

Boral



It's *not business as usual* at Boral



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Our 2008 Sustainability Report can be found on the reverse side of this Annual Review.

Financial calendar*

Ex dividend share trading commences	25 August 2008
Record date for final dividend	29 August 2008
Final dividend payable	18 September 2008
Annual General Meeting	24 October 2008
Half year	31 December 2008
Half year profit announcement	11 February 2009
Ex dividend share trading commences	23 February 2009
Record date for interim dividend	27 February 2009
Interim dividend payable	3 April 2009
Year end	30 June 2009

* Timing of events is subject to change.

The Annual General Meeting of Boral Limited will be held at the City Recital Hall, Angel Place, Sydney on Friday 24 October at 10.30am.

The Annual Review includes a concise report containing abbreviated financial statements. Detailed financial statements are available in the separate 2008 Financial Report, which shareholders may access on Boral's website www.boral.com.au or request free of charge by phoning Boral's share registry on (02) 8280 7133 or via email to registrars@linkmarketservices.com.au or by writing to Link Market Services, Locked Bag A14, Sydney South NSW 1235.

Boral Limited is a company limited by shares, incorporated and domiciled in Australia.

Front Cover: The 20km long Gateway Motorway upgrade project in Brisbane includes the duplication of the Gateway Bridge. The new 1.6km long bridge will link both sides of the Brisbane River with its 130 metre long and 80 metre high mainspan.

Boral has been working with the developer, Leighton Abigroup Joint Venture on this project for Queensland Motorways Limited. We delivered 156,000m³ of concrete to the project in 2007/08 and will supply a total of 250,000m³ by the completion of the project.

Boral Limited

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Stock Exchange Listing

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CEO and Managing Director

Rod Pearce

Chief Financial Officer

Ken Barton

Company Secretary

Michael Scobie

Auditor

KPMG

It's *not business as usual* at Boral

Boral is an integrated, resource-based manufacturing company with strong upstream and downstream positions in building and construction materials markets in Australia, the USA and in Asia.

The markets in which we operate are cyclical in nature. Dealing with cyclical market swings is *business as usual* for Boral, but in 2008, it is *not business as usual*. The spectacular cyclical downturn in the USA has coincided with several other extraordinary factors to create a particularly challenging business environment.

Boral's 2008 performance highlights the growing importance of Boral's largest reporting group, Construction Materials, Australia. Strengthening results from the Australian business (despite the continued housing downturn) partially offset a dramatic decline in Boral's offshore earnings.

Key financial results for 2008:

- Net reported profit after tax down 19% to **\$243 million**
- Sales revenue up 6% to **\$5.2 billion**
- EBITDA¹ down 10% to **\$688 million**
 - Australian EBITDA up 9% to **\$657 million**
 - Offshore EBITDA down 82% to **\$27 million**
- EBITDA¹ to sales margin of **13.2%**
- Earnings per share¹ down 17% to **41.4 cents**
- Full year fully franked dividend maintained at **34 cents**

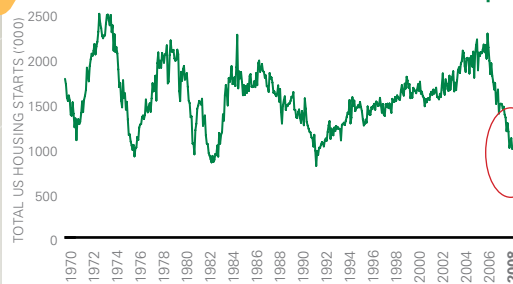
1. Excluding significant item

Challenges

Boral faces a number of **challenges** due to several extraordinary external factors. These simultaneous events have created a business environment that is *not business as usual*.

1

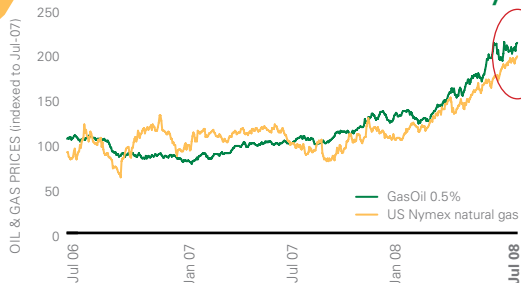
US housing activity down 45% from its 2006 peak



In 2007/08 total US housing starts were down 27% to 1.13 million compared to 1.55 million in the prior year, leading to Boral's USA EBIT decreasing from a A\$95 million profit to a A\$27 million loss.

2

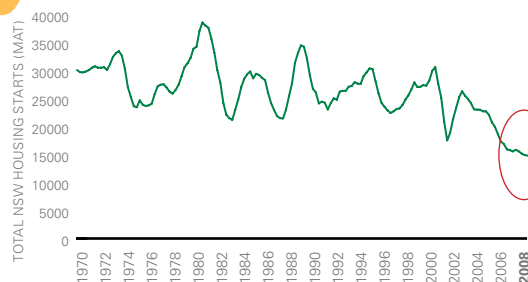
Energy and other input costs increase dramatically during 2008



Overall Boral's costs grew by 6.5%. For example GasOil and Natural Gas prices up 112% and 97% respectively, impacting transport and manufacturing costs.

3

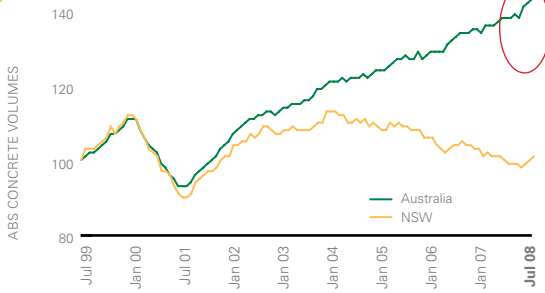
NSW housing activity at 40 year lows



Australian housing activity remains at low levels, and well short of underlying demand – especially in NSW where Boral earns around 40% of its Australian revenues.

4

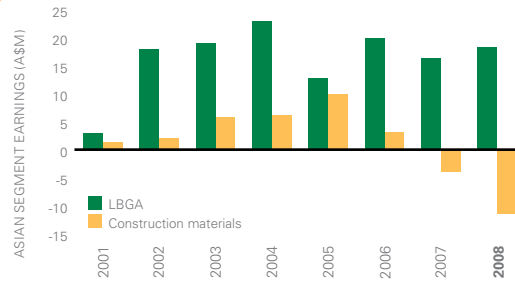
Demand for concrete in Australia at record levels



Solid levels of infrastructure and non-dwelling activity drove industry concrete volumes up 7%, and Boral's Construction Materials EBIT up 10% to A\$351 million. To meet this growing demand, Boral is investing in further construction materials capacity.

5

Despite plasterboard growth, Asian profits declined by A\$5 million



While plasterboard markets improved, contributing to a 29% increase in LBGA's underlying earnings (before exchange rate impacts), Asian construction materials margins fell significantly and trading conditions remain challenging.

6

Global credit crisis impacts liquidity and borrowings



A global credit tightening was experienced in 2007/08 leading to diminished market liquidity and higher borrowing costs.

7

Government progresses emissions trading scheme



The "Carbon Pollution Reduction Scheme", scheduled for introduction in 2010, will impact emissions-intensive, trade-exposed (EITE) industries such as the cement industry. Recognition of cement as an EITE industry and provision of a "level playing field" for domestic competitors and importers is vital for Boral.

Response

We recognise that in a *not business as usual* environment, the best **response** is to focus on the things that are within our control and to do them particularly well.

1

To manage *the major downturn in US housing activity*, Boral is implementing a rigorous cost saving and plant slowdown program, but still investing for market recovery.

- US\$42.5 million of cost saving programs in Bricks and MonierLifetile (Boral's share) have been implemented, with US\$11 million of savings already delivered. An incremental benefit of US\$31.5 million is expected in 2008/09. An extensive plant slowdown/mothballing program is in place in bricks and roof tiles to match production with sales and avoid an inventory build. By year end, utilisation was ~40% and ~30% in bricks and roof tiles, respectively.
- A new US\$55 million brick plant in Terre Haute, Indiana, and a US\$30 million clay tile plant in Lone, California were commissioned in 2008. These new plants position Boral well when markets recover and, during the downturn, these low cost plants will operate at high utilisation, allowing higher cost capacity to be mothballed.
- We are embarking on a step change program in the Denver and Oklahoma construction materials businesses including plant optimisation, an alternative fuels study and integration of systems and overheads.

2

To manage *energy, fuel and other cost increases*, Boral is increasing prices and investing in alternative fuel strategies.

- We are strongly focused on recovering costs through price increases. In Australia we have announced August / September 2008 price increases in concrete (\$12.50 per cubic metre), quarries (\$1 - \$3 per tonne), and cement (\$15 per tonne). Additionally, price increases have been announced for most building products and fuel price levies introduced for bricks, roof tiles and masonry products.
- In the USA, price increases and energy surcharges have been announced and an through alternative fuels strategy the new Terre Haute brick plant is operating on up to 80% landfill gas, and overall in the US brick business, we are targeting to source around 30% of energy from alternative (lower cost) fuels.
- Performance Enhancement Programs (PEP) across the company delivered \$151 million of savings in 2007/08, a 3.4% reduction in compressible costs.

3

Despite the *protracted housing downturn in Australia, especially in NSW*, Boral's price management and capacity planning strategies are allowing the Company to remain competitive.

- Despite volume pressures, Building Products earnings increased due to disciplined price and cost management programs.
- Matching production with sales demand continues, with East Coast brick plant utilisation ~75% in 2008. Post year end, Boral's Grafton parquetery plant was closed and production at the Walcha timber mill was suspended as a result of the continued NSW downturn and high input costs.
- Growth investments have been directed to higher growth states. Boral's new low-cost plasterboard plant at Pinkenba, which was commissioned in 2008 for a net investment of ~\$119 million, will supply a growing Queensland market.

4

Infrastructure activity is delivering *record levels of demand for concrete in Australia*, (outside NSW), with Boral investing to supply growing markets.

- Around 45% of Boral's A\$2.3 billion of growth spend since demerger has been invested into construction materials to increase cement capacity, maximise quarry output and expand Boral's concrete and asphalt networks into growth regions around Australia. An A\$85 million (total) investment is underway in Sunstate Cement to lift clinker storage and cement grinding capacity from 1.0 million to 1.5 million tonnes per annum.
- Low levels of demand in NSW are resulting in under-utilisation of the Berrima cement works with excess capacity being used to supply wholesale purchases and to supply interstate.

5

With *mixed conditions across Asia*, cost disciplines, price increases (where possible) and investments to strengthen Boral's leading positions are continuing.

- In the LBGA plasterboard joint venture, price increases and a structured cost reduction program have offset input cost increases and enhanced margins.
- LBGA's leading positions continue to strengthen. US\$70 million was invested into new plants in Dangjin (Korea), Chengdu (China) and Rajasthan (India) with commissioning completed in 2008. A further US\$48 million investment in Baoshan (China) was announced in August 2008.
- In construction materials, focus is on delivering improved results through targeted volume growth, cost disciplines, and where possible, price increases. Due to continued challenging conditions, in FY08 we wrote-off the \$31.9 million of goodwill which arose on acquisition of the Thailand business in 2004.

6

Despite the *global credit crisis*, Boral maintains a robust balance sheet and continues its value adding capital management initiatives.

- Boral's balance sheet remains robust, with gearing (debt/equity) of 52% within our target of 40%-70%. Cash flow from operations increased by \$100 million to \$582 million in FY08 and stay-in-business capital expenditure was maintained at 70% of depreciation.
- Value-adding capital management initiatives were undertaken including a \$114 million off-market share buy-back, which was completed in April 2008.
- In April 2008, we completed an issuance of US\$382 million of 10 and 12 year unsecured notes in the US private placement market and following year end a US\$600 million note issuance facility expiring in August 2009 was replaced by a US\$700 million facility expiring in August 2011. Boral's debt maturity now averages around 6 years. Our facilities ensure funding is available for current projects and potential market opportunities.

7

To manage the impact of the *introduction of an Australian emissions trading scheme*, Boral is improving its energy and emissions reporting, and investing in emissions abatement programs.

- The Government's Green Paper on the Carbon Pollution Reduction Scheme indicates that the cement and lime industries are likely to be recognised as EITE industries and that compensation will take place for such industries. We remain concerned about the phasing out of compensation over time.
- Boral's 2007/08 emissions of 3.79 million tonnes CO_{2-e} were 1% higher than the prior year due to a lift in production volumes in Australia, largely offset by a decline in USA emissions.
- Our focus on reducing emissions continues, particularly in cement, transport and brick operations. Our emissions produced per unit of cementitious material sold is 13% lower than 1990 levels. In the USA, 30% of our energy use is currently sourced from lower cost, lower greenhouse gas intensive alternative fuels.

Chairman's Review

A solid 2007/08 result in challenging conditions

2007/08 was a challenging year for many of Boral's businesses, particularly our building products businesses in the USA and construction materials operations in Asia. In Australia, our businesses in New South Wales continued to face low levels of activity, but elsewhere around the country strong levels of infrastructure and non-dwellings activity saw volume lifts and solid improvements in earnings.

We reported a 6% increase in sales revenue to \$5.2 billion but a 10% decline in Boral's underlying EBITDA¹ (earnings before interest, tax, depreciation and amortisation) to \$688 million. Our reported profit after tax (PAT) of \$243 million was down 19% and underlying PAT of \$247 million (excluding goodwill and tax provision adjustments) was 17% lower.

In Australia, housing activity remained at low levels, especially in New South Wales. However, the overall value of work done in Australian building and construction was up by nearly 5% year-on-year as increased work in Australian non-dwellings and major projects offset the soft housing market. Boral's Australian sales revenues were up 13% due to solid price gains, volume increases and growth benefits. EBITDA in Construction Materials was up 8% to \$489 million and in Building Products was up 11% to \$168 million. The results were underpinned by strong markets in Queensland and Victoria which offset softer conditions in Western Australian housing activity and continued weakness in New South Wales.

In the USA, the continued deterioration in the housing market, particularly in the second half of the year, saw a 13% decline in US dollar revenues and a decrease in EBITDA from US\$102 million to US\$10 million. Total housing starts were down 27% year-on-year to 1.13 million starts. This compares with peak levels of demand above 2.0 million starts experienced just a couple of years ago in 2005/06. Lower volumes, increased raw material costs and one-off costs (of US\$4 million) associated with programs

to reconfigure our brick and roof tile networks contributed to the severe fall in earnings.

In Asia, improvements in housing markets in Indonesia, China and South Korea benefited our joint venture plasterboard business, LBGA. LBGA's earnings in US dollars were up 29% before exchange rate impacts, reflecting volume and price increases as well as benefits from cost reductions and growth initiatives. In Australian dollars, Boral's equity accounted profit from LBGA was up 12% to \$18.1 million. Unfortunately, this was offset by a decline in earnings from Boral's construction materials operations in Indonesia and Thailand. Overall, EBITDA from Asia was down 22% to \$16 million. We continue to face challenging market conditions in our Thailand concrete and quarry business and we have written off the \$31.9 million of goodwill which arose on acquisition of the business in July 2004.

A focus on managing well through the downturns

The US business has been very profitable and a strong contributor to Boral's earnings over the years. When market conditions were strong in 2005/06 the business delivered an EBIT profit of A\$186 million compared with a loss of A\$27 million in 2007/08.

No-one enjoys reporting a decline in annual earnings or losses from any business, especially those that have historically delivered substantial returns and have very strong manufacturing and market positions. Whilst the result is disappointing, we have long-term confidence in Boral's US markets and our management who we believe are doing a commendable job of managing the US business through the downturn.

It is well understood within the Company that reducing fixed costs, increasing prices and avoiding a build in inventory levels by matching production with sales volumes are critically important during the downturn. Our plant network optimisation and structured cost reduction programs in bricks and roof

tiles are reducing the adverse impacts of historically low sales volumes.

Management expects that benefits from the step change program in bricks together with Boral's share of benefits from the MonierLifetile step change program will deliver Boral an incremental benefit of US\$31.5 million in 2008/09 on top of the US\$11 million delivered in 2007/08.

Whilst in Australia the housing downturn has been far less severe, it has been a very long and slow downturn that has seen reduced profitability since the peak in 2003/04. Boral's businesses, particularly on the East Coast, have managed the reduced volumes through an ongoing program of plant slowdowns and temporary closures. Our East Coast brick business continues to operate at around 75% of capacity to avoid over-producing bricks, which in past downturns has led to price pressures to move stock. Pleasingly, prices have held or increased through the housing downturn, despite volume pressures.

Shareholder returns

A decline in Boral's share price of 37% during the year reflected the impacts of the broader equities markets coupled with the earnings impact of the USA and New South Wales housing downturns.

Despite cyclical earnings pressures, a full year fully franked dividend of 34.0 cents per share has been maintained for four years. The full year dividend represents a grossed up dividend yield of 7.3% per annum (after franking) on Boral's weighted average share price for the year of \$6.65.

Boral's total shareholder return (TSR) from share price appreciation and dividends was 16% per annum over the eight and a half years from demerger to 30 June 2008, which placed the stock in the second quartile of the ASX 100 companies over the same period. Boral's TSR under-performed in 2007/08 with a TSR of -33% compared with the TSR of the ASX 100 Index over the period of -16%.

“It is well understood within the Company that reducing fixed costs, increasing prices and avoiding a build in inventory levels by matching production with sales volumes are critically important during the downturn.”

Ken Moss, CHAIRMAN

Boral's Board

Dr Bob Every was appointed as a non-executive Director of Boral Limited in September 2007. His appointment was confirmed at the 2007 Annual General Meeting.

Elizabeth Alexander, who joined the Board in 1994, will retire as a Director at this year's Annual General Meeting. Together with the Board, I acknowledge the significant contribution that Elizabeth has made to Boral, including her valued contribution as Chair of the Audit Committee.

At this year's Annual General Meeting, shareholders will be asked to confirm the appointment of a new Director with appropriate financial expertise to replace Elizabeth when she retires.

The Board remains confident in the ability of Boral's CEO and Managing Director, Rod Pearse, to deliver Boral's strategic imperatives. Currently in his ninth year of leading the Company, Rod continues to demonstrate Boral's Values of *leadership, respect, focus, performance and persistence*, which have underpinned Boral's strong and effective workplace culture.

Boral's people

The Board also remains confident in the ability of the Management Committee to deliver Boral's strategy.

The Management Committee has been a stable team of senior executives with considerable experience in Boral. In August 2008, however, Boral's long-serving Company Secretary and General Manager of Corporate Services, Michael Scobie, announced his intention to retire.

Michael, who joined Boral through the BMI acquisition in 1982 and has 35 years of service with both organisations, has contributed a great deal to Boral. On behalf of the Board I thank Michael for his valued contribution.

Margaret Taylor will take over the role of General Counsel and Company Secretary of Boral Limited from November 2008. Margaret joins Boral after 17 years with law firm Minter Ellison in Brisbane,

Sydney and London and almost two years as Regional Counsel Australia/Asia with BHP Billiton.

I thank Boral's management team and all of Boral's employees for their hard work and contribution over the past year.

Corporate governance and remuneration

Boral's Directors support appropriate and transparent corporate governance processes and controls. On page 32 to 37 of Boral's Annual Review, we report on our corporate governance activities in accordance with the Principles of Good Corporate Governance and Best Practice Recommendations of the ASX. The separate Remuneration Report for shareholders as part of the Directors' Report (on pages 42 to 49) provides extensive information on the Company's remuneration structures.

In reviewing the Remuneration Report it is important for shareholders to be mindful that executive remuneration is not driven solely by the level of Company profits. Executives are rewarded for managing their business according to pre-approved objectives, plans and budgets, and sometimes budgeted earnings are lower than previous years due to the cyclical nature of our markets.



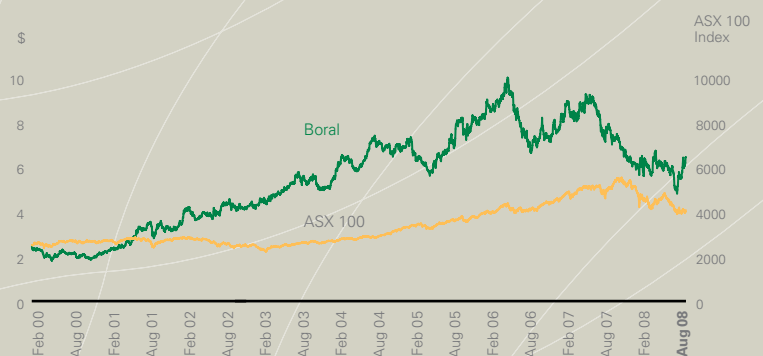
During 2007/08, the Board of Directors spent time meeting with Boral's customers, shareholders, market analysts, managers and employees.

We also spent time visiting Boral's US brick and roof tile operations and Boral's construction materials and plasterboard operations in Brisbane.

Whilst conditions remain challenging in some of Boral's key markets, the Directors believe that the Company is well positioned to deliver long-term shareholder value through the economic cycles. We look forward to a recovery in Boral's key markets which will strengthen Boral's ability to deliver improved returns for shareholders.

Ken Moss
Chairman

Share Price



Managing Director's Review

It's not business as usual at Boral

I am in my ninth year as Boral's CEO and Managing Director and my 14th year with the Company. I have seen Boral perform in good times and in challenging times. In many respects, managing through the challenging times is *business as usual* for a company like Boral that operates in cyclical markets, but 2007/08 was *not business as usual*.

Several extraordinary external factors coincided to create a particularly challenging business environment.

Managing through a "generational" downturn in US housing activity

The dramatic decline in US housing activity is a generational downturn. With dwelling starts some 45% below its peak in 2006 and likely to fall to around half of sustainable underlying demand in 2008/09, the USA has not experienced such a severe decline in housing activity for at least 25 years. This is *not business as usual*.

In 2007/08, total US housing starts were down 27% to 1.13 million compared to 1.55 million starts in the prior year and single family housing starts were down by a more significant 35%.

Boral's USA earnings before interest and tax (EBIT) decreased from a A\$95 million profit to a A\$27 million loss as a result of the dramatic deterioration in the housing market. Significantly lower volumes, increased raw material costs and one-off costs (US\$5 million associated with a specialty brick plant write-down and US\$4 million of costs associated with programs to reconfigure our brick and roof tile plants) contributed to the severe fall in US earnings.

A program of extensive plant slowdowns and mothballing is in place to match production with sales demand to avoid a build up of inventory. Going into the 2008/09 financial year, plant utilisation in concrete roof tiles remains less than 30%, with an average of 27% in 2007/08 compared to 48% in the prior year and around 75% in 2005/06. Brick capacity utilisation is around 40%, down from an average of 56% in 2007/08 and 79% in the previous year. During 2008/09 it is

planned that 10 of our 24 brick kilns in the USA will be mothballed and will not recommence until the market picks up. Only two kilns are expected to operate at capacity and the remaining 12 kilns will be slowed or temporarily closed.

In addition to the plant network optimisation program, we have been implementing a comprehensive cost reduction program. The benefits from these step change programs when fully implemented will be US\$30 million in the brick business and US\$25 million in the MonierLifetile concrete roof tile joint venture, with Boral's 50% share of MonierLifetile benefits being US\$12.5 million. These programs are expected to deliver an incremental benefit for Boral of US\$31.5 million in 2008/09. We are also initiating step changes in our US concrete and quarry businesses, which will bring further benefits in 2008/09 and 2009/10.

Despite the short-term imperative to streamline the business to reduce costs and minimise the impacts of the downturn, we continue to manage the business for the longer term. We have confidence in US markets and we believe that the underlying level of demand over the next 10 years is around 1.8 million starts per annum.

During the year, we commissioned a new US\$55 million brick plant in Terre Haute, Indiana, and a new US\$30 million clay tile plant in Lone, California. These new plants position Boral well when the market recovers. In the meantime, we will operate these low cost plants at high utilisation rates allowing older high cost capacity to be mothballed.

The protracted Australian housing downturn continues to impact, especially in New South Wales

Australian housing approvals of around 155,000 starts per annum are 15% to 20% below underlying demand. The New South Wales market is 40% below underlying demand. New South Wales is Boral's largest state market, and represents around 40% of our Australian revenues. New South Wales is experiencing housing activity at 40 year low levels. This is *not business as usual*

and is having a considerable impact on Boral's earnings.

Whilst activity in Victoria, Queensland and South Australia increased during the year, activity in all Australian states is below underlying demand. Further declines in New South Wales in 2007/08 together with continued weakening in the Western Australian detached housing market impacted Boral's building products and construction materials businesses.

We have been responding to the challenges of the protracted downturn through disciplined price management and a relentless focus on cost reduction programs. Pleasingly, despite volume pressures, EBIT from Building Products was up 15% to \$114 million in 2007/08.

A focus on matching production with sales demand continues. During the year, East Coast brick plant utilisation stayed at around 75%. Since year end, we have closed our Grafton parquetry plant and suspended production at our Walcha timber mill as a result of the continued New South Wales downturn combined with increasing input costs.

Growth investments have been directed to higher growth states including Boral's new low-cost, state-of-the-art plasterboard plant on the Port of Brisbane at Pinkenba, which was commissioned during the year. The new plant involved a net investment of around \$119 million and will supply a growing Queensland market and support broader supply constraints.

Our Perform & Grow strategy is allowing Boral to manage well through the downturn and has positioned the Company to deliver considerable benefits when housing markets recover in New South Wales, and in the USA.

Record levels of demand for concrete in Australia

Whilst concrete volumes in New South Wales are below where they were 10 years ago, concrete demand nationally has increased by around 40% over the same period, with volumes running at record levels in 2007/08.

"The dramatic decline in US housing activity is a 'generational' downturn. Some 45% below its peak in 2006, the USA has not experienced such a severe decline in housing activity for at least 25 years. This is *not business as usual*."

Rod Pearse, CEO AND MANAGING DIRECTOR

Solid levels of infrastructure and non-dwelling activity drove industry concrete volumes up 7%, and underpinned a 10% lift in Boral's Construction Materials EBIT to \$351 million.

Since the demerger of the Company in January 2000, around 45% of Boral's total growth spend of around \$2.3 billion has gone into construction materials businesses in Australia to strengthen our leading positions and meet growing demand. Despite this level of investment, we have been capacity constrained in some markets including cement and quarry capacity in Queensland and quarry capacity in Western Australia. We are continuing to invest further in these businesses, including an \$85 million investment in Boral's 50% owned Sunstate Cement joint venture, to increase clinker storage and cement grinding capacity by 50% to 1.5 million tonnes per annum.

Mixed conditions across Asia

Whilst construction materials demand has been strong in Australia, in Asia we have seen very challenging trading conditions for our concrete and quarry businesses in Indonesia and Thailand. Political uncertainty in Thailand has constrained investment in major project work and an oversupply of cement capacity has led to substantial concrete margin erosion. Significant input cost increases and a lack of pricing power have resulted in a significant price/cost squeeze. In Indonesia, where Boral has operated for more than 30 years, we are seeing some improvements but in Thailand we expect difficult conditions to continue for some time and we have therefore written off the \$31.9 million of goodwill which arose on acquisition of the business in July 2004. Our focus is on delivering improved results through targeted volume growth, cost disciplines and, where possible, price increases. We continue to explore opportunities to build an integrated cementitious position in Asia.

Conditions for our 50%-owned plasterboard joint venture business, LBGA, are far more favourable. A 29% increase in results from LBGA (before

Australian dollars exchange rate impacts) were better than expected, but with declining results from construction materials offsetting some of the gains, overall, Boral's earnings from Asia decreased by A\$5 million to A\$7 million in 2007/08.

In LBGA, price increases and a cost reduction program, *Excellence 2008*, have offset significant input cost increases and have enhanced margins. We continue to strengthen LBGA's leading plasterboard position in Asia through value-adding ongoing growth initiatives. A total of US\$70 million was invested into new plants in Dangjin (Korea), Chengdu (China) and Rajasthan (India) with commissioning of these plants completed in 2007/08. In August 2008, LBGA announced a further US\$48 million investment in Baoshan (China). LBGA is positioned well to take advantage of solid growth in the region of more than 10% per annum in most markets.

