Boral Limited

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APPENDIX 4E

PRELIMINARY FINAL REPORT

28 August 2020

Name of Entity: **Boral Limited**

ABN: **13 008 421 761**

Financial Year ended: **30 June 2020**

Results for announcement to the market

				2020 $m	Restated[1] 2019 $m
Revenue from continuing operations	down	(1.2%)	to	**5,671.4**	5,738.4
Revenue from discontinued operations				**57.0**	123.0
Total revenue	**down**	**(2.3%)**	**to**	**5,728.4**	5,861.4
Profit from continuing operations before net interest expense, income tax and significant items	down	(46.8%)	to	**336.8**	633.5
Loss from discontinued operations before net interest expense, income tax and significant items				**(7.7)**	(1.4)
Profit before net interest expense, income tax and significant items	down	(47.9%)	to	**329.1**	632.1
Net interest expense from continuing operations before significant items				**(126.4)**	(103.1)
Profit before income tax and significant items	down	(61.7%)	to	**202.7**	529.0
Income tax from continuing operations before significant items				**(27.6)**	(110.9)
Income tax from discontinued operations before significant items				**2.2**	0.6
Net profit before significant items	down	(57.7%)	to	**177.3**	418.7
Significant items from continuing operations net of tax [2]				**(1,234.4)**	(24.7)
Significant items from discontinued operations net of tax [2]				**-**	57.8
Significant items from equity accounted results [2]				**(81.5)**	(200.8)
Net profit/(loss)	**down**	**(553.6%)**	**to**	**(1,138.6)**	251.0

1. Refer Note 1(d) of the attached financial report.
2. Refer Note 2 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 above disclosures are derived from the financial report for the year ended 30 June 2020, which has been audited by KPMG. The Independent Auditor's Report provided by KPMG is included in the Full Year Financial Report of Boral Limited for the year ended 30 June 2020.

Dividends	Amount per security	Franked amount per security at 30% tax
Current period		
Final - ordinary	-	-
Interim - ordinary	9.5 cents	4.75 cents
Previous corresponding period		
Final - ordinary	13.5 cents	6.75 cents
Interim - ordinary	13.0 cents	6.5 cents

Comparative figures: Full year ended 30 June 2019

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 2020 - Management Discussion and Analysis dated 28 August 2020.

Income Statement

BORAL LIMITED AND CONTROLLED ENTITIES

For the year ended 30 June	Note	**2020 $m**	Restated[1] 2019 $m
Continuing operations			
Revenue	4	**5,671.4**	5,738.4
Cost of sales		**(3,965.0)**	(3,818.4)
Selling and distribution expenses		**(996.5)**	(1,000.4)
Administrative expenses		**(478.8)**	(395.7)
		(5,440.3)	(5,214.5)
Other income	5	**66.3**	36.5
Other expenses	6	**(1,322.9)**	(61.5)
Results of equity accounted investments	12	**(42.1)**	(127.7)
Profit/(loss) before net interest expense and income tax		**(1,067.6)**	371.2
Interest income	7	**3.4**	2.3
Interest expense	7	**(129.8)**	(105.4)
Net interest expense		**(126.4)**	(103.1)
Profit/(loss) before income tax		**(1,194.0)**	268.1
Income tax (expense)/benefit	8	**60.9**	(74.1)
Profit/(loss) from continuing operations		**(1,133.1)**	194.0
Discontinued operations			
Profit/(loss) from discontinued operations (net of income tax)	9	**(5.5)**	57.0
Net profit/(loss)		**(1,138.6)**	251.0
Basic earnings per share	10	**(95.3c)**	21.4c
Diluted earnings per share	10	**(95.3c)**	21.3c
Continuing operations			
Basic earnings per share	10	**(94.8c)**	16.5c
Diluted earnings per share	10	**(94.8c)**	16.5c

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

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	**2020** **$m**	Restated[1] 2019 $m
Net profit/(loss)	**(1,138.6)**	251.0
Other comprehensive income		
Items that may be reclassified subsequently to Income Statement:		
Net exchange differences from translation of foreign operations taken to equity	**10.1**	166.3
Foreign currency translation reserve transferred to net profit on disposal of controlled entities	**-**	(10.8)
Fair value adjustment on cash flow hedges	**(8.9)**	(15.9)
Income tax on items that may be reclassified subsequently to Income Statement	**20.9**	32.6
Total comprehensive income/(loss)	**(1,116.5)**	423.2

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

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	2020 $m	Restated[1] 2019 $m
CURRENT ASSETS			
Cash and cash equivalents	17	**904.4**	207.2
Receivables		**798.3**	875.1
Inventories		**523.9**	662.5
Financial assets		**4.7**	3.8
Current tax assets		**12.5**	-
Other assets		**47.2**	39.6
Assets classified as held for sale		**84.2**	-
TOTAL CURRENT ASSETS		**2,375.2**	1,788.2
NON-CURRENT ASSETS			
Receivables		**24.9**	27.8
Inventories		**11.2**	11.4
Investments accounted for using the equity method		**1,209.7**	1,292.0
Financial assets		**55.7**	41.6
Property, plant and equipment		**3,117.0**	2,880.4
Intangible assets		**2,223.2**	3,372.8
Deferred tax assets		**145.5**	78.7
Other assets		**39.6**	27.2
TOTAL NON-CURRENT ASSETS		**6,826.8**	7,731.9
TOTAL ASSETS		**9,202.0**	9,520.1
CURRENT LIABILITIES			
Trade creditors		**728.8**	842.1
Interest bearing liabilities	14	**106.0**	339.7
Financial liabilities		**13.7**	23.8
Current tax liabilities		**4.4**	29.0
Employee benefit liabilities		**119.7**	118.7
Provisions		**63.1**	49.5
Liabilities classified as held for sale		**10.3**	-
TOTAL CURRENT LIABILITIES		**1,046.0**	1,402.8
NON-CURRENT LIABILITIES			
Interest bearing liabilities	14	**3,378.0**	2,060.8
Financial liabilities		**26.6**	-
Deferred tax liabilities		**14.1**	43.1
Employee benefit liabilities		**43.4**	46.1
Provisions		**152.5**	118.6
Other liabilities		**6.3**	16.3
TOTAL NON-CURRENT LIABILITIES		**3,620.9**	2,284.9
TOTAL LIABILITIES		**4,666.9**	3,687.7
NET ASSETS		**4,535.1**	5,832.4
EQUITY			
Issued capital	15	**4,376.4**	4,265.1
Reserves	16	**356.9**	331.0
Retained earnings/(Accumulated deficit)		**(198.2)**	1,236.3
TOTAL EQUITY		**4,535.1**	5,832.4

