



Reinforcing the core



CONTENT

Financial highlights 2011	1
Group overview	2
Chairman's review 2011	4
Chief Executive's review 2011	6
The Building Blocks of Growth	10
Sales and Marketing Excellence	12
Boral Production System	14
Innovation	15
Construction Materials	16
Building Products	18
Cement	20
USA	22
Financial review 2011	24
Sustainability in Boral	28
Board of Directors	34
Corporate Governance Statement	36
Directors' Report	43
2011 Remuneration Report	48
Financial statements	63
Shareholder information	138
Financial history	140
Financial calendar	inside back cover

BORAL LIMITED

Boral Limited is an international building and construction materials group, headquartered in Sydney, Australia. With leading market positions, Boral's core businesses are Cement and Construction Materials in Australia; Plasterboard in Australia and Asia; and Bricks, Roof Tiles and Masonry in Australia and the USA.

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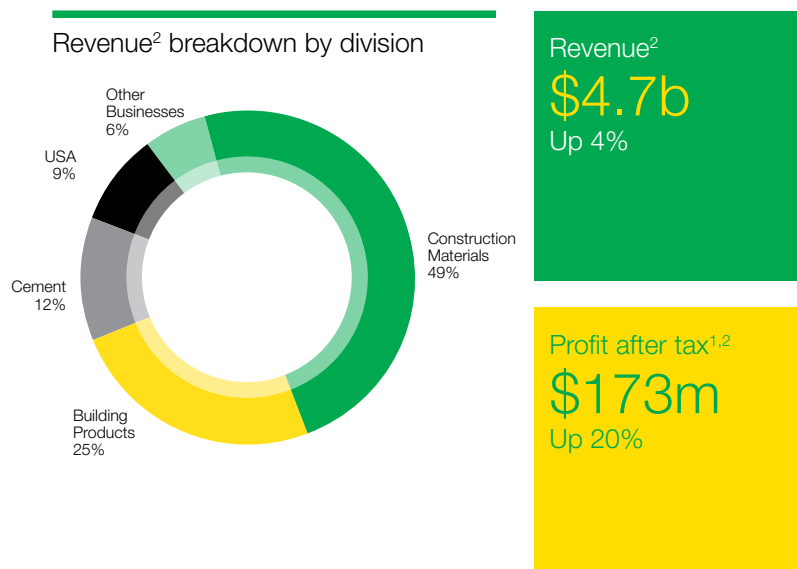
FINANCIAL HIGHLIGHTS

2011

- Full year revenue² up 4% to \$4.7 billion
- Underlying profit after tax^{1,2} up 20% to \$173 million
- Net profit after tax² increased to \$166 million from \$19 million loss last year
- Strong second half recovery from Construction Materials
- Agreed to acquire Wagners quarry and concrete operations for \$173 million
- Agreed to acquire Sunshine Coast Quarries for \$81.5 million
- August 2011 announcement of agreement to acquire Lafarge's 50% interest in LBGA for equity value \$530 million
- Reported earnings per share¹ up 10% to 24.4 cents
- Increased dividend to 14.5 cents

"I am pleased to announce results at the top end of previous guidance, especially in light of weather related difficulties and the second half softening of residential building in the United States and Australia."

Mark Selway, Chief Executive



1. Excluding significant items.

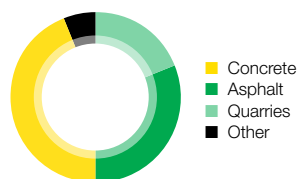
2. From continuing operations.

GROUP OVERVIEW

CONSTRUCTION MATERIALS

Core business

Boral Construction Materials (BCM) is an integrated business supplying quarry materials, concrete and asphalt. BCM also manages a property operation and an integrated transport business.



Main markets

Almost 50% of BCM's business is undertaken in the Australian engineering and infrastructure segments, more specifically roads, highways, bridges and sub-divisions. BCM's remaining revenues are derived from the Australian dwelling and non-dwelling building segments.

Achievements of the year

BCM successfully supplied several large infrastructure projects, with record profits delivered in the year. Strong cost and price disciplines resulted in improved profits. The Dunnstown quarry investment was completed on time and on budget.

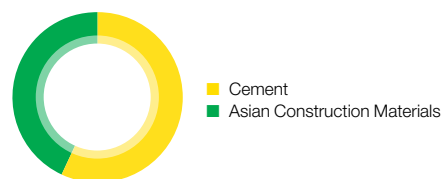
Strategic priorities

Margin growth through price discipline and LEAN program efficiency gains. Investment of around \$200m in the Peppertree quarry near Marulan to underpin Boral's leading position in the Sydney aggregates market. Integration and successful development of Wagners Construction Materials business and Sunshine Coast Concrete and Quarries, assuming ACCC approvals, will be a significant FY2012 priority.

CEMENT

Core business

Boral's Cement division is a leading supplier of cement, lime and fly ash in Australia, and of concrete, quarry and pipe products in Indonesia and Thailand.



Main markets

More than half of Cement division revenues are derived from the Australian residential, non-dwelling and infrastructure markets. The remaining part of the business is reliant on construction materials markets in Indonesia and Thailand.

Achievements of the year

Full year revenue was above last year's reflecting improved market conditions in Thailand and Indonesia and increased construction activity in Australia. EBIT was up 9%, reflecting a normal cycle of production following kiln shutdowns for inventory reduction in the prior year.

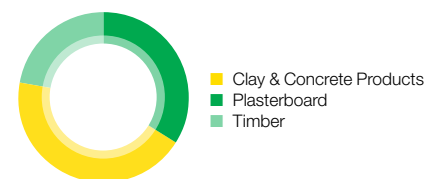
Strategic priorities

Priorities are to maximise the potential of the Asian Construction Materials businesses. The division will strengthen the business through LEAN manufacturing initiatives and innovative product development.