Significant energy, fuel and other cost increases

Across our entire portfolio of businesses in Asia, in the USA and in Australia, we have been feeling the impacts of higher input costs including record high energy and fuel prices. Oil prices are highly volatile, so the recent partial correction in prices may or may not indicate a sustained downward trend. We are assuming energy and fuel prices will stay at high levels and we are focused on recovering those costs through price increases and levies.

During the year, our cost base increased by around A\$284 million including higher fuel and energy costs, raw materials and labour costs. This increase represents an average 6.5% increase on our compressible costs, which is higher than any year since demerger.

We are strongly focused on recovering extraordinary cost increases through price increases in Australia. Thus we have announced a second round of price increases for concrete of \$12.50 per cubic metre, for quarry products of \$1 to \$3 per tonne, and for cement of \$15 per tonne, which were effective



August-September 2008. We have also announced price increases in Australia for bricks, roof tiles, plasterboard and timber products to build on 2007/08 price gains. Additionally, fuel levies or energy surcharges have been announced for bricks, roof tiles and masonry products in Australia and in the USA.

Cost savings from Boral's ongoing Performance Enhancement Programs (PEP) totalled \$151 million or 3.4% of compressible costs during the period.

Increased focus on reducing fuel and energy costs is also continuing. In the USA, a comprehensive alternative fuels strategy is underway to reduce reliance on fossil fuels and importantly to reduce costs. Boral's new Terre Haute brick plant is operating on around 80% landfill gas. Overall, 30% of our energy consumption in the US brick business is targeted to be sourced from alternative fuels.

Global credit crisis

A global credit tightening also added to the extraordinary economic headwinds experienced in 2007/08. Diminished liquidity and higher borrowing costs flowed through to corporate Australia.

We have focused on improving cash management, with cash flow from operations up by \$100 million to \$582 million in 2007/08. Stay-in-business capital expenditure was maintained at 70% of depreciation.

In April 2008, we completed the issuance of US\$382 million of 10 and 12 year unsecured notes in the US private placement market. Following year end, in August 2008, we replaced a US\$600 million note issuance facility expiring in August 2009 with a US\$700 million facility expiring in August 2011. These moves have lengthened Boral's debt maturity and increased our

Managing Director's Review continued

committed facilities to ensure adequate liquidity for current activities and potential market opportunities.

Because of Boral's strong cash flows and balance sheet, we were well positioned to undertake value-adding capital management initiatives during the year. In April 2008, we completed an off-market share buy-back of \$114 million, or 3.3% of issued shares, at \$5.65 per share.

Boral's balance sheet remains robust, with gearing (debt/equity) of 52% staying within our target range of 40% to 70%.

Introduction of an Australian emissions trading scheme

In July 2008, the Australian Government issued a Green Paper indicating its preferred options for an emissions trading scheme (ETS), which it has named a Carbon Pollution Reduction Scheme. The introduction of an ETS is *not business as usual*.

We support the introduction of an ETS to reduce greenhouse gas emissions. We are however concerned about the potential unintended economic consequences of a poorly designed scheme, especially on emissions-intensive, trade-exposed (EITE) industries such as the cement industry. It is critical that Australia does not adopt an ETS and an emissions target which will undermine our competitiveness compared to trading partners who have not taken similar initiatives which will serve to drive investment and emissions offshore.

There are many views on how a scheme could be designed to avoid this. The Business Council of Australia in its paper *Modelling Success: Designing an ETS that Works*, has proposed an option for addressing EITE industries. We support the proposal for the provision of full compensation to EITE industries for emissions above a threshold of emission costs of 3%-5% of value-add (profits plus labour). This option still sees EITE industries wearing a significant share of the cost and abatement burden but it provides greater investment certainty and gives industry a better chance to continue to effectively compete with imports and to invest for the future.

Outlook for 2008/09

Many of the extraordinary challenges that we faced in 2007/08 will stay with us in 2008/09.

We expect Australian dwelling starts to be broadly in line with last year at around 155,000 starts but a further decline in housing affordability in 2008 and high interest rates make this quite uncertain. If housing activity holds up, Building Products profits will remain steady, with effective price and cost management offsetting the impact of further softening in Western Australia and the entry of a new competitor into the Western Australian clay brick market.

We anticipate increased non-dwelling and infrastructure activity outside New South Wales which will favourably impact Construction Materials businesses in Australia. The already announced price increases should offset cost increases. We expect earnings from Quarry End Use activities to remain steady at around \$50 million, which will again be weighted heavily to the second half of the year. Construction Materials earnings from Australia should be stronger in 2008/09.

In the USA unsold new and existing house inventories remain at high levels, foreclosure rates have increased and there is uncertainty in credit markets. Market forecasters currently expect US housing starts to be around 900,000 in 2008/09, compared to annualised starts of around 1.0 million in the June half of 2008. Whilst lower volumes will adversely impact brick and roof tile sales volumes and earnings, increased benefits from significant cost reduction and network efficiency programs will be delivered. US construction materials markets are expected to be weaker. Overall, US earnings are expected to be lower in 2008/09.

We expect continued competitive market conditions and input cost pressures in Asia, particularly in construction materials.

We have targeted to deliver operating cost improvements from performance enhancement programs of at least 3% of compressible costs, and benefits from

growth programs will again enhance earnings.

It is too early to comment further on 2008/09 expected financial outcomes. We will provide an update on trading conditions at the Annual General Meeting on 24 October 2008.

Managing the business in a sustainable way

We remain focused on delivering value through the economic cycles. Our overarching objective of delivering superior returns in a sustainable way remains unchanged.

We have maintained momentum around our sustainability agenda despite the external challenges faced in 2007/08. Our current sustainability priorities, goals and performance are detailed in Boral's Sustainability Report, which forms part of this Annual Review.

Safety remains the highest of priorities across Boral. In 2007/08, Boral's safety performance as measured by lost time injury frequency rate (LTIFR) and percent hours lost, continued to improve. LTIFR of 2.5 for the year was an 11% improvement on the prior year, and percent hours lost also reduced by 11% to 0.08. This improved performance was pleasing. It was, however, overshadowed by the death of an employee in South Australia in a heavy vehicle accident in December 2007. We deeply regret this tragic accident and remain focused on eliminating all accidents, particularly serious workplace accidents that could risk the lives of employees and contractors.

I commend the focus and hard work of Boral's management and employees, particularly their commitment and persistence in challenging times.



Rod Pearce
CEO and Managing Director

“Despite the short-term imperative to streamline the business to reduce costs and minimise the impacts of the downturn, we continue to manage the business for the longer term.”

Rod Pearse, CEO AND MANAGING DIRECTOR

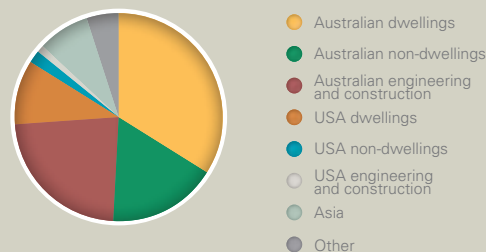
Recent and current major growth activities

Growth project	Current status
New 40 million m ² plasterboard plant in Queensland for net investment of ~\$119 million	Plant operational by end of May 2008. Early commissioning difficulties close to resolution. Completed.
\$21 million total investment in new asphalt plants in Queensland, Victoria and Western Australia	Construction of new asphalt plants at West Burleigh (August 2007) and Ipswich (September 2007) in Queensland, Geelong in Victoria (July 2007) and Welshpool in Western Australia (October 2007). Completed.
US\$84 million acquisition of assets of Schwarz Readymix concrete & sand business and quarry assets of Davis Arbuckle Materials in Oklahoma City	Positions Boral as the second largest concrete producer in Oklahoma City and includes a limestone quarry at Davis, Oklahoma. Combined operations have annual production of ~750,000 cubic yards of ready-mixed concrete and 1.6 million tons of sand and aggregates. Completed.
US\$10 million acquisition of sand and gravel reserves in Denver, Colorado	Reserves well located to supply the Denver market as existing reserves come to the end of their useful lives. Completed.
New US\$55 million, 120 million SBE US brick plant at Terre Haute, Indiana	Commissioning completed June 2008 quarter. This low cost plant will operate at high utilisation rates, reaching full production in FY09. Final spend was around 5% above original plan. Completed.
New US\$30 million, 130k square p.a., clay roof tile plant at Lone, California	Commissioning completed June 2008 quarter. The plant will operate at high capacity utilisation in FY09. Final capital costs were slightly ahead of announced US\$27.5 million expenditure. Completed.
US\$42 million total upgrade of LBGA's Dangjin plasterboard plant, near Seoul, to double capacity to 75 million m ²	Commissioning completed in December 2007 ahead of plan with investment cost below budget. Benefits will flow as the Korean residential market lifts. Completed.
US\$28 million (total) in new LBGA plasterboard plants in Rajasthan, India and Chengdu, China	New plants completed at Rajasthan, India (8 million m ²) in April 2008 and in Chengdu, China (10 million m ²) in June 2008, both ahead of plan with investment costs below budget. Completed.
\$85 million (total) to upgrade cement capacity of Sunstate Cement in Queensland	Expansion of clinker storage and grinding from 1.0 million to 1.5 million tonnes p.a. to meet growing Queensland demand. Completion of clinker storage due in September 2008 quarter and increased grinding capacity by June 2009 quarter.
\$44 million investment in new masonry plant at Middle Swan in Western Australia	New plant will replace high cost, ageing Cannington and Jandakot plants and lift Boral's Western Australia masonry capacity from 90,000 to 170,000 tonnes p.a. Cannington and Jandakot sites will be liberated for sale. Benefits to come shortly after commissioning in the September 2009 quarter.
Strengthening of concrete network in New South Wales (\$14 million) and Queensland (\$5 million)	Rebuilding Artarmon (New South Wales) concrete plant expected to be complete by December 2009. Replacement of Gladstone (Queensland) plant with new, higher capacity plant expected to be complete around June 2009.
US\$48 million (total) in new LBGA plasterboard plant (and land) at Baoshan, Shanghai, China (34 million m ²)	New Baoshan plant expected to be in operation in December 2009 quarter, with 34 million m ² p.a. capacity and flexibility to increase capacity in future.

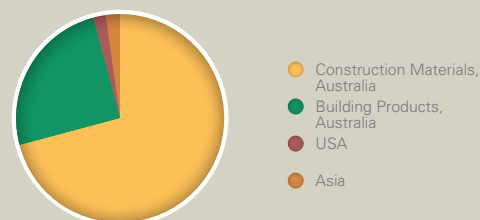
Financial Results

A\$ million unless stated

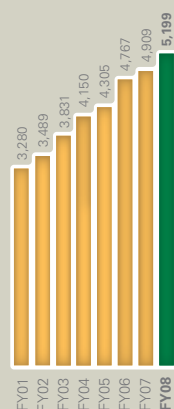
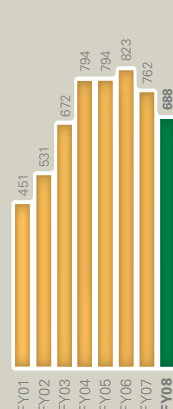
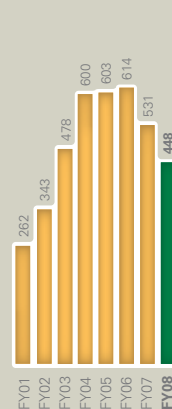
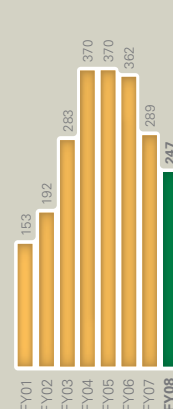
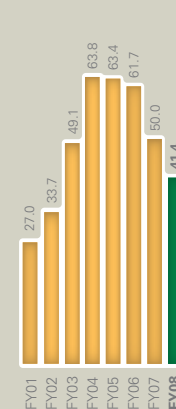
YEAR ENDED 30 JUNE	2008	2007	% CHANGE
Revenue	5,199	4,909	6
EBITDA ¹	688	762	(10)
EBIT ¹	448	531	(16)
Net interest	112	111	1
Profit before tax ¹	336	420	(20)
Tax ¹	90	122	(26)
Minority interest	1	0	
Underlying profit after tax¹	247	298	(17)
Net significant items	4	0	
Profit after tax	243	298	(19)
Cash flow from operating activities	582	482	21
Gross assets	5,895	5,817	1
Funds employed	4,425	4,470	(1)
Liabilities	2,985	2,829	6
Net debt	1,515	1,482	2
Growth and acquisition capital expenditure	327	226	45
Stay-in-business capital expenditure	169	192	(12)
Depreciation	240	231	4
Employees	15,928	16,194	(2)
Sales per employee, \$ million	0.326	0.303	8
Net asset backing, \$ per share	4.96	4.98	
Net tangible asset backing, \$ per share	4.41	4.41	
EBITDA margin on sales ¹ , %	13.2	15.5	(15)
EBIT margin on sales ¹ , %	8.6	10.8	(20)
EBIT return on funds employed ¹ , %	10.1	11.9	(15)
Return on equity ¹ , %	8.5	10.0	(15)
Gearing (net debt/equity), %	52	50	
Interest cover ¹ , times	4.0	4.8	
Underlying earnings per share ¹ , ¢	41.4	50	(17)
Dividend per share, ¢	34.0	34.0	
Safety:			
Lost time injury frequency rate	2.5	2.8	
Recordable injury frequency rate	26.7	27.8	

Share of revenue² by market

EBITDA by segment

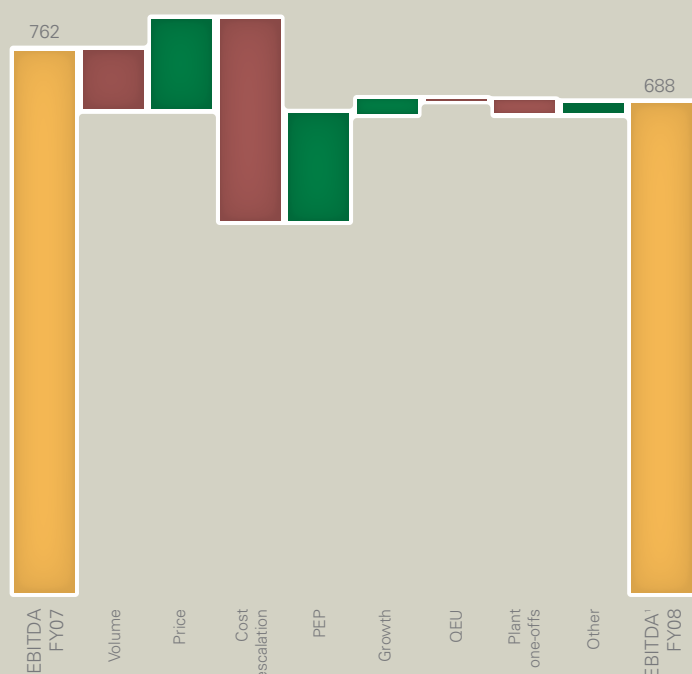


Sales revenue \$m

EBITDA¹ \$mEBIT¹ \$mProfit after tax¹ \$mEarnings per share¹ ¢

Company Announcements

EBITDA variance analysis (\$ million)



Volume

Substantial brick and roof tile housing related volume declines in the US offset overall volume growth in Australian businesses, particularly in quarry products. High levels of non-residential and infrastructure construction activity in all Australian states except New South Wales benefited volumes.

Price

Pricing outcomes in Australia were favourable despite housing activity remaining at low levels. Prices lifted by 3%-7% in cement, concrete and quarry products and 6% in timber, whilst bricks, roofing, masonry and plasterboard prices were up 1%-3%. Despite the severe housing downturn in the US, prices were only down in bricks and concrete roof tiles by 2% and 5% respectively, whilst clay roof tile prices were up 4%.

Costs and PEP

Cost savings of \$151 million were delivered from Performance Enhancement Programs (PEP), equal to 3.4% of compressible costs, however, costs increased by around 6.5%, or \$284 million, due in part to higher input costs in Australian Construction Materials, including raw materials, fuel, equipment and services that are competing with the booming resources sector. Low volume related production network inefficiencies in bricks in the US also impacted the result.

Growth and QEU

Benefits from growth initiatives contributed \$20 million, with the new Oklahoma construction materials business, Kiln 11 at Midland Brick and Union City brick plant being significant contributors. Boral's growth portfolio will be increasingly value-adding as markets recover and grow. Quarry End Use earnings were \$2 million lower than the prior year.

Plant one-offs

Plant slowdown and shutdown costs were around \$18 million, mostly due to extended temporary shutdowns in bricks particularly in the US, in response to lower sales volumes with the severe housing downturn.

19 August 2008

Boral announces an after tax profit of \$243 million for the year ended 30 June 2008, a 19% or \$55 million decrease on the PAT for the year ended 30 June 2007.

15 August 2008

Boral announces that its 50/50 plasterboard joint venture with Lafarge, Lafarge Boral Gypsum Asia (LBGA), intends to invest a total of US\$48 million to build a new plasterboard plant in Baoshan, China.

8 May 2008

Boral announces that due to the deterioration in market conditions in the US and poor weather in the March quarter, it is revising its guidance for its FY2008 result. Boral expects FY2008 PAT to be around the bottom end of analysts forecast range of \$234 million to \$256 million.

16 April 2008

Boral announces the successful completion of an issue of US\$382 million of Senior Unsecured Notes to institutions in the North American Traditional Private Placement market. The Notes are structured in two tranches comprising ten year and twelve year bullet maturities with fixed coupon rates of 7.12% pa and 7.22%, respectively.

7 April 2008

Boral announces the successful completion of its off-market buy-back tender. Boral will purchase 20.0 million, or 3.3%, of its fully paid ordinary shares. The Buy-Back price has been set at \$5.65 per share, which represents a discount of 13% to the Market Price of \$6.4922.

13 February 2008

Boral announces that it intends to buy back approximately \$100 million of its ordinary shares, through an off-market buy-back tender.

Boral announces a profit after tax (PAT) of \$132 million for the half year ended 31 December 2007, a 10% or \$15 million decrease on the PAT for the half year ended 31 December 2006.

Boral announces that it intends to build a new \$33 million concrete masonry plant at its Middle Swan (Midland Brick) site in Western Australia. The new masonry plant will replace Boral's existing 40-year old, high cost, low capacity Cannington plant more than doubling that sites' current output. [A subsequent announcement on 19 August 2008 as part of Boral's full year results announcement upgraded this project to a \$44 million masonry plant, which will also allow the older, high cost capacity at Jandakot to close.]

21 December 2007

Boral announces that it has entered transactions with DB RREEF for a total price of \$157.7 million for the sale of a 47.5 hectare parcel of land which forms approximately 66% or Boral's Greystanes Estate – Southern Employment Lands.

10 September 2007

Boral Chairman Ken Moss announces that Mark Rayner will retire as a non-executive Director of Boral Limited.

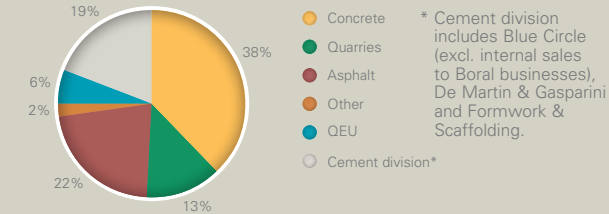
Boral Chairman Ken Moss announced the appointment of Dr Bob Every as a non-executive Director of Boral Limited.

¹ Excluding goodwill and tax provision adjustments. FY05 results onwards restated to reflect transition to A-IFRS accounting standards.

² Includes Boral's share of revenues from Asia Plasterboard and MonierLifetile joint ventures.

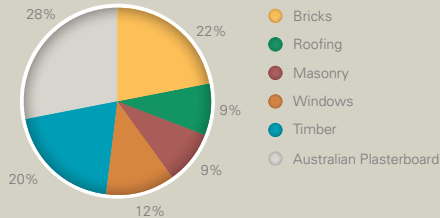
Construction Materials, Australia

Share of external revenue



Building Products, Australia

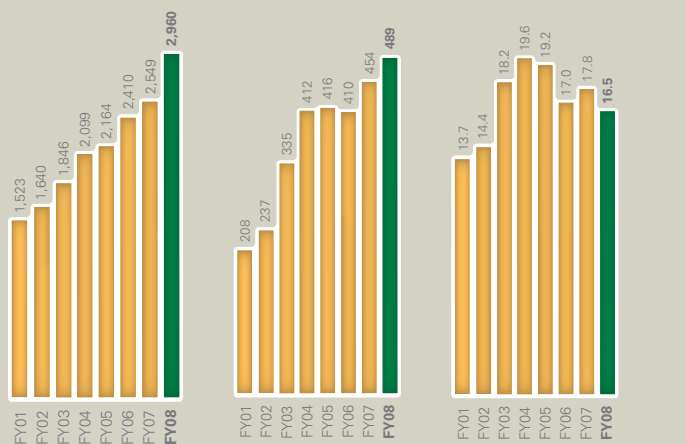
Share of external revenue



Revenue \$m

EBITDA¹ \$m

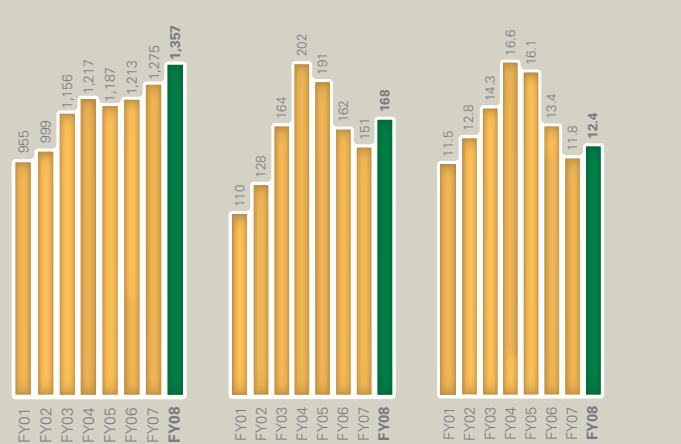
EBITDA/Revenue %



Revenue \$m

EBITDA¹ \$m

EBITDA/Revenue %



year ended 30 June	2008	2007	% change
<i>A\$ million unless stated</i>			
Sales revenue	2,960	2,549	16
EBITDA	489	454	8
EBIT	351	318	10
Capital expenditure ³	180	169	6
Funds employed ³	2,310	2,271	2
EBITDA return on sales, %	16.5	17.8	
EBIT return on sales, %	11.9	12.5	
EBIT return on funds employed, %	15.2	14.0	
Employees, number	5,798	5,838	(1)
Revenue per employee	0.511	0.437	17

Performance

- Stronger asphalt, quarries, cement and lime volumes were underpinned by high levels of non-dwellings and infrastructure major project activity in all states except New South Wales.
- Improvements in concrete, quarries and cement pricing together with \$88 million of PEP cost reductions contributed to the result.
- EBITDA margin of 16.5% was down due to higher input costs.
- Quarry End Use (QEU) contributed \$54 million of EBIT (\$56 million in prior year).

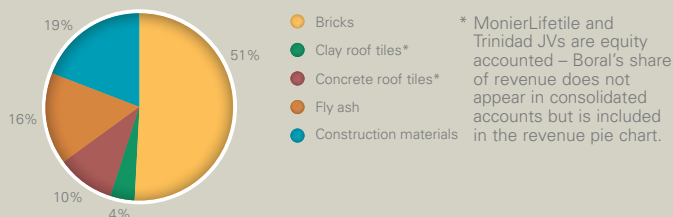
year ended 30 June	2008	2007	% change
<i>A\$ million unless stated</i>			
Sales revenue	1,357	1,275	6
EBITDA	168	151	11
EBIT	114	99	15
Capital expenditure ³	125	127	(1)
Funds employed ³	1,178	1,114	6
EBITDA return on sales, %	12.4	11.8	
EBIT return on sales, %	8.4	7.8	
EBIT return on funds employed, %	9.7	8.9	
Employees, number	4,080	4,107	(1)
Revenue per employee	0.333	0.311	7

Performance

- Whilst New South Wales housing activity remains very weak, a lift in activity in Queensland and South Australia offset weaker housing starts in Western Australia.
- Stronger pricing outcomes were reported across all building products and \$29 million of PEP cost reduction were delivered.
- Earnings increased in most businesses except bricks due to lower volumes in Western Australia and temporary plant closures.

USA

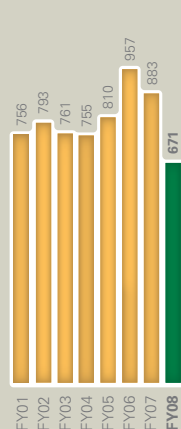
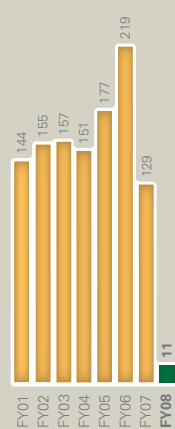
Share of external revenue



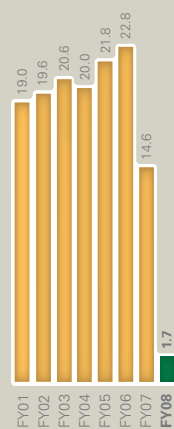
Asia

Includes Boral's Asian plasterboard joint venture with Lafarge² and Boral's Indonesian and Thailand construction materials businesses.

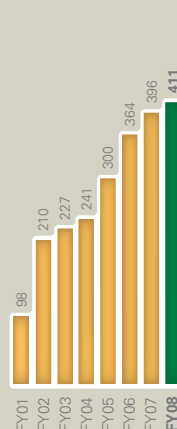
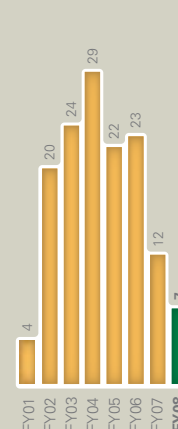
Revenue \$m

EBITDA¹ \$m

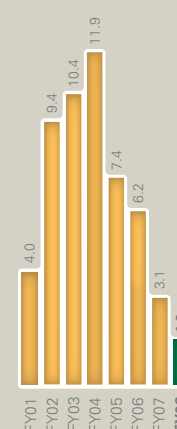
EBITDA/Revenue %



Revenue \$m

EBIT¹ \$m

EBIT/Revenue %



year ended 30 June	2008	2007	% change
<i>US\$ million</i>			
Sales revenue	607	699	(13)
EBITDA	10	102	(90)
EBIT	(25)	75	(133)
<i>A\$ million</i>			
Sales revenue	671	883	(24)
EBITDA	11	129	(91)
EBIT	(27)	95	(129)
Capital expenditure ³	180	100	(81)
Funds employed ³	789	813	(3)
EBITDA return on sales, %	1.7	14.6	
EBIT return on sales, %	(4.0)	10.7	
EBIT return on funds employed, %	(3.4)	11.6	
Employees, number	2,208	2,503	(12)
Revenue per employee	0.304	0.353	(14)

Performance

- US housing starts were down 27% to 1.13m compared to 1.55 million starts in FY07 and over 2.0 million starts in FY06.
- Lower volumes, increased raw material costs, and one-off costs to reconfigure production networks contributed to the severe fall in earnings.
- Prices held despite volume pressures.
- US\$24 million of PEP and other cost savings were delivered. Significant cost reduction initiatives continue to be implemented.
- Oklahoma construction materials acquisition favourably impacted the result.

year ended 30 June	2008	2007	% change
<i>A\$ million unless stated</i>			
Sales revenue	191	183	5
EBITDA ⁴	16	21	(22)
EBIT ⁴	7	12	(45)
Funds employed ³	285	376	
Return on funds employed, %	2.3	3.2	

Performance

- The Boral/Lafarge Asian plasterboard JV, LBGA, contributed an equity accounted profit after tax of \$18.1 million, which was 12% above the prior year.
- Before exchange rate impact the LBGA result was up 29% year on year in US dollars, reflecting continued improvement in market conditions in a number of key plasterboard markets together with price lifts, cost reductions and growth benefits.
- Construction Materials results were significantly down. In Indonesia, volumes were up but prices were flat and costs increased significantly. In Thailand, volumes were down by 1% and prices were down at the same time as cement and diesel costs continued to increase.
- With conditions remaining difficult in Thailand the \$31.9 million of goodwill which arose on acquisition of the business in July 2004 was written off during the year.