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

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

Statement of Changes in Equity

BORAL LIMITED AND CONTROLLED ENTITIES

	Issued capital $m	Restated[1] Reserves $m	Restated[1] Retained earnings $m	Restated[1] Total equity $m
Balance at 30 June 2019	**4,265.1**	**331.0**	**1,236.3**	**5,832.4**
Transition impact from implementation of AASB 16	**-**	**-**	**(26.2)**	**(26.2)**
Balance at 1 July 2019	**4,265.1**	**331.0**	**1,210.1**	**5,806.2**
Net loss	**-**	**-**	**(1,138.6)**	**(1,138.6)**
Other comprehensive income				
Translation of net assets of overseas entities	**-**	**91.4**	**-**	**91.4**
Translation of share of equity accounted other comprehensive income	**-**	**(20.5)**	**-**	**(20.5)**
Translation of long-term borrowings and foreign currency forward contracts	**-**	**(60.8)**	**-**	**(60.8)**
Fair value adjustment on cash flow hedges	**-**	**(8.9)**	**-**	**(8.9)**
Income tax relating to other comprehensive income	**-**	**20.9**	**-**	**20.9**
Total comprehensive income/(loss)	**-**	**22.1**	**(1,138.6)**	**(1,116.5)**
Transactions with owners in their capacity as owners				
Shares issued under the Dividend Reinvestment Plan	**111.3**	**-**	**-**	**111.3**
Share acquisition rights vested	**-**	**(2.0)**	**-**	**(2.0)**
Dividends paid	**-**	**-**	**(269.7)**	**(269.7)**
Share-based payments	**-**	**5.8**	**-**	**5.8**
Total transactions with owners in their capacity as owners	**111.3**	**3.8**	**(269.7)**	**(154.6)**
Balance at 30 June 2020	**4,376.4**	**356.9**	**(198.2)**	**4,535.1**
Balance at 1 July 2018	4,265.1	156.8	1,301.8	5,723.7
Net profit	-	-	251.0	251.0
Other comprehensive income				
Translation of net assets of overseas entities	-	252.5	-	252.5
Translation of share of equity accounted other comprehensive income	-	6.3	-	6.3
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	251.0	423.2
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	331.0	1,236.3	5,832.4

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

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	**2020 $m**	2019 $m
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**6,194.5**	6,243.3
Payments to suppliers and employees		**(5,403.6)**	(5,333.8)
		790.9	909.5
Dividends received		**26.3**	55.0
Interest received		**3.1**	1.9
Borrowing costs paid		**(124.3)**	(100.2)
Income taxes paid		**(30.7)**	(50.6)
Restructure, transaction and integration costs paid	17	**(34.4)**	(54.0)
Net Cash Provided by Operating Activities		**630.9**	761.6
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(342.1)**	(447.1)
Purchase of intangibles		**(3.7)**	(6.3)
Purchase of controlled entities and businesses		**-**	(10.9)
Repayment of loans by associates		**-**	7.6
Proceeds on disposal of non-current assets		**27.3**	38.4
Proceeds on disposal of controlled entities and associates (net of transaction costs)		**13.1**	375.8
Net Cash Used in Investing Activities		**(305.4)**	(42.5)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		**(158.3)**	(316.5)
Repayment of lease principal		**(98.4)**	-
Proceeds from borrowings		**2,266.3**	-
Repayment of borrowings		**(1,603.9)**	(272.6)
Net Cash Provided by/(Used in) Financing Activities		**405.7**	(589.1)
NET CHANGE IN CASH AND CASH EQUIVALENTS		**731.2**	130.0
Cash and cash equivalents at beginning of the year		**207.2**	74.3
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies		**(34.0)**	2.9
Cash and cash equivalents at the end of the year	17	**904.4**	207.2

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 can be found in the Group's full financial statements.

The COVID-19 outbreak was declared a pandemic by the World Health Organisation in March 2020. The outbreak had and continues to have a significant impact on global economies as well as the global equity, debt and commodity markets. As part of the Directors' assessment of adopting the going concern basis in preparing the financial report, a range of scenarios have been prepared and reviewed. The scenarios assessed the estimated potential impact of varying levels of COVID-19 restrictions and regulations and our proposed responses over the next 12-24 months. In addition to the scenario analysis, the Group has also taken proactive measures to manage liquidity and mitigate risk during these uncertain times by stopping all non-essential and non-committed capital expenditure, reducing production levels across most of our plants in North America as well as in some parts of Australia and refinanced the Group's debt that matured during the second half of the current year as well as the debt that was due to mature in July 2021.

As at 30 June 2020, the Group has:

- Over $900 million of cash and cash equivalents as disclosed in Note 17;
- Over $750 million of undrawn facilities and no significant debt maturities until November 2022 as disclosed in Note 14;
- Positive cash inflow from operating activities of $630.9 million as disclosed in the Statement of Cash Flows; and
- Current assets of $2,375 million, which exceed current liabilities of $1,046 million, by $1,329 million as disclosed in the Balance Sheet.

On the basis of these reviews and actions, the Directors consider it is appropriate for the going concern basis to be adopted in preparing the financial report.

(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.

The most significant area of estimation and judgement for the Group is the carrying value of its assets. This area has remained a significant area of estimation and judgement throughout the period, especially given the significant uncertainty around the short and long term impacts of COVID-19 on our businesses as well as the economies of the jurisdictions in which we operate.

(c) Changes in accounting policies

The Group has adopted all new and amended Australian Accounting Standards and AASB interpretations that are mandatory for the current reporting period and relevant to the Group, which excluding the impact of AASB 16 *Leases,* did not have a significant impact on the Group's full year financial report.

The Group applied AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2019 is not restated and presented as previously reported under AASB 117 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in AASB 16 have not been applied to comparative information.

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

1. ABOUT THIS REPORT (continued)

(c) Changes in accounting policies (continued)

Transition approach

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under AASB Interpretation 4 *Determining whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in the accounting policy below.

On transition to AASB 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied AASB 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under AASB 117 and AASB Interpretation 4 were not reassessed for whether there is a lease under AASB 16. Therefore, the definition of a lease under AASB 16 was applied only to contracts entered into or changed on or after 1 July 2019.

