.8)
Investments accounted for using the equity method	**(195.6)**	-
	(198.7)	(4.8)

8. INCOME TAX EXPENSE

	Note	2019 $m	Restated[1] 2018 $m
Reconciliation of income tax expense to prima facie tax			
Income tax expense on profit at Australian tax rates 30% (2018: 30%)		**109.1**	144.9
Variation between Australian and overseas tax rates		**(1.6)**	2.1
Share of associates' net income (excluding significant items)		**(22.3)**	(25.6)
Capital and income tax losses realised		**(30.3)**	(27.6)
Non-deductible significant items		**38.5**	-
Tax benefit arising from share acquisition rights vested		**(2.3)**	(6.3)
Change in US federal tax rate	7	**-**	(33.7)
Changes in estimate from prior years		**5.8**	(9.6)
Other items		**(5.5)**	(2.2)
		91.4	42.0
Tax expense relating to continuing operations		**79.6**	34.0
Tax expense relating to discontinued operations		**11.8**	8.0
		91.4	42.0

1. Refer Note 1(d) for further details.

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

9. DISCONTINUED OPERATIONS AND DISPOSALS

Discontinued operations

During the current year, the Group completed the divestment of its Concrete and Quarries business in Denver, Colorado and the divestment of its US Block business.

As a result, the earnings in the current and comparative periods for these respective businesses, as well as the gain on sale, have been reclassified to "Discontinued Operations" in the Income Statement, and are summarised below.

	Note	2019 $m	Restated[1] 2018 $m
Results of discontinued operations			
Revenue		**62.1**	289.7
Expenses		**(62.1)**	(264.8)
Trading profit before significant items, net interest expense and income tax		**-**	24.9
Net profit on sale of discontinued operations	7	**69.6**	-
Profit before net interest expense and income tax		**69.6**	24.9
Net interest expense		**-**	-
Profit before income tax		**69.6**	24.9
Income tax expense		**(11.8)**	(8.0)
Net profit		**57.8**	16.9
Cash flows from discontinued operations			
Net cash provided by operating activities		**7.5**	35.3
Net cash (used in)/ provided by investing activities		**372.4**	(7.4)
Net cash provided by discontinued operations		**379.9**	27.9

1. Refer Note 1(d) for further details.

Disposal of Denver construction materials

During July 2018, the Group sold its Concrete and Quarries business in Denver, Colorado to Brannan Sand and Gravel Company, LLC for A$173.2 million. Proceeds from the sale were used to reduce debt.

The following disposal entries were recorded in the current period.

	2019 $m
Consideration	**173.2**
Receivables	**(20.6)**
Inventories	**(2.9)**
Property, plant and equipment	**(78.1)**
Intangible assets	**(16.6)**
Other assets	**(3.2)**
Payables	**9.9**
Provisions	**0.4**
Net assets disposed	**(111.1)**
Costs incurred	**(4.3)**
Foreign currency translation reserve transferred to net profit on disposal of controlled entities	**8.3**
Gain on disposal before income tax	**66.1**

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

9. DISCONTINUED OPERATIONS AND DISPOSALS (continued)

Disposal of US Block business

In November 2018, the Group sold the US Block business to Quikrete Holdings, Inc for A$210.6 million. This divestment helped to further strengthen the Group's balance sheet and focus on core operations.

The following disposal entries were recorded in the current period.

	2019 $m
Consideration	**210.6**
Receivables	**(15.8)**
Inventories	**(14.2)**
Property, plant and equipment	**(41.4)**
Intangible assets	**(95.9)**
Other assets	**(0.2)**
Payables	**3.0**
Provisions	**4.1**
Net assets disposed	**(160.4)**
Costs incurred	**(5.1)**
Goodwill allocated to disposal	**(44.1)**
Foreign currency translation reserve transferred to net profit on disposal of controlled entities	**2.5**
Gain on disposal before income tax	**3.5**

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

10. EARNINGS PER SHARE

Basic earnings per share

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

Diluted earnings per share

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

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

	2019	2018
Weighted average number of ordinary shares used as the denominator		
Number for basic earnings per share	**1,172,331,924**	1,172,331,924
Effect of potential ordinary shares	**3,699,914**	5,462,105
Number for diluted earnings per share	**1,176,031,838**	1,177,794,029

	Continuing operations	**Discontinued operations**	**Total**	Restated[1] Continuing operations	Restated[1] Discontinued operations	Total
	2019 $m	**2019 $m**	**2019 $m**	2018 $m	2018 $m	2018 $m
Earnings reconciliation						
Net profit excluding significant items	**440.1**	**-**	**440.1**	456.3	16.9	473.2
Net significant items (refer note 7)	**(225.5)**	**57.8**	**(167.7)**	(32.2)	-	(32.2)
Net profit	**214.6**	**57.8**	**272.4**	424.1	16.9	441.0
Basic earnings per share	**18.3c**	**4.9c**	**23.2c**	36.2c	1.4c	37.6c
Diluted earnings per share*	**18.2c**	**4.9c**	**23.2c**	36.0c	1.4c	37.4c
Basic earnings per share (excluding significant items)*	**37.5c**	**-**	**37.5c**	38.9c	1.4c	40.4c
Diluted earnings per share (excluding significant items)*	**37.4c**	**-**	**37.4c**	38.7c	1.4c	40.2c

