Results Announcement
18 August 2010

BORAL LIMITED FULL YEAR RESULTS 2010

HIGHLIGHTS

- Profit after tax before significant items of $132 million
- Australian Building Products earnings up 90% year-on-year
- Cash flow from operations up 10% to $459 million
- Acquisition of remaining share of MonierLifetile
- Disposal of loss making non-core Scaffolding and Precast businesses
- A$490 million gross capital raising completed
- Increased final dividend 6.5 cents (FY2009: 5.5 cents)
- $285 million impairment of under-performing and obsolete assets

The Chief Executive of Boral Limited, Mark Selway, today said, "I am pleased with the Group's progress during FY2010 especially in light of the difficult economic and market conditions we faced during the year. I attribute much of our success to the actions initiated by our management team to improve productivity of our existing operations and focus our efforts at those markets where Boral has a realistic ambition to lead."

"Profit after tax, excluding significant items, was similar to last year at $132 million (FY2009: $131 million) despite a 6% reduction on Group turnover from $4.9 billion in 2009 to $4.6 billion this financial year. Earnings per share on this basis amounted to 22.1 cents, which is about the same as for 2009."

There were several separate items with a pre-tax cost totalling A$285 million (A$222 million post tax) which were classified as significant in FY2010. Charges of A$93 million arose from the write down of the carrying values of several loss making, non-core businesses and $178 million in asset write downs related to underutilised and obsolete assets in Australia and the United States. A further $14 million was incurred in the group's restructuring activities.

Cash generation was excellent with cash flow from operations of $459 million, 10% higher than the previous year and included a $44 million reduction in working capital. The year ended with a net debt position of $1.2 billion, showing a $331 million improvement from the previous year (FY2009: net debt $1.5 billion), before including the benefit of the recently completed equity raising of approximately A$490 million.

In the early part of 2010, the entire organisation was engaged in how we can turn our vision 'Building Something Great' into real action. This has involved taking decisive actions to deliver excellent operational performance, best in class products and closer customer relationships. Through a structured, strategic approach, we are creating a strong dynamic platform for future growth.

After the financial year end we announced the planned divestments of the non-core loss making Precast and Scaffolding businesses in line with the strategy unveiled last month. These actions improve significantly the focus of the Group and release both financial and management resources to facilitate progress in the operational and strategic development of the business.

The key management focus for FY2011 is to ensure that the operational changes we have initiated are successfully implemented and yield their full potential. At the same time we will continue to invest in new products and in growth sectors.

The Board has resolved to pay a final dividend of 6.5c per share making a total distribution for the year of 13.5 cents (FY2009: 13 cents).

FINANCIAL HIGHLIGHTS

($ millions)	FY2010			FY2009		
	Group	**Discontinued Operations**	**Continuing Operations**	**Group**	**Discontinued Operations**	**Continuing Operations**
Sales	4,599	105	4,494	4,875	147	4,728
EBITDA	505	(13)	517	539	2	537
EBIT	252	(19)	271	276	(5)	281
PAT	132	(13)	145	131	(4)	135
Significant Items (net)	(222)	(59)	(163)	11	(17)	28
NPAT	(91)	(72)	(19)	142	(21)	163
EPS (cents)*	22.1			22.2		

** Excludes significant items*

To assist in meaningful comparison, the review of full year results excludes those items declared as significant for the purpose of statutory accounts.

For the full year ended 30 June 2010, Boral Limited reported $4.6 billion of sales revenue, 6% lower than the prior year, predominantly reflecting continued new home build declines in the USA and slowing non-residential activity in Australia.

Boral's Earnings Before Interest and Tax (EBIT) at $252 million was 9% below the prior year due to significant US losses and reduced activity levels in construction materials and cement.

Profit after tax of $132 million was marginally above the prior year despite the loss of the $16 million fully franked dividends received from the investment in Adelaide Brighton. The result included $30 million lower interest cost partially offset by a $5 million higher tax charge. Earnings per share for the full year of 22.1 cents compares with 22.2 cents last year.

Cash generated from operations increased 10% to $459 million (FY2009: $419 million) as a result of a $44 million improvement in working capital. Free cash flow improved by $95 million to $324 million as a result of reduced capital expenditure at $180 million versus $240 million in the prior year. Stay-in-business capital at $119 million was down $44 million on last year, and finished the year at 47% of depreciation.

Gearing (debt/equity) decreased to 45% from 55% at 30 June 2009 due largely to strong cash flows and a 5% appreciation in the AUD/USD exchange rate when compared to 30 June 2009. At 30 June 2010, around 95% of debt was denominated in US dollars. The Group's July 2010 gross capital raising of approximately A$490 million further reduced gearing to 25%[1].