As a lessee

As a lessee, the Group leases many assets including property, production equipment and motor vehicles. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under AASB 16, the Group recognises right of use assets and lease liabilities for most of these leases on the Balance Sheet.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

However, for leases of property the Group has elected not to separate non-lease components and account for lease and associated non-lease components as a single lease component.

i) Leases classified as operating leases under AASB 117

Previously, the Group classified property, production equipment and motor vehicles leases as operating leases under AASB 117. On transition, for these leases, lease liabilities were measured at the present value of remaining lease payments, discounted at the Group's incremental borrowing rate between 2.59% to 5.10% as at 1 July 2019. Right of use assets are measured at either:

- their carrying amount as if AASB 16 had been applied since the commencement date, discounted using the Group's incremental borrowing rate at the date of initial application; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used a number of practical expedients when applying AASB 16 to leases previously classified as operating under AASB 117. In particular, the Group:

- did not recognise right of use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right of use assets and liabilities for leases of low value assets (IT equipment and small items of office furniture);
- excluded initial direct costs in measuring right of use asset at the date of initial application;
- relied on previous assessments on whether the leases are onerous as an alternative to performing an impairment review;
- used a single discount rate to a portfolio of leases with reasonably similar characteristics; and
- used hindsight in determining the lease term.

ii) Leases classified as finance leases under AASB 117

The Group leases a number of items of production equipment. These leases were classified as finance leases under AASB 117. For these finance leases, the carrying amount of the right of use asset and the lease liability at 1 July 2019 were determined at the carrying amount of the lease asset and lease liability under AASB 117 immediately before that date.

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

1. ABOUT THIS REPORT (continued)

(c) Changes in accounting policies (continued)

Accounting policy applied from 1 July 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in AASB 16. This policy is applied to contracts entered into, on or after 1 July 2019.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right of use asset reflects that the Group will exercise a purchase option. In that case, the right of use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group’s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the term of lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rates as at the commencement date;
- Amounts expected to be payable under a residual value guarantee;
- Lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group’s estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

The Group presents right of use assets in ‘property, plant and equipment’ and lease liabilities in ‘interest bearing liabilities’ in the Balance Sheet.

Short term leases and lease of low value assets

The Group has elected not to recognise right of use assets and lease liabilities for lease of low value assets and short term leases, including IT equipment and small items of office furniture. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

1. ABOUT THIS REPORT (continued)

(c) Changes in accounting policies (continued)

Accounting policy applicable prior to 1 July 2019

In the comparative period, as a lessee the Group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to the asset.

Assets held under other leases were classified as operating leases and were not recognised in the Group's Balance Sheet. Payments made under operating leases were expensed on a straight-line basis over the term of the lease. Lease incentives received were recognised as part of the total lease expense, over the term of the lease.

Financial statement impacts

Impact on transition

On transition to AASB 16, the Group recognised additional right of use assets and additional lease liabilities, recognising the difference in retained earnings. The impact on transition as at 1 July 2019 is summarised as below:

	Assets $m	Liabilities $m	Equity $m
Increase/(decrease)			
Property, plant and equipment	**(2.0)**		
ROU assets	**386.4**		
Investments accounted for using the equity method	**(8.7)**		
Deferred tax assets/(liabilities)	**5.3**	**(1.8)**	
Creditors		**(4.3)**	
Provisions		**33.0**	
Lease liabilities		**380.3**	
Retained earnings			**(26.2)**
	381.0	**407.2**	**(26.2)**

The reconciliation between lease commitments as at 30 June 2019 and the transition lease liability adjustment is presented as follows:

	$m
Operating lease commitments disclosed as at 30 June 2019	**463.4**
less: short term and low value leases not recognised as a liability	**(50.1)**
add: lease extension options reasonably expected to be exercised	**45.5**
less: effect of discounting on payments included in the calculation of the lease liability (excluding finance lease balances)	**(78.5)**
Operating lease commitments capitalised	**380.3**
add: finance lease liabilities recognised as at 30 June 2019	**6.1**
Lease liability recognised as at 1 July 2019	**386.4**

Impacts for the period

As a result of the change in policy arising from the adoption of AASB 16, the Group has recognised a ROU asset of $373.4 million and a lease liability of $383.1 million on the Balance Sheet as at 30 June 2020 and depreciation expense of $98.8 million and interest expense of $16.5 million instead of rent expense for the period then ended. The leases payments previously classified as operating cash outflows have been split with the principal payments of $98.4 million presented as a financing outflow and the interest payments of $16.5 million presented as an operating outflow.

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

1. ABOUT THIS REPORT (continued)

(d) Comparative figures

During the first half of the current fiscal year, Boral identified certain financial irregularities in its North American Windows business, involving misreporting in relation to inventory, payables and cost of sales.

Boral has restated the comparative figures to reflect the underlying results of the Group as well as the North American segment. The impact on the affected financial statement line items is as follows:

Impact on the Balance Sheet and Boral North America segment assets and liabilities - increase/(decrease)

30 June 2019	Previously reported $m	Adjustment $m	Restated[1] $m
Receivables	877.4	(2.3)	875.1
Inventories	683.8	(21.3)	662.5
Total Assets	**9,543.7**	**(23.6)**	**9,520.1**
Trade creditors	832.6	9.5	842.1
Provisions	48.4	1.1	49.5
Deferred tax liabilities	50.8	(7.7)	43.1
Total Liabilities	**3,684.8**	**2.9**	**3,687.7**
Retained earnings	1,263.8	(27.5)	1,236.3
Foreign currency translation reserve	298.5	1.0	299.5
Total Equity	**5,858.9**	**(26.5)**	**5,832.4**

Impact on the Balance Sheet and Boral North America segment assets and liabilities - increase/(decrease)

1 July 2018	Previously reported $m	Adjustment $m	Restated[1] $m
Retained earnings	1,307.9	(6.1)	1,301.8
Foreign currency translation reserve	115.2	1.0	116.2
Total Equity	**5,728.8**	**(5.1)**	**5,723.7**

Impact on Income Statement and Boral North America segment results - increase/(decrease)

30 June 2019	Previously reported $m	Adjustment $m	Restated[1] $m
Revenue	5,800.6	(1.3)	5,799.3
Cost of Sales	(3,845.6)	(25.1)	(3,870.7)
Selling and distribution expenses	(1,006.5)	(1.1)	(1,007.6)
Income tax (expense)/benefit	(79.6)	6.1	(73.5)
Profit/(loss) from continuing operations	**214.6**	**(21.4)**	**193.2**

1. Excludes impact of discontinued operations re-presentation.

Impact on Total earnings per share - increase/(decrease)

Basic earnings per share	(1.8c)
Diluted earnings per share	(1.8c)

The change did not have an impact on other comprehensive income for the period or the Group's operating, investing or financing cash flows.

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

1. ABOUT THIS REPORT (continued)

(d) Comparative figures (continued)

Discontinued Operations
Certain comparative figures have been reclassified to discontinued operations, as a result of the expected sale of Midland Brick. The impact on the affected financial statement line items is as follows. Refer to Note 9 for further details.

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

30 June 2019	Previously reported $m	Adjustment - Boral North America $m	Discontinued operations $m	Restated[2] $m
Revenue	5,800.6	(1.3)	(60.9)	5,738.4
Cost of Sales	(3,845.6)	(25.1)	52.3	(3,818.4)
Selling and distribution expenses	(1,006.5)	(1.1)	7.2	(1,000.4)
Administrative expenses	(398.5)	-	2.8	(395.7)
Income tax (expense)/benefit	(79.6)	6.1	(0.6)	(74.1)
Profit/(loss) from continuing operations	**214.6**	**(21.4)**	**0.8**	**194.0**
Profit/(loss) from discontinued operations (net of income tax)	57.8	-	(0.8)	57.0

2. Restated after adjustment due to financial irregularities in the North American Windows business and presentation of discontinued operations.

