2011 ANNUAL GENERAL MEETING

3 NOVEMBER 2011

CHIEF EXECUTIVE'S ADDRESS

Mark Selway

Thank you Mr Chairman. Good morning Ladies and Gentlemen.

I am pleased to be here today and thank you for joining us at this year's AGM.

The Chairman has already commented on the Group results and I will provide you with a review of our Divisional performances, then an outline of what we've been up to during the year, before finishing with an overview of conditions experienced in the first quarter.

I will start with our largest division, Construction Materials, which includes Group operations involved in the production and supply of concrete, asphalt and quarry materials to the Australian building and construction sectors.

Full year revenue at $2.3 billion was 7% above last year with increased project work, particularly in Queensland, offsetting the effects of slower residential demand elsewhere.

Profit of $204 million was 1% higher than the prior year with increased results from quarries, concrete and property sales offsetting a decline in asphalt, where the benefits of exceptional profits featured in the first half of the prior year.

In response to the slow-down in residential housing our Construction Materials division has turned its attention to major projects in the resource sector. Our future order book now includes supply of concrete to LNG plants in Queensland and significant project work in Western Australia.

The Group continues to support our leadership positions in the construction materials sector, and in May the Board approved a $200 million investment in our Peppertree Quarry to further secure our leading position in the New South Wales aggregate market.

And in Ballarat our $30 million investment in a world-class quarry and processing plant was commissioned on time and on budget, again reinforcing our leadership position in that region.

Turning now to Building Products which includes the Group's operations involved in the manufacture and sale of plasterboard, timber, and clay & concrete products, for the housing and construction industries.

Full year revenue of $1.15 billion was 5% below the same period last year and profit was down 16% to $84 million, with operational efficiencies and strong market conditions in the first half being offset by exceptionally wet conditions and significant softening in residential housing, in the second half of the year.

Revenue from Australian Plasterboard increased 1% to $395 million, with a strong start to the year helped by Government stimulus work offsetting the effects of severe weather conditions and an underlying slow-down, particularly in Queensland in the second half of the year.

Revenue from Clay & Concrete at $499 million was down 7% and reflected a considerable decline in residential housing in Western Australia, South Australia and Queensland. Full year EBIT was significantly down and reflected the impact of lower volumes in the second half, which offset stronger results from roofing and masonry in the first half of the year.

The slowing housing and commercial markets have exposed the need to address the high fixed cost and low utilisation of our brick and masonry operations. We have implemented plans to close brick operations in Queensland and New South Wales and rationalise our masonry footprint on the east coast. Improved efficiency within the balance of operations will provide the capacity and geographic cover to service market needs while improving our returns.

Timber revenues of $256 million were down 7% when compared with last year, with lower demand in softwood mirroring tougher conditions in hardwood and in distribution. Margins and profits reduced when compared to the prior year, due to lower activity in our core Queensland market, and weather related impacts on log supply and mill efficiency.

The impact of the Queensland floods was most severely felt on the Group's plywood business. Following an extensive review of the options the decision was taken to permanently close the operation and a subsequent $20 million dollar profit was included as a significant item in the 2011 accounts.

Moving now to our Cement division, which includes our Australian Cement businesses, the Group's construction materials operations in Asia and our joint venture with Adelaide Brighton in Queensland.

The Cement division reported increased year on year revenues and profits, due to construction demand across Victoria and New South Wales, and increased lime sales to the Australian steel sector.

Revenue of $540 million was 5% above last year reflecting improved construction activities in Australia and stronger market conditions in both Thailand and Indonesia. EBIT was up 9% to $96 million and reflected a normal cycle of production following kiln shutdowns in the prior year.

Cement revenue here in Australia of $312 million was 10% above last year supported by strong project volumes in New South Wales and good premixed concrete demand in New South Wales and Victoria.

The Australian lime business is largely involved in the supply of lime to the steel industry, and BlueScope's recent decision to close one of its furnaces has unfortunately led to the decision to close our kiln at Galong. This will have a profit impact before mitigation of about $13 million and plans for its longer term future are currently being considered.