Boral's fully franked final dividend of 6.5 cents per share brings the full year dividend to 13.5 cents per share (FY2009: 13.0 cents per share). This represents a dividend pay-out ratio of 67% of after tax earnings pre significant items. Shares issued under Boral's Dividend Reinvestment Plan (DRP) for the full year FY2009 and interim 2010 dividends were issued at a 2.5% discount to the market price. This discount will also apply to Boral's FY2010 final dividend, which will be paid on 28 September 2010.

Following the successful equity raising Standard and Poor's and Moody's Investors Service recently confirmed their long and short term ratings of BBB/A-2 and Baa2/P2 with stable outlook.

[1] Proforma gearing at 30 June 2010 following completion of $490 million equity raising and acquisition of 50% of MonierLifetile.

REVIEW OF RESULTS

Boral Construction Materials

The Boral Construction Materials division includes all Group operations involved in the production and supply of concrete, asphalt and quarry materials to the Australian building and construction sectors.

Full year revenue of $2,119 million was 6% below last year (FY2009: $2,261 million) with marginally lower demand in concrete and quarries and a 7% reduction in asphalt where the comparable period in the prior year included several large infrastructure projects.

EBIT at $201 million was 13% below the prior year (FY2009: $231 million) due to lower sales volumes and $15 million lower earnings from Quarry End Use. This was partially offset by sustained levels of infrastructure activity in our higher margin markets in the first half of the year.

Revenue of $1.4 billion from concrete and quarries was 2% below the prior year with concrete volumes 3% lower and quarry volumes 5% below last year. Market prices improved marginally during the period and further rises, again at relatively moderate levels, are expected to take effect progressively from the third quarter of 2010.

Asphalt revenues decreased 7% to $666 million while profits increased due to strong margin and operating performance on major infrastructure projects which delivered significant profits in the first half of the year.

Quarry End Use earnings of $32 million were $15 million below last year and were primarily sourced from the Deer Park landfill operation and the sale of surplus property.

To maintain our market-leading positions, the Group continues to invest in its core resource and processing equipment including a $12 million upgrade of our Artarmon concrete plant in New South Wales which was commissioned at the end of June 2010.

Boral Building Products

The Building Products division includes all operations involved in the manufacture and sale of clay and concrete products, plasterboard and timber to the Australian housing and construction industries, as well as Boral’s equity accounted 50%-owned Asian plasterboard joint venture, LBGA.

Full year revenue of $1,206 million was 6% above the prior year with improvements in detached dwelling construction and a return to more favourable conditions in the Queensland, New South Wales and Western Australia housing markets.

EBIT increased 90% to $101 million (FY2009: $53 million) following a significant improvement in operational efficiency and the avoidance of one-off costs incurred in the prior year which resulted from the start-up of the new plasterboard plant in Queensland. Improved market conditions in Australia delivered stronger plant utilisation in the bricks, roofing and masonry businesses while additional wood chip exports improved results in Timber.

Revenue from Clay & Concrete Products of $537 million was 5% above the prior year reflecting a combination of effective pricing discipline and a recovery in the Queensland and Western Australia housing markets. EBIT increased over 80% against last year with cost reduction activities and improved results from Roofing and Masonry only partially offsetting tougher conditions in the first half in Bricks.

Revenue of $276 million from the Group’s Timber activities was 8% higher than last year with solid growth in Softwood offsetting tougher trading conditions in our Hardwood and distribution activities. EBIT showed a significant improvement through modestly improved pricing, increased sales volumes and the benefits of cost reduction activities.

Plasterboard's Australian revenue increased 6% to $392 million with the combination of increased selling prices and a 5% increase in volume. EBIT improved considerably on the prior year reflecting the full benefits of successfully bringing the Pinkenba Queensland plant on line and excellent operational performance across the balance of the operations.

The LBGA Asian plasterboard joint venture includes manufacturing operations in Korea, China, Indonesia, Thailand, Malaysia, Vietnam and India. Volumes increased 13% on the prior year reflecting, in particular, stronger market conditions in China, Vietnam and India. Equity accounted income of $18 million increased 31% over the prior year.

Boral USA

The USA division includes the Group's brick, roof tile and construction materials operations serving the US housing and construction sectors and Boral's 50% share of MonierLifetile, which was equity accounted for the period under review.