BUILDING PRODUCTS

Core business

Boral Building Products is a leading supplier of plasterboard, bricks, roofing and masonry products and timber in Australia, and of plasterboard in Asia through a 50% owned joint venture, LBGA.



Main markets

The Building Products division relies primarily on new housing construction in Australia, including alterations and additions. In Asia, plasterboard is sold into the dwelling and non-dwelling markets in nine countries in South East Asia.

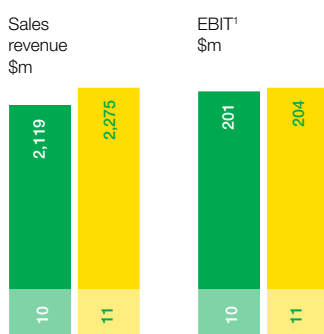
Achievements of the year

Building Products was impacted by declines in residential construction, and reduced government stimulus work in FY2011. The Queensland plasterboard plant performed strongly, and the new masonry plant in Perth is substantially commissioned. LBGA started new production lines at Baoshan (China) and Saraburi (Thailand).

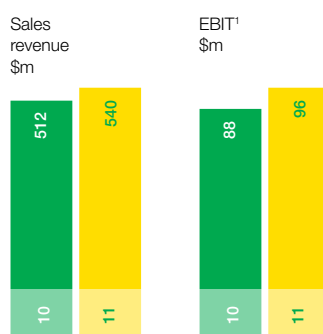
Strategic priorities

Focus is on completing the implementation of a new streamlined organisational structure and maximising the potential of all businesses, particularly Clay & Concrete Products. Investment priorities include an \$80m upgrade of Boral's Plasterboard facility in Victoria and the successful integration of Lafarge's share of LBGA.

Construction Materials Revenue and earnings



Cement Revenue and earnings



Building Products Revenue and earnings



1. Before significant items.

USA

Core business

Boral today enjoys the number one position in bricks, and in clay and concrete roof tiles and has leading positions in construction materials in Oklahoma and Colorado and in stone veneer.



Main markets

Two thirds of US related revenues are derived from the residential building market, with the remainder attributable to the commercial markets and infrastructure construction activity.

Achievements of the year

Despite challenging markets with further volume declines, the operational performance of Bricks and Roof Tiles improved on the prior year as cost reduction initiatives took effect. The remaining 50% of the Concrete Roof Tile joint venture, MonierLifetile, was integrated in the year, with synergies exceeding expectations.

Strategic priorities

Boral will continue to invest in the US business in preparation for market recovery and growth. Concrete and Clay Roof Tiles have been consolidated to form Boral Roofing, with plans to deliver benefits from a One Boral strategy. Maximising the potential of US Construction Materials and Fly Ash is a strategic priority as is the successful integration of Boral's 50% share in Cultured Stone.

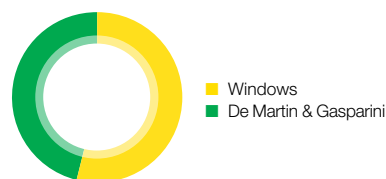
USA Revenue and earnings



OTHER BUSINESSES

Core business

Following divestments of precast panels and Boral Formwork & Scaffolding, Boral's other businesses consist of Dowell Windows and DeMartin & Gasparini (DMG) concrete placing.



Main markets

The Dowell Windows business consists of 14 fabrication operations servicing the Australian housing market. DMG largely services Sydney's non-residential construction market.

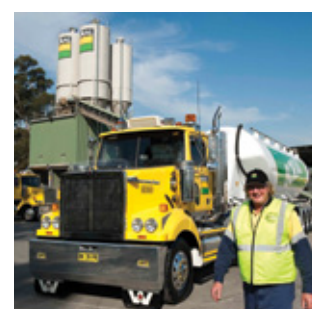
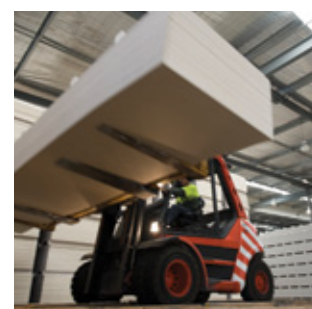
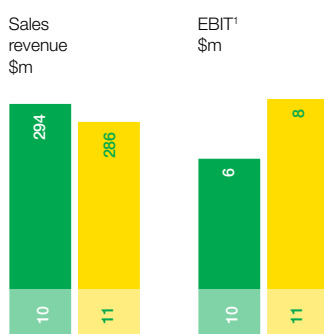
Achievements of the year

Revenue was 3% below last year's, with Windows revenue and profits down due to a second half slow-down in residential housing. In DMG, revenue was lower, while profitability remained equivalent due to large contracts which were completed in the first half, offsetting lower activity in the second half.

Strategic priorities

Key priorities are to position the Concrete Placing business to benefit from a recovery in commercial construction activity in New South Wales. Maximising the potential of the Windows business and successfully commercialising our new range of energy conserving window designs is a key Windows priority.

Other Businesses Revenue and earnings



New branding features on a Construction Materials vehicle, Boral Plasterboard, a new Boral Cement tanker, a US product display centre featuring Cultured Stone, house project using Dowell thermally-efficient window and door products.

REINFORCING THE CORE

CHAIRMAN'S REVIEW 2011



Dr Bob Every, Chairman

Despite difficult weather, economic and market conditions experienced throughout the year, Boral made good progress during FY2011. Our strategy is focused on improving the productivity of our existing operations, developing best in class products and concentrating on those markets where we can establish leading positions.

FY2011 was a year of building on the established foundations of the Group, with an overarching objective and strategy tied to transforming Boral's business portfolio to highly focused leadership positions in attractive growth markets.

Overview

FY2011 again reflected the impact of global economic conditions on the performance of the Group. Continued uncertainty in the United States and a dramatic slow-down in residential housing in Australia, combined with adverse weather conditions throughout much of the east coast of Australia had an impact, particularly on the second half of the year.