¹ EBITDA and EBIT results from FY05 onwards have been adjusted for A-IFRS.

² Boral's profits from LBGA are equity accounted and are after financing and tax. Boral's share of revenue from the LBGA joint venture do not appear in consolidated accounts, however, Boral's share of LBGA revenues is included in the revenue bar chart for Asia from FY01 onwards.

³ Capital expenditure and funds employed include acquisitions.

⁴ The Asia result excludes the \$31.9 million write-off of Thailand goodwill in FY08.



REVIEW OF OPERATING DIVISIONS

Australian Construction Materials

In 2007/08 sales from Australian Construction Materials were around 16% higher than the prior year. Performance was underpinned by strong trading conditions including strong non-dwelling and infrastructure activity, particularly in the resource rich states of Queensland, South Australia and Western Australia, and from our participation in Melbourne's EastLink project. Robust market conditions in these states, together with effective price management and disciplined cost reduction programs, more than offset weaker market conditions in New South Wales.

Boral's concrete volumes were 3% higher than last year. This was due largely to our participation in infrastructure activity and was despite the ongoing difficult trading conditions in New South Wales where detached dwelling construction activity remains at 40 year low levels. Strong pricing outcomes were achieved during the year, largely off-setting higher production and cartage costs.

Asphalt performed very strongly during the year with higher volumes underpinning a 26% lift in revenue. The improved result was driven by high levels of infrastructure activity such as

the EastLink project in Melbourne and highway upgrades in Brisbane, together with a favourable product mix. Margins remained at historically high levels despite bitumen cost escalation.

Quarry volumes were 10% higher than last year due to concrete and asphalt pull-through and participation in a number of infrastructure projects. Capacity constraints affected our businesses in Queensland, Victoria and Western Australia, leading to increased cost pressures from higher incremental costs from mobile plant and equipment hire, additional labour and campaign crushing. High fuel costs also impacted costs. These cost pressures were largely offset by price increases and cost reduction initiatives.

Boral's Quarry End Use (QEU) business contributed \$54 million of EBIT. This year, QEU earnings came from the George's Fair (Moorebank), Nelson's Ridge (Greystanes) and Southern Employment Land (Greystanes) developments, the sale of land at a number of locations including Gillman (South Australia) and from the Deer Park Western Landfill operation.

Outlook

We anticipate that high levels of non-dwelling and infrastructure activity will continue to favourably impact ACM during 2008/09. Concrete and quarry price increases that were announced effective 1 April 2008 will continue to flow through in 2008/09, augmented by additional increases of \$12.50 per cubic metre for concrete and \$1-\$3 per tonne for quarry products, which were announced effective 1 August 2008. QEU forecast earnings of around \$50 million will again be weighted heavily to the second half of 2008/09.

The Australian Construction Materials (ACM) division employs around 4,600 employees and 1,600 contractors in quarry, concrete, asphalt, transport and land development activities throughout Australia. With around 400 operating sites, ACM has a regional focus to serve Boral's local markets.

Quarries

Boral has leading quarry resource positions close to market and is Australia's leading quarry operator with around 100 quarries, sand pits and gravel operations producing products such as concrete aggregates, crushed rock, asphalt and sealing aggregates, road base materials, sands and gravels.

Concrete

The network of around 240 premix concrete plants produces a wide range of mixes in metropolitan and country areas. Boral is the largest national precast concrete provider through its investments in GoCrete in Perth and Giroto Precast operating in key markets on the East Coast.

Asphalt

Boral is a national supplier of asphalt with around 50 plants producing asphalt and other materials for the surfacing and maintenance of road networks.

Transport

The company-owned fleet totals around 400 vehicles providing bulk transport and logistics solutions to the construction materials businesses, other Boral divisions and to selected external freight

markets where it supports our internal business. Boral Transport manages approximately a further 300 contracted vehicles and drivers

Quarry End Use

QEU focuses on realising appropriate end uses for quarry properties and other Boral land assets that are nearing the end of their economic life. Current major QEU activities include development of the Greystanes Estate and the Moorebank brick plant redevelopment in Sydney and a 40% share in the Penrith Lakes Development Scheme.

“Across our construction materials businesses we have been facing acute cost pressures that threaten to erode margins and profitability. Strong commodity prices (particularly steel and diesel) have hurt us. We compete with resources companies for people and other inputs and this has also added to the cost pressures. We have had to work very hard to recover the extraordinary cost increases and we have been doing that through focused cost reduction programs and by announcing out of the ordinary price increases to the market.”

John Douglas, EXECUTIVE GENERAL MANAGER



Large scale infrastructure projects have been a key source of revenue for ACM, with growth in this segment forecast to continue. Major projects for which Boral is currently supplying include the Gateway Bridge in Brisbane, the Deer Park Bypass in Melbourne, the Sturt Highway in South Australia, the Hume Highway upgrade between NSW and Victoria, and the F3 upgrade in NSW. ACM has significant capacity and capability to meet the demands of such projects, as demonstrated by our successful participation in the EastLink motorway project in Melbourne.

Boral has successfully secured the leading industry position in South East Queensland with the largest consented reserves and best quarry network. Work over recent years on our quarry resource positions in Queensland has yielded eight resource extensions or greenfield sites in addition to four long-term extractive leases. In 2007, ACM obtained development approvals to convert un-consented resources to consented resources at four sites.



ACM has benefited from the mining “boom” as our large project capabilities make us an ideal partner in the development of new mines. ACM is supplying construction material for the development of the Boddington Gold Mine in Western Australia, the Oxiana Prominent Hill mine in South Australia and the Cadia Mine in New South Wales. Our mobile and relocatable equipment, as well as our transport capabilities, make us a valuable partner to the resources industry in the development of mines and infrastructure.

Boral’s Concrete Panels business is the largest national precast concrete provider in Australia. Giroto Precast supplies the major East Coast centres while GoCrete supplies the Perth market. An automated plant was commissioned for our GoCrete precast operations during the year, an example of our commitment to employ the latest technology to grow this business.





REVIEW OF OPERATING DIVISIONS

Cement

Blue Circle Cement volumes were up 6% on last year, underpinned by a substantial lift in Queensland and steady but strong volumes in Victoria. In New South Wales, core cement volumes were up marginally but the New South Wales business benefited from increased wholesale and interstate sales. Average cement prices were 3% higher than the prior year.

Lime volumes improved by 32%, primarily driven by increased usage intensity by the steel sector and lime prices were 9% higher.

Blue Circle's EBITDA improved due principally to increased volumes and prices as well as improved kiln operating levels. In the prior year (July 2006), there was a trunion failure at Berrima resulting in a three week outage and costing around \$5 million.

Formwork & Scaffolding experienced stronger volumes during the period, however, the business was impacted by pricing pressure and one-off costs resulting from branch rationalisation and stock write-downs. The national branch rationalisation project, which has reshaped the business, saw branch numbers reduce from 28 to 17 branches

during the year. The scale efficiencies that are expected from this program are necessary because of lower prices driven by low cost imports predominantly from China. Scaffolding utilisation increased during the period. EBITDA was lower.

De Martin & Gasparini reported higher revenues and relatively steady margins.

EBITDA from Dowell Windows was up on last year due to higher prices, ongoing tight cost controls and stronger volumes. Revenues increased with stronger sales in South Australia and Victoria in particular.

Construction Materials results in Asia were significantly down for the period. Whilst concrete volumes in Indonesia increased by 30%, including market share recovery, prices were flat in an environment where costs increased significantly, particularly diesel and cement. At the end of the year, concrete prices in Indonesia increased significantly, resulting in an improved level of margins and profitability.

Thailand concrete volumes were slightly down, with market share maintained, however, political uncertainty continued to impact large infrastructure projects

specifically and construction generally. Margin squeeze was experienced as prices reduced at the same time as cement and diesel costs continued to increase. In Thailand, we expect difficult conditions to continue for some time. During 2007/08 we wrote off the \$31.9 million of goodwill which arose on acquisition of the business in July 2004.

Outlook

Cement demand in Australia should remain well supported in 2008/09 by expected continued strength in non-dwellings and infrastructure activity outside of New South Wales. Global cement production costs have increased sharply, particularly coal and other energy costs, which has resulted in a higher import parity price, despite the appreciation of the Australian dollar. This has provided headroom for an increase in cement prices in Australia. Price increases ranging from \$10 to \$15 per tonne were implemented on 1 September 2008. Trading conditions are expected to remain challenging in Asia.

The division operates across 142 operating sites in Australia, Indonesia and Thailand and employs approximately 5,500 people (with around 3,500 in Asia).

Blue Circle Southern Cement (BCSC)

Blue Circle has 13 operating and four distribution sites. Major operations are in the Southern Highlands of NSW at Berrima where the dry process cement capacity is 1.4 million tonnes p.a. At Maldon, up to 300k tonnes p.a. of off-white and grey cement can be produced and there is a bagging and dry mix facility. BCSC markets fly ash acquired from power stations in NSW and has a 50% shareholding in Fly Ash Australia. In Victoria, at Waurin Ponds near Geelong, the dry process kiln has a capacity of 800k tonnes p.a. BCSC also has a 50% interest in Sunstate Cement which operates a cement milling facility in Brisbane.

Boral Limited Annual Review 2008

BCSC is a large producer of limestone for both internal and external customers from our substantial reserves at Marulan and at Galong in NSW. Lime is produced at Marulan and at Galong.

Boral Formwork & Scaffolding (BFS)

Boral is a leader in the hire and sale of formwork and scaffolding, providing engineering expertise to the construction industry. BFS has 17 depots around Australia with an increasing focus on new formwork products.

De Martin & Gasparini (DMG)

DMG is a specialist concrete placing business which has been servicing Sydney's construction industry for over 50 years. DMG has built its expertise in large pours, detailed formwork design and high strength concrete.

Dowell Windows

Boral's window businesses operate under various brand names including Dowell Windows. The business operates nationally through 14 window fabrication businesses focusing on supplying the residential builder market.

Indonesian Construction Materials

PT Jaya Readymix is the largest producer of premixed concrete in Indonesia, operating on 39 sites, predominantly located on the main island of Java. Its hard rock quarries produce aggregates for the Jakarta market. The business is expanding its concrete pipe and precast panels business.

Boral Thailand Concrete & Quarries

This business is one of Thailand's leading concrete and quarry businesses and operates around 53 concrete batch plants and quarries throughout the country.

“The most important challenge for us is to ensure the long-term sustainability of the cement industry in Australia. Cement is emissions-intensive and trade-exposed, and the introduction of an emissions trading scheme is a significant event. A well designed scheme should preserve Australia’s competitiveness, avoid carbon leakage and motivate actions to further reduce emissions.”

Phil Jobe, EXECUTIVE GENERAL MANAGER



Jayamix, a Boral subsidiary, the leading premix concrete company in Indonesia, has strongly improved health and safety performance during 2007/08 winning the Boral Award for Excellence in People Practices. The implementation of Boral’s hazard identification and safety management software system “SiteSafe” in Asia as well as the development and acceptance of detailed “Traffic Light” and other plant safety performance monitoring metrics has significantly reduced the number of lost time injuries from 6 to just 1 in 2007/08. The LTIFR has been reduced by 74% and % hours lost reduced by 42% on last year.

The \$85 million (total investment) upgrade of the cement capacity of Boral’s joint venture Sunstate Cement business in Queensland is underway and is expected to continue through to June 2009. The project will see clinker grinding capacity lift by 50% to 1.5 million tonnes p.a together with additional clinker, cement and fly ash storage capacity to meet growth in market demand in Queensland.

De Martin & Gasparini in conjunction with Boral Formwork & Scaffolding are building the new car park at the Sydney International Airport for the Sydney Airports Corporation. This project is an excellent example of collaboration across the division, with the structure of the carpark built by De Martin & Gasparini and formwork provided by Boral

Blue Circle is working with batch plants being used for road base paving, providing additional onsite cement and flyash storage to road projects such as the Coolac Bypass project, a 16km dual carriageway being constructed by Abigroup. Blue Circle has supplied 180k tonne of cement and flyash providing 1,300 tonne/day during peak demand for road projects in NSW. Work on these projects is expected to continue throughout 2008/09.





REVIEW OF OPERATING DIVISIONS

Clay & Concrete Products

Demand for Clay & Concrete Products is primarily driven by Australian dwelling construction, particularly detached housing. Again this year, market conditions varied widely between different states. Total Australian dwelling approvals were up 4% on the prior year, with detached housing starts up 3%. However, the division's two largest markets were both down with Western Australia down 13% and New South Wales down 1% to 40 year low levels.

Detached dwelling activity in Queensland, Victoria and South Australia were all up, which helped to offset the decline in Western Australia. Dwelling starts were around 155,000 starts in 2007/08, well below underlying demand levels of around 185,000 starts per annum.

Revenues were up 3% on the prior year, driven by a combination of higher selling prices but lower volumes. Due to these lower volumes, earnings for the division were slightly down on the prior year.

Sales volumes reflected the differing regional market conditions, with volumes above prior year in all states except Western Australia. Brick volumes were down 2%-3% nationally as declining conditions in Western Australia offset improvements in all other states. Roof

tile volumes were up 9% nationally driven by increases in all states except New South Wales. Masonry volumes were up 1% with declines in New South Wales and Victoria offset by increases in other states. Pricing outcomes were positive across all businesses. Average prices improved by around 3% in Bricks, 1%-2% in Roof Tiles, and by 2% in Masonry. Market shares were broadly stable throughout the year.

To match production levels to the weak market conditions a series of plant slowdowns and/or extended temporary shutdowns continued across the East Coast. Most clay manufacturing plants had extended shuts and multiple concrete products plants operated on reduced shifts. Manufacturing performance was favourable across the businesses when compared to the prior year except in Western Australia. Western Australia was adversely impacted by market driven lower production volumes and unscheduled production interruptions as a result of a clay shed fire and electricity supply interruptions resulting from the Varanus Island gas fire. In Roofing, benefits arose from the Springvale (Victoria) and Carole Park (Queensland) concrete tile plants which have both been upgraded in recent years.

Major business improvement programs continued to deliver in line with

expectations in the East Coast Bricks, Roofing and Masonry businesses.

Outlook

We expect 2008/09 dwelling commencements in Australia to be similar to the forecast level of around 155,000 for 2007/08. Earnings are expected to decline in 2008/09, driven by further softening in Western Australia residential dwelling activity and the entry of a new competitor into the Western Australian clay brick market. Effective price and cost management will provide some offset to this decline. Fuel price levies, effective 1 October 2008, have been announced for brick, roof tiles and masonry products and price increases have also been announced in bricks and roofing which will benefit the 2008/09 result.

Clay & Concrete Products has 43 Australian locations including 23 operating sites, and employs around 1,800 people and over 800 contractors. The products are sold in Australia, New Zealand and Asia.

Bricks

Boral is Australia's second largest producer of clay bricks and pavers. Boral is also an exporter of clay products to New Zealand, Japan and, increasingly, other Asian countries.

Bricks East comprises eight brick manufacturing sites in Victoria, New South Wales and Queensland.

Bricks West includes Midland Brick which is the largest clay brick manufacturer on one site in the world. Midland was established in 1945 and acquired by Boral in 1990.

Roofing

As Australia's second largest roof tile supplier, Boral competes in both the supply-only and supply-and-fix market segments. We operate four concrete roof tile plants in the cities of Brisbane, Sydney, Melbourne and Adelaide and one clay roof tile plant at Wye, on the New South Wales Central Coast.

Masonry

Boral is the leading manufacturer of concrete masonry products in Australia with manufacturing sites in five states. We are a recognised leader in the paving, landscaping and retaining wall segments and have an industry-leading range of products.

“Our businesses are fairly heavily exposed to the Australian housing market, which is continuing to track well below underlying demand levels. On the East Coast, we have been running our plants at sub-optimal levels for the past three or four years, in an effort to match production to sales volumes. We are using performance enhancement programs and price management to try to offset some of the lost profitability that comes with low volumes in a high fixed cost business.”

Keith Mitchelhill, EXECUTIVE GENERAL MANAGER



Several new product releases and an overall lift in the fashionability of the division's product range has assisted in improving the relative positioning of Boral's product range against competitor offerings.



During FY09, construction of a new \$44 million large format concrete masonry plant at Middle Swan, Western Australia will commence. When commissioned, the new operation will replace ageing plant at Cannington, remove existing production capacity constraints and facilitate exit from both the Cannington and Jandakot production sites, releasing them for redevelopment. The new plant will manufacture a wide range of walling and landscaping products at lower costs. It will also deliver a wide range of improved environmental and safety outcomes.

Commissioning of a \$6 million upgrade of the ageing Springvale concrete tile plant in Victoria delivered improved quality and lower costs and removed previous capacity constraints.





REVIEW OF OPERATING DIVISIONS

Timber

Whilst market activity levels remain low, Timber's revenues increased by 11% to \$273 million during the year, driven primarily by price rises and stronger demand for structural timber products in Queensland, formwork demand from the buoyant Australian concrete market, and an increase in flooring demand in the alterations and additions (A&A) market, particularly in the first half of the year.

Overall, Timber product prices improved 6% on average as a result of price increases and a favourable product mix. Increased log costs and wage escalation pressures were more than offset by price increases, including an improvement in residue prices and manufacturing efficiency gains at Herons Creek and at the engineered flooring operation at Murwillumbah. This resulted in Timber delivering a significant improvement in EBITDA compared with the prior year, driven primarily by improved softwood and hardwood prices, manufacturing costs and increased sales volumes.

Manufacturing performance continues to improve following the capacity investments during the year at the Oberon Softwood mill and the upgrade

at Herons Creek completed in the prior year. The engineered flooring operation also showed significant improvement during the year through improved plant efficiency. However, due to the overall market softness, inventory levels of hardwood and engineered flooring increased during the year. With demand in the New South Wales A&A market weakening in the second half of the year following interest rate rises, cost reduction was the focus.

In July and August 2008, Boral Timber ceased production at the higher cost South Grafton and Walcha hardwood mills due to the weak market conditions experienced in New South Wales and higher input costs.

Outlook

Demand for softwood and hardwood timber products is expected to remain relatively steady in 2008/09 with activity in New South Wales remaining depressed and a softening in Queensland volumes offset by a lift in Victoria. Supply of Australian hardwood and softwood timber products is expected to remain constrained in the year, providing a

favourable pricing environment, which is helpful in recovering higher cost inputs. PEP cost reduction initiatives and inventory reduction will be a major area of focus for 2008/09.

The Timber division employs around 800 people in its hardwood, softwood and plywood operations, located on the East Coast of Australia. Timber operates 17 manufacturing sites and six distribution outlets. Products are sold into the structural, commercial and renovation markets and are distributed across domestic and export markets.

Hardwood

Boral's hardwood business operates 15 manufacturing facilities in New South Wales and distributes product to domestic and export markets. The business has a strong position in both structural and flooring markets. Boral exports small quantities of woodchips processed from sawmill waste, forest residues and plantation stock from the hardwood operations in northern New South Wales.

Softwood

Softwood's single manufacturing facility is located at Oberon in New South Wales and operates through a joint venture with Carter Holt Harvey. The mill has a capacity of around 725,000 m³ following a recent capital upgrade. The mill has successfully produced to full capacity in the last quarter of FY08. Softwood products are primarily sold in East Coast markets.

Plywood

Boral is Australia's leading plywood producer and operates one large plywood operation at Ipswich in Queensland. Products are sold in all major Australian markets.

“Our Timber business is primarily New South Wales-based and is heavily reliant on the housing sector. Because of the long and deep downturn in New South Wales housing, we have worked hard to develop new products, increase interstate sales, reduce manufacturing costs and increase prices to recover cost increases. The greatest challenge in doing this has been the dramatic increase in wood fibre and extraction costs. In some parts of our business, we have seen wood supply costs increase by over 10% during the year, with product prices tracking below this level.”

Bryan Tisher, EXECUTIVE GENERAL MANAGER



Boral Timber won the tender to provide flooring to the prestigious residential development the “Sydney wharf”. This successful project involved a new client, Multiplex and the custom design and manufacture of a new product.

Manufacturing performance continues to improve following the upgrade of Boral’s softwood manufacturing facility at Oberon, a joint venture with Carter Holt Harvey, with the mill now having the capacity to process 725,000 m³ of incoming log.



Most of the Boral Timber products are sourced from Australian Forestry Standard (AFS) certified forests. Boral Timber endorses the AFS that covers over 90% of certified forestry in Australia and is acknowledged as the only forest certification scheme with an Australian Standard (AS4708-2007). Boral Plywood achieved AFS Chain of Custody certification for all of its products during the year.





REVIEW OF OPERATING DIVISIONS

Plasterboard

Despite continued weakness in New South Wales, Australian demand for plasterboard grew by around 2%-3% in the year, reflecting stronger new house construction in Queensland. Sales revenue from the Australian business was up 7% to \$376 million, assisted by a 2% lift in average plasterboard selling prices and stronger volumes of plasterboard, cornice and jointing compounds which we manufacture. More sales of non-manufactured products bought for resale through our extensive network of company, owned and operated specialised trade stores also helped.

EBITDA for the year was steady despite stronger sales revenues. A net \$3 million restructuring gain in the half year to December 2007 was offset by one-off costs in the half year to June 2008 associated with the commissioning of our new plasterboard plant in Brisbane and transitioning production from the existing plant. Cost reduction initiatives helped to maintain underlying margins in the face of inflationary cost pressures, particularly in energy and labour.

Construction of our new plant in the Brisbane suburb of Pinkenba was completed during the year at a net expected investment cost of up to \$119 million, 12% above the net \$106 million as budgeted. Commissioning was completed at the end of May 2008

which allowed our existing plasterboard line at Northgate to close during June 2008 and our mothballed plant in the Adelaide suburb of Gillman to be taken out of service permanently and the land sold.

In July 2007, GRA, our gypsum supply joint venture with CSR, was restructured and our share of its shipping duty outsourced to CSL Australia Pty Ltd. CSL is building a new self-unloading vessel in China to help service this work and which is expected to be trading on the Australian coast as an Australian licensed vessel by the end of September 2008.

Our Asian Plasterboard JV with Lafarge, LBGA, recorded an equity accounted after tax profit of \$18.1 million, 12% above the same period last year and after a \$2.5 million adverse impact due to the appreciation of the Australian dollar. Underlying US dollar profits in LBGA were up 29% year-on-year. LBGA sales volumes and revenues lifted in all markets with improved market conditions in South Korea, Thailand, Indonesia and East China and market development activity assisting growth in the Central West of China and in Vietnam. LBGA's cost improvement program, *Excellence 2008*, resulted in enhanced margins despite transport and energy cost pressures. The doubling of capacity to 75 million m² p.a. at the Dangjin plant in Seoul, and commissioning of the

new 8 million m² p.a. capacity plant in Rajasthan, India and the new 10 million m² p.a. capacity plant in Chengdu, China were all completed within time and cost budgets during the year.

Outlook

A cyclical uplift in building construction is expected to favourably impact on future plasterboard demand, particularly in Queensland and New South Wales. However, uncertainty in relation to affordability continues to work against any early timing of such uplifts, despite low rental vacancies. The competitiveness of plasterboard imports into Australia from Asia looks to have been impacted by rising energy and freight costs there whilst our product range and segment tailored channels to market look to position us well to meet any future threat. Market conditions in Korea, Thailand and China are expected to remain competitive over the next year. However, strong underlying plasterboard demand is expected to underpin longer-term Asian returns.

The Plasterboard division is an integrated plasterboard manufacturing, distribution and installation business with 54 company-owned distribution and operating sites around Australia and employing around 650 people.

Australia

Boral specialises in the manufacture, distribution and installation of plasterboard-based wall and ceiling lining systems and aims to be Australia's leading supplier of wall and ceiling lining solutions. We have plasterboard manufacturing plants in Queensland, New South Wales and Victoria, a specialty plasters and

jointing compounds plant in Victoria, cornice plants in New South Wales and Victoria, an integrated national network of 54 specialist trade centres and Australia's largest residential wall and ceiling installation service. Boral is a 50% shareholder in Gypsum Resources Australia (GRA) and in Rondo Building Systems, the leading metal products supplier for wall and ceiling lining systems.

Asia Joint Venture

Boral has a 50% shareholding of the Lafarge Boral Gypsum Asia (LBGA) JV, the leading multi-country plasterboard producer in Asia (outside Japan). Around

one in every four square metres of plasterboard sold in this region comes from LBGA. The JV has 368 million m² of plasterboard capacity, specialist ceiling tile plants, a metal roll forming mill and production capacity for jointing compounds and industrial plasters, all feeding established distribution networks. Boral and Lafarge intend that LBGA continues to profitably grow its leadership position across Asia in a manner which substantially increases markets for plasterboard systems and associated products and delivers value.

“Delivering on growth investments in growth markets is our current priority. We have finished commissioning our new plasterboard plant in Queensland and the work-up phase is going very well. The Queensland housing market, however, was a bit softer towards the end of 2007/08, which could create volume pressures in the shorter term. In Asia, we are very happy with our growth investments and the improved performance of the business.”

Ross Batstone, EXECUTIVE GENERAL MANAGER



LBGA is investing a total of US\$48 million to purchase land and to construct a new plant at the Baoshan Industrial Zone in Shanghai, China. The new plant is expected to be in operation in the December 2009 quarter. Plasterboard production capacity will be 34 million m² p.a. initially with site flexibility to increase capacity in the future. The additional plant will strengthen LBGA's leading position in East China and position the business well to supply the growing market.

The construction of the new Queensland plasterboard plant has been completed. This 40 million m² p.a. plant is adjacent to the river in the suburb of Pinkenba and is Australia's largest. Its gypsum feedstock is taken directly from ship by conveyor to plant so as to reduce costs and to take trucks from the roads. The process technology utilised is expected to deliver enhanced energy efficiency. The plant uses harvested roof water for part of its process water needs and can use recycled water when available.



Our Plasterboard business continues to benefit from product research and development activities. A robust innovation process coupled with a strong project management framework continues the tradition of successful delivery of new products and systems such as BoxCote™ and IntRwall™. Our focus on lightweight, sustainable interior building systems aims to ensure that evolving market needs will be fully met.



- PLASTERBOARD (PRODUCTION)
- PLASTERBOARD (DISTRIBUTION)
- ▲ GYPSUM MINE



REVIEW OF OPERATING DIVISIONS

USA

In the USA, EBITDA earnings decreased by 90% on the prior year to US\$10 million. The result was driven by the continued significant deterioration in housing activity, with US housing starts down 27% to 1.13 million.

Lower volumes, increased material costs, and one-off costs (US\$4 million) associated with programs to reconfigure Boral's brick and roof tile production network contributed to the severe fall in earnings, particularly in the second half. Cost reduction initiatives including network optimisation aimed at reducing fixed costs, continue to be implemented in the brick and roof tile businesses, with an expected incremental benefit of US\$31.5 million in 2008/09.

Revenue from Bricks was down by 28% due to a 27% decline in sales volumes. Average brick prices reduced by 2% due to a less favourable regional and product mix, otherwise prices remained stable. Boral bricks sold through direct distribution remain at approximately 80% of total volumes. Brick plant utilisation averaged 56%, down from 79% last year. EBITDA was significantly down as a result of low volumes and related production inefficiencies, as well as one-off costs of US\$2.5 million to reconfigure the brick plant network and a US\$5 million write-down of specialised plant used to manufacture product for the high end market. The strong cost reduction focus is continuing in 2008/09, with targeted incremental benefits of US\$24 million.