1. Refer Note 1(d) for further details.

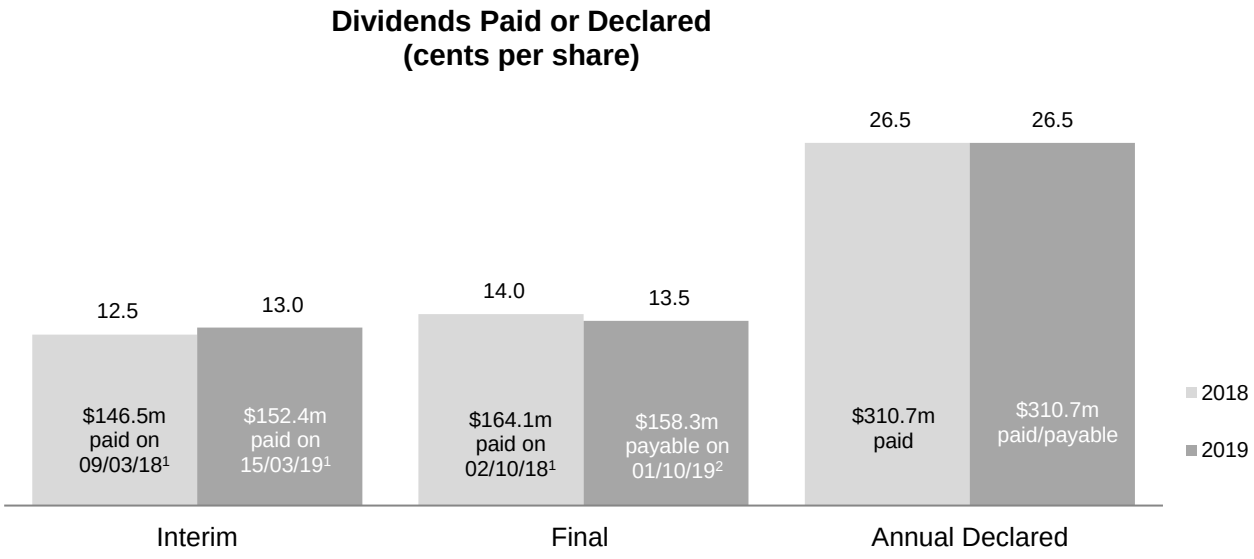
* Numbers may not add due to rounding.

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

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

11. DIVIDENDS



1. Declared, paid and 50% franked.
2. Estimated final dividend payable, 50% franked, subject to variations in number of shares up to record date. The financial effect of the final dividend for the year ended 30 June 2019 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 2019 %	OWNERSHIP INTEREST 2018 %
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
Flyash Australia Pty Ltd	Fly ash collection	Australia	31-Dec	**50**	50
Highland Pine Products Pty Ltd	Timber	Australia	30-Jun	**50**	50
Meridian Brick**	Bricks	USA/ Canada	30-Jun	**50**	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

* Sold during June 2019.

** The Group has a 50% interest in the joint ventures in the USA (Meridian Brick LLC) and Canada (Meridian Brick Canada Ltd).

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

		SIGNIFICANT EQUITY ACCOUNTED INVESTMENTS					
		USG Boral Building Products		Meridian Brick		Total	
RESULTS OF EQUITY ACCOUNTED INVESTMENTS	Note	**2019 $m**	2018 $m	**2019 $m**	2018 $m	**2019 $m**	2018 $m
Summarised Income Statement at 100%							
Profit/(loss) before income tax		**167.8**	193.1	**(24.7)**	(0.6)	**216.7**	274.4
Income tax (expense)/benefit		**(50.6)**	(61.2)	**5.9**	(2.6)	**(65.5)**	(86.4)
Non-controlling interest		**(3.8)**	(5.7)	**-**	-	**(3.8)**	(5.7)
Net profit/(loss) before significant items		**113.4**	126.2	**(18.8)**	(3.2)	**147.4**	182.3
Significant items net of tax[1]		**(10.4)**	(2.0)	**(391.2)**	(7.2)	**(401.6)**	(9.2)
Net profit/(loss)		**103.0**	124.2	**(410.0)**	(10.4)	**(254.2)**	173.1
The Group's share based on % ownership:							
Net profit/(loss) before significant items		**56.7**	63.1	**(9.4)**	(1.6)	**73.1**	90.2
Significant items net of tax[1]	7	**(5.2)**	(1.0)	**(195.6)**	(3.6)	**(200.8)**	(4.6)
Net profit/(loss)		**51.5**	62.1	**(205.0)**	(5.2)	**(127.7)**	85.6

1. Underperformance of the business in the current year, particularly the second half of FY2019, which was primarily driven by a significant downturn in the Canadian housing market, a deterioration in the US housing starts and significant plant closures resulting in lower fixed cost recovery, triggered an assessment of the recoverability of the carrying value of the investment in the Meridian Brick CGU. A value in use methodology was used to determine the recoverable amount of the CGU, leading to an impairment of $195.6 million. The key assumptions used in the model were a post-tax discount rate of 10.5%, a long term growth rate of 2.5% and housing starts aligned to future estimates prepared by reputable third parties. Given that the asset has been written down to value in use, any significant adverse change in an assumption in isolation or combination would increase the amount of impairment recognised.