Our businesses in Asia performed well in continued strong markets throughout the region.

Turning now to the United States, which includes the Group's cladding, roofing and construction materials operations. Revenue of $431 million was 19% above the same period last year, while losses were lower by 5%. This improvement was despite monthly annualised housing starts being down 3.7% to 571,000 which compares to a ten year average of 1.5 million.

EBIT continued to be impacted by historically low volumes and poor utilisation of fixed plant. Losses reduced to $99 million against $104 million in the prior year reflecting the benefits of favourable currency translation and operational improvements offset in part by incremental trading losses from Monier Lifetile and first time fully consolidated loss from Cultured Stone.

The US cladding businesses include brick-making operations, our Cultured Stone business and the Group's extensive sales and distribution network. On a local currency basis, revenues, margins and volumes all declined in proportion with the market. Less than 25% of installed capacity was required to satisfy last year's demand.

In bricks, our plant in Georgia has been mothballed since November 2007 and Phenix City in Alabama, since June 2008. In order to restart these operations the market would have to return to peak conditions. Given that their products can be replicated at more efficient plants the decision was taken to close them permanently at a cost of $8 million which was included as a significant item in last year's accounts.

The US roofing operations are the leading suppliers of roof tiles to the residential new build market and consists of 13 plants in the United States, one in Mexico and a small joint venture in Trinidad. Like for like revenue was down 2% and largely mirrored the cycle of new build activity. Margins on a combined basis improved and benefitted from the successful delivery of synergies and improved operational efficiencies from MonierLifetile.

Our US Construction Materials businesses include quarry and concrete operations in Oklahoma and Colorado and the Group's flyash distribution business, BMTI. Collective returns were up in local currency by 5%, largely as a result of market share recoveries in Colorado. Despite ongoing pricing pressures the combined businesses returned considerably improved earnings due to lower take or pay costs in the flyash business and some volume recovery in concrete and quarries.

The final segment includes Dowell Windows and De Martin & Gasparini, our Sydney-based concrete placing business.

Full year revenue at $286 million was 3% below last year while profits at $8 million were well above the $6 million delivered in the prior year.

Before I finish up with a review of current market conditions I thought it may be useful to summarise the Group's achievements since the last Annual General Meeting.

In FY 2011, despite difficult market conditions, before significant items, the Group delivered net profit after tax ahead of market expectations and 20% above the prior financial year.

We also made excellent progress in our improvement actions. Plant efficiency and uptime is showing excellent progress and I am delighted with the way our employees have embraced the improvement initiatives. The increased spend in plant maintenance and stay in business Capex has made a real difference and is expected to accelerate our improvements during 2012.

Our sales and marketing excellence programme is also making sound progress. Cross-divisional sales forums have generated significant orders and are bringing greater clarity and discipline to pricing across all of our operations.

The Group's innovation program has been rolled out through the United States and is now gaining momentum across the balance of the organisation. We have increased research funding to deliver new building materials which respond to changing customer needs and market trends.

Last year we put definition to our portfolio priorities and confirmed that Cement and Construction Materials in Australia, Plasterboard in Australia and Asia and cladding and roofing in the United States and Australia are all core areas for growth.

Since then the Group has divested a number of non-core businesses and made several strategic moves which have strengthened our positions in these core areas.

In August 2010, we announced the sale of our underperforming precast panels and scaffolding businesses which helped streamline our operations and improve the focus of the Group.

In December of that year we announced the acquisition of Cultured Stone in the United States, the leading supplier of stone veneer to the residential and commercial property market. We were creative in the way we structured the deal by sharing in the short term market risks while gaining control of a highly attractive and aligned business at the low point in the cycle.

In April of this year, the Group announced the acquisition of Wagners' concrete and quarry assets in Queensland for a total consideration of $173 million. This acquisition extends the geographic reach of Construction Materials in attractive and growing markets. Completion remains subject to clearance from the ACCC which we hope to receive in the not too distant future.