MLT reported a loss of US\$21 million compared to a US\$4 million loss last year. Whilst average concrete roof tile prices for the year were down 5%, June 2008 prices were up 7% year-on-year. Sales volumes were down by 42%. The decline in single family housing starts in MLT's four key markets averaged 48% on the prior year (73% from the peak in 2005). Unit production costs increased due to production inefficiencies, with plant utilisation down to 27% compared to 48% in the prior year and around 75% in 2005/06.

Revenue of US\$25 million from Clay Roof Tiles was down 8% on last year because of lower volumes more than offsetting a 4% increase in average selling prices. Volumes were 11% lower as the overbuilt western US and Florida markets were further impacted by the tight US credit market and high levels of foreclosures. EBITDA was well below last year as costs were impacted by lower production to avoid inventory build.

Profit from BMTI was lower than last year. Higher prices and new product initiatives did not offset lower volumes resulting from the loss of the Belews Creek contract in December 2006 and because of continued very weak residential construction in Florida and Georgia.

Revenue from the US Concrete & Quarry businesses (Denver and Oklahoma) of US\$125 million was 61% up on the prior year primarily due to the newly acquired Oklahoma operations in August 2007; EBITDA increased. In Denver, concrete

volumes were 10% lower than last year as commercial and infrastructure sales only partially offset the impact of a weak residential market and poor weather conditions. Price increases and cost controls offset higher fuel and other inflationary cost impacts. EBITDA in Denver was down year-on-year. Integration of the Oklahoma business is complete, however, performance was below expectations because of energy related cost increases and lower than expected volumes due in part to poor weather.

Outlook

It remains unclear when a turnaround in US housing activity may occur. Market forecasters currently expect US housing starts to be around 900,000 in 2008/09 compared to annualised starts of around 1.0 million in the June half 2008. Brick utilisation is around 40% at the start of 2008/09 and in concrete roof tiles it remains at around 27%. Lower volumes will adversely impact brick and roof tile sales volumes and earnings but increased benefits from cost reduction programs will be delivered, including efficiencies from the reconfiguration of Boral's brick plant network. US construction materials markets are expected to be weaker in 2008/09 compared with 2007/08. Overall, US earnings are expected to be lower in 2008/09.

Boral is well positioned in the markets it serves with low cost, modern manufacturing facilities, and will deliver benefits as markets recover.

Boral employs around 2,200 people at 160 sites across the USA.

Bricks

Boral Bricks operates 24 plants across 15 locations in eight states, primarily in the south-east and south-west. Over 80% of product sales are through a network of around 60 company-owned direct selling locations with the remainder via a network of independent distributors.

Roof Tiles

Boral owns 50% of MonierLifetile (MLT). The joint venture has 14 concrete roof tile

plants in the western and south-western states and also in Florida. US Tile, the country's largest clay roof tile producer, operates from a plant in Southern California and in Northern California. Through a 50% interest in a joint venture, US Tile operates in Trinidad, producing roof tiles for importation into Florida.

Fly Ash

Boral Material Technologies Inc. (BMTI), one of the largest marketers and distributors of coal combustion products in the USA, has around 40 locations including operations at electrical utility

plants, fly ash terminals and sales offices. With cementitious properties, fly ash is used as a cement substitute.

Construction Materials

Boral has a strong number three position in the growing Denver market with eight concrete plants, 109 trucks, three sand and gravel deposits and two masonry plants. In August 2007, Boral acquired Schwarz concrete and sand business and Arbuckle limestone quarry in Oklahoma. The business has 18 concrete plants, four sand mines and a limestone quarry.

“2007/08 has been the most difficult year for Boral’s US businesses since it began trading in the US some 30 years ago. Demand from the housing market has halved over the past two years and in some markets, activity has reduced by as much as 75% from 2006 peak levels. We have dramatically reduced our workforce, mothballed plants, and optimised plant networks. We have been relentless around reducing overhead and other fixed costs to minimise the impacts on Boral’s overall profitability during the US downturn.”

Emery Severin, EXECUTIVE GENERAL MANAGER



US\$10 million acquisition of sand and gravel reserves in Denver, Colorado are very well located to supply the Denver market as existing reserves come to the end of their useful lives.

In August 2007, Boral acquired the concrete and sand assets of Schwarz Readymix and the quarry assets of Davis Arbuckle Materials for US\$84 million. This acquisition positions Boral as the second largest concrete producer in Oklahoma City and demonstrates Boral’s ongoing commitment to growing in construction materials in the USA.



US Tile’s new US\$30 million clay roof tile plant in Lone, California was commissioned during the year with an output of 130,000 squares¹ per annum. Whilst this new plant positions Boral well for when Western housing markets recover, it will operate at high utilisation rates during the downturn, allowing higher cost capacity at Corona to be mothballed.

¹ One square=100 square feet.

Boral Bricks new US\$55 million, 120 million standard brick equivalent plant at Terre Haute, Indiana completed commissioning during the year. Around 80% of the energy requirements of the plant can come from landfill gas, which is considerably lower cost than more conventional sources of energy. This low cost plant will allow older high cost brick capacity to be mothballed during the downturn and positions Boral well when the market recovers.



- BMTI (FLY ASH)
- CONSTRUCTION MATERIALS
- USA BRICK (PRODUCTION)
- USA BRICK (DISTRIBUTION)
- ▼ MONIERLIFETILE CONCRETE ROOF TILES
- ▼ US TILE CLAY ROOF TILES

Management Committee

Rod Pearse 1

CEO AND MANAGING DIRECTOR

Biography on p.31

John Douglas 2

EXECUTIVE GENERAL MANAGER, AUSTRALIAN CONSTRUCTION MATERIALS

John is 46 and has been in his current position since 2004. He joined Boral in 1995 and has held roles as Regional General Manager of Boral's NSW Construction Materials business, General Manager of NSW Metropolitan Quarries and General Manager, Strategic Planning for Boral's Construction Materials Group. Prior to joining Boral, John held various positions with the Boston Consulting Group, Pioneer Concrete UK, John Mowlem International and Douglas Partners. He holds a civil engineering degree with First Class Honours from the University of Adelaide and an MBA from London Business School.

Phil Jobe 3

EXECUTIVE GENERAL MANAGER, CEMENT

Phil is 54 and has been Executive General Manager of the Cement division since late 1999. Prior to this he was Regional General Manager for Boral's NSW Construction Materials business and General Manager of Boral's Construction Related Businesses from 1995-1999. Before joining Boral, Phil was Managing Director of the Stegbar Group of Companies from 1987-1994. He holds a commerce degree from the University of NSW.

Keith Mitchelhill 4

EXECUTIVE GENERAL MANAGER, CLAY & CONCRETE PRODUCTS

Keith is 45 and rejoined Boral as Executive General Manager of Clay & Concrete Products in August 2002 from Sirius Telecommunications where he was CEO of the Phoneware Division. He was previously Executive General Manager of Boral Timber from 2000-2001, General Manager, Boral Masonry from 1997-1999 and General Manager Marketing, Boral Building Products Group from 1996-1997. Prior to that he held positions with Laminex BTR Nylex and NEC Australia. He holds an economics degree (Honours) and an MBA from Monash University.

Bryan Tisher 5

EXECUTIVE GENERAL MANAGER, TIMBER

Bryan is 45 and was appointed Executive General Manager, Timber in March 2007. Prior to this he was General Manager Corporate Development, a role which he held from 2000-2007, and General Manager, Strategic Planning for Boral's Construction Materials Group from 1998-1999. Prior to joining Boral he held a variety of positions at Rio Tinto (1985-1998) including roles in project finance, engineering design and construction in a variety of locations including Australia, USA, Africa and Indonesia. He holds a civil engineering degree (First Class Honours) from Monash University and an MBA from Harvard Business School.

Ross Batstone 6

EXECUTIVE GENERAL MANAGER, PLASTERBOARD

Ross is 60 and was Boral's Divisional General Manager, Plasterboard Australia from 1996-2000 before becoming Executive General Manager of the Plasterboard division. He was previously Boral's Divisional General Manager, Roofing from 1991-1995, Chief Executive Montoro Resources Ltd from 1988-1990 and held various roles at Shell Company of Australia from 1970-1987. He holds chemical engineering and commerce degrees from Queensland University.

Emery Severin 7

PRESIDENT, BORAL USA

Emery is 52 and was previously Executive General Manager of the Australian Construction Materials division from 1999-2004 before being appointed as President of Boral USA in August 2004. He was previously National General Manager of Blue Circle Southern Cement from 1998-1999. Prior to that he was Regional General Manager of Boral's NSW Construction Materials Group from 1996-1998. Prior to joining Boral he held various management roles at BHP Steel from 1986-1995. Emery has a doctorate of philosophy in physical chemistry from Oxford University and a science degree (First Class Honours) from the University of NSW.

Ken Barton 8

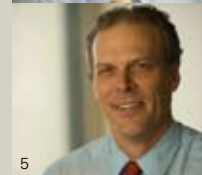
CHIEF FINANCIAL OFFICER

Ken is 42 and has been Boral's Chief Financial Officer since December 2002. He was previously Vice President and Chief Financial Officer of Boral Industries Inc in the USA from August 2000. Prior to joining Boral, he was Vice President Finance, Pioneer USA from 1997-2000 and prior to that he was a Partner in the Corporate Finance division of Arthur Andersen based in Sydney. Ken has a Bachelor of Economics degree from the University of Sydney and is an Associate of the Institute of Chartered Accountants in Australia and a fellow of the Financial Services Institute of Australia.

Michael Scobie 9

GENERAL MANAGER, CORPORATE SERVICES AND COMPANY SECRETARY

Michael is 62 and is General Manager, Corporate Services and Company Secretary of Boral. He joined the Boral Group as a corporate lawyer and has 35 years' service. He became the Company Secretary in 1983 and has also held general counsel and other corporate roles since then. Michael has a law degree from the University of Sydney.



Robin Town 10

GENERAL MANAGER, HUMAN RESOURCES

Robin is 56 and has been Boral's General Manager, Human Resources since June 2001. He was previously President of Boral Material Technologies in the USA from 1999-2001 and Regional General Manager of Boral's Construction Materials business in Queensland from 1996-1999. Prior to joining Boral, he worked in the cement industry with Queensland Cement for 23 years. He holds a chemical engineering degree from the University of Queensland.

Andrew Warburton 11

GENERAL MANAGER, CORPORATE DEVELOPMENT

Andrew is 44 and is General Manager, Corporate Development. He was previously National General Manager, Quarry End Use from 2003-2007. Prior to joining Boral, he held marketing, business development and financial positions in the plastics and electronics industries based in Europe and funds management in Australia. Andrew holds an economics degree from the University of Sydney and an MBA from INSEAD.

Financial Review

Financial Performance

Significant external factors weighed heavily on the Group's results for 2007/08. A substantial decline in US housing starts had a direct impact on the US businesses, particularly the brick and roof tile operations, which resulted in EBIT for the US segment declining by 130% to a loss for the year of \$27 million. A rapid escalation in energy costs resulted in a contraction of margins, particularly in the Australian Construction Materials businesses. Tighter credit markets have led to increased funding costs and tighter lending conditions broadly; however, interest costs for Boral remained flat and debt maturities were extended. Tighter credit conditions have led to some greater levels of customer defaults in the US and Australia, although at this stage not at levels materially above prior years. Despite these factors, Australian operating profits increased 12% over the prior year, largely as a result of improved prices and volumes across most of the Australian businesses.

Largely as a result of the weaker US markets, Boral's net profit for the year decreased by 19% to \$242.8 million. This net profit is equivalent to 40.7 cents per share, a decrease of around 9.3 cents per share compared with the prior year. A final fully franked dividend of 17 cents per share has been declared, bringing the full year dividends to 34 cents. The dividends remained unchanged from 2007.

The Group's revenues increased by 5.9% compared with the previous year to \$5.2 billion. The increase in revenues can be largely attributed to increased prices across most Australian businesses. Price and volume increases, particularly in the construction materials segment, contributed to the growth in revenue with around a 7% price increase in concrete, 5% in quarry products and 3% in cement.

Despite continued weak housing markets across Australia's East Coast, revenue increased 6% in the Australian Building Products segment. The revenue growth was driven largely by price increases combined with the volume impacts of growth initiatives. US revenues in local currency declined by 13% as housing starts across the US declined by around 27%. The revenue decline does not include the impact of

Income Statement

for the year ended 30 June	2008 \$ millions	2007 \$ millions
Sales revenue	5,198.5	4,909.0
EBITDA	688.2	762.3
Depreciation and amortisation	(240.2)	(231.4)
Write-down of Thailand goodwill	(31.9)	–
EBIT	416.1	530.9
Net interest	(111.9)	(110.5)
Operating profit before tax	304.2	420.4
Income tax expense	(62.0)	(122.3)
Minority interests	0.6	–
Profit after tax	242.8	298.1
Earnings per share (cents)	40.7	50.0

lower revenues in the MonierLifetile business which is equity accounted. MonierLifetile's markets experienced greater declines in housing starts than the brick markets and the US as a whole. The Australian dollar was stronger against the US dollar, by around 14%, which resulted in the reported Australian dollar revenues decreasing by around 24%. Revenues in the Indonesian and Thailand concrete and quarry businesses, rose around 5%.

The Group's underlying¹ operating profit before interest and tax for the year declined by 16% compared to the previous year to \$448.0 million.

The Australian operations generated operating profits of \$465.3 million during the year, up 12% compared to the prior year. The improvement in earnings was due to increased building activity in a number of key markets, particularly in non-residential segments, as well as favourable pricing outcomes.

The Construction Materials operations reported an operating profit of \$350.9 million, which compares to \$318.0 million in the prior year. Strength in the non-residential building markets and in the infrastructure segments underpinned increased volumes across most construction materials businesses, with the notable exception of NSW. Price increases were achieved in cement, concrete and aggregates and asphalt. These price increases, together with cost savings and higher volumes, were not sufficient to offset cost increases and the profit margin increase during the year decreased to 11.9% from 12.5%.

Results from the Australian Building Products businesses were up by 15% compared to the prior year. This segment includes bricks,

roof tiles, masonry, plasterboard, timber and windows which are all heavily reliant on the new residential construction market as a driver of demand. The Australian Building Products businesses all achieved price increase. Profits were lower in bricks due to a weakening in the brick-intensive West Australian housing market. Profits in other building products businesses were in line with or higher than the prior year.

The US housing market continued to weaken during 2008. Substantial declines in activity, particularly in single family, detached housing led to losses being incurred in the US segment. Brick sales volumes declined by 27% and prices declined by around 2%. Concrete tile sales volumes declined by 42% and prices were lower by around 5%. Despite price increases and cost improvements, volume declines in the Denver construction materials business led to reduced profits. Profits from the fly ash business were lower than the prior year.

To further increase Boral's exposure to the US construction materials market, a further acquisition was announced during the year. During the year, \$99.8 million was spent to acquire the concrete and aggregate in Oklahoma.

In Asia, prices and volumes improved in plasterboard in most major markets. During the year, new plants were successfully commissioned in South Korea, India and China.

¹ Excluding goodwill and tax provision adjustments

Financial Review

The reported result from the Asian plasterboard business was 12% above prior year.

The Construction Materials businesses in Asia reported weaker results due to lower margins as cost increases were not recovered through higher prices. Concrete volumes were lower in Thailand due to lower levels of construction activity. Challenging market conditions have been experienced in our Thailand concrete and quarry businesses and trading conditions remain difficult; we have therefore chosen to write off the \$31.9 million of goodwill which arose on acquisition of the business in July 2004.

Net interest expense increased from \$110.5 million to \$111.9 million, largely due to an increase in average net debt. Underlying EBIT interest cover declined from 4.8 times to 4.0 times, largely as a result of the decline in earnings.

The average underlying tax rate for the year was lower than the prior year at 26.8%, due to the tax effect of the losses incurred in the US which are subject to a higher tax rate than Australian earnings. Boral's reported tax expense of \$62 million includes a benefit of \$28.1 million arising from the resolution of a number of outstanding matters with the Australian Taxation Office predominantly around the utilisation of tax losses and capital gains arising from the demerger in 2000.

The interim and final dividends for the year totalled \$202.1 million which, combined, represent a payout ratio of 83% of profit after tax, a higher payout ratio than the 68% ratio for the prior year. Boral continued its Dividend Reinvestment Plan (DRP) during the fiscal year. This resulted in proceeds of \$41.4 million being applied to the issue of 6.1 million new ordinary shares. Boral will continue to offer a DRP and will again undertake an on market buy-back to reduce earnings per share dilution. The Group conducted an off-market share buy-back during the year which resulted in 20.0 million ordinary shares being bought back and cancelled at a price of \$5.65 per share. The price comprised a capital component of \$2.84 per share and a fully franked dividend component of \$2.81 per share.

Balance Sheet

As at 30 June	2008 \$ millions	2007 \$ millions
Current assets	1,570.8	1,451.0
Non-current assets	4,324.2	4,365.6
Total assets	5,895.0	5,816.6
Current liabilities	1,025.3	921.8
Non-current liabilities	1,960.1	1,907.5
Total liabilities	2,985.4	2,829.3
Net assets	2,909.6	2,987.3
Total equity	2,909.6	2,987.3

Debt and Gearing

As at 30 June	2008 \$ millions	2007 \$ millions
Total debt	1,562.5	1,518.0
Total cash and deposits	47.4	35.7
Net debt	1,515.1	1,482.3
Total shareholder equity	2,909.6	2,987.3
Gearing ratios		
Net debt: equity (%)	52	50
Net debt: equity plus net debt (%)	34	33
Interest cover ¹ (times)	4.0	4.8

Financial Position

The net financial position of the Group remained relatively unchanged during the year with total equity decreasing by 2.6% to \$2,909.6 million. Net borrowings increased by 2% to \$1,515.1 million from \$1,482.3 million. The increase in net borrowings was after approximately \$327 million of growth capital and acquisitions during the year and was partly offset due to a favourable currency adjustment from the appreciation of the Australian dollar and translation of our significant US dollar borrowings. The Group's gearing (measured as net debt to equity) increased from 50% to 52% and remains at the lower end of the stated target range of 40% to 70%.

Boral's long-term and short-term credit ratings continued at BBB+/A2 with Standard & Poor's and Baa1/P2 with Moody's Investors Service, although in both cases a negative outlook was noted during the year.

At 30 June 2008, the Group had available undrawn committed and uncommitted debt facilities of \$2,570 million. Boral's average debt maturity profile at 30 June 2008 was 6.0 years compared with 4.9 years at 30 June 2007.

Boral has hedged its foreign exchange exposures (primarily US dollar denominated) arising from investments in overseas operations. Earnings from foreign operations are not hedged.

Boral is exposed to financial risk in its operations as a result of fluctuations occurring in interest/foreign exchange rates and certain commodity prices. Boral uses financial instruments to manage such risks.

Boral's reported return on shareholders' funds declined from 10.0% to 8.4% during the period as reported earnings declined by around 19%.

Cash Flow

The Group generated operating cash flows of \$581.8 million after payment of interest and income tax. This represents an increase of 21% or \$100 million compared to the cash flow reported last year. The increase reflects the lower earnings offset by higher dividends from associates, lower tax payments and improved working capital management.

These cash flows were used to fund around \$496.0 million of capital and acquisition expenditure. This largely related to major capital projects in the US and Australia, including a new plasterboard plant in Queensland, the new brick plant in Indiana, new roof tile operations in California and a number of new asphalt plants in Australia. In addition, \$99.8 million was invested in the acquisition of construction materials operations in Oklahoma City in the US.

Board of Directors

Kenneth J Moss, AM 1

NON-EXECUTIVE CHAIRMAN, AGE 63.

Dr Moss joined the Boral Board in 1999 and became the Chairman of Directors in 2000. Dr Moss is the Chairman of Centennial Coal Company Limited and a director of GPT RE Limited (the responsible entity for the General Property Trust) and Macquarie Capital Alliance Group (the responsible entity for the Macquarie Capital Alliance Trust).

Dr Moss was previously the Managing Director of Howard Smith Limited and is experienced in building materials businesses. He has an engineering degree (Honours) and a doctorate of philosophy in mechanical engineering from Newcastle University.

Dr Moss is a member of the Remuneration Committee.

Rodney T Pearse 2

MANAGING DIRECTOR, AGE 61.

Mr Pearse became the Managing Director and Chief Executive Officer of Boral in January 2000. He joined the Boral Group as the Managing Director, Construction Materials Group in 1994. Mr Pearse had previously held senior management positions in Shell International, Shell Australia and CSR Limited. He is a board member of the Business Council of Australia, a member of the Advisory Panel of the Australian Graduate School of Management, the Chairman of Outward Bound Australia and serves as a Councillor for the Australian Business Arts Foundation. He has a commerce degree (Honours) from the University of New South Wales and an MBA (High Distinction) from Harvard University.

Elizabeth A Alexander, AM 3

NON-EXECUTIVE DIRECTOR, AGE 65.

Ms Alexander joined the Boral Board in 1994. Ms Alexander is the Chairman of CSL Limited and a director of DEXUS Funds Management Limited (the responsible entity for DEXUS Property Group, which was formerly named DB RREEF Trust). A chartered accountant, she was a partner in PricewaterhouseCoopers in Melbourne until 2002. Ms Alexander is a member of the Takeovers Panel and the Financial Reporting Council. She has a commerce degree from the University of Melbourne.

Ms Alexander is the chair of the Audit Committee.

J Brian Clark 4

NON-EXECUTIVE DIRECTOR, AGE 59.

Dr Clark joined the Boral Board in May 2007. Dr Clark has experience as a non-executive director in Australia and overseas. He is a director of AMP Limited and a member of the Merrill Lynch Australian Advisory Board. In South Africa, he was President of the Council for Scientific and Industrial Research (CSIR) and CEO of Telkom SA. He also spent

10 years with the UK's Vodafone Group as CEO Vodafone Australia, CEO Vodafone Asia Pacific and Group Human Resources Director. Dr Clark has a doctorate in physics from the University of Pretoria, South Africa and completed the Advanced Management Program at the Harvard Business School.

Dr Clark is a member of the Remuneration Committee.

E John Cloney 5

NON-EXECUTIVE DIRECTOR, AGE 67.

Mr Cloney joined the Boral Board in 1998. Mr Cloney is the Chairman of QBE Insurance Group Limited and a director of Maple-Brown Abbott Limited and ABN AMRO Australia Holdings Pty Limited. He is a member of the Advisory Council in Australia of ABN AMRO. His career was in international insurance and he was previously the Managing Director of QBE Insurance Group Limited. Mr Cloney is a fellow of the Australian Institute of Management and the Australia and New Zealand Institute of Insurance and Finance.

Mr Cloney is the Chairman of the Remuneration Committee.

Robert L Every 6

NON-EXECUTIVE DIRECTOR, AGE 63.

Dr Every joined the Boral Board in September 2007. He is the Chairman of Iluka Resources Limited and Deputy Chairman of Wesfarmers Limited (and will become the Chairman of Wesfarmers Limited following its Annual General Meeting in November 2008). Dr Every held senior executive positions with Tubemakers of Australia and BHP and was the Managing Director and CEO of OneSteel Limited. Dr Every is a fellow of the Australian Academy of Technological Sciences and Engineers. He has a science degree (honours) and a doctorate of philosophy (metallurgy) from the University of New South Wales.

Dr Every is a member of the Remuneration Committee.

Richard A Longes 7

NON-EXECUTIVE DIRECTOR, AGE 63.

Mr Longes joined the Boral Board in 2004. He is a director of Austbrokers Holdings Limited and Metcash Limited. Mr Longes is a lawyer and a non-executive director of Investec Bank (Australia) Limited. He was previously an executive of Investec Bank, a principal of Wentworth Associates, the corporate advisory and private equity group, and a partner of Freehills, a leading law firm. He has arts and law degrees from the University of Sydney and an MBA from the University of New South Wales.

Mr Longes is a member of the Audit Committee.



J Roland Williams, CBE 8

NON-EXECUTIVE DIRECTOR, AGE 69.

Dr Williams joined the Boral Board in 1999. He is a director of Origin Energy Limited. Dr Williams had an international career with the Royal Dutch/Shell Group from which he retired as Chairman and Chief Executive of Shell Australia. He has a chemical engineering degree (Honours) and a doctorate of philosophy from the University of Birmingham.

Dr Williams is a member of the Audit Committee.

Corporate Governance

This section of the Annual Review discloses the key details of Boral's governance framework. Boral is committed to ensuring its policies and practices reflect good governance and compliance with all requirements applying to Australian listed companies.

The Directors consider that the governance framework and adherence to that framework are fundamental in demonstrating that they are accountable to shareholders and are appropriately overseeing the management of risk and the future direction of the Company.

In August 2007, the Australian Securities Exchange (ASX) Corporate Governance Council released its revised Corporate Governance Principles and Recommendations. Even though disclosure by Boral under these revised Principles and Recommendations is not required until the 2009 annual report, Boral has made an early transition to reporting by reference to them in this Corporate Governance section.

Boral complied with the revised Principles and Recommendations in all substantial respects throughout the 2008 financial year. In any instance where Boral has an alternative approach to a recommendation, this has been disclosed and explained.

Principle 1: Lay Solid Foundations for Management and Oversight

Responsibilities of the Board and Management

The Board of Directors is responsible for setting the strategic direction of the Company and for overseeing and monitoring its businesses and affairs. Directors are accountable to the shareholders for the Company's performance.

The Board reviews and approves the Company's strategic and business plans and guiding policies. Day to day management of the Company's affairs and implementation of its strategy and policy initiatives are delegated to the chief executive officer and senior executives, who operate in accordance with Board approved policies and delegated limits of authority.

The responsibilities of the Board include:

- Oversight of the Company including its conduct and accountability systems.
- Reviewing and approving overall financial goals for the Company.
- Approving strategies and plans for Boral's businesses to achieve these goals.
- Approving financial plans and annual budgets.
- Monitoring implementation of strategy, business performance and results and ensuring appropriate resources are available.
- Approving key management recommendations (such as major capital expenditure, acquisitions, divestments, restructuring and funding).
- Appointing, rewarding and determining the duration of the appointment of the chief executive officer and ratifying the appointments of senior executives including the chief financial officer and the company secretary.
- Reviewing the performance of the chief executive officer and senior management.
- Reviewing and verifying systems of risk management and internal compliance and control, codes of conduct and legal compliance.
- Reviewing sustainability performance and overseeing occupational health and safety and environmental management and performance.
- Approving and monitoring financial reporting and reporting to shareholders on the Company's direction and performance.
- Meeting legal requirements and ensuring that the Company acts responsibly and ethically and prudently manages business risks and Boral's assets.

In fulfilling the Board's responsibilities, Directors seek to enhance shareholder value.

Policies, plans and strategies and limits of delegated authority, which have been approved by the Board and are reviewed regularly, define the responsibilities and functions of senior executives.

Work of Directors on Strategy and Other Matters

The Board reviews the strategic action plan, approves the annual budget and monitors the Company's performance against them. Initiatives have included disciplined growth strategies, capital management, cost efficiencies and other aspects of operational improvement programs.

Directors and senior management meet annually for two days to discuss in detail the strategic direction of the Company's businesses. The Board's focus is on improving shareholder returns and pursuing disciplined growth.

Each month, Directors receive a detailed operating review from the Managing Director and Chief Executive Officer (CEO) regardless of whether or not a Board Meeting is being held.

Non-executive Directors would spend approximately 30 days each year on Board business and activities including Board and Committee meetings, the strategy meeting, visits to operations and meeting employees, customers, business associates and other stakeholders.