(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

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:

Boral Australia	-	Construction Materials & Cement (comprising quarries, concrete, asphalt, transport, landfill, property, cement and concrete placing) and Building Products (comprising roofing and masonry, and timber products).
USG Boral	-	50/50 joint venture between USG Corporation and Boral Limited for the manufacture and sale of Plasterboard and associated products.
Boral North America	-	Fly ash, stone, roofing, light building products, windows and 50% share of the Meridian Brick joint venture.
Discontinued Operations	-	Midland Brick (2019: Denver construction materials and US Block).
Corporate	-	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	**2020 $m**	Restated[1] 2019 $m
External revenue		**5,728.4**	5,861.4
Less: revenue from discontinued operations	9	**(57.0)**	(123.0)
Revenue from continuing operations		**5,671.4**	5,738.4
Profit/(loss) before tax			
Profit/(loss) before net interest expense and income tax from reportable segments		**(1,075.3)**	439.4
Less: (Profit)/loss before net interest expense and income tax from discontinued operations	9	**7.7**	(68.2)
Profit/(loss) before net interest expense and income tax from continuing operations		**(1,067.6)**	371.2
Net interest expense from continuing operations	7	**(126.4)**	(103.1)
Profit/(loss) before tax from continuing operations		**(1,194.0)**	268.1

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		Corporate		Total	
		Restated[1]				Restated[1]		Restated[1]				Restated[1]
	2020 $m	2019 $m	**2020 $m**	2019 $m	**2020 $m**	2019 $m	**2020 $m**	2019 $m	**2020 $m**	2019 $m	**2020 $m**	2019 $m
External Revenue	**3,335.6**	3,511.0	**-**	-	**2,335.8**	2,227.4	**57.0**	123.0	**-**	-	**5,728.4**	5,861.4
Profit/(loss) before depreciation, amortisation, interest, income tax expense and significant items (EBITDA)	**486.0**	592.2	**25.0**	56.7	**350.4**	387.9	**(4.0)**	5.4	**(36.1)**	(32.3)	**821.3**	1,009.9
Depreciation and amortisation, excluding amortisation of acquired intangibles	**(256.7)**	(206.9)	**-**	-	**(166.6)**	(104.3)	**(3.7)**	(4.5)	**(2.1)**	(0.7)	**(429.1)**	(316.4)
Profit/(loss) before amortisation of acquired intangibles, interest, income tax expense and significant items (EBITA)	**229.3**	385.3	**25.0**	56.7	**183.8**	283.6	**(7.7)**	0.9	**(38.2)**	(33.0)	**392.2**	693.5
Amortisation of acquired intangibles	**-**	-	**-**	-	**(63.1)**	(59.1)	**-**	(2.3)	**-**	-	**(63.1)**	(61.4)
Profit/(loss) before interest, income tax and significant items (EBIT)	**229.3**	385.3	**25.0**	56.7	**120.7**	224.5	**(7.7)**	(1.4)	**(38.2)**	(33.0)	**329.1**	632.1
Sale of business (i)	**-**	-	**-**	-	**-**	-	**-**	69.6	**-**	-	**-**	69.6
Restructure costs (ii)	**(32.5)**	(25.7)	**-**	-	**(3.7)**	-	**-**	-	**-**	-	**(36.2)**	(25.7)
Integration costs (iii)	**-**	-	**-**	-	**(9.5)**	(32.8)	**-**	-	**-**	-	**(9.5)**	(32.8)
Joint venture matters (iv)	**-**	-	**(4.8)**	(5.2)	**-**	-	**-**	-	**(7.8)**	(3.0)	**(12.6)**	(8.2)
Asset impairment (v)	**(123.2)**	-	**-**	-	**(1,222.9)**	(195.6)	**-**	-	**-**	-	**(1,346.1)**	(195.6)
Significant items before income tax expense	**(155.7)**	(25.7)	**(4.8)**	(5.2)	**(1,236.1)**	(228.4)	**-**	69.6	**(7.8)**	(3.0)	**(1,404.4)**	(192.7)
Profit/(loss) before interest and income tax expense	**73.6**	359.6	**20.2**	51.5	**(1,115.4)**	(3.9)	**(7.7)**	68.2	**(46.0)**	(36.0)	**(1,075.3)**	439.4
Equity accounted income before significant items	**13.7**	25.8	**25.0**	56.7	**0.7**	(9.4)	**-**	-	**-**	-	**39.4**	73.1
Significant items (iv) (v)	**-**	-	**(4.8)**	(5.2)	**(76.7)**	(195.6)	**-**	-	**-**	-	**(81.5)**	(200.8)
Equity accounted income after significant items	**13.7**	25.8	**20.2**	51.5	**(76.0)**	(205.0)	**-**	-	**-**	-	**(42.1)**	(127.7)

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

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

2. SEGMENTS (continued)

Significant items	Gross 2020 $m	Tax 2020 $m	Net 2020 $m	Gross 2019 $m	Tax 2019 $m	Net 2019 $m
(i) Sale of business	**-**	**-**	**-**	69.6	(11.8)	57.8
(ii) Restructure costs	**(36.2)**	**10.5**	**(25.7)**	(25.7)	8.0	(17.7)
(iii) Integration costs						
Integration costs	**(4.7)**	**0.9**	**(3.8)**	(29.7)	6.0	(23.7)
Integration asset write off - property, plant and equipment	**(4.8)**	**1.2**	**(3.6)**	(3.1)	0.7	(2.4)
	(9.5)	**2.1**	**(7.4)**	(32.8)	6.7	(26.1)
(iv) Joint venture matters	**(12.6)**	**-**	**(12.6)**	(8.2)	-	(8.2)
(v) Asset impairment						
Goodwill	**(1,068.7)**	**-**	**(1,068.7)**	-	-	-
Intangibles	**(79.4)**	**20.4**	**(59.0)**	-	-	-
Property, plant and equipment	**(121.3)**	**36.5**	**(84.8)**	-	-	-
Investments accounted for using the equity method	**(76.7)**	**19.0**	**(57.7)**	(195.6)	22.1	(173.5)
	(1,346.1)	**75.9**	**(1,270.2)**	(195.6)	22.1	(173.5)
	(1,404.4)	**88.5**	**(1,315.9)**	(192.7)	25.0	(167.7)

(i) *Sale of business*

During the prior financial year, the Group sold the Denver Construction Materials business for cash proceeds of $173.2 million generating a profit before tax of $66.1 million and the Block business for cash proceeds of $210.6 million generating a profit before tax of $3.5 million.