The Group's strategy, which was announced to the market in July 2010, continued to take form and, despite difficult market conditions, productivity improvements were implemented and had a positive impact on the Group's performance in the year.

During the year, my Board and I have visited many of the Group's operations, and I am pleased to report that there is a great deal of progress and enthusiasm for our program to improve the manufacturing and sales activities of the Group. The fundamentals are being reinforced by a structured program of improvement methods aimed at growing productivity and customer services.

Financial performance

Revenue from continuing operations was 4% up at A\$4.7b (\$4.5b in FY2010). Underlying earnings from continuing operations (before significant items) showed a 20% increase to \$173m (\$145m in FY2010). Earnings per share increased to 24.4c (22.1c in 2010).

There were several separate items with a net pre-tax cost totalling \$43m which were classified as significant in FY2011. Charges of \$53m arose from the write-down of the asset values of several poorly performing

FY2011 key announcements

6 July 2010

Boral announces the completion of a comprehensive strategic review of Boral's business portfolio, operations and structures, together with the MonierLifetile acquisition, a capital raising of approximately \$490m to finance growth and to strengthen the balance sheet, and \$289m of impairments.

4 and 17 August 2010

On 4 August Boral announces the sale of Precast Panels to Brickworks Ltd for \$15m and on 17 August Boral announces the sale of Formwork & Scaffolding to Anchorage Capital for \$35m. These divestments are in line with Boral's strategy to focus investments where Boral has or is establishing a leading market position.

6 August 2010

Boral successfully completes its retail entitlement offer with a Retail Bookbuild price of \$4.25 per share versus the underwritten issue price of \$4.10. Retail shareholders subscribed with a participation rate of ~40%. The Institutional Entitlement Offer is successfully completed on 8 July 2010, raising ~A\$280m with 92% participation rate.

21 December 2010

Boral announces that it has reached an agreement for the acquisition in two stages of Cultured Stone, the leading stone veneer company in North America. The first stage is the acquisition of a 50% interest for US\$45m with management control. The second stage, acquiring the remaining 50% interest not owned by Boral, will be completed in early 2014 for a multiple of 7.0 times 50% of CY2013 EBITDA, subject to a minimum of US\$45m.

businesses and \$9m of costs associated with the Group's recent acquisitions. These costs were largely offset by favourable tax and insurance outcomes related to the Group's Australian activities.

Cash flow from operations at \$351m was \$108m lower than that of the previous year, including a \$97m increase in working capital. The year ended with a net debt position of \$505m, showing a \$678m improvement from the previous year (net debt \$1.2b in FY2010) due to the July 2010 capital raising and the benefits of favourable exchange translation of the Group's US borrowings.

The Board has resolved to pay a final dividend of 7.0c per share making a total distribution for the year of 14.5c (13.5c in FY2010).

Strategy and structure

In its first full year, our program of operational and strategic change is making good progress. The initial work from our LEAN and Sales and Marketing Excellence programs is being used to focus our efforts on improvements which provide the best short term opportunity to deliver margin, earnings and cash flow improvement in the face of the current uncertain market conditions. In August 2010, we announced the divestments of non-core Panels and Scaffolding businesses, which helped improve the focus of the Group and released financial and management resources to concentrate on the operational and strategic development of the business.

Growth investments included the acquisition of the remaining 50% of Boral's US concrete roof tile business, MonierLifetile, and a 50% share of Cultured Stone, which has a leading position in the United States housing and commercial construction markets. The balance of 50% of Cultured Stone will be acquired following the close of calendar year 2013.

In Australia, we announced two quarry and concrete acquisitions which, subject to regulatory approvals, will position the Group's Construction Materials division as the leading supplier in the Queensland market.

After the financial year end, in August, we announced the acquisition of Lafarge's 50% share of our Asian plasterboard business, LBGA. The business commands leadership positions throughout Asia and includes 20 modern, well equipped facilities with sufficient installed capacity to support further growth. We are excited about the prospects for this acquisition and expect to close the transaction prior to the end of December 2011.

Our focus for FY2012 is to ensure that the changes we have initiated are successfully implemented to yield their full potential.

The Group's operating strategies and new acquisitions provide good prospects for profitable growth, and our immediate focus must be to integrate the new businesses and deliver promised improvements from our existing operations. Shareholders can be confident that our recent acquisition work is absolutely aligned with the business strategy outlined in July 2010 and that our portfolio is significantly more focused as a result.

The Board

Roland Williams, who had been a non-executive Director since 1999, chose not to seek re-election at the Annual General Meeting in November 2010. His wise and helpful counsel during his time in office was of immense value to the Group and I would like to personally thank Roland for his contribution.

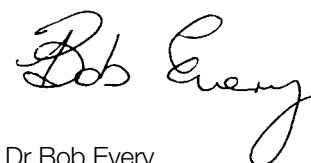
In September 2010, Catherine Brenner joined the Board as a non-executive Director. Ms Brenner's career has included working as a solicitor, followed by 10 years at ABN Amro, where she was Managing Director, Investment Banking.

People

On behalf of the Board, I want to thank the Chief Executive, Mark Selway, his executive team and our 15,227 employees around the world for their commitment, tireless energy and focus in what has been another tough year.

I am confident they will show continued dedication to our operational initiatives and that their significant achievements in FY2011 will grow to deliver further progress in the year ahead as we continue to improve our competitiveness and forge new and stronger customer relationships.

Finally, I would like to thank our shareholders who continue to support our strategy and potential. The Group has in place the right strategy and the required depth of expertise to deliver progressively improving returns as our planned initiatives move forward.



Dr Bob Every
Chairman

Post year end announcements

9 February 2011

Boral announces a net profit after tax from continuing operations for the six months to 31 December 2010 of \$94m, a 28% increase on the prior year, in light of weather related difficulties. Boral expects its full year net profit after tax to be between \$160m and \$175m.