Full year revenue at US$321 million was 21% below the prior year (FY2009: US$406 million). Housing starts in the US declined a further 10% to 592,000 against a ten year moving average of 1.5 million. EBIT worsened to a loss of US$91 million against a loss of US$81 million in the prior year, significantly impacted by reduced volume and low plant utilisation. Effective management of non operational assets, a 5% reduction in headcount and the impact of cost initiatives all contributed to an improved loss run rate compared with the US$53 million loss for the six months to 30 June 2009.

The Group's United States brick businesses had a tough year delivering an 18% reduction in volume when compared to last year. Plant utilisation remained low and inventories high throughout the industry and Boral was no exception, with only 34% of our capacity utilised and a number of plants mothballed in readiness for recovery.

Our roof tile business had an equally tough year with more disciplined competitive pricing offset by more than 30% declines in clay tile volumes and almost 12% in concrete roof tile volumes. Boral's plants are currently operating at 20% utilisation with a large number mothballed but ready for a market recovery.

The Group's concrete and quarry activities include operations exposed to the residential, non-residential and infrastructure markets in Denver and Oklahoma. Revenue of US$75 million was 21% below the same period last year reflecting a 24% reduction in concrete volumes and continued weakness in core markets.

Revenue and profit from BMTI fly ash reduced considerably when compared to the prior year. Revenue at US$80 million was 12% below last year and reflected lower residential and infrastructure spend, particularly in Texas, Georgia and Colorado.

In July, the Group announced the acquisition of the remaining portion of MonierLifetile in the United States, for a consideration of US$75 million (A$88 million). Our immediate objectives are to improve the market position of both the Boral clay tile and MonierLifetile businesses to provide a solid foundation for future integration and growth.

Our objective in the US is to maintain our leading edge market positions while minimising losses through efficient plant optimisation and continued focus on improving our cost base and working capital efficiency.

Boral Cement

The Cement Division includes Boral's Australian cement businesses and the Group's Asian construction materials operations in Thailand and Indonesia.

Full year revenue of $512 million was 1% above the same period last year reflecting the combination of improved market conditions in Indonesia and Thailand offsetting lower construction activity, particularly in Queensland and a planned 55% reduction in clinker inventories.

EBIT from the Cement division reduced 19% to $88 million (FY2009: $108 million) and included a net cost of $8 million to realign the cost base and prepare the business for increased energy costs which adversely affected trading results by $12 million in the year.

Boral's volumes in cement were 7% below the prior year and reflected a decline in construction activity and increased competition, particularly in Queensland. Average prices were marginally up on the prior year but remain capped as the strong Australian dollar continues to place pressure on import parity pricing.

In the lime business, sales volumes recovered by 6% following the decline in the prior year. This recovery resulted in the decision to restart the Galong kiln in New South Wales which was mothballed in January 2009.

The Asian construction materials operations grew profits and revenues when compared to the prior year. The Indonesian operation, with full year revenue of $156 million, delivered a strong performance while Thailand improved its returns in the year.

Other Businesses

The other business segment consists of the remaining construction related businesses which now include Dowell Windows and De Martin & Gasparini, the Group's Sydney based concrete placing business.

Revenue in the year was $294 million, 13% above last year. Windows revenue at $158 million was 12% ahead of the prior year with stronger residential housing activity contributing to the result. An improving outlook for windows core residential markets provides the basis for further progress in the year ahead.

De Martin & Gasparini has been a consistent performer with a niche position in the New South Wales concrete placing market. The business has excellent contracting skills and has benefited from government spending, particularly in the education sector.

Full year profits of $6 million were considerably above $2 million delivered in the prior year and reflect the improved results of Windows which significantly improved their operational performance in the year.

NEW STRATEGIC DIRECTION AS A PLATFORM FOR GROWTH

In July, Boral announced the completion of a six month review which resulted in major strategic and organisational changes designed to capitalise on the Group's strengths and provide a strong platform for growth.

The review identified the Group's core investment priorities as cement and construction materials in Australia, plasterboard in Australia and Asia, and brick, roof tile and masonry both in Australia and in the United States. The increased focus on these core markets and geographies combined with improvement in productivity and efficiencies is expected to grow margins, reduce working capital and improve customer service.

Boral's future strategy includes investment in its core Australian construction materials, cement and building products and subject to receiving final Board approval (which will be sought later in 2010), the Group proposes to invest circa $200 million over the next three years in the Peppertree quarry project near Marulan.

The Group will also invest circa $80 million in its Melbourne plasterboard plant. Once commissioned, the plant will have sufficient installed capacity to service growth in the southern states of Australia.