(ii) *Restructure costs*

In response to the downturn in current trading conditions and the expected further decline in trading conditions over the short to medium term, the Group has recognised $36.2 million (2019: $25.7 million) of restructuring costs across Australia and North America.

(iii) *Integration costs*

In the current year, predominantly in the first half, $9.5 million (2019: $32.8 million) of costs have been incurred on the integration of the Headwaters business into the Boral North America business, which forms part of the integration costs of US$90 million to US$100 million expected. The costs during the period predominantly relate to redundancies and closure costs arising from the rationalisation of Stone plants.

(iv) *Joint venture matters*

FY2020

During the current financial year, predominantly in the first half, the Group incurred $10.3 million of costs ($7.8 million incurred by Boral Limited), primarily legal and consulting, in conjunction with the announced change in ownership and operating structure of the plasterboard businesses, as a result of Knauf's acquisition of USG. In addition, in response to current and expected declining trading conditions over the short to medium term, the joint venture implemented further restructuring measures with $2.3 million recognised as Boral's share of the cost of the program.

FY2019

In the prior year, this includes $4.0 million of legal and consulting costs ($3.0 million incurred by Boral Limited) related to negotiating and agreeing 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*

FY2020

The non-cash asset impairment charges relate to updated year-end valuation estimates of several assets and asset groups across the Group primarily driven by forecast declines in the US and Australian housing markets as well as taking into account the potential longer term impact of prevailing economic conditions. The impairments recognised relate to Boral North America goodwill, the Windows CGU, the Australian Building Products CGU, the Investment in the Meridian Brick joint venture and the Western Region Construction Materials CGU. Refer to Note 3 and Note 12 for further details.

FY2019

In the prior year, 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

2. SEGMENTS (continued)

External revenue by product	Boral Australia 2020 $m	Boral Australia Restated[1] 2019 $m	Boral North America 2020 $m	Boral North America Restated[1] 2019 $m	Discontinued Operations 2020 $m	Discontinued Operations Restated[1] 2019 $m	Total 2020 $m	Total Restated[1] 2019 $m
Concrete	**1,258.9**	1,441.7	**-**	-	**-**	-	**1,258.9**	1,441.7
Asphalt	**824.6**	764.3	**-**	-	**-**	-	**824.6**	764.3
Fly ash	**-**	-	**785.7**	730.3	**-**	-	**785.7**	730.3
Roofing	**75.4**	92.8	**494.6**	513.5	**-**	-	**570.0**	606.3
Quarry products	**439.7**	439.1	**-**	-	**-**	-	**439.7**	439.1
Light building products	**-**	-	**416.6**	387.6	**-**	-	**416.6**	387.6
Stone	**-**	-	**363.3**	376.6	**-**	-	**363.3**	376.6
Cement	**305.7**	323.4	**-**	-	**-**	-	**305.7**	323.4
Windows	**-**	-	**275.6**	219.4	**-**	-	**275.6**	219.4
Concrete Placing	**239.9**	216.3	**-**	-	**-**	-	**239.9**	216.3
Other[2]	**191.4**	233.4	**-**	-	**57.0**	123.0	**248.4**	356.4
Total external revenue	**3,335.6**	3,511.0	**2,335.8**	2,227.4	**57.0**	123.0	**5,728.4**	5,861.4

1. Refer Note 1(d) for further details.
2. Other revenue in Boral Australia includes timber, transport and landfill.

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

2. SEGMENTS (continued)

	Boral Australia		USG Boral		Boral North America		Discontinued Operations		Corporate		Total	
		Restated[1]				Restated[1]		Restated[1]		Restated[1]		Restated[1]
	2020 $m	2019 $m	**2020 $m**	2019 $m	**2020 $m**	2019 $m	**2020 $m**	2019 $m	**2020 $m**	2019 $m	**2020 $m**	2019 $m
Segment assets (excluding equity accounted investments)	**3,119.2**	3,174.9	**-**	-	**3,680.9**	4,662.9	**84.2**	88.3	**45.6**	16.1	**6,929.9**	7,942.2
Equity accounted investments	**20.9**	22.3	**1,034.8**	1,041.1	**154.0**	228.6	**-**	-	**-**	-	**1,209.7**	1,292.0
	3,140.1	3,197.2	**1,034.8**	1,041.1	**3,834.9**	4,891.5	**84.2**	88.3	**45.6**	16.1	**8,139.6**	9,234.2
Cash and cash equivalents									**904.4**	207.2	**904.4**	207.2
Tax assets									**158.0**	78.7	**158.0**	78.7
Total assets	**3,140.1**	3,197.2	**1,034.8**	1,041.1	**3,834.9**	4,891.5	**84.2**	88.3	**1,108.0**	302.0	**9,202.0**	9,520.1
Segment liabilities	**672.9**	739.8	**-**	-	**381.9**	391.2	**10.3**	8.8	**99.3**	75.3	**1,164.4**	1,215.1
Interest bearing liabilities									**3,484.0**	2,400.5	**3,484.0**	2,400.5
Tax liabilities									**18.5**	72.1	**18.5**	72.1
Total liabilities	**672.9**	739.8	**-**	-	**381.9**	391.2	**10.3**	8.8	**3,601.8**	2,547.9	**4,666.9**	3,687.7
Acquisition of segment assets[2]	**283.4**	289.6	**-**	-	**187.8**	158.7	**0.4**	3.5	**0.5**	1.6	**472.1**	453.4

Geographic location

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

NON-CURRENT ASSETS	**2020 $m**	2019 $m
Australia	**2,576.7**	2,606.5
Asia	**723.0**	729.0
North America	**3,236.5**	4,187.1
Other	**89.4**	89.0
	6,625.6	7,611.6
Tax assets	**145.5**	78.7
Financial assets	**55.7**	41.6
	6,826.8	7,731.9

1. Refer Note 1(d) for further details.
2. Excludes amounts attributable to the acquisition of controlled entities and businesses. FY2020 includes lease additions totalling $126.3 million due to the impact of AASB 16 *Leases* .

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

3. CARRYING VALUE ASSESSMENT

The Group annually tests goodwill and other intangible assets with indefinite useful lives for impairment. Other non-financial assets, with the exception of inventories and deferred tax assets, are tested if there is any indication of impairment or if there is any indication that an impairment loss recognised in a prior period may no longer exist or may have decreased.

An asset that does not generate independent cash flows and its individual value in use cannot be estimated is tested for impairment as part of a cash generating unit (CGU).

An impairment loss is recognised in the Income Statement when the carrying amount of an asset or CGU exceeds its recoverable amount. The asset's recoverable amount is estimated based on the higher of its value in use and fair value less costs to sell.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss in respect of goodwill is not reversed.