15 April 2011

Boral announces it has reached an agreement to acquire Wagners Construction Materials assets in Queensland for \$173m. Completion remains subject to clearance from the ACCC and the finalisation of remaining due diligence and procedural issues. The transaction is expected to be completed in the second half of calendar year 2011.

19 July 2011

Boral announces it has reached an agreement to acquire the quarry and concrete assets of Sunshine Coast Quarries in Queensland for \$81.5m. Completion remains subject to clearance from the ACCC and the finalisation of certain procedural issues. The transaction is expected to be completed in the second half of calendar year 2011.

17 August 2011

Boral announces it has agreed to acquire Lafarge's 50% interest in the joint venture Lafarge Boral Gypsum in Asia Sdn Bhd (LBGA) for €429m (A\$598m) on an enterprise value basis. After adjusting for net debt and non-controlling interests, the acquisition equity value is €380m (A\$530m). The transaction is expected to be completed by the end of calendar year 2011 and is subject to finalisation of arrangements relating to intellectual property and transitional services.

BUILDING SOMETHING GREAT

CHIEF EXECUTIVE'S REVIEW 2011

All of the Group's businesses were robustly managed during the year with the implementation of actions to improve competitiveness and grow shareholder returns. One of the Group's great strengths is the spirit and determination of our people.



Group Executive (pictured)

From left to right: Murray Read (Construction Materials), Mike Kane (USA), Ross Batstone (Building Products), Mark Selway (Chief Executive), Mike Beardsell (Cement), Warren Davison (Construction Related Businesses).

I remain pleased with the Group's progress in FY2011 as our clearly defined strategy for operational excellence and sector leading performance progressed with increasing purpose and determination.

The decisive steps taken by our management team to improve productivity and focus attention on attractive and growing sectors produced stronger results despite the economic uncertainties and acute weather conditions experienced in the year.

All of the Group's businesses were robustly managed during the year with the implementation of actions to improve our competitiveness and grow shareholder returns.

One of the Group's great strengths is the spirit and determination of our people. We recognise that each of our employees makes a real difference in our ability to satisfy customers and deliver growing returns to our shareholders, and I thank them all for their significant contribution in the year.

Laying the Foundations

In 2010, the Group took a fresh look at our longer term vision and developed strategies to become a leading global supplier of building and construction materials while producing consistent financial performance in products and geographies which offer superior growth and financial returns.

Since then, we have reorganised the business into four core divisions, each with a clearly defined roadmap to achieve and progressively deliver Sector Best Performance and superior customer service.

Our Construction Materials and Cement divisions performed well, growing their already significant market positions while moving forward with operational improvements and internally generated synergies which produced increased earnings despite considerable weather related difficulties experienced in the year.

Our Building Products businesses experienced demanding weather and residential building declines which necessitated the closure and rationalisation of a number of under-utilised and lower growth operations. The division is now well positioned to deliver improved returns and performance as and when market conditions improve. New product launches, improved operational efficiencies and more focused product portfolios aimed at the most attractive markets provide solid foundations to deliver stronger financial performance in the year ahead.

As predicted, the United States market continued to experience a tough trading environment due to the continued deterioration in the United States residential housing market. Actions taken by our management team to control costs and deliver acquisition synergies ahead of expectations, combined with a more favourable translation of US losses, contributed to an improved performance when compared to the prior year.

Our joint venture Plasterboard operations, LBGA, performed well in FY2011, with increased turnover and equivalent operating profit despite unfavourable currency impacts during the year. The leadership position in the supply of plasterboard and associated interior lining products places the business well for continued progress in the future.

Reinforcing the Core

The Group's success across a large number of key operational, financial, health and safety and business development measures in FY2011 reinforces our core belief that operational improvements provide the best short term potential to deliver the earnings and competitive improvements which are key to our future financial objectives and aspirations for growth.



I remain pleased with the Group's progress in FY2011 as our clearly defined strategy for operational excellence and sector leading performance progressed with increasing purpose and determination.

Revenue²
\$4.7b
 Up 4%

Profit after tax^{1,2}
\$173m
 Up 20%

1. Excluding significant items.

2. From continuing operations.

Building Something Great
Chief Executive's review 2011
Continued



In FY2011, we initiated actions to improve productivity in our existing operations and to focus on those activities and markets where Boral has a realistic ambition to lead.

Pursuing operational excellence

During the year, we were able to move forward with our objective for operational excellence, building on the foundations laid in 2010. The Boral Production System includes a range of tools targeted at eliminating inefficiencies, reducing downtime and sharing best practice across the Group.

The Group made good progress in the year and delivered significant benefits across our operations with plant utilisation, downtime reductions and reduced scrap, while engaging employees in our ambition to streamline our processes and deliver world class products to our customers.

Pursuit of sales and marketing excellence

The Boral Sales and Marketing Excellence program aims to build the commercial capabilities and leverage the products and geographic scale of the Group.

By providing closer interdivisional linkages, it allows the Group to provide more integrated and comprehensive solutions to our customers.

During the year, we made sound progress, with cross divisional sales forums generating significant actions and bringing greater clarity and discipline to pricing across the Group.

Building an innovation culture

The Boral Innovation program was fully developed and rolled out through the United States, which has historically delivered more breakthrough technology than we have achieved in Australia.

The Innovation program now provides increased discipline in the selection and review of new innovation projects, prioritising those which provide the most significant impact on our markets and financials. In the United States, we piloted a program to train employees in the skills associated with deliberate, innovative thinking, and following its success in that region, will roll it out in Australia and Asia.

In Australia, we completed a review of our current projects and prioritised those with the most potential using the same tools and processes which were created in North America. This work now forms the basis for an improved structure and a more disciplined approach in our research activities.

Health, safety and environment

During the year and despite a net improvement in the Group's Lost Time Injury statistic, the Group recognised the need to develop the tools to take the next steps in an ambition for a zero accident workplace.

