

Boral

Annual General Meeting
29 October 2007

Chairman's address by Dr Ken Moss

Managing Director's address by Rod Pearse



November 2007

Dear Shareholder

I am pleased to report on Boral's Annual General Meeting which was held in Sydney on Monday, 29 October 2007.

Addresses were, as usual, given to the Meeting by me and Rod Pearse, the Managing Director and CEO. The Addresses are included in this booklet.

The business of the Meeting was as set out in the Notice of Meeting. There were three items of ordinary business, namely the consideration of the financial reports, the adoption of the Remuneration Report (resolution 1) and the election of Directors (resolutions 2, 3, 4 and 5). In addition, there was one item of special business, an amendment to the Constitution regarding the retirement of Directors, other than the Managing Director, at Annual General Meetings (resolution 6).

Each of the six resolutions was carried on a show of hands.

Some further information on the business items is:

Financial Reports

The financial reports, Directors' Report and Auditor's Reports for the year ended 30 June 2007 were laid before the Meeting and considered.

Topics raised during discussion of the financial reports included the dividend payout ratio, Boral's occupational health and safety performance, housing affordability in Australia and the performance of Boral's Asian businesses.

Remuneration Report – Resolution 1

The Remuneration Report for the year was adopted by way of a non-binding resolution. The Remuneration Report, which forms part of the Directors' Report, was set out on pages 37 to 43 of the Annual Review.

Election of Directors – Resolutions 2, 3, 4 and 5

Two independent non-executive Directors, Richard Longes and Roland Williams, retired by rotation and were re-elected. Brian Clark and Bob Every had been appointed as Directors since the previous Annual General Meeting and were elected. Separate resolutions for the election of each candidate were considered and each of them addressed the Meeting about their candidacy.

Amendment to the Constitution – Retirement of Directors – Resolution 6

The amendment to the Article in the Company's Constitution regarding the retirement of Directors has brought the Constitution into line with the ASX Listing Rules. It requires that a Director must not hold office, without re-election, past the longer of the third Annual General Meeting following the Director's appointment or three years and that an election of Directors must be held each year. The power of shareholders to remove and appoint Directors at general meetings has not been affected by the amendment.

Over 10,000 valid proxy forms were lodged by shareholders for the Meeting and a summary of the proxy votes received is attached.

I hope this report on the AGM and the accompanying Addresses are of interest to shareholders who were unable to attend the Meeting.

My best wishes for the holiday season and 2008.

Yours sincerely



Ken Moss
Chairman

SUMMARY OF VALID PROXY VOTES RECEIVED

Resolution 1 – Adoption of Remuneration Report

FOR	AGAINST	ABSTAIN	OPEN	TOTAL	% IN FAVOUR*
309,059,149	10,392,952	1,569,005	10,682,501	331,703,607	96.2%

Resolution 2 – Re-election of Richard Longes as a Director

FOR	AGAINST	ABSTAIN	OPEN	TOTAL	% IN FAVOUR*
319,468,352	763,706	693,227	10,786,926	331,712,211	99.1%

Resolution 3 – Re-election of Roland Williams as a Director

FOR	AGAINST	ABSTAIN	OPEN	TOTAL	% IN FAVOUR*
319,126,080	1,094,330	678,076	10,811,225	331,709,711	99.0%

Resolution 4 – Election of Brian Clark as a Director

FOR	AGAINST	ABSTAIN	OPEN	TOTAL	% IN FAVOUR*
319,671,583	479,205	739,122	10,822,701	331,712,611	99.2%

Resolution 5 – Election of Bob Every as a Director

FOR	AGAINST	ABSTAIN	OPEN	TOTAL	% IN FAVOUR*
319,714,603	414,625	749,374	10,834,009	331,712,611	99.2%

Resolution 6 – Amendment to the Constitution – Retirement of Directors

FOR	AGAINST	ABSTAIN	OPEN	TOTAL	% IN FAVOUR*
315,500,656	3,250,191	1,397,075	11,561,809	331,709,731	98.3%

The valid proxy votes received represented approximately 55% of Boral's issued capital.