During the year, the Board visited a number of sites including Highland Pine Products Pty Limited (50% owned) in Oberon, NSW and the new plasterboard plant and Sunstate Cement Limited (50% owned) in Brisbane, Queensland. The Board also spent a week in March 2008 in the USA visiting Boral's brick, roof tile and construction materials operations and MonierLifetile LLC (50% owned).

The Chairman regularly communicates with the CEO to review key issues and performance trends.

Evaluating the Performance of Senior Executives

The performance of senior executives is reviewed annually against appropriate measures as part of Boral's performance management system, which is in place for all managers and staff. The system includes processes for the setting of objectives and the annual assessment of performance against objectives and workplace style and effectiveness.

On an annual basis, the Remuneration Committee and subsequently the non-executive Directors formally review the performance of the CEO.

The criteria assessed are both qualitative and quantitative and include:

- profit performance.
- other financial measures.
- safety performance.
- strategic actions.

The CEO annually reviews the performance of each of Boral's senior executives being members of the Management Committee using criteria consistent with those used for reviewing the CEO and reports to the Board through the Remuneration Committee on the outcome of those reviews.

The performance of the CEO and the Company's senior executives during the 2008 financial year was assessed in August 2008 in accordance with the above processes.

Principle 2: Structure the Board to Add Value

Structure of the Board

The Board of Directors comprises seven non-executive Directors (including the Chairman) and one executive Director, the CEO. The roles of Chairman and CEO are separate. The skills, experience and expertise of each Director are set out on page 31 of the Annual Review.

The period of office held by each current Director is:

	Appointed	Last elected at an Annual General Meeting
Ken Moss, Chairman	1999	27 October 2006
Rod Pearce, CEO	2000	Not applicable
Elizabeth Alexander	1994	21 October 2005
Brian Clark	May 2007	29 October 2007
John Cloney	1998	27 October 2006
Bob Every	September 2007	29 October 2007
Richard Longes	2004	29 October 2007
Roland Williams	1999	29 October 2007

The Board selects the Chairman from the non-executive independent Directors. The Chairman leads the Board and is responsible for the efficient organisation and conduct of the Board's functioning. He ensures that Directors have the opportunity to contribute to Board deliberations.

Director Independence

The Board has assessed the independence of non-executive Directors (including the Chairman) in light of their interests and relationships and considers all of them to be independent. The criteria considered in assessing the independence of non-executive Directors include that:

- The Director is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder.
- The Director is not employed, or has not previously been employed in an executive capacity by a Boral company, and there has been a period of at least three years between ceasing such employment and serving on the Board.
- The Director has not within the last three years been a principal of a professional adviser or consultant to a Boral company, or an employee associated with the service provided.
- The Director is not a significant material supplier or customer of a Boral company or an officer of or otherwise associated directly or indirectly with a material supplier or customer.
- The Director has no material contractual relationship with a Boral company other than as a Director.

It is considered that none of the interests of Directors with other firms or companies having a business relationship with Boral could materially interfere with the ability of those Directors to act in Boral's best interests. Material in the context of Director independence, is generally speaking, regarded as being 5% of the revenue of the supplier, customer or other entity being attributable to the association with a Boral company or companies.

Nomination and Appointment of Directors

The Board has considered establishing a Nomination Committee and decided in view of the relatively small number of Directors that such a Committee would not be a more efficient mechanism than the full Board for detailed selection and appointment practices. The full Board performs the functions that would otherwise be carried out by a Nomination Committee.

The Board's policy for the selection, appointment and re-appointment of Directors is to ensure that the Board possesses an appropriate range of skills, experience and expertise to enable the Board to most effectively carry out its responsibilities. As part of this appointment process, the Directors consider Board renewal and succession plans and whether the Board is of a size and composition that is conducive to making appropriate decisions.

The appointment of Bob Every as a new non-executive Director in September 2007 followed a process during which the full Board assessed the necessary and desirable competencies of potential candidates and considered a number of names before deciding on the most suitable candidate for appointment. The selection process includes obtaining assistance from an external consultant to identify suitable candidates and in assessing them. Candidates identified as being suitable are interviewed by one or more Directors. Confirmation is sought from prospective directors that they would have sufficient time to fulfil their duties as a Director.

Corporate Governance

The key terms and conditions relative to the appointment of Directors, the Board's responsibilities and the Company's expectations of Directors are set out in a letter when a new non-executive Director is appointed.

Tenure of Directorships

The Company's Constitution was amended at the 2007 Annual General Meeting to require that a Director must not hold office (without re-election) past the longer of the third Annual General Meeting or three years following that Director's last election or appointment.

This amendment brought the Constitution into line with the ASX Listing Rules on the issue of retirement of Directors. Retiring Directors are eligible for re-election. When a vacancy is filled by the Board during a year, the new Director must stand for election at the next Annual General Meeting. The requirements relating to retirement from office do not apply to a managing director of the Company.

The Directors believe that limits on tenure may cause loss of experience and expertise that are important contributors to the efficient working of the Board. As a consequence, the Board does not support arbitrary limits on tenure and regards nominations for re-election as not being automatic but based on the individual performance of Directors and the needs of the Company. Before the business to be conducted at the Annual General Meeting is finalised, the Board discusses the tenure of any Director standing for re-election in the absence of those Directors.

Evaluation of Board Performance

The Board periodically undertakes an evaluation of the performance of the Board and its Committees. The evaluation encompasses a review of the structure and operation of the Board, the skills and characteristics required by the Board to maximise its effectiveness and whether the blending of skills, experience and expertise and the Board's practices and procedures are appropriate for the present and future needs of the Company. Steps involved in the evaluation include the completion of a questionnaire by each Director, review of responses to the questionnaire at a Board Meeting and a private

discussion between the Chairman and each other Director.

An evaluation of the Board's performance was not undertaken in the 2007/08 financial year but one is currently underway.

Conflicts of Interest

Directors are required to declare the nature of any interest they have in business to be dealt with by the Board. Except as permitted by the Corporations Act, Directors leave Board Meetings and do not vote when business in which they are interested is considered.

Independent Advice and Indemnification

After consultation with the Chairman, Directors may seek independent professional advice in furtherance of their duties at the Company's expense.

Pursuant to the Company's Constitution and agreements with Directors and to the extent permitted by law, the Company must indemnify Directors and executive officers against liabilities to third parties incurred in their capacity as officers of the Company and against certain legal costs incurred in defending an action for such a liability.

Principle 3: Promote Ethical and Responsible Decision-making

Conduct and Ethics

The Board's policy is that Boral companies and employees must observe both the letter and spirit of the law, and adhere to high standards of business conduct and comply with best practice. Boral's Management Guidelines contain a Code of Corporate Conduct and other guidelines and policies which set out legal and ethical standards for employees. As part of performance management, employees are assessed against the Boral Values of leadership, respect, focus, performance and persistence.

This policy and code guide the Directors, the CEO, the chief financial officer, the company secretary and other key executives as to the practices necessary to maintain confidence in the Company's integrity and as to the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. The code also guides compliance with legal

and other obligations to legitimate stakeholders.

A copy of Boral's Code of Corporate Conduct is available on Boral's website.

Dealings in Boral Shares

The Board has a policy that Boral Limited Group directors, officers and senior executives may not buy or sell Boral shares except within a period of one month after any major public announcement regarding the Company's results and trading prospects (such as the yearly and half yearly profit announcements and the Chairman's and Managing Director's Addresses to the Annual General Meeting). The policy precludes executives from entering into any hedge or derivative transactions relating to options or share rights granted to them as long-term incentives, regardless of whether or not the options or share rights have vested. The policy supplements the Corporations Act provisions precluding directors and officers from trading in securities when they are in possession of price sensitive "insider" information.

A copy of Boral's Share Trading Policy is available on Boral's website.

Share dealings by Directors are promptly notified to ASX.

Boral Directors must hold a minimum shareholding of 1,000 shares.

Principle 4: Safeguard Integrity in Financial Reporting

Audit Committee

Boral has an Audit Committee which assists the effective operation of the Board. The Audit Committee is wholly comprised of independent non-executive Directors.

The Audit Committee is chaired by Elizabeth Alexander with Richard Longes and Roland Williams being the other members. The members possess sufficient technical expertise to fulfil the functions of the Committee. The Committee met five times during the 2008 financial year, and attendance by members at these meetings is shown in paragraph (13) of the Directors Report on page 39.

The Audit Committee has a formal Charter which sets out its role and responsibilities, composition, structure and membership requirements. The Committee has the necessary power and resources

to meet the Charter including rights of access to management and auditors (internal and external) and to seek explanations and additional information.

The Audit Committee Charter is available on Boral's website.

The Committee also reviews the Company's compliance with applicable accounting standards and generally accepted accounting principles.

Accounting and financial control policies and procedures have been established and are monitored by the Committee to ensure the accounts and other records are accurate and reliable. Any new accounting policies are reviewed by the Committee. Compliance with these procedures and policies and limits of authority delegated by the Board to management is subject to review by the external and internal auditors.

When considering the yearly and half yearly financial reports, the Audit Committee reviews the carrying value of assets, provisions and other accounting issues.

Questionnaires completed by divisional management are reviewed by the Committee half yearly.

As required by the Corporations Act for year end financial reports, the CEO and the chief financial officer give a declaration to the Directors that the Company's financial records have been properly maintained and that the financial reports give a true and fair view before the Board resolves that the Directors' Declarations accompanying the financial reports be signed.

At each scheduled meeting of the Committee, both external and internal auditors report to the Committee on the outcome of their audits and the quality of controls throughout Boral. As part of its agenda, the Audit Committee meets with the external and internal auditors in the absence of management twice during the year.

The Chair of the Audit Committee ordinarily reports to the full Board after Committee Meetings. Minutes of Meetings of the Audit Committee are ordinarily included in the papers for the next full Board Meeting after each Committee Meeting.

External Auditor

Boral's external auditor is KPMG. The scope of the external audit and the effectiveness, performance and independence of the external auditor are reviewed by the Audit Committee.

If circumstances arise where it becomes necessary to replace the external auditor, the Audit Committee will formalise a process for the selection and appointment of a new auditor and recommend to the Board the external auditor to be appointed to fill the vacancy.

The Audit Committee monitors procedures to ensure the rotation of external audit engagement partners every five years as required by the Corporations Act.

The Audit Committee has approved a process for the monitoring and reporting of non-audit work to be undertaken by the external auditor. Services by the external auditor which are prohibited because they have the potential or appear to impair independence include the participation in activities normally undertaken by management, being remunerated on a "success fee" structure and where the external auditor would be required to review their work as part of the audit.

An Independence Declaration by the external auditor forms part of the Directors' Report and is set out on page 41.

Internal Audit

The internal audit function is outsourced with PricewaterhouseCoopers being the Company's internal audit service provider. The internal audit program is approved by the Audit Committee before the start of each year and the effectiveness of the function is kept under review.

Principle 5: Make Timely and Balanced Disclosure

The Company complies with all relevant disclosure laws and ASX Listing Rule requirements in Australia and has in place mechanisms (including Boral's Continuous Disclosure Policy) designed to ensure compliance with those requirements. These mechanisms also ensure accountability at a senior executive level for that compliance.

Boral is committed to making timely and balanced disclosure of all material matters and to effective communication with its shareholders and investors so as to give them ready access to balanced and understandable information.

A copy of Boral's Continuous Disclosure Policy is available on Boral's website.

Principle 6: Respect the Rights of Shareholders

Communications with Shareholders

The Company's policy is to promote effective communication with shareholders and other investors so that they understand how to assess relevant information about Boral and its corporate proposals.

Annual and half-yearly reports are provided to shareholders other than those who have requested that they do not receive copies. Shareholders may elect to receive annual reports electronically. While companies are not required to send annual reports to shareholders other than those that have elected to receive them, Boral gives shareholders the opportunity to elect to receive notifications via email when reports are available on line or to have sent to them copies of a new overview document being the Shareholder Review, the Annual Review (including the Sustainability Report) or the full Annual Report.

Announcements to the market are placed on Boral's website after they are released to ASX and these announcements and financial data are retained on the website for at least three years. General meetings and briefings to analysts following results and other major announcements are webcast.

Boral encourages shareholders to attend and participate in all general meetings including annual general meetings. Shareholders are entitled to ask questions about the management of the Company and of the auditor as to its conduct of the audit and preparation of its reports.

Corporate Governance

Notices of Meeting for general meetings are accompanied by explanatory notes to provide shareholders with information to enable them to decide whether to attend and how to vote upon the business of the meeting. Full copies of Notices of Meeting and explanatory notes are posted on Boral's website. If shareholders are unable to attend general meetings, they may vote by appointing a proxy using the form attached to the Notice of Meeting or an online facility.

Principle 7: Recognise and Manage Risk

Risk Identification and Management

The managers of Boral's businesses are responsible for identifying and managing risks. The Board (in the case of financial risk as noted above, through the Audit Committee) is responsible for satisfying itself that a sound system of risk oversight and management exists and that internal controls are effective. In particular, the Board ensures that:

- The principal strategic, operational, financial reporting and compliance risks are identified.
- Systems are in place to assess, manage, monitor and report on these risks.

Under the supervision of the Board, management is responsible for designing and implementing risk management and internal control systems to manage the Company's material business risks. Boral's senior management has reported to the Board on the effectiveness of the management of the material business risks faced by Boral during the 2008 financial year.

Risk management matters are analysed and discussed by the Board at least annually and more frequently if required.

In addition to maintaining appropriate insurance and other risk management measures, identified risks are managed through:

- Established policies and procedures for the managing of funding, foreign exchange and financial instruments (including derivatives) including the prohibition of speculative transactions. The Board has approved Treasury policies regarding exposures to foreign currencies, interest rates, commodity price, liquidity and counterparty risks which include limits and authority levels. Compliance with these policies is reported to the Board monthly and certified by Treasury management to the Audit Committee twice yearly.
- Key business risks being identified on a Divisional basis and on a corporate-wide basis and reported to the Directors as part of the strategic planning process. Management was assisted by a specialised risk management consultancy in assessing risks corporate-wide during the 2007/08 financial year and this process will provide a continuous approach to risk management.
- Policies, standards and procedures in relation to environmental and health and safety matters.
- Training programs in relation to legal and compliance issues such as trade practices/antitrust, intellectual property protection, occupational health and safety and environmental.
- Procedures requiring that significant capital and revenue expenditure and other contractual commitments are approved at an appropriate level of management or by the Board.
- Comprehensive management guidelines setting out the standards of behaviour expected of employees in the conduct of the Company's business.

The internal audit function is involved in risk assessment and management and the measurement of effectiveness. The internal and external audit functions are separate and independent of each other.

In addition to an overall risk management policy, Boral has numerous risk management systems and policies that govern the management of risk.

The Board has acknowledged that the material provided to it on risks has enabled it to review the effectiveness of the risk management and internal control system to manage the Company's material business risks.

Compliance

The Company has adopted policies requiring compliance with occupational health and safety, environmental and trade practices laws.

There are also procedures providing employees with alternative means to usual management communication lines through which to raise concerns relating to suspected illegal or unethical conduct. The Company acknowledges that whistleblowing can be an appropriate means to protect Boral and individuals and to ensure that operations and businesses are conducted within the law.

There are ongoing programs for audit of the large number of Boral operating sites. Occupational health and safety, environmental and other risks are covered by these audits. Boral also has staff to monitor and advise on workplace health and safety and environmental issues and in addition, education programs provide training and information on regulatory issues.

Despite the Company's policies and actions to avoid occurrences which infringe regulations, there have been a small number of prosecutions against subsidiary companies for breaches of occupational health and safety legislation.

CEO and Chief Financial Officer Declaration

The CEO and the chief financial officer have provided the Directors with a declaration in accordance with section 295A of the Corporations Act for the 2008 financial year including confirmation that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results. The Board confirms that it has received assurance from the CEO and the chief financial officer that the above statement was founded on a sound system of risk management and internal control, and that such system is operating effectively in all material respects in relation to financial reporting risks.

Principle 8: Remunerate Fairly and Responsibly

Remuneration Committee

The Board has a Remuneration Committee which is comprised of four independent non-executive Directors, namely John Cloney (Chairman), Brian Clark, Bob Every and Ken Moss. The Committee met on two occasions during the 2008 financial year, and attendance by members at those meetings is shown in paragraph (13) of the Directors Report on page 39.

The Remuneration Committee has a formal Charter which sets out its role and responsibilities, composition structure and membership requirements. A copy of this Charter is available on Boral's website.

The Committee makes recommendations to the full Board on remuneration arrangements for the CEO and senior executives and as appropriate, on other aspects arising from its functions.

Part of the role of the Remuneration Committee is to advise the Board on the remuneration policies and practices for Boral generally and the remuneration arrangements for senior executives.

Boral's remuneration policy and practices are designed to attract, motivate and retain high quality people. The policy is built around principles that:

- Executive rewards be competitive in the markets in which Boral operates.
- Executive remuneration has an appropriate balance of fixed and variable reward.
- Remuneration be linked to Boral's performance and the creation of shareholder value.
- Variable remuneration for executives has both short and long-term components.
- A significant proportion of executive reward be dependent upon performance assessed against key business measures, both financial and non-financial.

These principles ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined.

Boral's Share Trading Policy, which is referred to under the subheading "Dealings in Boral Shares" under Principal 3, prohibits executives entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements under the equity based remuneration schemes, namely the Boral Senior Executive Option Plan and the Boral Senior Executive Share Performance Plan.

Remuneration of Non-executive Directors

The remuneration of the non-executive Directors is fixed by way of cash, superannuation contributions or salary sacrifice in equity through the Non-Executive Directors Share Plan and they do not receive any options, bonus payments or other performance related incentives. Non-executive Directors are not provided with retirement benefits other than superannuation.

Further information relating to the remuneration of the non-executive Directors is set out in the Remuneration Report on pages 44, 45 and 47. This information includes a summary of the terms of the Non-Executive Directors' Share Plan.

Remuneration Report

A detailed Remuneration Report is set out in clause (19) of the Directors' Report on pages 42 to 49. As required by the Corporations Act, a resolution that the Remuneration Report be adopted will be put to the vote at the Annual General Meeting, however, the vote will be advisory only and will not bind the Directors or the Company.

Directors' Report

The Directors of Boral Limited ("the Company") report on the consolidated entity, being the Company and its controlled entities ("Boral"), for the financial year ended 30 June 2008:

(1) Review of Operations

The Directors review the operations during the year of Boral and the results of those operations as stated in the Chairman's Review and Managing Director's Review on pages 6 to 11 of the Annual Review.

(2) State of Affairs

There were no significant changes in Boral's state of affairs during the year other than:

- the acquisition of the assets of two construction materials businesses in Oklahoma, USA, Schwarz Readymix, a ready mixed concrete and sand business, and the Davis Arbuckle Materials quarry, for prices totalling \$99.8 million in August 2007;
- the off-market buy-back of 20,019,889 of the Company's shares for the total consideration of \$114.2 million (\$5.65 per share) on 7 April 2008; and
- significant items having a net loss of \$3.8 million being the write-down of \$31.9 million of goodwill applicable to the quarry and concrete business in Thailand, less the income tax benefit of \$28.1 million taken to account following the resolution with the Australian Taxation Office of matters relating to the utilisation of tax losses and capital gains arising from the demerger in 2000 and progress on other outstanding taxation matters.

(3) Principal Activities and Changes

Boral's principal activities are the manufacture and supply of building and construction materials in Australia, the USA and Asia. There were no significant changes in the nature of those activities during the year.

(4) Events After End of Financial Year

There are no matters or circumstances that have arisen since the end of the year that have significantly affected, or may significantly affect:

- (a) Boral's operations in future financial years; or
- (b) the results of those operations in future financial years; or
- (c) Boral's state of affairs in future financial years.

(5) Future Developments and Results

Other than matters referred to under the heading "Outlook for 2008/09" in the Managing Director's Review on page 10 of the Annual Review, the Directors have no reference to make to likely developments in Boral's operations in future financial years and the expected results of those operations.

(6) Environmental Performance

Details of Boral's performance in relation to environmental regulation are set out under Environment on pages S18 to S23 of the Sustainability Report which is a supplement to the Annual Review.

(7) Other Information

Other than information in the Annual Review, there is no information that members of the Company would reasonably require to make an informed assessment of:

- (a) the operations of Boral;
- (b) the financial position of Boral; and
- (c) Boral's business strategies and its prospects for future financial years.

(8) Dividends Paid or Declared

Dividends paid to members during the year were:

	Total dividend \$ million
The final dividend of 17 cents per ordinary share (fully franked at the 30% corporate tax rate) for the year ended 30 June 2007 was paid on 18 September 2007	102.0
The interim dividend of 17 cents per ordinary share (fully franked at the 30% corporate tax rate) for the year was paid on 19 March 2008	102.5

The final dividend of 17 cents per ordinary share (fully franked at the 30% corporate tax rate) for the year has been declared by the Directors and will be paid on 18 September 2008.

(9) Names of Directors

The names of persons who have been Directors of the Company during or since the end of the year are:

Elizabeth A Alexander	Kenneth J Moss
J Brian Clark	Rodney T Pearce
E John Cloney	Mark R Rayner
Robert L Every	J Roland Williams
Richard A Longes	

All of those persons, other than Dr Every and Mr Rayner, have been Directors at all times during and since the end of the year. Dr Every was appointed a Director on 7 September 2007 and has been a Director at all times since that date. Mr Rayner was a Director from 1 July 2007 to 29 October 2007, on which date he retired from the Board of Directors.

(10) Options

Details of options that are granted over unissued shares of the Company, options that lapsed during the year and shares of the Company that were issued during the year as a result of the exercise of options are set out on page 39.

Since the end of the year, a further 21,692 shares of the Company have been issued at the price of \$5.57 each as a result of the exercise of options in tranche (xiii).

Tranche (xvii) was issued during the year pursuant to the Boral Senior Executive Option Plan. The number of options in that tranche granted to each of Mr R T Pearce, the Managing Director and Chief Executive Officer, and the executives named in the Remuneration Report in clause (19) as part of their emoluments for the year and certain other details of the terms of the options are set out in the Remuneration Report on page 49 of the Annual Review. The grant of options to Mr Pearce was approved by shareholders at the Company's Annual General Meeting held on 21 October 2004.

Each option granted over unissued shares of the Company entitles the holder to subscribe for one fully paid share in the capital of the Company. Optionholders have no rights under any options to participate in any share issue or interest issue of any body corporate other than the Company. No unissued shares and interests of the Company or any controlled entity are under option other than as set out in this clause.

(10) Options (continued)

Tranche	Grant Date	Expiry Date	Exercise price	Balance at	Options issued	Options lapsed	Shares issued	Options at end of year	
				beginning of year			during the year as a result of exercise of options	Issued	Vested
				Number	Number	Number	Number		
(xii)	04/11/2002	04/11/2009	\$4.12	215,800	–	–	72,800	143,000	143,000
(xiii)	29/10/2003	29/10/2010	\$5.57	2,876,808	–	54,230	208,150	2,614,428	733,748
(xiv)	29/10/2004	29/10/2011	\$6.60	2,053,100	–	103,400	–	1,949,700	–
(xv)	31/10/2005	31/10/2012	\$7.70	3,305,500	–	110,500	–	3,195,000	–
(xvi)	06/11/2006	06/11/2013	\$7.32	4,717,900	–	137,000	–	4,580,900	–
(xvii)	06/11/2007	06/11/2014	\$6.83	–	5,938,700	–	–	5,938,700	–
				13,169,108	5,938,700	405,130	280,950	18,421,728	876,748

The above mentioned options were held by 177 persons.

(11) Indemnities and Insurance for Officers and Auditors

During or since the end of the year, Boral has not given any indemnity to a current or former officer or auditor against a liability or made any agreement under which an officer or auditor may be given any indemnity of the kind covered by sub-section 199A(2) or (3) of the Corporations Act 2001.

During the year, Boral paid premiums in respect of Directors' and Officers' Liability and Legal Expenses insurance contracts for the year ended 30 June 2008 and since the end of the year, Boral has paid, or agreed to pay, premiums in respect of such contracts for the year ending 30 June 2009. The insurance contracts insure against certain liability (subject to exclusions) persons who are or have been directors or officers of the Company and controlled entities. A condition of the contracts is that the nature of the liability indemnified and the premium payable not be disclosed.

(the responsible entity for DEXUS Property Group which was formerly named DB RREEF Trust) from January 2005 (current)

J B Clark
AMP Limited from January 2008 (current)

E J Cloney
Patrick Corporation Limited from 2003 to May 2006
QBE Insurance Group Limited from 1981 (current)

R L Every
Iluka Resources Limited from March 2004 (current)
Sims Group Limited from October 2005 to November 2007
Wesfarmers Limited from February 2006 (current)

R A Longes
Austbrokers Holdings Limited from November 2005 (current)
Lend Lease Corporation Limited from 1986 to November 2005

Metcash Trading Limited from 2000 to January 2006
Metcash Limited from April 2005 (current)
Viridis Investment Management Limited from September 2005 to August 2007

K J Moss
Adsteam Marine Limited from 2001 to March 2007
Centennial Coal Limited from 2000 (current)
GPT RE Limited from June 2005 (current)
Macquarie Capital Alliance Group (being Macquarie Capital Alliance Limited, Macquarie Capital Alliance Management Limited and Macquarie Capital Alliance Bermuda Limited) from March 2005 (current)

R T Pearse
Nil

J R Williams
Origin Energy Limited from 2000 (current)

(12) Directors' Qualifications, Experience and Special Responsibilities and Directorships of Other Listed Companies in the Last Three Financial Years

Each Director's qualifications, experience and special responsibilities are set out on page 31 of the Annual Review.

Details for each Director of all directorships of other listed companies held at any time in the three years before the end of the year and the period for which such directorships has been held are:

E A Alexander
Amcor Limited from 1994 to October 2005
CSL Limited from 1991 (current)
DEXUS Funds Management Limited

(13) Meetings of Directors

The number of Meetings of the Board of Directors and each Board Committee held during the year and each Director's attendance at those Meetings was:

	Board of Directors		Audit Committee		Remuneration Committee	
	Meetings held while a Director	Meetings attended	Meetings held while a member	Meetings attended	Meetings held while a member	Meetings attended
E A Alexander	11	9	5	5	–	–
J B Clark	11	10	–	–	2	2
E J Cloney	11	11	–	–	2	2
R L Every	8	8	–	–	1	Nil
R A Longes	11	10	5	5	–	–
K J Moss	11	11	–	–	2	2
R T Pearse	11	11	–	–	–	–
J R Williams	11	11	5	5	–	–

Directors' Report

(13) Meetings of Directors (continued)

Mr Pearse, the Managing Director, is not a member of the Audit and Remuneration Committees but attended all of the Meetings held by those Committees.

(14) Company Secretary

The qualifications and experience of the Company Secretary, Michael B Scobie, are set out on page 28 of the Annual Review.

(15) Directors' Shareholdings

Details of each Director's interests in the shares and other securities of the Company are:

	Shares	Non-Executive Directors' Share Plan ^a	Options and Share Acquisition Rights (SARs)
E A Alexander	16,374	20,924	–
J B Clark	56,079	2,225	–
E J Cloney	14,529	24,701	–
R L Every	13,004	1,631	–
R A Longes	13,379	6,237	–
K J Moss	31,000	21,908	–
R T Pearse	4,101,178	–	b
J R Williams	48,522	20,214	–

The shares are held in the name of the Director except in the case of:

- Dr J B Clark, 37,931 shares are held by UBS Wealth Management Australia Nominees Pty Limited – <Brian & Sandra S/F A/C> and 17,063 shares are held by UBS Wealth Management Australia Nominees Pty Limited – JBC Investment Holdings Pty Ltd <Clark Family A/C>;
- Mr E J Cloney, 534 shares are held by Lizzey Investments Pty Limited and 12,500 shares are held by Cloney Superannuation Fund;
- Mr R A Longes, 10,000 shares are held by Richard Longes Superannuation Fund;
- Dr K J Moss, 31,000 shares are held by K J and G A Moss; and
- Mr R T Pearse, 41,639 shares are held by Pearse Nominees (NSW) Pty Limited.