13. NET TANGIBLE ASSET BACKING

	2019	2018
Net tangible asset backing per ordinary security	**$2.12**	$1.99

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

14. LOANS AND BORROWINGS

	2019 $m	2018 $m
Current		
Other loans - unsecured	**336.6**	13.0
Finance lease liabilities	**3.1**	6.2
	339.7	19.2
Non-current		
Other loans - unsecured	**2,057.8**	2,497.0
Finance lease liabilities	**3.0**	10.6
	2,060.8	2,507.6
Total	**2,400.5**	2,526.8

TERM AND DEBT REPAYMENT SCHEDULE

Terms and conditions of outstanding loans were as follows:

	Currency	Effective interest rate 2019	Calendar year of maturity	2019 **Carrying amount $m**	2018 Carrying amount $m
Current					
US senior notes - private placement - unsecured	USD	7.22%	2020	**108.6**	-
CHF notes - unsecured	CHF	2.25%	2020	**219.0**	-
Other loans - unsecured	GBP	1.87%	2019 - 2020	**9.0**	13.0
Finance lease liabilities	AUD/USD	4.60%	2019 - 2020	**3.1**	6.2
				339.7	19.2
Non-current					
US senior notes - private placement - unsecured	USD	4.04%	2025 - 2030	**708.1**	771.5
CHF notes - unsecured	CHF			**-**	204.3
US senior notes - 144A/Reg S - unsecured	USD	3.39%	2022 - 2028	**1,349.7**	1,261.2
Term credit facility - unsecured	Multi		2021	**-**	260.0
Finance lease liabilities	AUD/USD	3.28%	2020 - 2024	**3.0**	10.6
				2,060.8	2,507.6
Total				**2,400.5**	2,526.8

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

15. ISSUED CAPITAL

	2019 $m	2018 $m
Issued and paid up capital		
1,172,331,924 (2018: 1,172,331,924) ordinary shares, fully paid	**4,265.1**	4,265.1

There were no movements in issued capital during the current or prior periods.

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

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

16. RESERVES

Foreign currency translation reserve	**298.5**	115.2
Hedging reserve	**(5.8)**	5.3
Share-based payments reserve	**37.3**	35.3
	330.0	155.8

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.

Where the liability is estimable and probable the Group hold appropriate provisions based on consideration of available information and, where appropriate, independent advice.

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

18. NOTES TO STATEMENT OF CASH FLOWS

	2019 $m	2018 $m
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	**104.9**	57.1
Bank short-term deposits	**102.3**	17.2
	207.2	74.3
During the year, the Group settled costs associated with:		
Acquisition costs	**-**	(54.9)
Integration costs	**(30.3)**	(49.8)
Restructure and business closure costs	**(23.7)**	(13.7)
	(54.0)	(118.4)

19. ACQUISITIONS

Acquisition of Pro Concrete Group

On 2 July 2018, the Group acquired 100% of the assets of Pro Concrete Pumping, a concrete placing business in Queensland, Australia for total consideration of $10.9 million.

20. SUBSEQUENT EVENTS

On 23 August 2019, the Group agreed to sell its Midland Bricks business for $86.0 million, subject to customary completion adjustments. The transaction is expected to complete by the end of this calendar year, or soon after.

On 26 August 2019, the Group announced that its USG Boral plasterboard joint venture entered into an agreement with Gebr Knauf KG ("Knauf") to expand the joint venture by acquiring Knauf's plasterboard business in Asia. In addition, the Group has agreed to acquire Knauf's 50% ownership interest in USG Boral Australia & New Zealand (NZ), subject to a call option to buy back their ownership interest that Knauf can exercise within five years. The transactions are subject to typical conditions precedent, including regulatory approvals.

The Group's total net investment is approximately US$441 million being US$200 million to buy the remaining 50% of USG Boral Australia & NZ and US$241 million for the Group's 50% share of the USG Boral JV's investment in Knauf Asia Plasterboard after divesting the Middle East business.

Annual General Meeting

The Annual General Meeting will be held as follows:

Place:	The Concourse, Chatswood
Date:	Wednesday, 6 November 2019
Time:	10.30 am
Approximate date the annual report will be available:	Thursday, 19 September 2019

Compliance Statement

1 This preliminary final report for the year ended 30 June 2019 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 19 September 2019. The Annual Report is currently being finalised in publishable form.

2 The entity has a formally constituted audit committee.