* The % in favour comprises the For votes and where the Chairman of the Meeting was appointed as proxy, Open votes.

Boral is a **resource-**
based manufacturing
company with strong
upstream **reserves** and
downstream **market**
positions, around which
we continue to perform
and grow.

**CHAIRMAN'S
ADDRESS
BY DR KEN MOSS**



Ladies and Gentlemen,

Thankyou for joining us at Boral's 2007 Annual General Meeting.

The nature of Boral's business is that it operates across a number of cyclical markets in the building and construction materials industries in Australia, the USA and Asia. Boral's results for the twelve months to 30 June 2007 reflect the fact that some markets in which we operate were experiencing peak levels of demand whilst other key markets were experiencing significant downturns.

Strong levels of infrastructure and non-dwelling activity in Australia underpinned strong levels of concrete demand and a record result for Boral's construction materials group in Australia. However, Australian housing and US housing experienced cyclical downturns, which impacted most significantly on our building products businesses in Australia and the USA.

Despite the cyclical downturns in housing, Boral delivered a solid financial performance for the year ended 30 June 2007. We continued to deliver the Company's Perform and Grow strategy and Boral's

non-financial performance, including safety and environmental management, continued to strengthen.

Financial Performance

For the 2006/07 financial year, Boral's sales revenue of \$4.9 billion was 3% higher due to price strength, stronger construction materials volumes and growth initiatives. However, earnings before interest, tax, depreciation and amortisation of \$762 million were down \$61 million. Overall, Boral's reported net profit after tax of \$298 million was 18% below the previous year largely reflecting the impact of lower volumes

"Boral's results for the twelve months to 30 June 2007 reflect the fact that some markets in which we operate were experiencing peak levels of demand whilst other key markets were experience significant downturns."

Ken Moss
Chairman

in the USA and in Australian building products as well as higher funding costs associated with growth investments.

Importantly, growth projects that have been completed are delivering earnings benefits and are offsetting a further reduction in Boral's EBITDA which would otherwise have resulted from the significant Australian and USA housing downturns.

A strong profit lift from construction materials in Australia was more than offset by a significant decline in US earnings, softer results from Asia, and lower earnings from Building Products in Australia.

We are now into the fourth year of a cyclical downturn in new dwelling construction on the east coast of Australia. This downturn is particularly pronounced in NSW, where we derive around 40% of Boral's Australian revenues. Housing approvals in NSW are currently 41% below the last peak in 2003 and are 40% below underlying demand. In the twelve months to June 2007 detached housing approvals were down 4% in NSW and multi-dwellings were down 9%.

In other Australian states, Western Australian housing activity has been strong and Victoria and Queensland

have remained relatively robust. However, the current rate of construction in Victoria and Queensland is well below underlying demand levels. Victoria is building around 17% below underlying demand levels and Queensland is building at around 9% below underlying demand, according to BIS Shrapnel.

During the year the value of work approved for Australian non-dwellings and major projects was 8% higher and the value of work done in road construction and infrastructure increased by around 4%. Non-dwelling and infrastructure activity has been particularly strong in Victoria, Queensland and Western Australia. This has benefited Boral's construction materials operations.

In the USA, the housing downturn has been very fast and very significant, particularly impacting Boral's operations in the second half of the year ended June 2007.

Rod Pearse will provide an update on trading conditions in the first quarter of this year. He will point out that conditions in the US have deteriorated further since year end.

As in Australia, Boral's US construction materials businesses performed better than the building products businesses during the period, supported by solid levels of infrastructure and non-dwelling work.

In Asia, conditions improved in a number of key plasterboard markets, whilst construction materials markets remained challenging. Around 3% of Boral's earnings were delivered from Asia during the year.

Earnings per share for the year of 50.0 cents compare with 61.7 cents last year. Return on funds employed reduced to 11.9% from 14.2%. Return on equity reduced to 10.0% compared with 13.2% in the prior year.