Shares or other securities with rights of conversion to equity in the Company or in a related body corporate are not otherwise held by any Directors of the Company. There were no disposals of such securities by any Directors or their Director-related entities during the financial year.

a Shares in the Company allocated to the Director's account in the Non-Executive Directors' Share Plan. Directors will only be entitled to a transfer of the shares in accordance with the terms and conditions of the Plan.

b Options and SARs held by Mr Pearse are:

Number of options	Expiry date	Exercise price
308,000	29 October 2010	\$5.57
350,000	29 October 2011	\$6.60
939,800	31 October 2012	\$7.70
2,083,300	6 November 2013	\$7.32
2,694,000	6 November 2014	\$6.83

Number of SARs	Expiry date
120,000	29 October 2011
247,036	31 October 2012

The SARs are rights to acquire shares in the Company under the Boral Senior Executive Performance Share Plan and will only vest to the extent to which the performance hurdle, which is measured by comparing the TSR of the Company to the TSR of the companies comprising the ASX 100 during the vesting period, is satisfied.

(16) No Officers are Former Auditors

No officer of the Company has been a partner in an audit firm, or a director of an audit company, that is an auditor of the Company during the year or was such a partner or director at a time when the audit firm or the audit company undertook an audit of the Company.

(17) Non-audit Services

Amounts paid or payable to Boral's auditor, KPMG, for non-audit services provided, during the year, by KPMG totalled \$447,000. These services consisted of:

Taxation compliance/ advisory services in Australia	\$90,000
Taxation compliance/ advisory services in jurisdictions other than Australia	\$199,000
Assurance related services	\$103,000
Acquisition services	\$55,000

Fees for audit services during the year totalled \$1,890,000. There was no audit related services component of that amount.

In accordance with advice from the Company's Audit Committee, Directors are satisfied that the provision of the above non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. Also in accordance with advice from the Audit Committee, Directors are satisfied that the provision of those non-audit services, during the year, by the auditor did not compromise the auditor independence requirements of the Corporations Act 2001 because:

- Directors are not aware of any reason to question the auditor's independence declaration under section 307C of the Corporations Act 2001;
- the total amounts paid or payable to the auditor for non-audit services are not material;
- the nature of the non-audit services provided is not inconsistent with those requirements; and

- provision of the non-audit services is consistent with the processes in place for the Audit Committee to monitor the independence of the auditor.

(18) Auditor's Independence Declaration

The auditor's independence declaration made under section 307C of the Corporations Act 2001 is set out on page 41 of the Annual Review and forms part of this report.

(19) Remuneration Report

The Remuneration Report is set out on pages 42 to 49 of the Annual Review.

(20) Proceedings on behalf of the Company

No application under section 237 of the Corporations Act 2001 has been made in respect of the Company and there are no proceedings that a person has brought or intervened in on behalf of the Company under that section.

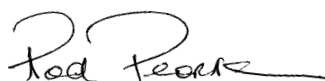
(21) Rounding of Amounts

The Company is of a kind referred to in ASIC Class Order 98/100 and in accordance with that Class Order, amounts in the financial report and Directors' Report have been rounded off to the nearest one hundred thousand dollars unless otherwise indicated.

Signed in accordance with a resolution of the Directors.



Kenneth J Moss
Director



Rodney T Pearce
Director

Sydney, 4 September 2008



Lead Auditor's Independence Declaration Under Section 307C of the Corporations Act 2001

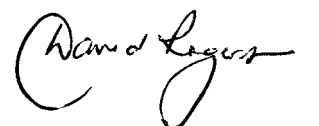
To: the Directors of Boral Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2008 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.



KPMG



David Rogers
Partner

Sydney, 4 September 2008

Remuneration Report

This Remuneration Report is clause (19) of the Directors' Report.

The Remuneration Report:

- Explains the Board's policies relating to remuneration of directors, secretaries and executives within Boral.
- Discusses the relationship between such policies and the Company's performance.
- Provides details of Boral's performance condition.
- Sets out remuneration details for the Company's key management personnel including Non-executive Directors, the Executive Director and other executives.

(i) Remuneration Committee

The role of the Remuneration Committee, which oversees remuneration issues, is referred to on page 37 of the Annual Review.

Management support for the Committee and advice from specialist remuneration advisers is provided primarily through Boral's General Manager, Human Resources.

(ii) Remuneration Policy

Boral's remuneration policy and practices are designed to attract, motivate and retain high quality people. The policy is built around principles that:

- Executive rewards be competitive in the markets in which Boral operates.
- Executive remuneration has an appropriate balance of fixed and variable reward.
- Remuneration be linked to Boral's performance and the creation of shareholder value.
- Variable remuneration for executives has both short and long term components.
- A significant proportion of executive reward be dependent upon performance assessed against key business measures, both financial and non-financial.

Current practice is to target fixed remuneration at market median levels paid by comparable companies for similar positions, with scope of role, performance and competence determining level of remuneration relative to market. Through variable

remuneration, executives are rewarded at the market median level for "target" performance and at the upper quartile level for delivery of "stretch" targets. Boral makes extensive use of market data to benchmark remuneration levels.

(iii) Executive Remuneration Structure

Remuneration for Boral executives includes both fixed and variable (incentive) components. Fixed remuneration includes base salary, any non-cash benefits such as provision of a vehicle (including any FBT charges) and in most instances, superannuation contributions. Remuneration levels are reviewed annually by the Remuneration Committee through a process that considers individual and company performance. External market advice is also considered to ensure remuneration levels remain competitive in the market-place.

Variable remuneration for executives includes both short-term and long-term incentives and is designed to reward executives for meeting or exceeding their financial and personal objectives. The Short Term Incentive (STI) is provided in the form of cash while the Long Term Incentive (LTI) is currently provided as options over ordinary Boral shares and/or share acquisition rights (SARs). Participation by executives in the STI and LTI schemes is at the discretion of the Board.

STIs are provided for employees who have significant influence over the annual outcomes of business units. Currently, about 6% of Boral employees participate in the STI scheme.

Salaried staff in Australia participate in an annual staff incentive scheme which is performance related. Currently, about 23% of Boral's Australian employees participate in the staff incentive scheme. The average incentive represents about 2.5% of base remuneration.

LTIs are provided for senior executives who are determined by the Board as having significant influence over the long-term outcomes of Boral. About 1% of employees participate in the LTI scheme.

Short Term Incentive

The STI amount awarded to any executive is determined at the end of the financial year when results are available. The STI is a proportion of a pre-determined target amount which varies with job size. The target amount is set by the Board based on market data. The actual incentive awarded is determined by assessment of the executive's performance against specific objectives, both financial and non-financial. The executive's performance is assessed relative to three measurement levels (minimum, target and stretch). A percentage of the target amount is awarded, depending on results, between 30% for minimum performance and 200% for stretch performance. Target performance achieves 100% of the target amount. No incentive is awarded where performance falls below minimum.

In the year to 30 June 2008, the target STI levels for members of the senior executive team were 35% to 53% of fixed remuneration.

The financial performance objective is based on "Profit After Funding" which is a measure of profit related to assets employed. The non-financial objectives vary with position and responsibility and include measures such as achieving strategic outcomes, safety performance, workers' compensation cost reduction, environment and sustainability outcomes, operational improvement and performance enhancement, customer satisfaction and staff development. These performance measures have been chosen to focus executives on adding shareholder value and demonstrating the Boral Values. Financial and non-financial objectives each typically account for 50% of the target STI for the majority of executives. For divisional Executive General Managers, financial objectives account for 67% of the target STI.

STIs in 2008 were higher than in 2007 for most senior executives of Australian divisions reflecting stronger performance against financial objectives and higher target STI levels which were reviewed to market in 2007. In the USA, STIs were generally lower than in 2007 reflecting financial results which were below target.

Long Term Incentive

The LTI award for an executive is a percentage of fixed remuneration which is set by the Board based on market data and the executive's position within the Company. The number of options or SARs to be awarded is calculated using the fair market value of those options or SARs determined in accordance with the applicable accounting standard and based on the average Boral share price for the five trading days following the Annual General Meeting.

In the year to 30 June 2008, the LTI levels for members of the senior executive team were 35% to 50% of fixed remuneration.

Options over ordinary Boral shares and SARs awarded to senior executives as LTIs are issued under the Rules of the Boral Senior Executive Option Plan and Boral Senior Executive Performance Share Plan respectively.

The number of options and/or rights that may be offered to executives when aggregated, together with the number of shares held in the Company's Employee Share Plan and Senior Executive Performance Share Plan and the number of shares that would be issued on exercise or vesting of outstanding options and rights, shall not exceed 5% of the total number of issued shares at the time of any such offer.

Subject to an exercise hurdle being attained, the exercise period during which options may be exercised and SARs may vest commences after three years and ends after seven years. The options and SARs lapse or forfeit if they are not exercised or released during such period. Generally the options and SARs do not remain available to executives who resign unless the Board exercises a discretion. Options may only be exercised and SARs may only vest if the exercise hurdle, which is set by the Board and is dependent on Boral shares performing favourably compared with the overall returns of shares in companies in the ASX 100, is met.

Full details of the current hurdle which has applied since 2001 are as follows:

Exercise hurdle

The exercise hurdle for both options and SARs is measured by comparing the performance of the Company with the performance of other companies in which shareholders may potentially invest. This is in line with the approach of other major Australian companies.

Accordingly, the exercise of the options and vesting of SARs will depend on the maximum Total Shareholder Return (TSR) of the Company relative to the TSR of the companies from time to time comprising the ASX 100.

Determination of the TSR will be made on the basis of movements in the share price and dividends, calculated in a similar manner to the Accumulation Index of ASX.

The period over which the TSR of the Company is compared with the TSR of the ASX 100 commences on the date of grant of the options and the SARs and is measured at any time during the exercise period. Measuring Boral's TSR at any time during the exercise period affords executives the same opportunity as shareholders to review the performance of the Company progressively during the exercise period.

The percentage of options or SARs capable of exercise is based on a sliding scale as follows:

If at any time during the exercise period the TSR of the Company:	The percentage of options or SARs which become exercisable is:
Does not reach the 50th percentile of the TSR of the ASX 100	0%
Reaches the 50th percentile of the TSR of the ASX 100	50%
Reaches or exceeds the 75th percentile of the TSR of the ASX 100	100%

The percentage of options or SARs which become exercisable increases from the 50th percentile up to the 75th percentile by 2% for each 1% increase in the percentile of the TSR of the Company, compared to the TSR of the ASX 100.

The measurement of Boral's TSR from the 2004 grant onwards requires the exercise hurdle to be maintained for a minimum of 10 consecutive business days. The percentile measurement of Boral's TSR will be based on the lowest share price during the 10 day period.

The number of options to be granted to an executive under the Option Plan in respect of a financial year is determined by the Board after considering the level of responsibility and accountability of the executive. The award is based on a percentage of fixed remuneration (dependent upon position within the Company) and the fair market value of a market priced option as determined independently using a valuation method defined by the applicable Australian Accounting Standard. The exercise price of the options is the average of the last sale price of Boral ordinary shares traded on ASX on each of the five trading days immediately after the date of the Annual General Meeting.

SARs were introduced in 2004 to provide an alternative LTI vehicle to options. SARs are granted to executives under the Boral Senior Executive Performance Share Plan following similar principles to those of the Option Plan. SARs can be granted in lieu of options, with the number granted calculated in the same way, ie based on a percentage of fixed remuneration and the fair market value of a SAR. No consideration is payable by the executive for the SARs or on transfer of shares after the SARs vest.

The LTIs and the Option and Performance Share Plans are designed to align participants' interests with those of shareholders.

Remuneration Report

Boral's earnings improved in 2004 and held steady through 2005 and 2006, however, earnings have decreased in 2007 and 2008. Shareholder wealth has fluctuated in years since 2003 as follows:

Year ended 30 June	Full year's dividend	Boral share price at year end	Return on equity
2003	23 cents	\$5.06	13.2%
2004	30 cents	\$6.46	15.7%
2005	34 cents	\$6.48	15.4%
2006	34 cents	\$8.14	13.2%
2007	34 cents	\$8.78	10.0%
2008	34 cents	\$5.65	8.5%

2005 figures restated to reflect adoption of Australian equivalents to International Financial Reporting Standards.

2008 return on equity excludes the financial impact of significant items.

Boral's TSR performance in recent years is detailed as follows:

LTI grant in year ended 30 June	Average annual TSR Performance over three years from date of grant
2003	39%
2004	20%
2005	9%

Boral's TSR performance was such that the exercise hurdle for options granted as LTIs in 2004 has, since the exercise period for them commenced on 29 October 2007, not yet been satisfied and none of those options have become exercisable.

Whether executives will benefit from vesting of LTIs awarded in 2004 and subsequent years will be determined by whether or not the exercise hurdles are satisfied during applicable exercise periods which commence three years after an award and end seven years after such award.

Boral has a policy on share trading which applies to Directors, officers and senior executives including key management personnel. This policy prohibits executives entering hedge and other derivative transactions regarding options or SARs granted to them as LTIs. Refer to the sub-heading "Dealings in Boral Shares" on page 34 of the Annual Review.

(iv) Non-executive Directors' Remuneration

The remuneration of non-executive Directors is determined by the full Board upon the recommendation of its Remuneration Committee within a maximum amount approved by shareholders in general meeting. The maximum amount was last increased to \$1,250,000 per annum in total remuneration at the Company's 2006 Annual General Meeting.

The remuneration of non-executive Directors is structured on a total remuneration basis which may be in the form of cash, superannuation contributions or Boral shares acquired through the Non-Executive Directors' Share Plan. Non-executive Directors are not provided with retirement benefits other than superannuation contributions.

The Board has agreed that as a matter of guidance rather than by way of requirement, an appropriate minimum proportion of non-executive Directors' remuneration to be taken in the Company shares through the Non-Executive Directors' Share Plan would be 10%.

The terms and conditions of the Plan provide to the effect that:

- The Company may pay into the Plan such percentage of the fees of a non-executive Director as he or she from time to time wishes to have applied under the Plan.
- The amount so paid will be applied by the Trustee of the Plan to the purchase of the Company's ordinary shares on ASX at market price during the 30 day period after the release by the Company to ASX of its half yearly results and its preliminary final results in each year or after the annual general meeting in each year.
- In the books of the Plan, the shares purchased will be notionally allocated to each non-executive Director in proportion to the amount paid to the Plan in respect of that non-executive Director.

- Dividends in respect of shares notionally allocated to a non-executive Director may be distributed by the Trustee to that non-executive Director after receipt of those dividends, together with any franking credits which relate to them. In addition, the Trustee is entitled, if requested by a non-executive Director, to elect to participate in the Dividend Reinvestment Plan in respect of those shares notionally allocated to that non-executive Director.
- The Plan is required to hold the shares notionally allocated to a non-executive Director on trust for that non-executive Director for at least 10 years. Upon request, the Trustee will transfer all shares notionally allocated to a non-executive Director for not less than 10 years to that non-executive Director.

Upon retirement from office or death of a non-executive Director, all shares notionally allocated to that non-executive Director will be transferred by the Trustee to him or her or, in the event of death, to his or her personal representative.

In considering the level of remuneration for Directors, the Board takes account of survey and other information on remuneration being paid by peer group companies.

For the year, base remuneration (fees) of \$115,000 was payable to non-executive Directors. The base remuneration for the Chairman was \$316,250. In addition, remuneration of \$12,500 was payable to members of Board Committees and \$18,750 to the chairs of Committees.

The Board has approved an increase in yearly base remuneration (fees) for non-executive Directors to \$123,000 and for the Chairman to \$338,250 from 1 July 2008. The additional Committee remuneration will be \$13,500 for members and \$20,250 for the chairs.

The remuneration of the non-executive Directors is fixed and they do not receive any options, variable remuneration or other performance related incentives.

Non-executive Directors' Remuneration

The remuneration of the non-executive Directors is set out in the Key Management Personnel Remuneration table on page 47.

(v) CEO's Remuneration

Mr Pearse is the Managing Director and Chief Executive Officer (CEO) of Boral Limited. Mr Pearse was appointed to this position effective 1 January 2000 for a five year term and agreed to a further five year contract which commenced on 1 January 2005.

Mr Pearse's base remuneration is set by the Board annually and may be taken as cash salary, company provided motor vehicle and superannuation contributions.

Mr Pearse's STI entitlement for 2008 was to a payment of 100% of base remuneration for target performance and up to 200% of base remuneration for stretch performance. The amount of the STI in any year is determined by the Board in consultation with Mr Pearse by assessment of his performance against financial and non-financial targets agreed by the Board in consultation with him at the start of each financial year.

Mr Pearse's 2008 STI is higher than in 2007 due to a market review of his remuneration (as a result of which target STI was increased from 60% to 100% of base remuneration) and the Company's stronger financial performance against target. In 2007, Mr Pearse's STI was significantly below market median.

Mr Pearse is also entitled to LTIs in the form of options granted under the Boral Senior Executive Option Plan and/or SARs granted under the Boral Senior Executive Performance Share Plan with a fair market value intended to represent, so far as practicable, 75% of the aggregate base remuneration payable over the five year term of the contract.

This has been achieved by the Company granting to Mr Pearse in each of November 2005, November 2006 and November 2007, options under the Boral Senior Executive Option Plan and SARs under the Boral Senior Executive Performance Share Plan so that the aggregate fair market value of the options and SARs granted to him is equal to 125% of the base remuneration payable in respect of the period ending on 31 August immediately prior to the date of grant. In effect, Mr Pearse has received three long-term incentive grants worth 125% of base remuneration in each of years one, two and three of the contract, instead of five long-term incentive grants worth 75% of base remuneration in each of years one to five of the contract. Mr Pearse will therefore not be granted further LTIs in 2008 or 2009. For these purposes, fair market value means the fair market value of options or rights to shares measured in accordance with the accounting standards applicable to the Company at the time.

If the service contract is terminated before the expiry of the five year term other than for breach by the Company, fundamental change or termination by the Company without notice then part of the LTIs granted to Mr Pearse will be cancelled so that the aggregate LTIs which Mr Pearse retains following termination represent 75% of base remuneration received over the term for which Mr Pearse actually served.

Shareholders at the Company's Annual General Meeting held on 21 October 2004 approved the above contemplated grants of options and SARs to Mr Pearse in respect of the five year period of his service contract from 1 January 2005.

Mr Pearse's aggregate annual remuneration, including base remuneration, STI and LTI, is reviewed by the Board annually taking into account the performance of Mr Pearse in the preceding year and a comparison against the remuneration payable to chief executives of an appropriate comparator group of companies determined by the Board and drawn from the top 50 ASX companies and international companies of appropriate size and industry.

Termination Events and Calculation of Payments

Shareholders at the Company's Annual General Meeting held on 21 October 2004 approved the payment of any termination payments which may become payable to Mr Pearse under his contract.

Set out below are the circumstances in which Mr Pearse's contract may be terminated and details of payments and other benefits that he may be entitled to receive as a result of such termination. For these purposes, the "total annual reward" in respect of any year is the base remuneration payable in that year plus the amount of any short-term incentive payable in that year.

Payment on expiry of term – Upon Mr Pearse entering a no compete condition for 15 months, the Company will pay him 1.25 times his total annual reward.

Payment on resignation – Upon Mr Pearse resigning by giving six months' written notice and entering into a no compete condition for 15 months, the Company will pay him 1.25 times his total annual reward.

Termination for illness or incapacity – Either Mr Pearse or the Company may, by giving six months' written notice, terminate his employment by reason of illness or incapacity.

Termination for cause – No termination payment is payable to Mr Pearse if he is dismissed for misconduct, willful neglect, serious or persistent breach of the service contract or other serious causes.

Termination for breach by the Company or fundamental change – If Mr Pearse terminates his employment because the Company is in breach of its obligations under the service contract or either party terminates the employment if there is a fundamental change which removes or diminishes his status, duties or authority, the Company will pay him an amount equal to twice the total annual reward in the year of termination.

Remuneration Report

Termination by Company for poor performance – If the Company terminates the employment of Mr Pearse because his performance is not at the level reasonably required, the Company will pay him an amount equal to his base remuneration in the year of termination.

Termination by Company without notice – If the Company terminates the employment of Mr Pearse without notice, the Company will pay him:

- (a) an amount equal to one half of his total annual reward in the year of termination (in lieu of six months' notice); and
- (b) an amount equal to total annual reward in the year of termination or where there is less than one year between the date of termination and the agreed expiry date, that amount multiplied by the number of days remaining until the expiry date divided by 365;

and, upon his entering into a no compete condition for 15 months, the Company will also pay him 1.25 times his total annual reward.

CEO's Remuneration

The remuneration of the CEO, Mr Pearse, is set out in the Key Management Personnel Remuneration table on page 47.

(vi) Executives' Remuneration

The remuneration of the most highly remunerated company executives and relevant group executives is determined in accordance with Boral's remuneration structure detailed above.

Termination

Periods of notice to be given by the executive upon resignation are from one to three months.

There are no contractual pre-set termination benefits for these executives and in the event that an executive's service is terminated by the employer whether for cause, poor performance, redundancy or otherwise, payments are made to satisfy Boral's legal obligations and meet fair market practices.

General employment terms and conditions are set out for each executive in their respective letters of employment/appointment.

A limited number of US senior executives have entered Executive Transition Agreements with Boral Industries Inc. pursuant to which benefits are payable in the event of termination in certain circumstances and within a specified period following a change of control of Boral Limited or Boral Industries Inc. Any such benefit which becomes payable is two times annual salary plus STI.

Executives' Remuneration

The remuneration of the most highly remunerated company executives and relevant group executives is set out in the Key Management Personnel Remuneration table on page 47.

Executive remuneration is not driven solely by the level of company profits. Executives are rewarded for managing their business according to pre-approved objectives, plans and budgets and sometimes budgeted earnings are lower than previous years due to the cyclical nature of our markets.

In 2007, executive STIs were reviewed to market and were found to be below market median and not satisfying Boral's remuneration policy as set out on page 42. As a result, STI levels were increased for 2008. In addition to this, stronger financial performance against targets for most Australian divisions resulted in increased STI outcomes for executives.

Key Management Personnel Remuneration – 2008

		Short-term				Post-employment			Other long-term	Share-based payments			Total remuneration	Proportion of remuneration performance-related	Value of options as proportion of remuneration
		Salary and fees	Short Term Incentive (cash bonus)		Non-monetary benefits	Super-annuation contributions ^a	Retirement benefits	Long Term Incentives ^b		Share plan					
			A\$	% vested				% forfeited			A\$	A\$			
DIRECTORS															
Non-executive															
E A ALEXANDER	2007	102,901	–	–	–	9,261	–	–	–	–	12,463	124,625	–	–	
	2008	39,314	–	–	–	423	–	–	–	–	94,013	133,750	–	–	
J B CLARK	2007	8,323	–	–	–	749	–	–	–	–	1,008	10,080	–	–	
	2008	105,275	–	–	–	9,475	–	–	–	–	12,750	127,500	–	–	
E J CLONEY	2007	102,901	–	–	–	9,261	–	–	–	–	12,463	124,625	–	–	
	2008	110,436	–	–	–	9,939	–	–	–	–	13,375	133,750	–	–	
R L EVERY	2007	0	–	–	–	0	–	–	–	–	0	0	–	–	
	2008	82,311	–	–	–	7,408	–	–	–	–	9,921	99,640	–	–	
R A LONGES	2007	98,050	–	–	–	8,825	–	–	–	–	11,875	118,750	–	–	
	2008	105,275	–	–	–	9,475	–	–	–	–	12,750	127,500	–	–	
K J MOSS Chairman	2007	262,600	–	–	–	12,800	–	–	–	–	30,600	306,000	–	–	
	2008	260,458	–	–	–	13,500	–	–	–	–	54,792	328,750	–	–	
M R RAYNER	2007	98,050	–	–	–	8,825	–	–	–	–	11,875	118,750	–	–	
	2008	38,396	–	–	–	0	–	–	–	–	4,250	42,646	–	–	
J R WILLIAMS	2007	98,050	–	–	–	8,825	–	–	–	–	11,875	118,750	–	–	
	2008	105,275	–	–	–	9,475	–	–	–	–	12,750	127,500	–	–	
Executive															
R T PEARSE Managing Director and CEO	2007	2,045,333	576,000	23%	77%	18,070	413,000	–	34,089	770,307	339,520	–	4,196,319	40%	18%
	2008	2,253,333	2,269,953	41%	59%	18,070	455,000	–	37,556	1,288,904	339,520	–	6,662,336	59%	19%
Total	2007	2,816,208	576,000			18,070	471,546	–	34,089	770,307	339,520	92,159	5,117,899		
Total	2008	3,100,073	2,269,953			18,070	514,695	–	37,556	1,288,904	339,520	214,601	7,783,372		
EXECUTIVES															
J M DOUGLAS Executive General Manager, Australian Construction Materials	2007	658,642	215,897	53%	47%	18,070	12,800	–	10,977	44,598	38,123	–	999,107	30%	4%
	2008	740,800	373,618	54%	46%	18,070	13,400	–	12,347	61,163	61,174	–	1,280,572	39%	5%
P J JOBE Executive General Manager, Cement	2007	699,160	162,697	38%	62%	18,070	12,800	–	11,653	66,501	48,735	–	1,019,616	27%	7%
	2008	746,577	269,446	39%	61%	18,070	13,400	–	12,443	73,459	73,432	–	1,206,827	34%	6%
K A MITCHELHILL Executive General Manager, Clay & Concrete	2007	624,003	94,732	25%	75%	18,070	12,800	–	10,400	59,250	45,040	–	864,295	23%	7%
	2008	672,267	383,227	69%	31%	18,070	13,400	–	11,204	67,068	67,071	–	1,232,307	42%	5%
W R BATSTONE Executive General Manager, Plasterboard	2007	526,866	244,015	65%	35%	18,070	89,351	–	8,781	59,183	43,557	–	989,823	35%	6%
	2008	583,384	290,231	56%	44%	18,070	98,936	–	9,723	64,851	64,847	–	1,130,042	37%	6%
B M TISHER Executive General Manager, Timber	2007	488,140	81,848	30%	70%	12,047	12,800	–	8,136	40,935	30,495	–	674,401	23%	6%
	2008	542,733	324,552	77%	23%	0	13,400	–	9,046	45,841	45,851	–	981,423	42%	5%
E S SEVERIN President, Boral Industries USA	2007	641,750	156,354	22%	78%	297,536	102,783	–	10,696	86,782	65,087	–	1,360,988	23%	6%
	2008	590,517	243,723	38%	62%	255,482	102,783	–	9,842	97,076	97,098	–	1,396,521	31%	7%
K M BARTON Chief Financial Officer	2007	623,137	144,320	37%	63%	18,070	12,800	–	10,386	53,739	41,774	–	904,226	27%	6%
	2008	684,267	292,569	52%	48%	18,070	13,400	–	11,404	63,739	63,741	–	1,147,190	37%	6%
M B SCOBIE General Manager, Corporate Services and Company Secretary	2007	443,345	96,696	37%	63%	18,070	75,187	–	7,389	45,067	32,757	–	718,511	24%	6%
	2008	471,829	182,083	47%	53%	18,070	80,018	–	7,864	48,200	48,191	–	856,255	33%	6%
R J TOWN General Manager, Human Resources	2007	397,107	75,811	32%	68%	18,070	67,226	–	6,618	36,756	27,674	–	629,262	22%	6%
	2008	433,117	154,406	43%	57%	18,070	73,453	–	7,219	41,394	41,404	–	769,063	31%	5%
A I WARBURTON General Manager, Corporate Development ^c	2007	107,823	24,000	36%	64%	6,023	4,267	–	1,832	5,765	4,252	–	153,962	22%	4%
	2008	428,267	136,845	43%	57%	18,070	13,400	–	7,138	20,100	20,091	–	643,911	27%	3%
Total	2007	5,209,973	1,296,370			442,096	402,814	–	86,868	498,576	377,494	–	8,314,191		
Total	2008	5,893,758	2,650,700			400,042	435,590	–	98,230	582,891	582,900	–	10,644,111		

^a Superannuation guarantee or defined benefit fund contributions. Voluntary superannuation contributions are included in salary and fees.