The Executive formed a health and safety committee including all the Divisional Managing Directors and chaired by myself. This committee has worked to oversee the development of a new national health and safety system which will initially be rolled out across New South Wales before a wider launch through the Group.

The Group will also capitalise on the excellent work undertaken in the United States (which radically improved its Lost Time Injury results in the year), to use its foundations to introduce iCARE across the Australian operations. iCARE involves a structured program to engage employees in the active pursuit of improvement in the Group's safety cultures.

Pursuing growth

The achievement of our goals starts with strong leadership positions in attractive and growing markets, and the Group's corporate activities continued to pursue opportunities to align the portfolio with those activities which underpin the future of the Group.

In FY2011, the Group made significant progress in these activities, including the appointment of Matt Coren, who now heads up our business development activities. Matt has considerable experience in deal making, with specific skills in the building materials sector, and brings terrific commercial talent to the Group.

During the year, the Group undertook a number of significant transactions which will all contribute to the future success of Boral. We divested the non-core scaffolding and concrete panel businesses in the first quarter of FY2011, and used the proceeds to help fund a number of acquisitions in areas which are core to the Group.

In July 2010, we acquired the balance of shares in MonierLifetile and in December added a 50% share of Cultured Stone, which has a leading position in the United States residential stone market.

In Australia, we announced the acquisition, subject to regulatory approval, of Wagners Construction Materials business and Sunshine Coast Quarries, both excellent additions to our Australian construction materials in the high growth Queensland markets.

Our 17 August announcement of the acquisition of Lafarge's 50% share of LBGA, our joint venture plasterboard business in Asia, was a further exciting development for the Group, and I am confident it will have a meaningful positive impact on the growth and financial performance of Boral.

Prospects

The Group's strategy remains on track with an ambition to deliver Sector Best Performance while investing in great new products and expanding into strategically important markets.

The current global economic outlook provides an uncertain platform for the year ahead, with poor housing statistics evident in both Australia and the United States. In contrast, both Construction Materials and Cement in Australia are expecting major projects from the resource, commercial construction and infrastructure markets to provide a positive flow of new work during FY2012.

While the sluggish residential market conditions particularly in the second half of FY2011 are expected to continue into FY2012, the Group is well positioned even in these difficult market conditions. The actions taken in FY2011 provide a strong platform for increased growth and earnings when external conditions improve.



Mark Selway
Chief Executive



Now in its second year, the Group's operational excellence initiative gained significant momentum, with the cornerstones of LEAN now firmly embedded throughout Boral operations.

THE BUILDING BLOCKS OF GROWTH

In FY2010, we reorganised the business into four core divisions to capitalise on the Group's capabilities and to better address the markets in which we operate.

In FY2011, we initiated actions to improve productivity in our existing operations and to focus on those activities and markets where Boral has a realistic ambition to lead.

1. LAYING THE FOUNDATIONS

Review and respond, creating a strong platform for growth

Key activities

- Sale of non-core scaffolding and panels businesses delivers improved results in FY2011.
- Closure and consolidation of non-profitable brick and masonry operations in New South Wales and Queensland.
- Closure of lower growth, low return country New South Wales concrete and quarry operations.
- Permanent closure of two high cost, lower efficiency mothballed brick plants in the United States.
- Closure of flood damaged plywood timber operation in Ipswich, Queensland.



2. REINFORCING THE CORE

Focus and improve assets where Boral can be market leader

Key achievements

- Boral Production System implemented across all Group operations, engaging the entire workforce in a structured program to improve productivity and increase competitiveness.
- The Group's Sales and Marketing Excellence program provides closer inter-divisional links to allow Boral to provide more integrated and comprehensive solutions to customers.
- The Group introduced improved structure to its innovation framework. In the United States and Australia, significant advances were achieved, including prioritising key projects and resourcing to those opportunities with the greatest potential for success.
- The Group's systems and control environment were significantly enhanced in the year. A new Internal Audit team, improved site-based risk monitoring and Group-wide health and safety procedures are fundamental to the Group's continued success.



3. INVESTING FOR GROWTH

Expand and invest, through acquisition and portfolio development worldwide

Key achievements

- Successful on-time and on-budget commissioning of Boral's Dunnstown quarry in Victoria, Australia, delivering lower cost, higher yield resources in a market gearing for growth.
- Plasterboard's \$80m expansion in Victoria continued on plan and on budget for volume production in the first half of 2013.
- The Board approved the investment of \$200m in the Group's greenfield Peppertree quarry in New South Wales. Production is planned for the first half of FY2014.
- In July 2010, the Group acquired the balance of shares in MonierLifetile and delivered synergies and results ahead of planned expectations.
- In December 2010, the Group acquired management control of and a 50% interest in Cultured Stone, the United States' leading synthetic stone product.
- In the final quarter of FY2011, the Group announced, subject to regulatory approvals, the acquisition of Wagner's concrete and quarry businesses and in July 2011 the acquisition of Sunshine Coast concrete and quarry operations.
- August 2011 announcement of acquisition of Lafarge share of LBGA.

4. SECTOR BEST PERFORMANCE

Realising Sector Best Performance and market leading returns

Key achievements

- Delivered improved profit and returns, despite economic and market headwinds.
- Boral Production System gaining momentum and leading to improved operational performance across the Group's operations.
- Change Action Network introduced to provide a Group-wide structure to leverage scale and drive improvements across geographic and divisional boundaries.
- Sales and Marketing Excellence initiative delivers record orders from inter-divisional collaboration.



SALES AND MARKETING EXCELLENCE

In FY2011, the Group's Sales and Marketing Excellence program gathered significant momentum and is building a strong foundation to achieve leadership positions in our chosen markets.



BUILD

The development of Boral's BUILD program will form the centre stage for increasing the awareness of capabilities of the Group and building a common framework for communication.