In July the Group also announced the acquisition of Sunshine Coast Quarries and Concrete for a total consideration of $81 million. The quarry asset is an efficient operation with long term high quality reserves which will replace our existing Coolum quarry which is approaching the end of its useful life. This acquisition was cleared by the ACCC late last month.

Subsequent to the year end, the Group announced its agreement to acquire a leading position in the high growth plasterboard market in Asia through the purchase of the balance of shares in LBGA for a headline price of $598 million.

As a bit of background, LBGA is joint venture between Boral and Lafarge which was first formed in 2000 with a specific objective of building a leadership position for plasterboard and interior lining products in the Asian region.

LBGA now has annual revenue of over US $500 million and includes a network of 21 manufacturing operations in eight countries which trade and export to more than 30 countries within the Asian region.

LBGA's market presence in Asia is impressive and today includes a total suite of interior lining products including plasterboard, ceiling tiles, metal studs, compounds and plasters.

LBGA has been a remarkable success story and was the jewel in the crown in Lafarge's global plasterboard businesses. The company's exceptional growth has been delivered through a combination of growing geographic reach, growth in end markets and increased penetration of plasterboard.

In terms of organic growth the outlook for its most important markets of Korea, Thailand, Indonesia, China, Malaysia and India are all expected to experience sustained growth for the foreseeable future.

The second key driver for future growth relates to the increased penetration of plasterboard as the commercial and residential markets in Asia mature. You can see from the chart that China, Indonesia, Vietnam and India all significantly lag the plasterboard demand per capita of the more established economies of South Korea, Japan and traditional markets in the west.

We remain confident that the flexible characteristics of plasterboard, combined with increased personal wealth and demands for higher construction quality, all bode well for growing plasterboard penetration as those countries which currently lag the average continue to industrialise.

LBGA's leading positions and existing sales and distribution networks provide a solid foundation for our future development in Asia.

In addition to LBGA's excellent operational capabilities and modern well equipped plants, we are confident the Boral Production System provides opportunities to leverage best practice right across the Asia Pacific region.

In summary these are all exciting steps for the future and in my view tick all the right boxes for the Group.

They are of a size that will have a meaningful impact on the results of the group but not so large as to give us indigestion and from a market perspective, they are right in our line of sight and increase our exposure to high growth, higher margin sectors which were identified as core in our strategic review.

I will now finish with an update on current market conditions and trading during the first quarter of this financial year.

It has been a tough start to the year with continued economic uncertainty in the United States and the slower housing starts which we experienced here in Australia in the second half of last year continuing into the first half of this year.

In Construction Materials we expect to benefit from major project work which should deliver improved revenue and earnings in the full year with a bias to the second half. Property sales are expected to be about the same as last year with the majority in the second half of the year.

In Building Products volumes and plant utilisation have been affected by our significant exposure and continued softness in residential housing which commenced in the second half of 2011. Comparatively the first half results this year are likely to be similar to the second half of last year.

In Cement, volumes have remained broadly flat in Australia while Asia has experienced a solid start despite the flooding in Thailand. On balance we expect an improved first half result from Cement when compared to the second half of FY 2011, however it will be necessary to factor in the closure of Galong in our full year outlook.

The US market remains difficult and our team have done well to absorb the additional losses associated with MonierLifetile and Cultured Stone. Further permanent plant closures are currently being considered in response to the continued softness in the outlook for US housing. We expect a broadly similar result in the first half of 2012 when compared to the second half of last year, followed by an improvement in the full year performance underpinned by restructuring and closure of excess capacity.

When you put all this in the round, and given reasonable weather conditions in our core markets, despite a lower result in the first half of 2012 when compared to the first half of 2011, we expect first half performance to be broadly similar to the second half of 2011, followed by a stronger second half to the year. Given the mixed and conflicting economic data in many of our markets I will look to provide a further trading update at the time of the Group’s half year announcement.

Thank you.

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