At 30 June 2007, funds employed of \$4.5 billion were 3% higher than the prior year, primarily as a result of value-adding growth investments.

Operating cash flows for the year to June 2007, of \$482 million were 7% above the prior year. Capital expenditure for the year of \$418 million was 19% lower than the prior year including a 7% lower expenditure on stay-in-business (SIB) capital, which was \$192 million for the year.

Boral's balance sheet remains strong. Net debt at 30 June 2007 was \$1.5 billion compared with \$1.6 billion

at June 2006. Boral's gearing level (debt/equity) of 50%, was down on last year's 57% gearing level, and remains in our targeted gearing range of 40–70%.

Shareholder Returns

Despite cyclical downward pressure on Boral's profits, a full year 34.0 cent fully franked dividend, was maintained in line with the previous year. For most shareholders, the dividend represented an annualised dividend yield of 6.1% per annum (after franking) on Boral's average share price for the year to 30 June 2007.

The interim and final dividends for the year totalled around \$200 million. This represents a payout ratio of 68% of after tax profits. Whilst this payout ratio was higher than the 55% payout ratio in 2006, the Board regarded it as appropriate taking into account Boral's sound underlying performance and growth prospects as well as our desire to provide shareholders with solid dividend returns with maximum franking benefits.

Boral's share price has been volatile over the past twelve months, reflecting market volatility – particularly the US housing downturn and continued uncertainty around the timing of a recovery in the Australian housing market. The cyclical nature of Boral's markets typically translates into earnings volatility and to volatility in the share price and we are seeing this at present. It is important however, to look through the cycle when evaluating both past and future performance.

Since the company's demerger in February 2000 through to 30 September 2007, Boral's compound total shareholder return (TSR) from share price appreciation and dividends has been 21% per annum. This places the company in the top half when compared with other ASX 100 companies over the same period of time.

We have continued to offer a dividend reinvestment plan ("DRP") to shareholders. Approximately 22% of the company's issued capital participated in the DRP for the final dividend paid in September 2007.

Safety and Sustainability

Turning now to Boral's non-financial performance. Boral's key sustainability priorities, common to all divisions are:

- Health and Safety,
- Energy and Greenhouse gas emissions,

- Water Conservation,
- Waste Management, and
- Resourcing for Growth.

Progress has been made in all of these areas over the past year. Boral's comprehensive 2007 Sustainability Report details the progress and describes how the Company's sustainability activities are governed.

This year, Boral's Sustainability Report has been independently reviewed under the globally recognised AccountAbility sustainability standard AA1000. The AA1000 assurance standard is based on three principles: materiality, completeness and responsiveness. Assurance against these principles provides the Board and shareholders with comfort that Boral's sustainability reporting, whilst voluntary, covers all the areas of performance that stakeholders need to judge Boral's sustainability performance. It also determines that the information provided is complete and accurate enough to assess and understand Boral's performance in these areas.

Boral is increasingly being recognised as a sector leader in sustainability. This is demonstrated by Boral's "gold star" rating in Australia's Corporate Responsibility Index as well as Boral's continued inclusion in the global FTSE4Good (pronounced footsy for good) Index and in the Climate Change Leader group of the Carbon Disclosure Project.

The health and safety of our employees and all people involved in Boral's operations is a key priority for Boral's Board of Directors and management. Our aim is to eliminate or minimise the circumstances under which people can be injured. Boral's approach to health and safety is built on a solid foundation of corporate policies, standards and procedures.

As part of our commitment to health and safety, stretching performance targets are set annually. In 2006/07, Boral's Lost Time Injury Frequency Rate (LTIFR) for employees of 2.8 reduced by 10% from 3.1 in the prior year. Percentage hours lost improved by 18% from 0.11% to 0.09%. These outcomes are consistent with the ongoing improvement trend in recent years.