Better products

Boral products and systems for the building and construction industry are designed in collaboration with our customers, and driven by their needs and priorities. The Group's extensive product range offers a wide choice of specification and specialisation, giving customers more flexibility to respond to new opportunities, the latest trends and changing regulations. Boral products are environmentally certified where appropriate and backed by excellent technical and support services.



The Sales and Marketing Excellence Committee is chaired by Murray Read, Divisional Managing Director of the Group's Construction Materials division, and includes representatives from each division and regional executives who are focused on building channels for collaboration across the Group.

In FY2011, this team developed the framework to improve the effectiveness and efficiency of the Group's sales and marketing organisations. We started the year by benchmarking our current capabilities and developing a skills and training plan to improve customer service and leverage the scale and geographic breadth of the Group.

Interdivisional regional forums were introduced to improve collaboration and better service markets where multiple products and solutions provide a competitive advantage to the Group.

The Group's Customer Relations Management System was also a focus for FY2011, and significant improvements were achieved in its accessibility and relevance to the organisation as a whole.

Our ambition in FY2012 is to leverage the improvements achieved to date and introduce Group-wide monitoring of our sales effectiveness and training initiatives to ensure that the benefits are fully exploited and results delivered.

Key achievements

- Established interdivisional and regional sales and marketing forums to improve collaboration.
- Completed Group-wide benchmarking of sales effectiveness and established roadmap for improvement.
- Substantial upgrade to Boral's Customer Relations Management System to better service customers.
- Introduced Group-wide Boral branding and marketing standards to improve alignment and encourage collaboration.
- Significantly increased orders resulting from interdivisional leads and across-Group collaboration.

Unrivalled value

We are committed to helping our customers do more for less and compete more effectively in a challenging and contracting environment. Our focus on affordability is central to achieving this. At a time when the building and construction industry is facing higher costs in many areas, we are determined to demonstrate that by cutting waste and focusing on efficiency we can provide solutions that save time, reduce both capital cost and total cost of ownership, and minimise the risks to your business.

Investing for growth

Boral's track record for investing on behalf of our customers goes beyond product development to include the way in which our solutions are marketed, packaged and delivered worldwide. We work jointly with academic and commercial researchers, as well as with our customers, to develop the next generation of materials and technologies that underpin growth in your industry. If you have a problem that is holding you back, or a specific technical challenge requiring a new solution, why not talk to Boral?

Lifelong solutions

Today's building and construction industry is under increasing pressure to take responsibility for the ecological and social impacts of its operations, as well as to take a lead in delivering a more sustainable built environment for the future. From lower carbon products to life cycle assessment, community engagement and a genuine commitment to recycling and re-use, we are rising to the challenge, helping our customers and their clients respond to change, both regulatory and climatic.

Delighted customers

Boral has a reputation for successful long term relationships with some of the leading building and construction companies in Australia and the rest of the world. We have a terrific, customer-facing workforce, who work on a daily basis to satisfy our customers. We aim to be easy to do business with, open, approachable and honest, and we have invested in e-commerce and credit systems that simplify ordering, invoicing and logistics. Most importantly, our actions are based on listening to our customers, both in our own backyard and around the world. Together, we can build something great.



LEAN BUILDING OPERATIONAL EXCELLENCE

Now in its second year, the Group's operational excellence initiative gained significant momentum, with the cornerstones of LEAN now firmly embedded throughout the Group's businesses.

The Group's program of operational excellence made solid progress in the year, with the systems and training introduced in 2010 now providing the catalyst for Group-wide improvements in productivity.

The Boral Production System includes a variety of management tools targeted at eliminating the causes of waste and inefficiency, reducing errors and sharing best practice across the Group.

Benchmarking

The Group's benchmarking regime is used to monitor the progress of the cultural and operational improvements throughout the Group.

During the year, the majority of the Group's sites were re-audited, with significant improvements registered across many operations.

The audit scores are used as a basis for comparing our operations and encouraging healthy competition for them to be the best within their respective region, product area and divisional performance.

Each company is required to build and execute plans to improve their Boral Production System score, and progress is reported at bi-weekly meetings including representatives from the Group's global operations.

Operational efficiency

The true measure of the success of the Group's efficiency program must ultimately translate to improved productivity and lower operating costs.

The Group put in place the necessary systems and structure to monitor the Group's Overall Equipment Effectiveness (OEE), which combines the available uptime of the plant, the achieved quality and the plant's efficiency, and measures it against established standards.

In FY2011, the Group's OEE improved across each of Boral's divisions, and huge progress was made in the uptime, maintenance and housekeeping standards of the Group's lead sites.

The Group now has the tools to ensure that our considerable investment in operational excellence is providing measurable and ambitious improvements across all our operations.

Improvement tool kit

To supplement the benchmarking and efficiency monitoring programs, LEAN facilitators work to train the workforce and apply the basic skills to solve problems in areas of inefficiency and utilise the available tools to drive improvements.

FY2012 objectives

Operational objectives for FY2012 are ambitious and include continued improvements in the Group's existing initiatives and focused attention on improving inventory management through the application of LEAN principles to our ordering and plant scheduling processes.

Our benchmarking work will extend to include external companies where the Group can compare our performance to relevant businesses outside of the Group.

Achievements:

- Established OEE measurement and monitoring structure across the Group's operations.
- Built LEAN toolbox and employed LEAN facilitators.
- Achieved significant improvement in operational performance across the Group.

Improvements

The Group has developed a toolbox of proven improvement tools which are being progressively rolled out throughout the Group.



INNOVATION BUILDING SOMETHING GREAT

Boral is dramatically increasing its focus on innovation, with a goal of becoming one of the leading innovative companies in our industry.

From product developments to ground-breaking new solutions, Boral has placed innovation high on the agenda. Over the next five years, the Group intends to outperform its peers through the number and value of new products and improvements brought to the market place.

The Boral Innovation program has been developed and rolled out through the United States operations and is now gaining momentum across the rest of the Group.