Boral's strategy includes a commitment to ongoing investment in the US market and in July it announced that it has agreed to acquire the balance of 50% interest it does not own in MonierLifetile for US$75 million. The MonierLifetile acquisition represents excellent value for Boral in a market that has been hit hard by the housing downturn but which we expect will recover over the next two to three years.

While still at its early stages, our program of operational and strategic change is making sound progress. The initial benchmarking from our LEAN manufacturing and sales and marketing excellence programmes validates our belief that operational improvements provide the best short term opportunity to deliver margin, earnings and cash flow improvement in the face of uncertain market conditions.

An essential building block in the Group's future strategy is our ambition to meet and exceed customer expectations, which we passionately believe will play a direct role in the Group's earnings growth. We have engaged the entire organisation in the implementation of the sales and marketing excellence initiative which is a structured process geared to delivering a leaner and more customer focused organisation.

There were several items with a pre-tax cost totalling A$285 million (A$222 million post tax) which were classified as significant in FY2010. Charges of A$93 million arose from the write down of the carrying values of several loss making, non-core businesses and $178 million in asset write downs related to underutilised and obsolete assets in Australia and the United States. A further $14 million was incurred in the group's restructuring activities.

We also announced and successfully concluded a capital raising of approximately $490 million to support future capital investments and growth, including the MonierLifetile acquisition described above.

In August the Group announced the disposal of the Scaffolding and Precast businesses for a consideration of circa $50 million. These businesses were not aligned to the strategic ambitions of the Group and collectively had FY2010 revenues of A$105 million and contributed A$19 million of losses.

By strengthening the Group's core operations and reinforcing the balance sheet, Boral now has the financial flexibility and competitive capabilities to capitalise on opportunities across each of our divisions and geographies, and in the process improve shareholder returns.

PROSPECTS - FY2011

The outlook for FY2011 remains difficult with historically weak market conditions remaining in the United States and mixed short term prospects in a number of our key markets in Australia.

In Construction Materials we expect moderately improved trading in our principal concrete market and lower earnings from asphalt and quarries due to exceptional project profits in the first half of FY2010.

In Cement we expect improved production volumes following the completion of our clinker stock reduction program in FY2010.

The Building Products businesses expect to make progress in volume, plant utilisation and efficiency in the year.

In the USA, the market is expected to remain difficult with pricing pressures remaining as an overhang of inventory works its way through the system.

Other businesses are expected to deliver improved results in FY2011. Windows will make further progress offsetting continued softness in commercial construction at De Martin & Gasparini.

Forecasting in the current economic climate continues to remain difficult. Current market conditions are expected to broadly continue during the first half of FY2011. Second half activity levels are expected to be stronger than in the December 2010 half but are difficult to forecast at this point in time. The actions taken from the strategic review provide a strong platform for increased growth and earnings when external conditions improve.

We will provide a trading update at Boral's Annual General Meeting on 4 November 2010.

RESULTS AT A GLANCE

(A$ million unless stated)

Year ended 30 June	2010	2009	% Change
Revenue	4,599	4,875	(6)
EBITDA[1]	505	539	(6)
EBIT[1]	252	276	(9)
Net interest[1]	(97)	(127)	24
Profit before tax[1]	155	149	4
Tax[1]	(22)	(17)	(29)
Minority interest	(1)	-	-
Underlying profit after tax[1]	**132**	**131**	**-**
Net significant items	(222)	11	
Profit after tax	**(91)**	**142**	
Cash flow from operating activities	459	419	10
Gross assets	5,209	5,491	(5)
Funds employed	3,809	4,268	(11)
Liabilities	2,583	2,738	(6)
Net debt	1,183	1,514	(22)
Growth & acquisition capital expenditure	61	77	(21)
Stay-in-business capital expenditure	119	163	(27)
Depreciation	253	263	(4)

Employees	14,806	14,766	-
Sales per employee, $ million	0.311	0.330	(6)
Net tangible asset backing, $ per share	3.92	4.12	(5)
EBITDA margin on sales[1], %	11.0	11.1	-
EBIT margin on sales[1], %	5.5	5.7	(4)
EBIT return on funds employed[1], %	6.6	6.5	
Return on equity[1], %	5.0	4.8	
Gearing			
Net debt/equity, %	45	55	
Net debt/net debt + equity, %	31	35	
Interest cover[1], times	2.4	2.2	
Underlying earnings per share[1], ¢	22.1	22.2	-
Dividend per share, ¢	13.5	13.0	4
Employee Safety: (per million hours worked)			
Lost time injury frequency rate	2.1	1.8	17
Recordable injury frequency rate	24.9	26.1	(5)

1. Excluding significant items

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