Contractor safety management also improved, with LTIFR of 5.7 (versus 7.3 last year) and percentage hours lost of 0.09% (18% better than last year's 0.11% and in line with employee safety outcomes).

Despite our efforts to make safety the number one priority across the Company and despite the reduction in lost time injuries, we continue to experience accidents that result in fatalities. This deeply concerns the Board and management. Tragically, we had five work-related fatalities in the December half last year. Two employee fatalities occurred in our Asian operations involving a heavy vehicle accident and an electrical accident; two contractor fatalities in the USA were reported both involving falls from heights; and a contractor fatality in Australia occurred as a result of an electrocution.

There were no workplace-related fatalities in the second half of the year. However, the full year outcome has caused all of us at Boral great concern and resulted in extensive reviews of electrical and contractor safety management.

Directors of the Board review in detail all employee and contractor fatalities that occur on Boral sites and in related operations, including the corrective actions taken.

The Board also reviews all divisional Health and Safety Plans. We approve safety improvement targets and we regularly monitor performance against target for all divisions.

The Board and Corporate Governance

Boral's Board has recently been expanded as we move through a period of Board renewal and succession. Dr Brian Clark was appointed to the Board in May 2007 and Dr Bob Every joined the Board in September. Both of these new directors are up for election at this meeting and at the appropriate time their credentials will be discussed.

After eleven years of valued service Mr Mark Rayner will retire as a non-executive director of Boral Limited at today's meeting.

Mark joined Boral's Board in 1996. Since that time he has provided an important contribution to the governance of the company and to the direction that Boral has taken. My fellow directors and I have valued Mark's strong operational and international management experience. On behalf of all directors and shareholders of the Company, I thank Mark for his contribution and wish him all the very best in his retirement.

Following the anticipated election of our two newest directors at today's meeting and the re-election of Richard Longes and Roland Williams, the Board will comprise eight directors, being seven non-executive directors and the Managing Director.

All non-executive directors have been assessed as being independent.

The tenure of Boral's Board will range from two months to 13 years. The Company will benefit from the increased breadth and depth of skills and experience of the directors.

Your Board of Directors is accountable to the shareholders for the Company's performance. The Board is responsible for reviewing and approving the strategic direction of the Company and for overseeing and monitoring Boral's businesses. The Board has delegated responsibilities around management of Boral's day-to-day operations and activities to the Managing Director and senior executives.

Over the past twelve months, an area of concentration for the Board has been the consideration of strategic plans to improve the profitability of underperforming businesses and to lift the Company's earnings. We also keep the capital management plan and potential capital initiatives under review.

The full Board's work is supplemented by that of the Audit and Compensation Committees.

Through a review of the Audit Committee's Charter, we have more clearly delineated that it is to focus upon financial risk.

A significant part of the Compensation Committee's work relates to structuring and determination of senior executives' incentive remuneration both short term in the form of cash and long term in the form of grants of options and share acquisition rights.

Shareholders will note that short-term incentives for executives were considerably lower during the year. This is largely a reflection of the company's financial performance being below expectation, driven largely by the severity of the housing downturn in the USA.

Leadership and People Management

Particularly at this point in the housing downturns in Australia and the USA, Boral's CEO and Managing Director, Rod Pearse, together with his senior

executives, need to provide strong and effective leadership. This occurred in 2006/07. The Board remains confident in Mr Pearse's persistence and proven ability to deliver Boral's strategy. Our confidence in Boral's Management Committee also remains strong. We know that the Company is being well managed for the long-term and that it is well positioned to deliver significant earnings improvements when key markets recover.

Whilst Boral's Management Committee remains a stable team of executives, effective succession planning processes resulted in the internal appointment of Bryan Tisher as the new Executive General Manager of the Timber division in March 2007 and the appointment of Andrew Warburton replacing Bryan as the General Manager of Corporate Development. Internal promotion, cross-fertilisation, and executive development is an important part of Boral's Perform and Grow strategy.