Boral has increased research funding to deliver new building materials which respond to changing customer needs and market trends. Interaction with retailers, home builders, contractors and commercial builders helps to steer the new product development program.

Extra resources have been added during the year, adding further dynamism to Boral's research activities and driving product development to commercialise successful innovations faster.

Some highlights of the US Innovation program are:

Boral TruExterior™ Trim: A multi-year program has seen the development of a new product category to compete in the US\$2b US trim market. The product satisfies customer performance requirements and outperforms the existing competitive products. The US\$15m investment in the first commercial line in Salisbury, NC is a first of its kind, with technology unique to the industry.

Powder Activated Carbon Treatment (PACT™): Due to a new regulation in the

utility industry requiring mercury removal from coal burning power plants, utilities will have to introduce activated carbon to remediate mercury. This presented an opportunity for Boral to develop a system that would neutralise the effect of activated carbon in ready mix concrete. This technology positions Boral's BMTI operation as a leading partner of choice with the utility industry. As federal regulation comes into effect in the US, we will continue to capitalise on the technology and be positioned to grow our market share.

BoralPure™ Smog-Eating Tile: Our product incorporates a photocatalyst coating that reduces nitrogen oxide (NOx) a major component of smog. This product helps address the problem of poor air quality found in many American cities. When new large "Masterplan" communities are being developed, the NOx reduction can be taken as an offset to the air quality impact. The greatest advantage will come from its wide application, and incentives are being sought to provide assistance to builders who are keen to promote the advantages to their customers.

In Australia, a review of current innovation projects has been completed and those with the most potential have been identified as priorities using the successful US developed model. An example of one of these projects within the Cement division includes innovation focusing on reducing our CO₂ footprint by increasing the level of substitution of blast furnace slag and limestone in our products.

Boral now has a much improved structure and a more disciplined approach to its research activities.



Improvements

Boral US has increased its scientific and engineering capabilities through the recruitment of more than 15 new scientists, engineers and support staff. The company's technical facilities have been expanded by 30% to accommodate new product development requirements and over US\$1m has been invested in pilot lines and new durability testing equipment.



Boral TruExterior™ Trim

Technology Centre progressed the Boral Trim product from prototype to market seed, and to full scale plant technology transfer and commercialisation. Further long range material substitution and green enhancement initiatives are underway through our newly implemented Innovation programs.

CONSTRUCTION MATERIALS

Boral Construction Materials is one of Australia's leading integrated quarry, concrete and asphalt manufacturing businesses, with outstanding long term resource positions in attractive, high growth regions.



Murray Read, **Divisional Managing Director**

Despite the impact of adverse weather conditions, the division performed strongly, underpinned by improved pricing which took effect in the final quarter of the financial year and a strong contribution from major projects.

Performance

Construction Materials full year revenue of \$2.3b increased 7% when compared to the prior year due to improved quarry and asphalt volumes and improved pricing outcomes across all businesses, particularly in the final quarter. Concrete volumes were in line with those of the prior year. EBIT of \$204m was 1% above the prior year due largely to the impact of improved pricing outcomes offset by the absence of high margin major asphalt projects that occurred in the prior year. Results in the first half year were significantly impacted by adverse weather conditions, particularly in Queensland, while the second half featured drier conditions and increased demand from project work in New South Wales and Victoria.

The Quarries business benefited from major projects in the Hunter region in New South Wales and the Peninsula Link and Dilston Bypass projects in Victoria and Tasmania, while volumes in Western Australia increased substantially in the first half due to strong underlying infrastructure demand.

The Concrete business full year results were underpinned by several major projects including the Cadia Mine, the Bulahdelah Bypass and the Oxley Highway projects

in New South Wales and the desalination plant project in Victoria. Residential demand remained strong, and mobile batch plant work in Western Australia contributed to a strong first half performance.

Revenue from the Asphalt business was up 7% and reflected strong volume growth, with key projects including the Sydney Airport Re-sheeting and the Ballina Bypass in New South Wales and the South Road early works in South Australia. Asphalt Queensland was significantly impacted by the effects of flooding and weather throughout the year.

Construction Materials results have been buoyed by the price increases which took effect in October 2010 and April 2011. Improved quarry, asphalt and concrete selling prices were evident particularly in the final quarter.

The Property Group completed 27 transactions and contributed \$27.5m EBIT, compared with \$24.5m in the prior year. Sales of buffer land at Wollert and Montrose in Victoria underpinned this result.

While our South Australian operations were successful in achieving no lost time accidents in the year, the balance of Construction Materials disappointed with the number of lost time accidents increasing to 43 against 42 in the prior year. The full year LTIFR increased to 2.8 against 2.7 in FY2010 and an increased focus on safety behaviours and training is expected to significantly improve the results in the year ahead.

Market review and outlook

In the year ahead, we expect a continued recovery in the underlying concrete and quarry markets, fuelled by improved activity in New South Wales and Queensland, and a strong backlog of infrastructure projects across our most important regions. The pricing related Concrete market share decline which was experienced in the final quarter of FY2011 is expected to recover through targeted market share recovery strategies and as secured projects come on stream.

Our asphalt business is expected to deliver a strong result as flood recovery activity accelerates in Queensland, and supply commences to the Peninsula Link project in Victoria.

The recent acquisition of the Wagners concrete and quarry businesses together with Sunshine Coast Quarries, both of which are awaiting ACCC clearance, will provide increased exposure to attractive and growing Queensland markets.

The continued implementation of LEAN through the roll-out of the Boral Production System is already having a noticeable impact on productivity and downtime and will supplement our ongoing efforts to remove cost and waste from the business. Our Sales and Marketing Excellence program promises significant benefit through leveraging our strong market positions and driving margin improvement.

Quarries

Boral is Australia's leading quarry operator, with 90 quarries, sand pits and gravel operations producing concrete aggregates, crushed rock, asphalt, road base materials, sands and gravels for the Australian construction materials industry.