^b The fair value of the options and SARs is calculated at the date of grant using the Monte Carlo simulation analysis. The value is allocated to each reporting period evenly over the period of five years from the grant date. The value disclosed above is the portion of the fair value of the options and SARs allocated to this reporting period.

^c Andrew Warburton appointed General Manager, Corporate Development on 1 March 2007.

Remuneration Report

(vii) Details of Long Term Incentives Granted as Remuneration

The vesting profile and other details of LTIs being options and SARs granted as remuneration to the CEO and the above executives are:

	Options granted		Share Acquisition Rights granted		% vested in year	% forfeited in year	Financial year in which grant vests	Value yet to vest ^a			
	No.	Date	No.	Date				Min	Option Max A\$	SAR Max A\$	Total Max A\$
DIRECTORS											
Non-executive											
E A ALEXANDER	0		0								
J B CLARK	0		0								
E J CLONEY	0		0								
R L EVERY	0		0								
R A LONGES	0		0								
K J MOSS	0		0								
M R RAYNER	0		0								
J R WILLIAMS	0		0								
Executive											
R T PEARSE	700,000	29 October 2003			0%	0%	30 June 2007	0	158,760	0	158,760
Managing Director	350,000	29 October 2004	120,000	29 October 2004	0%	0%	30 June 2008	nil	0	733,200	733,200
and Chief Executive Officer	939,800	31 October 2005	247,036	31 October 2005	0%	0%	30 June 2009	nil	0	1,509,390	1,509,390
	2,083,500	6 November 2006	0		0%	0%	30 June 2010	nil	0	0	0
	2,694,000	6 November 2007	0		0%	0%	30 June 2011	nil	0	0	0
EXECUTIVES											
J M DOUGLAS	53,300	29 October 2003			0%	0%	30 June 2007	0	12,088	0	12,088
Executive General Manager,	25,900	29 October 2004	6,938	29 October 2004	0%	0%	30 June 2008	nil	0	42,391	42,391
Australian Construction	71,700	31 October 2005	18,849	31 October 2005	0%	0%	30 June 2009	nil	0	115,167	115,167
Materials	79,100	6 November 2006	21,623	6 November 2006	0%	0%	30 June 2010	nil	0	132,117	132,117
	103,100	6 November 2007	26,825	6 November 2007	0%	0%	30 June 2011	nil	0	163,901	163,901
P J JOBE	146,000	29 October 2003			0%	0%	30 June 2007	0	33,113	0	33,113
Executive General Manager,	56,200	29 October 2004	15,057	29 October 2004	0%	0%	30 June 2008	nil	0	91,998	91,998
Cement	82,900	31 October 2005	21,782	31 October 2005	0%	0%	30 June 2009	nil	0	133,088	133,088
	88,200	6 November 2006	24,097	6 November 2006	0%	0%	30 June 2010	nil	0	147,233	147,233
	108,400	6 November 2007	28,185	6 November 2007	0%	0%	30 June 2011	nil	0	172,210	172,210
K A MITCHELHILL	117,000	29 October 2003			0%	0%	30 June 2007	0	26,536	0	26,536
Executive General Manager,	59,100	29 October 2004	15,849	29 October 2004	0%	0%	30 June 2008	nil	0	96,837	96,837
Clay & Concrete Products	73,500	31 October 2005	19,330	31 October 2005	0%	0%	30 June 2009	nil	0	118,106	118,106
	77,900	6 November 2006	21,284	6 November 2006	0%	0%	30 June 2010	nil	0	130,045	130,045
	97,200	6 November 2007	25,269	6 November 2007	0%	0%	30 June 2011	nil	0	154,394	154,394
W R BATSTONE	128,500	29 October 2003			0%	0%	30 June 2007	0	29,144	0	29,144
Executive General Manager,	56,800	29 October 2004	15,218	29 October 2004	0%	0%	30 June 2008	nil	0	92,982	92,982
Plasterboard	71,700	31 October 2005	18,849	31 October 2005	0%	0%	30 June 2009	nil	0	115,167	115,167
	74,900	6 November 2006	20,465	6 November 2006	0%	0%	30 June 2010	nil	0	125,041	125,041
	94,100	6 November 2007	24,481	6 November 2007	0%	0%	30 June 2011	nil	0	149,579	149,579
B M TISHER	86,000	29 October 2003			0%	0%	30 June 2007	0	19,505	0	19,505
Executive General Manager,	41,300	29 October 2004	11,080	29 October 2004	0%	100%	30 June 2008	nil	0	0	0
Timber	49,400	31 October 2005	12,986	31 October 2005	0%	0%	30 June 2009	nil	0	79,344	79,344
	51,800	6 November 2006	14,166	6 November 2006	0%	0%	30 June 2010	nil	0	86,554	86,554
	69,300	6 November 2007	18,012	6 November 2007	0%	0%	30 June 2011	nil	0	110,053	110,053
E S SEVERIN	178,600	29 October 2003			0%	0%	30 June 2007	0	40,506	0	40,506
President,	78,100	29 October 2004	20,940	29 October 2004	0%	0%	30 June 2008	nil	0	127,943	127,943
Boral Industries USA	108,800	31 October 2005	28,603	31 October 2005	0%	0%	30 June 2009	nil	0	174,764	174,764
	117,000	6 November 2006	31,985	6 November 2006	0%	0%	30 June 2010	nil	0	195,428	195,428
	138,700	6 November 2007	36,082	6 November 2007	0%	0%	30 June 2011	nil	0	220,461	220,461
K M BARTON	98,500	29 October 2003			0%	0%	30 June 2007	0	22,340	0	22,340
Chief Financial Officer	44,200	29 October 2004	11,857	29 October 2004	0%	0%	30 June 2008	nil	0	72,446	72,446
	72,900	31 October 2005	19,162	31 October 2005	0%	0%	30 June 2009	nil	0	117,080	117,080
	77,200	6 November 2006	21,100	6 November 2006	0%	0%	30 June 2010	nil	0	128,921	128,921
	97,200	6 November 2007	25,269	6 November 2007	0%	0%	30 June 2011	nil	0	154,394	154,394
M B SCOBIE	101,200	29 October 2003			0%	0%	30 June 2007	0	22,952	0	22,952
General Manager,	44,200	29 October 2004	11,847	29 October 2004	0%	0%	30 June 2008	nil	0	72,385	72,385
Corporate Services	53,500	31 October 2005	14,054	31 October 2005	0%	0%	30 June 2009	nil	0	85,870	85,870
and Company Secretary	55,300	6 November 2006	15,115	6 November 2006	0%	0%	30 June 2010	nil	0	92,353	92,353
	67,600	6 November 2007	17,579	6 November 2007	0%	0%	30 June 2011	nil	0	107,408	107,408
R J TOWN	74,800	29 October 2003			0%	0%	30 June 2007	0	16,965	0	16,965
General Manager,	34,800	29 October 2004	9,335	29 October 2004	0%	0%	30 June 2008	nil	0	57,037	57,037
Human Resources	46,000	31 October 2005	12,098	31 October 2005	0%	0%	30 June 2009	nil	0	73,919	73,919
	48,300	6 November 2006	13,198	6 November 2006	0%	0%	30 June 2010	nil	0	80,640	80,640
	60,700	6 November 2007	15,788	6 November 2007	0%	0%	30 June 2011	nil	0	96,465	96,465
A I WARBURTON	37,300	29 October 2003			0%	0%	30 June 2007	0	8,460	0	8,460
General Manager,	17,200	29 October 2004	4,617	29 October 2004	0%	0%	30 June 2008	nil	0	28,210	28,210
Corporate Development	20,800	31 October 2005	5,459	31 October 2005	0%	0%	30 June 2009	nil	0	33,354	33,354
	21,600	6 November 2006	5,904	6 November 2006	0%	0%	30 June 2010	nil	0	36,073	36,073
	35,100	6 November 2007	9,119	6 November 2007	0%	0%	30 June 2011	nil	0	55,717	55,717

^a Maximum values yet to vest are based on the last sale price of Boral shares on 18 August 2008 of \$6.11.

Options

Details of the movement during the year of options held by the CEO and the above executives are:

	Balance at 1 July 2007 Number	Granted during the year as remuneration Number	Value of options granted ^a \$	Exercised during the year Number	Value of options exercised ^b \$	Lapsed during the year Number	Value of options lapsed/cancelled ^c \$	Balance at 30 June 2008 Number
Executive Director								
R T PEARSE	3,681,100	2,694,000	3,125,040	–	–	–	–	6,375,100
Executives								
J M DOUGLAS	200,152	103,100	119,596	–	–	–	–	303,252
P J JOBE	291,540	108,400	125,744	–	–	–	–	399,940
K A MITCHELHILL	261,980	97,200	112,752	–	–	–	–	359,180
W R BATSTONE	331,900	94,100	109,156	(74,530)	63,351	–	–	351,470
B M TISHER	228,500	69,300	80,388	–	–	(41,300)	(41,300)	256,500
E S SEVERIN	482,500	138,700	160,892	–	–	–	–	621,200
K M BARTON	292,800	97,200	112,752	–	–	–	–	390,000
M B SCOBIE	201,576	67,600	78,416	–	–	–	–	269,176
R J TOWN	203,900	60,700	70,412	(43,384)	46,855	–	–	221,216
A I WARBURTON	76,900	35,100	40,716	–	–	–	–	112,000

^a The fair value of options granted during the year calculated at the date of grant using a Monte Carlo simulation analysis is \$1.16 per option. The options expire on 6 November 2014.

^b Calculated per option as the last sale price of Boral shares on the date of exercise less the exercise price.

^c Calculated per option at fair market value of option on date of grant.

Share Acquisition Rights

Details of the movement during the year of SARs held by the CEO and the above executives are:

	Balance at 1 July 2007 Number	Granted during the year as remuneration Number	Value of rights granted ^a \$	Exercised during the year Number	Value of rights exercised \$	Lapsed during the year Number	Value of rights lapsed/cancelled ^b \$	Balance at 30 June 2008 Number
Executive Director								
R T PEARSE	367,036	–	–	–	–	–	–	367,036
Executives								
J M DOUGLAS	47,410	26,825	119,640	–	–	–	–	74,235
P J JOBE	60,936	28,185	125,705	–	–	–	–	89,121
K A MITCHELHILL	56,463	25,269	112,700	–	–	–	–	81,732
W R BATSTONE	54,532	24,481	109,185	–	–	–	–	79,013
B M TISHER	38,232	18,012	80,334	–	–	(11,080)	(41,328)	45,164
E S SEVERIN	81,528	36,082	160,926	–	–	–	–	117,610
K M BARTON	52,119	25,269	112,700	–	–	–	–	77,388
M B SCOBIE	41,016	17,579	78,402	–	–	–	–	58,595
R J TOWN	34,631	15,788	70,414	–	–	–	–	50,419
A I WARBURTON	15,980	9,119	40,671	–	–	–	–	25,099

^a The fair value of SARs granted during the year calculated at the date of grant using a Monte Carlo simulation analysis is \$4.46 per right. The SARs expire on 6 November 2014.

^b Calculated per right at fair market value of right on date of grant.

Income Statement

BORAL LIMITED AND CONTROLLED ENTITIES

for the year ended 30 June	Note	CONSOLIDATED	
		2008 \$ millions	2007 \$ millions
Revenue	3	5,198.5	4,909.0
Cost of sales		(3,426.5)	(3,056.5)
Distribution expenses		(798.6)	(804.0)
Selling and marketing expenses		(202.7)	(217.0)
Administrative expenses		(362.9)	(342.5)
		(4,790.7)	(4,420.0)
Other income		18.2	9.6
Other expenses	4	(31.9)	(2.8)
Share of net profit of associates and joint ventures	9	22.0	35.1
Profit before net financing costs and income tax expense		416.1	530.9
Financial income		8.7	6.3
Financial expenses		(120.6)	(116.8)
Net financing costs		(111.9)	(110.5)
Profit before related income tax expense		304.2	420.4
Income tax expense	5	(62.0)	(122.3)
Net profit		242.2	298.1
Attributable to:			
Members of the parent entity		242.8	298.1
Minority interests		(0.6)	–
Net profit		242.2	298.1
Basic earnings per share – ordinary shares	7	40.7c	50.0c
Diluted earnings per share – ordinary shares	7	40.6c	49.9c

The income statement 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	CONSOLIDATED	
		2008 \$ millions	2007 \$ millions
CURRENT ASSETS			
Cash and cash equivalents		47.4	35.7
Receivables		881.7	799.9
Inventories		600.1	584.0
Other		41.6	31.4
TOTAL CURRENT ASSETS		1,570.8	1,451.0
NON-CURRENT ASSETS			
Receivables		39.8	37.5
Inventories		59.8	126.4
Investments accounted for using the equity method		298.2	388.8
Other financial assets	11	430.8	399.3
Property, plant and equipment		3,088.9	2,989.6
Intangible assets		326.1	340.3
Other		80.6	83.7
TOTAL NON-CURRENT ASSETS		4,324.2	4,365.6
TOTAL ASSETS		5,895.0	5,816.6
CURRENT LIABILITIES			
Payables		686.4	619.3
Interest bearing loans and borrowings		47.2	25.6
Current tax liabilities		96.9	81.3
Provisions		194.8	195.6
TOTAL CURRENT LIABILITIES		1,025.3	921.8
NON-CURRENT LIABILITIES			
Payables		81.0	67.8
Interest bearing loans and borrowings		1,515.3	1,492.4
Deferred tax liabilities		316.9	299.3
Provisions		46.9	48.0
TOTAL NON-CURRENT LIABILITIES		1,960.1	1,907.5
TOTAL LIABILITIES		2,985.4	2,829.3
NET ASSETS		2,909.6	2,987.3
EQUITY			
Issued capital	12	1,673.1	1,688.1
Reserves		113.0	148.1
Retained earnings	13	1,121.5	1,148.2
Total parent entity interest		2,907.6	2,984.4
Minority interests		2.0	2.9
TOTAL EQUITY		2,909.6	2,987.3

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

Statement of Recognised Income and Expense

BORAL LIMITED AND CONTROLLED ENTITIES

for the year ended 30 June	CONSOLIDATED	
	2008 \$ millions	2007 \$ millions
Actuarial gain/(loss) on defined benefit plans, net of tax	(8.7)	3.5
Net exchange differences from translation of foreign operations taken to equity, net of tax	(56.5)	(22.4)
Fair value adjustment on cash flow hedges, net of tax	8.3	(0.1)
Fair value adjustment on available for sale financial assets, net of tax	6.0	83.8
Net income/(expense) recognised directly in equity	(50.9)	64.8
Net profit	242.2	298.1
Total recognised income and expense for the year	191.3	362.9
Total recognised income and expense for the year is attributable to:		
Members of the parent entity	191.9	362.9
Minority interests	(0.6)	–
Total recognised income and expense for the year	191.3	362.9

The statement of recognised income and expense should be read in conjunction with the accompanying notes which form an integral part of the financial report.

Cash Flow Statement

BORAL LIMITED AND CONTROLLED ENTITIES

for the year ended 30 June	Note	CONSOLIDATED	
		2008 \$ millions	2007 \$ millions
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		5,548.6	5,277.4
Payments to suppliers and employees		(4,881.6)	(4,642.5)
Dividends received		76.7	49.3
Interest received		6.2	6.3
Borrowing costs paid		(120.3)	(114.9)
Income taxes paid		(47.8)	(93.7)
NET CASH PROVIDED BY OPERATING ACTIVITIES		581.8	481.9
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(390.2)	(403.0)
Purchase of intangibles		(2.3)	(0.6)
Purchase of controlled entities and businesses (net of cash acquired)	15	(101.2)	(11.2)
Purchase of other investments		(2.3)	(3.3)
Loans to associates		(17.8)	(13.8)
Proceeds on disposal of businesses and non-current assets		33.9	19.5
NET CASH USED IN INVESTING ACTIVITIES		(479.9)	(412.4)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		1.5	11.7
Dividends paid (net of dividends reinvested under the Dividend Reinvestment Plan of \$41.4 million (2007: \$53.7 million))		(163.3)	(148.2)
Off-market share buy-back		(114.6)	–
Proceeds from borrowings		713.0	149.5
Repayment of borrowings		(495.1)	(139.6)
NET CASH USED IN FINANCING ACTIVITIES		(58.5)	(126.6)
NET CHANGE IN CASH AND CASH EQUIVALENTS			
		43.4	(57.1)
Cash and cash equivalents at the beginning of the year		11.4	76.2
Effects of exchange rate fluctuations on the balances of cash and cash equivalents held in foreign currencies		(7.4)	(7.7)
Cash and cash equivalents at the end of the year	16	47.4	11.4

The cash flow statement should be read in conjunction with the accompanying notes which form an integral part of the financial report.

Notes to the Concise Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

1. BASIS OF PREPARATION OF CONCISE FINANCIAL REPORT

The concise financial report has been prepared in accordance with the Corporations Act 2001 and Accounting Standard AASB 1039 Concise Financial Reports. The financial statements and specified disclosures required by AASB 1039 have been derived from the consolidated entity's full financial report for the financial year. Other information included in the concise financial report is consistent with the consolidated entity's full financial report. The concise financial report does not, and cannot be expected to, provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The accounting policies adopted have been applied consistently to all periods presented in the consolidated financial report.

The financial report has been prepared on the basis of historical cost, except for derivative financial instruments and financial instruments classified as available for sale which have been measured at fair value at reporting date.

The report is presented in Australian dollars.

A full description of the accounting policies adopted by the Group may be found in the consolidated entity's full financial report.

COMPARATIVE INFORMATION

To ensure comparability with the current reporting period, certain comparative items may have been reclassified in the financial statements to conform with changes in presentation in the current financial year.

Notes to the Concise Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

2. SEGMENTS

BUSINESS SEGMENTS	2008 \$ millions	2007 \$ millions	2008 \$ millions	2007 \$ millions	2008 \$ millions	2007 \$ millions
REVENUE*						
Building products – Australia	1,357.1	1,275.3				
Construction materials – Australia	2,960.0	2,548.8				
United States of America	670.8	882.5				
Asia	190.7	182.5				
Other	19.9	19.9				
	5,198.5	4,909.0				
	OPERATING PROFIT (EXCLUDING ASSOCIATES)		EQUITY ACCOUNTED RESULTS OF ASSOCIATES		OPERATING PROFIT BEFORE TAX	
Building products – Australia	103.2	90.1	11.2	9.1	114.4	99.2
Construction materials – Australia	332.3	301.1	18.6	16.9	350.9	318.0
United States of America	(1.2)	101.5	(25.9)	(7.0)	(27.1)	94.5
Asia	(11.5)	(4.0)	18.1	16.1	6.6	12.1
Other	19.0	19.4	–	–	19.0	19.4
Corporate	(15.8)	(12.3)	–	–	(15.8)	(12.3)
	426.0	495.8	22.0	35.1	448.0	530.9
Asia – Write-down of Thailand goodwill	(31.9)	–	–	–	(31.9)	–
Net financing costs	(111.9)	(110.5)	–	–	(111.9)	(110.5)
	282.2	385.3	22.0	35.1	304.2	420.4
	SEGMENT ASSETS (EXCLUDING INVESTMENTS IN ASSOCIATES)		EQUITY ACCOUNTED INVESTMENTS IN ASSOCIATES		TOTAL ASSETS	
Building products – Australia	1,423.9	1,335.0	4.1	10.1	1,428.0	1,345.1
Construction materials – Australia	2,758.0	2,680.3	15.5	17.4	2,773.5	2,697.7
United States of America	820.6	807.4	76.7	110.9	897.3	918.3
Asia	112.7	154.2	201.9	250.4	314.6	404.6
Other	405.2	398.4	–	–	405.2	398.4
Corporate	29.0	16.8	–	–	29.0	16.8
	5,549.4	5,392.1	298.2	388.8	5,847.6	5,780.9
Cash and cash equivalents	47.4	35.7	–	–	47.4	35.7
	5,596.8	5,427.8	298.2	388.8	5,895.0	5,816.6
	LIABILITIES		ACQUISITION OF SEGMENT ASSETS **		DEPRECIATION AND AMORTISATION	
Building products – Australia	250.0	231.3	124.5	124.1	53.8	51.9
Construction materials – Australia	463.2	426.8	179.2	160.5	138.3	135.9
United States of America	108.1	105.4	77.7	96.2	38.3	34.7
Asia	30.1	28.6	10.3	22.1	9.4	8.4
Other	0.9	1.0	–	–	–	–
Corporate	156.8	137.6	0.8	0.7	0.4	0.5
	1,009.1	930.7	392.5	403.6	240.2	231.4
Interest bearing loans and borrowings	1,562.5	1,518.0	–	–	–	–
Tax liabilities	413.8	380.6	–	–	–	–
	2,985.4	2,829.3	392.5	403.6	240.2	231.4

* Revenue represents external sales from operating activities. It excludes intersegment sales as they are not considered material.

** Acquisition of segment assets excludes purchases of controlled entities, businesses and other investments.

There were no significant non-cash expenses other than depreciation and write-down of Thailand construction materials goodwill.

BUSINESS SEGMENTS

Building products – Australia	Bricks, plasterboard, timber products, roof tiles, aluminium products and concrete products.
Construction materials – Australia	Quarries, road surfacing, premix concrete, precast concrete, Flyash, cement, quarry end use, transport, concrete placing and scaffolding.
United States of America	Bricks, roof tiles, flyash, premix concrete, quarries and masonry.
Asia	Plasterboard, premix concrete and quarries.
Other	Investments in listed shares and non-trading operations.

Notes to the Concise Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

2. SEGMENTS (continued)

GEOGRAPHIC SEGMENTS	2008 \$ millions	2007 \$ millions	2008 \$ millions	2007 \$ millions	2008 \$ millions	2007 \$ millions
	REVENUE*		ACQUISITION OF SEGMENT ASSETS **			
Australia	4,317.1	3,824.1	303.7	284.6		
United States of America	670.8	882.5	77.7	96.2		
Asia	190.7	182.5	10.3	22.1		
Other	19.9	19.9	–	–		
Corporate	–	–	0.8	0.7		
	5,198.5	4,909.0	392.5	403.6		
	OPERATING PROFIT (EXCLUDING ASSOCIATES)		EQUITY ACCOUNTED RESULTS OF ASSOCIATES		OPERATING PROFIT BEFORE TAX	
Australia	435.5	391.2	29.8	26.0	465.3	417.2
United States of America	(1.2)	101.5	(25.9)	(7.0)	(27.1)	94.5
Asia	(11.5)	(4.0)	18.1	16.1	6.6	12.1
Other	19.0	19.4	–	–	19.0	19.4
Corporate	(15.8)	(12.3)	–	–	(15.8)	(12.3)
	426.0	495.8	22.0	35.1	448.0	530.9
Asia – Write-down of Thailand goodwill	(31.9)	–	–	–	(31.9)	–
Net financing costs	(111.9)	(110.5)	–	–	(111.9)	(110.5)
	282.2	385.3	22.0	35.1	304.2	420.4
	SEGMENT ASSETS (EXCLUDING INVESTMENTS IN ASSOCIATES)		EQUITY ACCOUNTED INVESTMENTS IN ASSOCIATES		TOTAL ASSETS	
Australia	4,181.9	4,015.3	19.6	27.5	4,201.5	4,042.8
United States of America	820.6	807.4	76.7	110.9	897.3	918.3
Asia	112.7	154.2	201.9	250.4	314.6	404.6
Other	405.2	398.4	–	–	405.2	398.4
Corporate	29.0	16.8	–	–	29.0	16.8
	5,549.4	5,392.1	298.2	388.8	5,847.6	5,780.9
Cash and cash equivalents	47.4	35.7	–	–	47.4	35.7
	5,596.8	5,427.8	298.2	388.8	5,895.0	5,816.6

* Revenue represents external sales from operating activities. It excludes intersegment sales as they are not considered material.

** Acquisition of segment assets excludes purchases of controlled entities, businesses and other investments.

There were no significant non-cash expenses other than depreciation and write-down of Thailand construction materials goodwill.

GEOGRAPHIC SEGMENTS

Australia	Bricks, plasterboard, timber products, roof tiles, aluminium products, concrete products, quarries, road surfacing, premix concrete, precast concrete, Flyash, cement, quarry end use, transport, concrete placing and scaffolding.
United States of America	Bricks, roof tiles, flyash, premix concrete, quarries and masonry.
Asia	Plasterboard, premix concrete and quarries.
Other	Investments in listed shares and non-trading operations.

Notes to the Concise Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

		CONSOLIDATED	
	Note	2008 \$ millions	2007 \$ millions
3. REVENUE			
Sale of goods		5,108.4	4,808.8
Rendering of services		70.2	80.3
		5,178.6	4,889.1
Other revenue			
Dividends from other parties		19.9	19.9
		5,198.5	4,909.0
4. OTHER EXPENSES			
Significant item			
Write-down of Thailand construction materials goodwill	6	31.9	–
Net loss on sale of assets		–	2.3
Net foreign exchange loss		–	0.5
		31.9	2.8
5. INCOME TAX EXPENSE			
Income tax expense on profit:			
Prima facie tax at Australian tax rate 30% (2007: 30%)		91.3	126.1
Other items		(1.2)	(3.8)
Underlying income tax expense		90.1	122.3
Significant item			
Resolution of matters with the Australian Taxation Office (ATO) relating to the utilisation of tax losses and capital gains arising from the demerger in 2000 and progress on other outstanding taxation matters			
Income tax expense/(benefit)	6	(28.1)	–
Income tax expense attributable to profit		62.0	122.3
6. SIGNIFICANT ITEMS			
Net profit includes the following items whose disclosure is relevant in explaining the financial performance of the Group.			
Write-down of Thailand construction materials goodwill		31.9	–
Income tax expense		–	–
		31.9	–
Resolution of matters with the Australian Taxation Office (ATO) relating to the utilisation of tax losses and capital gains arising from the demerger in 2000 and progress on other outstanding taxation matters			
Income tax expense/(benefit)		(28.1)	–
		(28.1)	–
Net significant items		(3.8)	–

At 30 June 2008 the Group has written down \$31.9 million (2007: Nil) of goodwill applicable to the Thailand construction materials operations following a review of this business. This charge takes into account the deterioration in current performance and the challenging market conditions experienced in the Thailand construction materials markets.

Notes to the Concise Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

CONSOLIDATED

2008	2007
\$ millions	\$ millions

7. EARNINGS PER SHARE

CLASSIFICATION OF SECURITIES AS ORDINARY SHARES

Only ordinary shares have been included in basic earnings per share (EPS).

CLASSIFICATION OF SECURITIES AS POTENTIAL ORDINARY SHARES

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.