Boral employs over 16,100 employees, which is a 2.5% increase in full-time equivalent employee numbers on the prior year. This increase reflects ongoing growth in Asia and growth in Australian Construction Materials, which more than offset a 7% decline in full time employees in the USA as a result of the significant downturn in the US housing market.

On behalf of the Board of Directors and Boral's shareholders I wish to thank Rod Pearse, Boral's management team and all of Boral's Australian, US and Asian based employees for the performance delivered during 2006/07. They have demonstrated Boral's values of leadership, persistence and focus in times of challenging market conditions.

I now invite Mr Pearse to speak to you about the company's performance and strategy.

A handwritten signature in black ink, appearing to read 'Ken Moss'.

Ken Moss
Chairman

**MANAGING
DIRECTOR'S
ADDRESS
BY ROD PEARSE**



Ladies and Gentlemen,

May I add to the Chairman's opening remarks by also thanking you for joining us at Boral's 2007 Annual General Meeting.

The Chairman has pointed out that we experienced some of the best and some of the worst market conditions for many decades during the twelve months to June 2007. Our focus is to manage the business well during the downturns and to position the Company to deliver maximum value for shareholders during the upturns. This includes ensuring that we take costs out of the business and maintain prices when volumes are under pressure and that we invest in cost effective capacity to supply the market upturns which are typically very strong after significant and prolonged downturns.

The Chairman has focused his address on Boral's performance in the 2007 financial year. I will provide you with an overview of how our Perform and Grow strategy is enabling us to manage through the cyclical lows and cyclical highs across Boral's portfolio. I will also provide comments on the trading conditions experienced in the first quarter of this new financial year.

Financial overview

As you have heard, Boral's sales revenue for the year ended 30 June 2007 was 3% higher than the prior year at \$4.9 billion. However, earnings before interest, tax, depreciation and amortisation (otherwise known as EBITDA) of \$762 million was down \$61 million or 7%.

In Australia, EBITDA of \$605 million was 6% higher than the prior year. Offshore EBITDA decreased by \$98 million or 40% to \$150 million and accounted for 20% of Boral's earnings for the year.

"Our focus is to manage the business well during the downturns and to position the Company to deliver maximum value for shareholders during the upturns."

Rod Pearse

CEO and Managing Director

Construction Materials, Australia

Boral's Construction Materials businesses in Australia derive around two-thirds of their revenues from non-residential and infrastructure activity and the remaining one-third from residential dwelling construction. An 11% lift in EBITDA to \$454m from Construction Materials in Australia benefited from strong infrastructure project work and non-dwellings activity particularly outside NSW. Price gains and growth initiatives also benefited the result.

During the year, the value of work done (VWD) in major road construction and infrastructure in Australia increased by around 4% on the prior corresponding period and Australian concrete volumes in FY2007 also increased by approximately 4%. Boral's concrete volumes only increased by 2% nationally, reflecting our over-weight exposure to NSW, which was the only state that reported a decline in concrete volumes during the period.

Cement, Concrete and Quarry prices lifted by around 4% nationally during the year and Construction Materials benefited from \$70 million of performance enhancement program cost reductions. Improved

earnings from Asphalt, from Quarry End Use (QEU) and from Blue Circle Southern Cement, were the key drivers of the strong result.

The Asphalt business performed strongly during the year with volumes up 10% and margins improving despite bitumen cost escalation. The business benefited from supply to major projects such as the EastLink project in Melbourne, Victoria's largest single infrastructure project.

Quarry End Use earnings of \$56 million were up around \$9 million on last year and were predominantly sourced from the Nelsons Ridge (Greystanes) and Moorebank developments and the Deer Park Western Landfill operation.

Blue Circle had a much stronger year with operational improvement initiatives including a \$17 million improvement from the Waurin Ponds kiln in Victoria. This was however, offset in part by a trunnion bearing failure at Berrima in the December half costing around \$5 million and an early refractory change at Galong costing around \$2 million.