Impairment testing for cash generating units containing goodwill

For the purposes of impairment testing, goodwill is allocated to the Group's CGUs containing goodwill according to business types, geographical span of operations and with reference to the CGUs impacted by the acquisition upon which the goodwill was generated. The allocation of goodwill, and subsequently the impairment testing, reflects the lowest level within the business for which information about goodwill is available and monitored for internal management purposes. The aggregate carrying amounts of goodwill allocated to each CGU or group of CGUs are as follows:

	2020 $m	2019 $m
North America	**1,107.9**	2,136.9
Other	**91.8**	93.3
	1,199.7	2,230.2

i) North America

The North American segment contains goodwill that primarily arose from the acquisition of Headwaters Incorporated in May 2017. Given the transformative nature of the acquisition on our North American operations, and the number of CGUs impacted by the acquisition, the goodwill is tested annually at an aggregated level incorporating all CGUs within our Boral North America segment, with the exception of our equity accounted investment in the Meridian Brick Joint Venture. This is the lowest level within the business for which information about goodwill is available and monitored for internal management purposes.

The goodwill was tested using a value in use model, covering a period of four years, determined by discounting the future cash flows to be generated from the continuing use of the aggregated CGUs.

Key assumptions applied to the value in use model relate to:

Key assumption	**Basis for determining value in use assigned to key assumption**
Cash flow	Estimated future cash flows have been modeled taking into account: • the uncertainty of the short and long term effects of the COVID-19 pandemic on the US economy; • US housing starts with the model largely aligned to independent economists' forecasts for the discrete period and the average over the last 30 years, which is 1.3 million housing starts, for the terminal year; • other US construction segments including non-residential, repair and remodel activity and infrastructure activity has been largely aligned to recent historical experience and independent economists' forecasts; • fly ash availability based on forecast coal consumption across our contract base; and • current and historical performance of the businesses.
Discount rate	The discount rate applied to pre-tax cash flows was 10.9% (2019: 10.1%). The Group has adjusted the discount rate in the current year to reflect the increased market volatility and the uncertainties relating to the impact and timing of the Covid-19 pandemic.
Terminal value growth rate	The terminal growth rate used in the model was 2% (2019: 2.5%), which aligns with independent economists' forecasts and does not exceed the long term average growth rates for the industries in which the businesses operate.

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

3. CARRYING VALUE ASSESSMENT (continued)

Impairment testing for cash generating units containing goodwill (continued)

i) North America (continued)

The values assigned to each assumption represents management's assessment of future performance of our businesses as well as taking into account the significant uncertainty of the short and long term effects of the pandemic on the US economy.

The carrying amount of the aggregated CGUs was determined to be higher than its recoverable amount of $3,262.8 million and an impairment loss of $1,066.8 million was recognised. The impairment loss was fully allocated to goodwill and included in Other Expenses in the Income Statement.

Following the impairment loss recognised, the aggregate recoverable value of the CGUs was equal to the carrying amount. Therefore, any adverse movement in a key assumption would lead to further impairment, however, in light of the significant uncertainty, the Group has prepared recoverable value sensitivities on each key assumption in isolation in the table below.

Key assumptions	Sensitivity	Financial impact $m
Cash flow	5% decrease in cash flow	**(151.2)**
Discount rate	50 basis point increase	**(210.0)**
Terminal value growth rate	20 basis point decrease	**(73.8)**

ii) Construction Materials Western Region

Underperformance of the business in the current year, particularly the second half of FY2020, which was primarily driven by lower construction activity, competitive pricing pressures and production curtailments resulting in lower fixed cost recovery, and the potential short and longer-term impact of prevailing economic conditions, triggered an assessment of the recoverability of the carrying value of the CGU. A value in use methodology was used to determine the recoverable amount of the CGU totalling $87 million, leading to an impairment loss of $67.1 million, with $1.9 million relating to goodwill and $65.2 million relating to property, plant and equipment that was recorded and included in Other Expenses in the Income Statement.

The key assumptions used in the model were a cash flow projection period of 9 years, a pre-tax discount rate of 11.4%, a long-term growth rate of 2.5% and regional construction activity aligned to future estimates prepared by reputable third parties. These assumptions have been determined with reference to current and historical performance and taking into account independent economists' forecasts. As the individual assets have been written down to their recoverable value that has been separately calculated, any adverse change in the value in use model assumptions in isolation or combination would not impact the amount of impairment recognised.

Impairment testing for other cash generating units

i) Building Products Australia (Timber & Roofing)

Underperformance of the businesses in the current year, particularly the second half of FY2020, which was primarily driven by the significant downturn in the Australian housing market, particularly New South Wales, and the potential longer-term impact of prevailing economic conditions and lower immigration, triggered an assessment of the recoverability of the carrying value of the Building Products CGUs. In addition, the timber business underperformance was amplified by the bushfires in the second half of the current year, which impacted more than 50% of the forest under contract resulting in a force majeure on both of our major supply contracts that may have long term ramifications around log supply, mix and quality. A value in use methodology was used to determine the recoverable amount of each CGU totalling $62 million for Timber and $37.4 million for Roofing, leading to an impairment loss of $56.1 million relating to property, plant and equipment that was recorded and included in Other Expenses in the Income Statement.

The key assumptions used in the model were a cash flow projection period of 9 years, a pre-tax discount rate of 11.4%, a long-term growth rate of 2.5% and housing forecasts aligned to future estimates prepared by reputable third parties. These assumptions have been determined with reference to current and historical performance and taking into account independent economists' forecasts. As the individual assets have been written down to their recoverable value that has been separately calculated, any adverse change in the value in use model assumptions in isolation or combination would not impact the amount of impairment recognised.

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

3. CARRYING VALUE ASSESSMENT (continued)

Impairment testing for other cash generating units (continued)
ii) Windows
Aligned to the key assumptions applied to the North America assessment, a value in use methodology was used to determine the recoverable amount of the Windows CGU totalling $166.2 million, leading to an impairment loss of $79.4 million relating to intangible assets that was recorded and included in Other Expenses in the Income Statement. Following the impairment loss recognised, the recoverable value of the CGU is equal to the carrying value amount. Therefore, any adverse movement in a key assumption would lead to further impairment.