EARNINGS RECONCILIATION

Net profit before significant items and minority interests	246.0	298.1
Net loss attributable to minority interests	0.6	–
Net profit excluding significant items	246.6	298.1
Net significant items	(3.8)	–
Net profit attributable to members of the parent entity	242.8	298.1

CONSOLIDATED

2008	2007
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Weighted average number of ordinary shares used as the denominator

Number for basic earnings per share	596,349,369	595,749,107
Effect of potential ordinary shares	1,688,363	1,961,823
Number for diluted earnings per share	598,037,732	597,710,930
Basic earnings per share – ordinary shares	40.7c	50.0c
Diluted earnings per share – ordinary shares	40.6c	49.9c
Basic earnings per share – ordinary shares (excluding significant items)	41.4c	50.0c
Diluted earnings per share – ordinary shares (excluding significant items)	41.2c	49.9c

Notes to the Concise Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

8. DIVIDENDS

Dividends recognised by the Company and the Group are:

	Amount per share	Total amount \$ millions	Franked amount per share	Date of payment
2008				
2007 final – ordinary	17.0 cents	102.0	17.0 cents	18 September 2007
2008 interim – ordinary	17.0 cents	102.5	17.0 cents	19 March 2008
Total		204.5		
2007				
2006 final – ordinary	17.0 cents	100.4	17.0 cents	18 September 2006
2007 interim – ordinary	17.0 cents	101.5	17.0 cents	21 March 2007
Total		201.9		
	Amount per share	Total amount \$ millions	Franked amount per share	Date of payment

SUBSEQUENT EVENT

Since the end of the financial year, the Directors declared the following dividend:

2008 final – ordinary	17.0 cents	99.6	17.0 cents	18 September 2008
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The financial effect of the final dividend for the year ended 30 June 2008 has not been brought to account in the financial report for the year but will be recognised in subsequent financial reports.

DIVIDEND REINVESTMENT PLAN

The Company's dividend reinvestment plan will operate in respect of the payment of the final dividend and the last date for the receipt of an election notice for participation in the plan is 29 August 2008.

Notes to the Concise Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Name	Principal activity	Country of incorporation	Balance date	OWNERSHIP INTEREST CONSOLIDATED	
				2008 %	2007 %
DETAILS OF INVESTMENTS IN ASSOCIATES ARE AS FOLLOWS					
Caribbean Roof Tile Company Limited	Roof tiles	Trinidad	31-Dec	50	50
Flyash Australia Pty Ltd	Flyash collection	Australia	30-Jun	50	50
Gypsum Resources Australia Pty Ltd	Gypsum mining	Australia	30-Jun	50	50
Highland Pine Products Pty Ltd	Timber	Australia	30-Jun	50	50
Lafarge Boral Gypsum in Asia Ltd	Plasterboard	Malaysia	31-Dec	50	50
MonierLifetile LLC	Roof tiles	USA	31-Dec	50	50
MonierLifetile S.R.L. de C.V.	Roof tiles	Mexico	31-Dec	50	50
Penrith Lakes Development Corporation Pty Ltd	Quarrying	Australia	30-Jun	40	40
Rondo Building Services Pty Ltd	Rollform system	Australia	30-Jun	50	50
South East Asphalt Pty Ltd	Asphalt	Australia	30-Jun	50	50
Sunstate Cement Ltd	Cement manufacturer	Australia	30-Jun	50	50
Tile Service Company LLC	Roof tiles	USA	31-Dec	50	50
US Tile LLC	Roof tiles	USA	31-Dec	50	50

	CONSOLIDATED	
	2008 \$ millions	2007 \$ millions
RESULTS OF ASSOCIATES		
Share of associates' profit before income tax expense	39.7	50.2
Share of associates' income tax expense	(17.7)	(15.1)
Share of associates' net profit – equity accounted	22.0	35.1

Results of associates include the following:

Share of associates' net profit/(loss) – equity accounted:

Lafarge Boral Gypsum in Asia Ltd	18.1	16.1
MonierLifetile LLC* and MonierLifetile S.R.L. de C.V.	(23.5)	(4.8)

* Taxed as a partnership in the USA.

	CONSOLIDATED	
	2008	2007
10. NET TANGIBLE ASSET BACKING		
Net tangible asset backing per ordinary security	\$4.41	\$4.41

Notes to the Concise Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

	CONSOLIDATED	
	2008 \$ millions	2007 \$ millions
11. OTHER FINANCIAL ASSETS		
NON-CURRENT		
Listed shares – at fair value	404.4	395.7
Derivative financial assets	26.4	3.6
	430.8	399.3

12. ISSUED CAPITAL

ISSUED AND PAID-UP CAPITAL

585,735,263 (2007: 599,407,033) ordinary shares, fully paid	1,673.1	1,688.1
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MOVEMENTS IN ORDINARY SHARE CAPITAL

Balance at the beginning of the year	1,688.1	1,622.7
6,067,169 (2007: 7,316,365) shares issued under the dividend reinvestment plan	41.4	53.7
280,950 (2007: 2,276,432) shares issued upon the exercise of executive options	1.5	11.7
20,019,889 (2007: Nil) off-market share buy-back	(57.9)	–
Balance at the end of the year	1,673.1	1,688.1

The Group conducted an off-market share buy-back during the course of the year. The tendering process for the off-market share buy-back was completed in April 2008 with 20.0 million ordinary shares, representing 3.3% of issued shares, bought back at a price of \$5.65 per share. The buy-back amount comprised a capital component of \$2.84 per share (recognised in share capital) and a fully franked dividend component of \$2.81 per share (recognised in retained earnings). The total cost of the off-market buy-back was \$114.2 million (including transaction costs, net of tax) with \$57.9 million recognised in share capital and \$56.3 million recognised in retained earnings.

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

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

	CONSOLIDATED	
	2008 \$ millions	2007 \$ millions
13. RETAINED EARNINGS		
Balance at the beginning of the year	1,148.2	1,048.5
Net profit attributable to members of the parent entity	242.8	298.1
Dividends recognised during the year	(204.5)	(201.9)
Dividend component of off-market share buy-back	(56.3)	–
Actuarial gain/(loss) on defined benefit plans, net of tax	(8.7)	3.5
Balance at the end of the year	1,121.5	1,148.2

Notes to the Concise Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

CONSOLIDATED

2008
\$ millions

2007
\$ millions

14. CONTINGENT LIABILITIES

Details of contingent liabilities and contingent assets where the probability of future payments/receipts is not considered remote are set out below.

Unsecured contingent liabilities:

Bank guarantees	8.1	16.6
Other items	1.2	1.2
	9.3	17.8

The Company has given to its bankers letters of responsibility in respect of accommodation provided from time to time by the banks to controlled entities.

A number of sites within the Group have been identified as contaminated, generally as a result of prior activities conducted at the sites, and review and appropriate implementation of clean-up requirements for these is ongoing. For sites where the requirements can be assessed, estimated clean-up costs have been expensed or provided for. For some sites, the requirements cannot be reliably assessed at this stage.

Certain entities within the Group are subject to various lawsuits and claims in the ordinary course of business.

Consistent with other companies of the size and diversity of Boral, the Group is the subject of periodic information requests, investigations and audit activity by the Australian Taxation Office (ATO) and tax authorities in other jurisdictions in which Boral operates.

In the period February to March 2006, Australian subsidiaries of the Group received assessments and amended assessments from the ATO relating to the utilisation of tax losses and capital gains arising from the demerger in 2000. A deed of settlement has now been completed with the ATO which has resolved these matters and the Group's taxation provisions have been adjusted accordingly.

During the year, ongoing enquiries were made by the ATO relating to a transaction occurring at the time of the demerger. Whilst assessments have not been issued by the ATO, it is undertaking further work in relation to the matter including its internal review processes.

In the US, the Internal Revenue Service (IRS) is reviewing two transactions which occurred prior to the demerger which it believes may result in additional assessable income to the Group. No assessments have been issued in relation to these matters and the Group is in continuing dialogue with the IRS with a view to settling these matters.

A deed was entered into at the time of the demerger which contained certain indemnities and other agreements between the Company and Origin Energy Limited and their respective controlled entities covering the transfer of the businesses, investments, tax, other liabilities, debt and assets of the Group and some temporary shared arrangements. A wholly owned subsidiary of Origin has received an amended assessment from the ATO for the year ended 30 June 1999. The amounts assessed consist of \$27.5 million of primary tax and a general interest charge of \$15.8 million. This assessment has been objected to and Origin has been in discussions with the ATO with a view to settling this matter. To the extent that the settlement results in a payment, Origin is likely to rely on indemnities contained in the demerger deed. The Company believes that any payment will be within the current level of provisions. Similarly, should any claims against the Group, either in part or in full, be successful, this is likely to give rise to a claim by the Group against Origin.

The Group has considered these claims and, where appropriate, sought independent advice. Due to the progress made in relation to these matters, the Group has reviewed its provisions and adjusted them accordingly. Following these adjustments, the Group believes it holds appropriate provisions.

Notes to the Concise Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

15. ACQUISITIONS

During August 2007, the Group acquired the assets of two construction materials businesses in Oklahoma City, Schwarz Readymix, a ready-mixed concrete and sand business, and the Davis Arbuckle Materials quarry. During the period, the acquisition has contributed profit before interest and tax of \$4.3 million. The Group considers it impractical to determine the consolidated revenue or profit of the Group had this business acquisition taken place at 1 July 2007 as these entities were privately owned and accounting policies were not consistent with those adopted by the Group.

The acquisition had the following effect on the Group's assets and liabilities at acquisition date:

	\$ millions
Purchase consideration	
Cash paid – purchase price	94.9
Cash paid – other (includes working capital and cash adjustments)	2.1
Direct costs relating to the acquisition	2.8
Total purchase consideration	99.8
Fair value of net identifiable assets acquired	52.1
Goodwill	47.7

Assets and liabilities acquired are as follows:

	Acquiree's carrying amount \$ millions	Fair value \$ millions
Receivables	10.3	10.3
Inventories	2.9	2.9
Other assets	0.3	0.3
Property, plant and equipment	36.5	43.0
Intangible assets	–	1.5
Deferred tax assets	–	3.5
Payables	(6.0)	(9.1)
Provisions	(0.3)	(0.3)
Net identifiable assets acquired	43.7	52.1
Goodwill acquired		47.7
		99.8
Other minor acquisitions		
Fair value of assets acquired		0.7
Goodwill acquired		0.7
Total purchase consideration		101.2

CONSOLIDATED

	2008 \$ millions	2007 \$ millions
Total purchase consideration	101.2	11.2

Notes to the Concise Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

CONSOLIDATED

2008 2007
\$ millions \$ millions

16. NOTES TO CASH FLOW STATEMENT

(i) Reconciliation of cash and cash equivalents

Cash includes cash on hand, at bank and short-term deposits at call, net of outstanding bank overdrafts. Cash as at the end of the financial period as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

Cash and cash equivalents	47.4	35.7
Bank overdrafts	–	(24.3)
	47.4	11.4

(ii) The following non-cash financing and investing activities have not been included in the cash flow statement:

Dividends reinvested under the dividend reinvestment plan	41.4	53.7
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Statutory Statements

BORAL LIMITED AND CONTROLLED ENTITIES



Directors' Declaration

In the opinion of the Directors of Boral Limited, the accompanying concise financial report of the Group, comprising Boral Limited and the entities it controlled for the financial year ended 30 June 2008 set out on pages 50 to 64:

- (a) has been derived from or is consistent with the full financial report for the financial year; and
- (b) complies with Australian Accounting Standard AASB 1039 Concise Financial Reports.

Signed in accordance with a resolution of the Directors:

Kenneth J Moss
Director

Rodney T Pearce
Director

Sydney, 4 September 2008

Independent Auditor's Report To The Members Of Boral Limited

REPORT ON THE CONCISE FINANCIAL REPORT

The accompanying concise financial report of the Group comprising Boral Limited (the Company) and its controlled entities comprises the balance sheet as at 30 June 2008, the income statement, statement of recognised income and expense and cash flow statement for the year then ended and related notes 1 to 16 derived from the audited financial report of Boral Limited for the year ended 30 June 2008. The concise financial report does not contain all the disclosures required by Australian Accounting Standards.

Directors' responsibility for the concise financial report

The Directors of the Company are responsible for the preparation and presentation of the concise financial report in accordance with Australian Accounting Standard AASB 1039 Concise Financial Reports and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation of the concise financial report; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the concise financial report based on our audit procedures. We have conducted an independent audit in accordance with Australian Auditing Standards, of the financial report of Boral Limited for the year ended 30 June 2008. Our audit report on the financial report for the year was signed on Sydney, 4 September 2008 and was not subject to any modification. Australian Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report for the year is free of material misstatement.

Our procedures in respect of the concise financial report include testing that the information in the concise financial report is derived from, and is consistent with, the financial report for the year, and examination on a test basis, of

evidence supporting the amounts and other disclosures which were not directly derived from the financial report for the year. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report complies with Australian Accounting Standard AASB 1039 Concise Financial Reports. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's opinion

In our opinion, the concise financial report of Boral Limited and its controlled entities for the year ended 30 June 2008 complies with Australian Accounting Standard AASB 1039 Concise Financial Reports.

REPORT ON THE REMUNERATION REPORT

We have audited the Remuneration Report included in clause 19 on pages 42 to 49 of the Directors' Report for the year ended 30 June 2008. The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the Remuneration Report of Boral Limited for the year ended 30 June 2008 complies with section 300A of the Corporations Act 2001.

KPMG

David Rogers
Partner

Sydney, 4 September 2008

Shareholder Information

Shareholder Communications

Enquiries or notifications by shareholders regarding their shareholdings or dividends should be directed to Boral's share registry:

Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

Hand deliveries to:
Level 12, 680 George Street
Sydney NSW 2000

Telephone (02) 8280 7133
International +61 2 8280 7133

Facsimile (02) 9287 0303
International +61 2 9287 0303

Shareholders can also send queries to the share registry via email.

Internet
www.linkmarketservices.com.au

email
registrars@linkmarketservices.com.au

Online Services

You can access information and update information about your holdings in Boral Limited via the internet by visiting Link Market Services' website www.linkmarketservices.com.au or Boral's website www.boral.com.au

Some of the services available online include: check current and previous holding balances, choose your preferred Annual Report option, update address details, update bank details, confirm whether you have lodged your TFN, ABN or exemption, check the share prices and graphs or download a variety of forms.

Dividends

The final dividend for the 2007/08 year of 17 cents per share will be paid by Boral on 18 September 2008. The dividend will be fully franked.

Dividend Reinvestment Plan (DRP)

As an alternative to receiving cash dividends, shareholders may elect to participate in the DRP. The DRP enables shareholders to use cash dividends to purchase additional fully paid Boral shares. If a shareholder wishes to participate in the DRP or alter their participation, they must notify the share registry in writing. DRP election forms can be obtained by contacting Link Market Services. Features of the DRP can be found on Boral's website.

Tax File Number, Australian Business Number (ABN) or exemption

You are strongly advised to lodge your TFN, ABN or exemption. If you choose not to lodge these details with the share registry, then Boral Limited is obliged to deduct tax at the highest marginal rate (plus the Medicare levy) from the unfranked portion of any dividend payment. Certain pensioners are exempt from supplying their TFNs. You can confirm whether you have lodged your TFN, ABN or exemption via the internet at www.linkmarketservices.com.au

Shareholders are reminded to bank dividend cheques as soon as possible. Dividend cheques that are not banked are required to be handed over to the State Trustee under the Unclaimed Monies Act.

If you wish your dividends to be paid directly to a bank, building society or credit union account in Australia, contact the share registry or visit their website at www.linkmarketservices.com.au for an application form. The payments are electronically credited on the dividend payment date and confirmed by payment advices mailed to the shareholder's registered address. All instructions received remain in force until amended or cancelled in writing.

Uncertificated Forms of Shareholding

Two forms of uncertificated holdings are available to Boral shareholders:

Issuer Sponsored Holdings:

This type of holding is sponsored by Boral and provides shareholders with the advantages of uncertificated holdings without the need to be sponsored by any particular stockbroker.

Broker Sponsored Holdings (CHES):

Shareholders may arrange to be sponsored by a stockbroker (or certain other financial institutions) and are required to sign a sponsorship agreement appointing the sponsor as their "controlling participant" for the purposes of CHES. This type of holding is likely to attract regular stock market traders or those shareholders who have their share portfolio managed by a stockbroker.

Holding statements are issued to shareholders not later than five business days after the end of any month in which transactions alter

the balance of a holding. Broker sponsored (CHES) shareholders requiring replacement holding statements should contact their controlling participant.

Shareholders communicating with the share registry should have handy their Security Holder Reference Number (SRN) or Holder Identification Number (HIN) as it appears on the Issuer Sponsored/CHES holding statements or dividend advices. For security reasons, shareholders should keep their Security Holder Reference Numbers confidential.

Annual Report Mailing List

Shareholders (whether Issuer or Broker Sponsored) not wishing to receive the Annual Report should advise the share registry in writing so that their names can be removed from the mailing list. Shareholders are also able to update their preference via the Link Market Services or Boral websites.

Unless shareholders have advised the share registry of an Annual Report election, they will be sent the Shareholder Review, a 24 page overview document.

Alternatively, shareholders can nominate to receive email notification of the release of the Annual Report and then access it via a link.

Change of Address

Shareholders who are Issuer Sponsored should notify any change of address to the share registry promptly. This can be done via the Link Market Services website or in writing quoting their Security Holder Reference Number, previous address and new address. Application forms for change of address are also available for download via the Link Market Services or Boral websites. Broker Sponsored (CHES) holders must advise their sponsoring broker of the change.

Information On Boral

Boral has a comprehensive internet site featuring news items, announcements, corporate information and a wide range of product and service information. Boral's internet address is www.boral.com.au

Shareholder Information

The Annual Review is the main source of information for shareholders. Other sources of information include:

February – the interim results announcement for the December half year. This announcement is sent to shareholders in early April at the time of payment of the interim dividend.

August – the annual results announcement for the year ended 30 June.

October – the Annual General Meeting. The Chairman's and Managing Director's Addresses to the Meeting are sent to shareholders shortly after the Meeting.

Requests for publications and other enquiries about Boral's affairs should be addressed to:

The Manager, Corporate Affairs
Boral Limited
GPO Box 910
Sydney NSW 2001

Enquiries can also be made via email: info@boral.com.au or visit Boral's website at www.boral.com.au

Share Trading and Price

Boral shares are traded on Australian Securities Exchange Limited (ASX). The stock code under which they are traded is "BLD" and the details of trading activity are published in most daily newspapers under that abbreviation.

Share Sale Facility

A means for Issuer Sponsored shareholders, particularly small shareholders, to sell their entire Boral shareholding is to use the share registry's sale facility by contacting Link Market Services' Share Sale Centre on (02) 8280 7133.

American Depositary Receipts

In the USA, Boral shares are traded in the over-the-counter market in the form of ADRs issued by the depositary, The Bank of New York. Each ADR represents four ordinary Boral shares.

SHARE INFORMATION AS AT 28 AUGUST 2008

Substantial Shareholders

Balanced Equity Management Pty Limited, by a notice of change of interests of substantial holder dated 23 June 2008, advised that

it and its associates were entitled to 61,104,351 ordinary shares.

The Capital Group Companies, Inc., by a notice of change of interests of substantial holder dated 24 July 2008, advised that it and its associates were entitled to 35,562,312 ordinary shares.

Distribution Schedule of Shareholders

Size of Shareholding	Number of Shareholders	% of Ordinary Shares
(a) in the categories –		
1 – 1,000	42,305	3.39
1,001 – 5,000	34,117	13.46
5,001 – 10,000	5,733	6.97
10,001 – 100,000	2,955	10.54
100,001 and over	157	65.64
	85,267	100.00
(b) holding less than a marketable parcel (78 shares)		
	5,168	0.03

Voting Rights - Ordinary Shares

On a show of hands every person present, who is a member or proxy, attorney or representative of a member, shall have one vote and on a poll every member who is present in person or by proxy, attorney or representative shall have one vote for each share held by him or her.

On-Market Buy Back

An on-market buy-back of ordinary shares is current. The buy-back is in a number of shares approximately equal to the number to be issued under the Dividend Reinvestment Plan at the time of payment of the 2008 final dividend and 2009 interim dividend. The maximum number of shares which the Company intends to buy back is 10,000,000.

Twenty Largest Shareholders

	Ordinary Shares	% of Ordinary Shares
JP Morgan Nominees Australia Limited	92,219,101	15.74
HSBC Custody Nominees (Australia) Limited	65,337,264	11.15
National Nominees Limited	61,218,328	10.45
Citicorp Nominees Pty Limited	34,135,498	5.83
ANZ Nominees Limited	17,662,568	3.02
RBC Dexia Investor Services Australia Nominees Pty Limited	16,378,129	2.80
PSS Board	13,194,575	2.25
Cogent Nominees Pty Limited	9,897,981	1.69
Woodross Nominees Pty Limited	5,587,128	0.95
Warbont Nominees Pty Limited	5,330,139	0.91
Ecapital Nominees Pty Limited	5,184,135	0.89
UBS Nominees Pty Limited	4,843,671	0.83
Queensland Investment Corporation	4,552,885	0.78
Rodney Taunton Pearse	4,059,539	0.69
Australian Foundation Investment Company Limited	3,699,712	0.63
UBS Wealth Management Australia Nominees Pty Limited	3,579,204	0.61
Merrill Lynch (Australia) Nominees Pty Limited	3,314,479	0.57
Argo Investments Limited	2,866,907	0.49
Bond Street Custodians Limited	1,932,112	0.33
Camrock Australia Pty Limited	1,821,091	0.31
	356,814,446	60.92

Financial History

BORAL LIMITED AND CONTROLLED ENTITIES

	2008	2007	2006	2005	2004	2003	2002	2001	Proforma*	Proforma*
as at 30 June	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions
Revenue	5,199	4,909	4,767	4,305	4,150	3,831	3,489	3,280	4,012	3,914
Earnings before interest, tax, depreciation and amortisation (EBITDA) ¹	688	762	823	794	794	672	531	451	563	569
Depreciation and amortisation	240	231	209	191	195	194	188	189	203	216
Earnings before interest and tax ¹	448	531	614	603	600	478	343	262	360	353
Goodwill write-down	(32)	–	–	–	–	–	–	–	–	–
Profit/(loss) from disposal of businesses	–	–	–	–	–	–	–	39	(33)	–
Profit before interest and tax	416	531	614	603	600	478	343	301	327	353
Net financing costs	(112)	(111)	(98)	(71)	(66)	(68)	(63)	(70)	(90)	(120)
Profit before tax	304	420	516	532	534	410	280	232	238	233
Income tax expense ¹	(62)	(122)	(153)	(162)	(163)	(126)	(87)	(78)	(70)	(87)
Minority interests	1	–	–	(1)	(1)	(1)	–	–	–	3
Net profit attributable to members of Boral Limited	243	298	362	370	370	283	192	153	169	150
Total assets	5,895	5,817	5,587	5,001	4,511	4,038	3,915	3,950	3,873	4,172
Total liabilities	2,985	2,829	2,832	2,594	2,151	1,898	1,966	2,096	2,096	2,455
Net assets	2,910	2,987	2,755	2,407	2,360	2,140	1,950	1,855	1,777	1,717
Shareholders' funds	2,910	2,987	2,755	2,407	2,360	2,140	1,950	1,855	1,777	1,717
Dividends paid or declared	202	203	200	197	175	133	109	102	102	102
Statistics										
Dividend per ordinary share	34c	34c	34c	34c	30c	23c	19c	18c	18c	18c
Dividend payout ratio	83%	68%	55%	53%	47%	47%	57%	67%	61%	68%
Dividend cover	1.2	1.5	1.8	1.9	2.1	2.1	1.8	1.5	1.7	1.5
Earnings per ordinary share ¹	41.4c	50.0c	61.7c	63.4c	63.8c	49.1c	33.7c	27.0c	29.7c	26.3c
Return on equity ¹	8.5%	10.0%	13.2%	15.4%	15.7%	13.2%	9.9%	8.3%	9.5%	8.7%
EBIT to sales ¹	8.6%	10.8%	12.9%	14.0%	14.4%	12.5%	9.8%	8.0%	9.0%	9.0%
EBIT to funds employed ¹	10.1%	11.9%	14.2%	15.9%	18.2%	16.4%	12.1%	9.2%	13.2%	11.2%
Net interest cover (times) ¹	4.0	4.8	6.3	8.5	9.1	7.1	5.4	4.3	3.7	2.9
Gearing (net debt to equity)	52%	50%	57%	58%	40%	36%	45%	53%	54%	83%
Gearing (net debt to net debt plus equity)	34%	33%	36%	37%	28%	26%	31%	35%	35%	45%
Net tangible asset backing per share	\$4.41	\$4.41	\$4.07	\$3.57	\$3.65	\$3.27	\$3.02	\$2.89	\$2.78	\$2.62

1. Excludes the impact of significant items in 2008 of \$31.9 million relating to the write-down of Thailand construction materials goodwill and a tax benefit of \$28.1 million arising from the resolution of a number of outstanding matters with the Australian Taxation Office predominantly around utilisation of tax losses and capital gains arising from the demerger in 2000.

June 2008, 2007, 2006 and 2005 reflect results prepared under Australian equivalents to International Financial Reporting Standards (A-IFRS). The years prior to June 2005 represent results under previous Australian Generally Accepted Accounting Principles (AGAAP).

The comparative figures for the year ended June 2000 and June 1999 have been prepared on a proforma basis to reflect the results of operations of the Boral building and construction businesses for the full twelve month period. Amounts have been restated where appropriate to reflect the change in Australian Accounting Standards that requires abnormal items no longer to be shown separately.

* Proforma consolidated accounts were not audited but were subject to an independent review by KPMG.

Glossary and Data

Glossary

Cement	A building material made of a mixture of calcined limestone and clay; used with water and sand or gravel to make concrete
Concrete	A building material composed of sand and gravel and cement and water
Demerger	The separation of Boral's building and construction materials business and energy business, which occurred in February 2000. The energy business is now a separate Australian listed company, Origin Energy
Emoluments	Remuneration and value of any benefits given to a director or officer in connection with the management of the Boral Group's affairs
Flyash	A by-product of coal-fired electricity generating plants; it has cementitious properties and is therefore used as an important (cost-reducing) additive in cement
Gypsum	A mineral consisting of the hydrous sulphate of lime (calcium). When calcined, it forms Plaster of Paris used in plasterboard production
Lime	Oxide of calcium (CaO) produced by heating limestone
Limestone	A rock consisting chiefly of calcium carbonate (CaCO ₂)
LTI	Def 1: A Lost Time Injury (LTI) is one which causes an employee to be absent from work for one or more full days or shifts on any day subsequent to the injury occurring Def 2: Long-term incentives (LTI) referred to in the Remuneration Report
Operating sites	Wholly owned or at least 50% owned JV operating site excluding sales, administration and distribution offices
Squares	A measure of area used in roofing in the USA; one square = 100 square feet
Total shareholder return	An annualised total shareholder return calculation which takes into consideration both capital and dividend returns to shareholders
Total sites	Wholly owned or at least 50% owned JV operating sites and sales, administration and distribution offices
Tranches	Additional securities/loans based on a common attribute such as date issued

Boral Reserves¹ as at 30 June 2008

	Million tonnes	Years at current production rates
Hard rock, sand and gravel		
Australia	1,134	34
USA	99	36
Asia ²	15	16
Limestone and shale		
Australia	136	30
Clay		
Australia	112	62
USA	109	35

¹ Comprises reserves which are licensed for extraction and economically recoverable, with geological certainty, in the proven and probable category.

² Indonesia only.

Abbreviations

ACM	Australian Construction Materials division
BCSC	Blue Circle Southern Cement
BMTI	Boral Material Technologies Inc
C&C	Clay & Concrete Products division
DRP	Dividend reinvestment plan
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EOP	Executive Option Plan
EPS	Earnings per share
FACT	Flyash carbon treatment
FY	Financial year
JV	Joint venture
LBGA	Lafarge Boral Gypsum in Asia
LTIFR	Lost time injury frequency rate
PEP	Performance Enhancement Program
QEU	Quarry End Use
ROFE	Return on funds employed
SARs	Share Acquisition Rights
SBE	Standard brick equivalent
SIB	Stay in business
STI	Short-term incentive
TSR	Total shareholder returns
WACC	Weighted average cost of capital (including the cost of debt and the cost of equity)

Boral People and Sites as at 30 June 2008

Boral's people³	
Employees	15,928
Contractors	~5,700
JV employees	~3,400
Boral's sites	
Operating sites	718
Total sites	867
Operating countries ⁴	12

³ Based on full-time equivalent numbers.

⁴ Includes joint venture operating countries.