Blue Circle's result for the first quarter of this financial year is well ahead of the prior corresponding period with improved kiln performance. The Berrima kiln has been performing well but is producing cement for interstate markets because of lower demand in NSW, which does incur additional freight costs. Lime demand has lifted with kiln utilisation running well, underpinned by improved demand from the steel industry.

Construction materials markets in Queensland, Victoria and Western Australia continue to be strong and in particular Queensland and Western Australia look promising for at least the next several years. In Victoria, Melbourne's EastLink project will be completed at the end of this calendar year but a number of other large projects are in the pipeline, particularly in Queensland, which will benefit our construction materials businesses. Increased road and highway work in NSW is also expected to commence in the second half of this financial year.

Capacity constraints in the growth states of Queensland and Western Australia resulted in additional cost pressures during the last year. We have been de-bottlenecking capacity to reduce costs and ensure supply to the market. We have also been investing capital in new capacity. We have invested

\$30 million in Asphalt capacity in key growth markets including new plants at West Burleigh and Ipswich in Queensland, at Welshpool in Perth and in Geelong, as well as two mobile plants that can be moved from state-to-state as demand shifts. In the past year, we have also been investing in concrete and quarry capacity in south-east Queensland in particular, including a new concrete plant at Lawnton and additional capacity at Narangba, Purga and Stapleton quarries.

In Queensland, our 50%-owned Sunstate Cement business is investing a total of \$85 million in new clinker grinding capacity to better supply the growing Queensland market.

Building Products, Australia

Another major investment in Queensland is a new 40 million m² plasterboard plant, which is expected to start commissioning during this current quarter. This state-of-the-art plant will double our capacity in Queensland, allow us to close our existing operation at Northgate in the second half of this financial year and will allow cost competitive supply of plasterboard into Queensland and other markets.

Whilst Queensland is a growth state where we are investing for the future, NSW remains our largest state and typically has the highest integrated margins. Unfortunately, the continued downturn in Australian dwelling activity, especially in NSW, adversely impacted volumes and manufacturing costs during the year.

Our building products businesses derive on average around 80% of revenues from Australian dwelling activity. We reported a 7% decline to \$151 million in Australian Building Products EBITDA earnings for the year.

Whilst Australian dwelling starts in 2006/07 were steady, NSW dwelling starts fell by 9% during the year following a decline of around 30% over the previous two years. NSW detached dwelling approvals for the past twelve months are around 50% below the peak construction rate in FY2000 and they are more than 40% below the last cyclical peak experienced in 2002/03. Activity levels in NSW housing construction are the lowest they have been over the past 35 years and they are approximately 40% below the levels of longer-term underlying demand.

The NSW government has been aware of the increasing housing affordability crisis in this state for some years but unfortunately has been slow to respond.

NSW is the only state where developers are charged around \$140,000 per lot to cover the costs of public infrastructure and taxes. Whilst we welcome the recent announcement by the NSW Premier that state infrastructure charges will be reduced by around \$15,000 to \$25,000, there is insufficient margin and incentive for developers and builders to increase the supply of affordable land and housing which is so clearly needed. In other states these developer costs are a fraction of this amount – usually between \$10,000 to \$40,000 – with state and local governments taking greater responsibility for the costs of public infrastructure.

It does not appear that announced NSW Government and Federal initiatives will be adequate to stimulate an early recovery in NSW housing, particularly whilst interest rates continue to increase.

We are however hopeful that with both sides of government now acknowledging the problems and appearing more committed to addressing them, we will see further policy initiatives and an earlier recovery.

In the meantime, our focus continues to be around managing the impacts of the downturn in our Australian Building Products businesses through good capacity and production planning. During the year we continued a program of temporary plant shuts in our east coast brick, masonry and roof tile operations. These temporary shuts increased production costs but we have been able to curtail inventory growth which has strengthened our ability to hold or increase prices. We have also largely avoided permanent closures or redundancies.