	Note	2020 $m	Restated[1] 2019 $m
4. REVENUE FROM CONTINUING OPERATIONS			
Sale of goods		**5,229.6**	5,281.3
Rendering of services		**68.8**	75.1
Contracting business		**373.0**	382.0
Revenue from continuing operations		**5,671.4**	5,738.4
5. OTHER INCOME FROM CONTINUING OPERATIONS			
Net profit on sale of assets		**60.0**	21.6
Net foreign exchange gain		**1.1**	7.2
Other income		**5.2**	7.7
Other income from continuing operations		**66.3**	36.5
6. OTHER EXPENSES FROM CONTINUING OPERATIONS			
Significant items	2	**(1,322.9)**	(61.5)
Other expenses from continuing operations		**(1,322.9)**	(61.5)
7. NET INTEREST EXPENSE FROM CONTINUING OPERATIONS			
Interest income received or receivable from:			
Other parties (cash at bank and bank short-term deposits)		**3.1**	1.9
Unwinding of discount		**0.3**	0.4
		3.4	2.3
Interest expense paid or payable to:			
Other parties (bank overdrafts, bank loans and other loans)[2]		**(108.1)**	(101.2)
Interest expense on capitalised leases		**(16.5)**	(0.4)
Unwinding of discount		**(5.2)**	(3.8)
		(129.8)	(105.4)
Net interest expense from continuing operations		**(126.4)**	(103.1)

1. Refer Note 1(d) for further details.
2. In 2020, interest of $3.4 million (2019: $4.2 million) was paid to other parties and capitalised in respect of qualifying assets. The capitalisation rate used was 5.4% (2019: 5.4%).

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

8. INCOME TAX EXPENSE

	2020 $m	Restated[1] 2019 $m
Reconciliation of income tax expense to prima facie tax		
Income tax (benefit)/expense on profit at Australian tax rates 30%	**(360.5)**	100.8
Variation between Australian and overseas tax rates	**48.1**	0.6
Share of associates' net income (excluding significant items)	**(8.6)**	(22.3)
Capital and income tax losses realised	**(17.2)**	(30.3)
Non-deductible significant items	**275.3**	38.5
Tax benefit arising from share acquisition rights vested	**(0.6)**	(2.3)
Changes in estimate from prior years	**(2.5)**	5.8
Other items	**2.9**	(5.5)
	(63.1)	85.3
Tax (benefit)/expense relating to continuing operations	**(60.9)**	74.1
Tax (benefit)/expense relating to discontinued operations	**(2.2)**	11.2
	(63.1)	85.3

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 announced the divestment of its Midland Brick business in Western Australia with expected completion during the next financial year.

The earnings in the current and comparative periods for this business have been reclassified to "Discontinued Operations" in the Income Statement, and are summarised below. The comparatives include the discontinued operations relating to the Concrete and Quarries business in Denver, Colorado and the US Block business.

	Note	2020 $m	Restated[1] 2019 $m
Results of discontinued operations			
Revenue		**57.0**	123.0
Expenses		**(64.7)**	(124.4)
Trading loss before significant items, net interest expense and income tax		**(7.7)**	(1.4)
Net profit on sale of discontinued operations	2	**-**	69.6
Profit/(loss) before income tax		**(7.7)**	68.2
Income tax benefit/(expense)		**2.2**	(11.2)
Net profit/(loss)		**(5.5)**	57.0
Cash flows from discontinued operations			
Net cash (used in)/ provided by operating activities		**(0.2)**	5.0
Net cash provided by investing activities		**8.6**	371.0
Net cash used in financing activities		**(1.3)**	-
Net cash provided by discontinued operations		**7.1**	376.0

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

		2020 $m	2019 $m
Assets and liabilities classified as held for sale			
Receivables		**7.1**	-
Inventories		**43.8**	-
Property, plant and equipment		**32.8**	-
Other assets		**0.5**	-
Assets classified as held for sale		**84.2**	-
Payables		**(4.9)**	-
Interest bearing liabilities		**(1.5)**	-
Employee benefit liabilities		**(3.7)**	-
Provisions		**(0.2)**	-
Liabilities classified as held for sale		**(10.3)**	-
Net assets		**73.9**	-

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.

	2020	2019
Weighted average number of ordinary shares used as the denominator		
Number for basic earnings per share	**1,194,951,891**	1,172,331,924
Effect of potential ordinary shares	**3,944,754**	3,699,914
Number for diluted earnings per share	**1,198,896,645**	1,176,031,838

	Continuing operations	**Discontinued operations**	**Total**	Restated[1] Continuing operations	Restated[1] Discontinued operations	Restated[1] Total
	2020 $m	**2020 $m**	**2020 $m**	2019 $m	2019 $m	2019 $m
Earnings reconciliation						
Net profit/(loss) excluding significant items	**182.8**	**(5.5)**	**177.3**	419.5	(0.8)	418.7
Net significant items (refer note 2)	**(1,315.9)**	**-**	**(1,315.9)**	(225.5)	57.8	(167.7)
Net profit/(loss)	**(1,133.1)**	**(5.5)**	**(1,138.6)**	194.0	57.0	251.0
Basic earnings per share	**(94.8c)**	**(0.5c)**	**(95.3c)**	16.5c	4.9c	21.4c
Diluted earnings per share	**(94.8c)**	**(0.5c)**	**(95.3c)**	16.5c	4.8c	21.3c
Basic earnings per share (excluding significant items)	**15.3c**	**(0.5c)**	**14.8c**	35.8c	(0.1c)	35.7c
Diluted earnings per share (excluding significant items)[2]	**15.2c**	**(0.5c)**	**14.8c**	35.7c	(0.1c)	35.6c

1. Refer Note 1(d) 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 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

	Amount per share	Total amount $m	Franked amount per share	Date of payment
2020				
2019 final - ordinary	**13.5 cents**	**158.4**	**6.75 cents**	**1 October 2019**
2020 interim - ordinary	**9.5 cents**	**111.3**	**4.75 cents**	**15 April 2020**
Total		**269.7**		
2019				
2018 final - ordinary	14.0 cents	164.1	7.0 cents	2 October 2018
2019 interim - ordinary	13.0 cents	152.4	6.5 cents	15 March 2019
Total		316.5		

Subsequent event

Since the end of the financial year, the Directors have decided that no final dividend would be paid for the financial year ended 30 June 2020.

2020 final - ordinary	**-**	**-**	**-**	**-**

Dividend Reinvestment Plan

For the interim dividend payment on 15 April 2020, the Group received $111.3 million proceeds relating to 14,407,567 full paid ordinary shares issued to shareholders participating in the Dividend Reinvestment Plan (DRP), and 38,914,307 fully paid ordinary shares issued under the DRP underwriting arrangement.

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 2020 %	OWNERSHIP INTEREST 2019 %
Details of equity accounted investments					
Bitumen Importers Australia Pty Ltd	Bitumen importer	Australia	30-Jun	**50**	50
Flyash Australia Pty Ltd	Fly ash collection	Australia	31-Dec	**50**	50
Highland Pine Products Pty Ltd	Timber	Australia	30-Jun	**50**	50
Meridian Brick[1]	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[2]	Plasterboard	Australia/ Singapore	30-Jun	**50**	50
US Tile LLC[3]	Roof tiles	USA	31-Dec	**-**	50

1. The Group has a 50% interest in the joint ventures in the USA (Meridian Brick LLC) and Canada (Meridian Brick Canada Ltd).
2. The Group has a 50% interest in the joint ventures in Australia (USG Boral Building Products Pty Ltd) and Asia (USG Boral Building Pte Ltd).
3. US Tile LLC has been deregistered in July 2019.