The first quarter of this new financial year has seen some softening in Western Australia however we have seen improved volumes in Queensland and Victoria and we continue to wait for a lift in NSW housing activity where we are well positioned to supply the market and to deliver value for our shareholders.

USA

Around 20% of our revenues are currently derived from the USA.

Total housing starts in the USA fell by about 25% in 2006/07 to around 1.55 million starts. This significantly reduced earnings from brick and roof tile businesses which hold leading market share positions. The Australian dollar also appreciated by around 15%

In Australian dollar terms, EBITDA from our USA operations in 2006/07 was 41% down on the prior year to A\$129 million.

Boral's roof tile states – predominantly Florida, California, Nevada and Arizona – saw housing starts decline by around 40% during the year. This significantly impacted our concrete roof tile joint venture business MonierLifetile, which delivered a loss of US\$4 million compared to the previous year's profit of US\$28 million.

Our US brick states, which are more concentrated in the South of the USA including Texas, Georgia, the Carolinas, and Tennessee, saw total dwelling starts down 22% during the year.

The volume effects of the housing downturn impacted more heavily in the second half of the year and we slowed production and reduced inventory. The utilisation rates in our US brick plants averaged 72% of capacity in the second half of the year. Our roof tile plants ran at an average of 38% of capacity in the second half.

US housing starts and brick and roof tile sales volumes, have continued to decline in the September quarter. Plant utilisation in both our roof tile and brick businesses has been further reduced as we have moved to further reduce production to match declining demand. We are currently using 35% of our roof tile production capacity and around 65% of our brick capacity. We are working hard to pull costs out of the business by transferring products to lower cost plants and mothballing plants. We are also working to maintain prices which have held relatively well since 30 June 2007.

Construction materials results improved in 2006/07 but the slowdown in housing starts, particularly in Florida, eroded BMTI earnings in the second half and in the September quarter.

Asia

In Asia, conditions improved in a number of key plasterboard markets, however, construction materials markets remained challenging in Indonesia and

Thailand. Full year EBITDA from Asia of \$21 million was steady on an underlying basis but was below the prior year which benefited from one-offs.

Since year end, plasterboard businesses have continued to deliver improved results in most countries. The LBGA joint venture business has recently or is currently investing a total of US\$83 million in growth projects in Vietnam, Korea, China and India. Whilst LBGA results are strengthening, we continue to experience difficult market conditions in Thailand construction materials and in Indonesia where volumes are strengthening but margins remain weak.

Whilst volatility in Asia has impacted short-term earnings, we believe that in the longer-term the Asian region provides value creating growth opportunities for Boral. We are continuing to strengthen our underlying competitiveness and our capacity to supply future market growth in the region.

Growth investment to strengthen our leading market positions

Across our portfolio we have continued to invest in growth projects to strengthen Boral's leading market positions. During the year, \$226 million of growth capital was spent largely on previously announced organic growth projects including the Berrima Cement Mill upgrade, the Queensland Plasterboard plant, the acquisition of a further 30% of Girotto Precast and also on increased US Brick and Roof tile capacity.

Organic growth has accounted for around half of Boral's growth spend and portfolio returns are currently averaging around cost of capital for completed projects. These returns are improving as projects mature.

Boral's acquisition spend has continued to be an important contributor to current earnings and is providing substantial strategic benefits. Overall, acquisitions are delivering returns which exceed Boral's hurdle rate.

Acquisitions and organic growth projects which have been completed are proving to be value creating and have offset a significant amount of the reduction in Boral's EBITDA which would otherwise have resulted from the significant Australian and USA housing downturns. We are confident that as current projects are completed, and as markets recover and grow, Boral's growth portfolio will be increasingly value-adding and will improve Boral's overall returns.

Post year-end, Boral announced the US\$80 million acquisition of the Schwarz concrete and sand business and the Arbuckle hardrock quarry in Oklahoma, continuing our value-adding US construction materials growth strategy. These acquisitions are expected to be earnings per share accretive this year and will deliver further improvements as synergies are realised.

Superior Returns in a Sustainable Way

Our Company's overriding objective is to deliver superior returns in a sustainable way. We remain committed to the sustainability of Boral's businesses in a financial, social and environmental sense.

As the Chairman has said in his address, safety is the highest of priorities in Boral. Boral's lost time injury frequency rate improved by 10% to 2.8 and percent hours lost reduced by 18% to 0.09 for the year to June 2007. I assure shareholders, employees and all of Boral's stakeholders that we have not taken the five work-related fatalities that occurred during the year lightly. We are determined to improve the workplace safety of both our employees and of our contractors.

Managing climate change is also an important focus for us. Boral is a significant emitter of CO_{2-e}, and in 2006/07 Boral's fully owned businesses emitted around 3.70 million tonnes of CO_{2-e}. We have been actively participating in a range of voluntary energy efficiency and emission reduction schemes for the past ten years. We are supportive of the introduction of a carbon emissions trading scheme, despite the direct and indirect costs it will add to our businesses, because we see a carbon pricing signal as an important driver of necessary change, but we see the treatment of Trade Exposed Energy Intensive industries as a key issue for Australia, including the cement industry.

Internally we have been increasing our understanding of the potential cost impacts and opportunities under various emissions trading and targeted reduction scenarios. We have been firming up our historic data for 1990 and 2000 and we have been projecting Boral's emissions profile out to 2012 and indeed, out to 2020 to understand our emissions profile and to link future targets to them. When national emissions targets are set (both in Australia and the USA) we will be in a good position to ensure that Boral is contributing appropriately to abatement targets and that we understand both the costs and benefits of possible Boral emissions targets. In the meantime,

in each of our divisions we are striving to reduce emissions per unit and to offset Boral's increases in absolute emissions as a result of market demand growth.

Boral's 2007 Sustainability Report provides shareholders with further detail about our climate change strategy and a range of other sustainability priorities.

I would like to thank Boral's employees for their efforts in delivering these improvements and for their contribution to the Company's financial results in 2006/07.

Outlook

I have commented throughout my address on the trading conditions impacting across Boral's portfolio in the first quarter of the year. Overall, in the first quarter the Australian business has performed ahead of expectation whilst the US has performed below expectation.

Construction materials profits in Australia in the September quarter was above the prior year as it was in FY2007. We expect this trend to continue in FY2008. The improved construction materials result is being underpinned by stronger volumes, stronger prices and by very effective operational improvement initiatives. Concrete and quarry prices have lifted well year-on-year as the April 2007 price increases flow through. Cement price increases of \$8/tonne have recently been announced in Queensland as import parity prices have strengthened as a result of stronger cement prices out of China and higher freight rates (despite the appreciation in the Australian dollar). Improved cement prices will benefit results in the June quarter.

Despite weakness in some markets, the performance of our Australian building products businesses in the September quarter was ahead of expectation. We expect that building products profits for the full year will be broadly flat with the prior year.

We expect continued growth and competitive market conditions in Asia for the remainder of FY2008. First quarter results from LBGA were better than expected but construction materials results were weaker.

Since year end US housing permits and starts have continued to decline and this has further reduced earnings from our brick and roof tile businesses.

Construction materials results have benefited from the Schwarz/Arbuckle acquisitions in August and are relatively steady year on year.

We indicated in August that forecasters expected housing starts of 1.4 to 1.5 million in FY2008. However, forecasters have now reduced their FY2008 forecast to 1.25 million starts. Whilst there is considerable uncertainty we anticipate that US housing starts could fall to 1.1 million in FY2008 which is 30% below the prior year and 40% below the level of underlying demand. If this occurs and if the AUD/US exchange rate remains at around \$0.90 for the remainder of the year, Boral's profit after tax in the first half and the full year will be around 15% below last year.

Thankyou for attending today. We greatly appreciate your interest and support of Boral.

A handwritten signature in black ink that reads "Rod Pearse". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Rod Pearse
CEO and Managing Director

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