RESULTS OF EQUITY ACCOUNTED INVESTMENTS	Note	USG Boral Building Products 2020 $m	USG Boral Building Products 2019 $m	Other 2020[4] $m	Other 2019[5] $m	Total 2020 $m	Total 2019 $m
Summarised Income Statement at 100%							
Profit before income tax		**102.5**	167.8	**37.4**	48.9	**139.9**	216.7
Income tax expense		**(45.0)**	(50.6)	**(8.9)**	(14.9)	**(53.9)**	(65.5)
Non-controlling interest		**(7.5)**	(3.8)	**-**	-	**(7.5)**	(3.8)
Net profit before significant items		**50.0**	113.4	**28.5**	34.0	**78.5**	147.4
Significant items net of tax		**(9.6)**	(10.4)	**(153.4)**	(391.2)	**(163.0)**	(401.6)
Net profit/(loss)		**40.4**	103.0	**(124.9)**	(357.2)	**(84.5)**	(254.2)
The Group's share based on % ownership:							
Net profit before significant items		**25.0**	56.7	**14.4**	16.4	**39.4**	73.1
Significant items net of tax	2	**(4.8)**	(5.2)	**(76.7)**	(195.6)	**(81.5)**	(200.8)
Net profit/(loss)		**20.2**	51.5	**(62.3)**	(179.2)	**(42.1)**	(127.7)

4. As the investment in the Meridian Brick CGU was written down to its value in use in the prior year, the forecast deterioration in US housing starts and the uncertain long term impacts of COVID-19 on the US economy 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 $76.7 million. The key assumptions used in the model were a post-tax discount rate of 10.5%, a long-term growth rate of 2% and housing starts aligned to future estimates prepared by reputable third parties for the discrete period and to the last thirty-year average for the terminal year. 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.

5. Underperformance of the business in FY2019, 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

	2020	Restated[1] 2019
Net tangible asset backing per ordinary security	**$1.89**	$2.10

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

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

14. INTEREST BEARING LIABILITIES

	2020 $m	2019 $m
Current		
Loans - unsecured	**9.0**	336.6
Other loans	**5.3**	-
Lease liabilities	**91.7**	3.1
	106.0	339.7
Non-current		
Loans - unsecured	**3,084.6**	2,057.8
Other loans	**2.0**	-
Lease liabilities	**291.4**	3.0
	3,378.0	2,060.8
Total	**3,484.0**	2,400.5

TERM AND DEBT REPAYMENT SCHEDULE

Terms and conditions of outstanding loans were as follows:

	Currency	Effective interest rate 2020	Calendar year of maturity	**2020 Carrying amount $m**	2019 Carrying amount $m
Current					
US senior notes – private placement – unsecured	USD			**-**	108.6
CHF notes – unsecured	CHF			**-**	219.0
Bank loans – unsecured	GBP	2.99%	2021	**9.0**	9.0
Other loans	USD	3.49%	2020-2021	**5.3**	-
				14.3	336.6
Non-current					
US senior notes – private placement – unsecured	USD	4.01%	2025-2030	**1,011.3**	708.1
US senior notes – 144A/Reg S – unsecured	USD	3.39%	2022-2028	**1,396.1**	1,349.7
Bank loans – unsecured	USD	3.07%	2024	**677.2**	-
Other loans	USD	3.49%	2022	**2.0**	-
				3,086.6	2,057.8
Total				**3,100.9**	2,394.4

CHANGES TO BANK FACILITIES

Bilateral Facility

The Group entered into new committed two-year bilateral loan facilities totalling A$250 million and US$75 million on 28 May 2020, maturing in May 2022. The facilities were undrawn as at 30 June 2020. The group also entered into new committed bilateral loan facilities totalling US$740 million on 28 May 2020, maturing June 2024. The facilities were partially drawn by US$467 million as at 30 June 2020. These facilities replaced the Company's US$750 million debt facility that was due to mature in July 2021.

US Senior notes – private placement

The Group issued US$200 million of private placement senior notes in May 2020 with US$100 million maturing in 2025 and US$100 million maturing in 2027. The proceeds were used to refinance the CHF150 million of Euro Medium Term Notes that matured in February 2020 and the US$76.2 million of private placement senior notes that matured in April 2020.

Acquisition Loan Facility

The US$1 billion acquisition syndicated loan facility that was put in place for completing the transaction with Knauf, was replaced by a US$400 million acquisition syndicated loan facility in December 2019. The Group allowed the facility to lapse in March 2020 given that the regulatory approvals required to allow the transaction to complete would not be achieved by the transaction's sunset date.

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

15. ISSUED CAPITAL

	2020 $m	2019 $m
Issued and paid up capital		
1,225,653,798 (2019: 1,172,331,924) ordinary shares, fully paid	**4,376.4**	4,265.1
Movements in ordinary issued capital		
Balance at the beginning of year	**4,265.1**	4,265.1
14,407,567 shares issued under the Dividend Reinvestment Plan	**29.7**	-
38,914,307 shares issued under the Dividend Reinvestment Plan underwriting agreement	**81.6**	-
Balance at the end of the year	**4,376.4**	4,265.1

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

	2020 $m	Restated[1] 2019 $m
Foreign currency translation reserve	**327.8**	299.5
Hedging reserve	**(12.0)**	(5.8)
Share-based payments reserve	**41.1**	37.3
	356.9	331.0

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

17. NOTES TO STATEMENT OF CASH FLOWS

	2020 $m	2019 $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	**451.4**	104.9
Bank short term deposits	**453.0**	102.3
	904.4	207.2
During the year, the Group settled costs associated with:		
Integration costs	**(6.8)**	(30.3)
Restructure and transaction costs	**(27.6)**	(23.7)
	(34.4)	(54.0)

18. SUBSEQUENT EVENTS

Zlatko Todorcevski has been appointed as Chief Executive Officer (CEO) and Managing Director of Boral Limited, effective 1 July 2020.

Annual General Meeting

The Annual General Meeting will be held as follows:

Place:	To be held virtually through an online platform
Date:	Tuesday, 27 October 2020
Time:	10.30 am
Approximate date the annual report will be available:	Tuesday, 22 September 2020
Date of the close of nominations for election as a director at the Annual General Meeting:	Tuesday, 8 September 2020

Compliance Statement

1 This preliminary final report for the year ended 30 June 2020 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 22 September 2020. The Annual Report is currently being finalised in publishable form.

2 The entity has a formally constituted audit committee.