Concrete

Boral's market leading network of 250 premix concrete plants produces a wide range of specialist concrete mixes throughout Australia. The Group's geographic cover and responsiveness to customer needs provide a strong, sustainable competitive advantage.

Asphalt

Boral is the leading full service supplier of asphalt and technical materials for the surfacing and maintenance of road networks. The division has over 50 plants throughout Australia and is a leading supplier to road building and critical public and private construction projects performance.

Logistics and Property

Construction Materials' logistics operations include an integrated fleet of company-owned and contracted vehicles. Boral Property Group's core function is to develop opportunities for end uses of operational sites and maximise the value of Boral's land assets.

KEY ACHIEVEMENTS

We are leveraging our leading positions in the Australian concrete, quarry and asphalt markets to improve returns and enhance shareholder returns.

Employees
4,157
No change

Capital expenditure
\$160m
Up 98%



Delivery of major projects

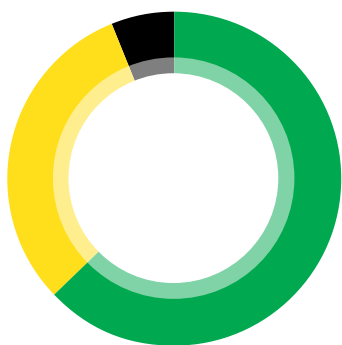
During FY2011 the division supplied materials for the Port Botany expansion (Sydney), Cadia Gold Mine (Western New South Wales), the Sydney Airport Runway safety upgrade and the Melbourne desalination plant. Our forward pipeline remains strong, with the Macarthur wind farm and Peninsula Link interchange in Victoria providing a solid platform for the year ahead.

Divisional results

Revenue
\$2,275m
Up 7%

EBIT
\$204m
Up 1%

Revenue breakdown



- Concrete and Quarries
- Asphalt
- Other



Boral Production System

The implementation of LEAN in Construction Materials is delivering significant benefits, particularly in quarries. As an example, improvements at Orange Grove quarry in Western Australia have reduced costs by 23% while increasing throughput by 25%. During the year, the division's OEE results increased across every product area and LEAN audit scores were up 25%.



Quarry resource and capacity

During the year, Construction Materials invested considerably to expand consented resource positions and quarry capacity close to key higher growth markets. A new 400t/hr crushing plant was commissioned at the Dunnstown quarry near Ballarat, and the development of the Peppertree Quarry in New South Wales was approved by the Board.



Liquefied natural gas (LNG) projects

The division was awarded contracts for the supply of 250,000 m³ of concrete to the Queensland Curtis Island LNG (QCLNG) and Gladstone LNG (GLNG) projects in Queensland and is focused and well positioned to secure further LNG projects across Australia.



Growth

The Construction Materials division is focused on acquiring leading assets in high growth regions and strengthening our integrated positions. During FY2011 the acquisitions of Wagners Construction Materials and Sunshine Coast Quarries were announced. Both acquisitions, which are awaiting ACCC clearance, have high quality assets, with strong market positions in attractive growth areas.

BUILDING PRODUCTS

Boral Building Products in Australia holds leading positions in plasterboard, bricks, roof tiles, masonry blocks and pavers, and hardwood and softwood timber products. LBGA, the Group's 50% owned joint venture, holds leading positions in plasterboard and associated products throughout Asia.



Ross Batstone, **Divisional Managing Director**

Performance

A strong start to the year, helped by government stimulus works, was impacted in the second half by severe weather conditions and slowing new housing construction, particularly in Queensland.

The employee Lost Time Injury Frequency Rate improved to 1.7 from 2.0 in the prior year. The Clay and Concrete Products and Timber businesses each recorded significantly lower lost time injuries, with the brick plant at Scoresby, Victoria achieving 10 years without a lost time injury.

Revenue of \$1,150m was 5% below that of the same period last year and reflected much weaker market conditions in Australia in the second half year ended June 2011. Australian revenues in this half year fell 16% below the December half year as a result of weaker new housing construction in Queensland, South Australia and Western Australia, which was further impacted by severe, abnormal wet weather conditions, particularly in New South Wales and Queensland.

EBIT of \$84m was 16% below last year. Government stimulus works, which benefited the half year ended December 2010, ceased in the second half. This second half saw a weaker trading environment, devastatingly so in Queensland, combined with a further strengthening of the Australian dollar. Our timber, brick, block, paver and tile businesses operating in Queensland were hit particularly hard. The plywood manufacturing plant at Ipswich was inundated by the January flood event, which led to our decision to close this

business, announced in June. At year end, we announced the decision to close a 60 million piece per annum clay brick plant in Brisbane, to cease exports of clay bricks and pavers and to close our masonry block plant at Somersby in New South Wales, all in the light of the more difficult trading environment.

In Australia, all businesses focused on improving safety, reducing operating costs and working capital, and on improving pricing structures. The Boral Production System (LEAN manufacturing) helped to deliver better productivity outcomes throughout our operations with fewer injuries, through an emphasis on training, housekeeping, equipment enhancement and waste reduction.

In Western Australia, we completed construction of a masonry block and paver plant on our Midland (Perth) site at an investment cost of \$44m. At year end, this new facility was being commissioned and supplying high quality products to customers. In Victoria, we commenced the \$80m upgrade of our plasterboard plant and distribution site at Port Melbourne. We expect this project to be completed before June 2012, and result in reduced operating costs and energy consumption, whilst enhancing waste recycling capability and lifting capacity for future growth.

In Asia, the demand for plasterboard continued to grow strongly in key countries. Capacity projects commissioned in South Korea, Thailand and China benefited sales volumes and returns from our plasterboard joint venture, LBGA. During the year, LBGA

benefited from new plasterboard capacity at its Saraburi site near Bangkok in Thailand and at Baoshan near Shanghai in China. Further projects were announced which added to plasterboard and/or associated product capacity in China, Indonesia and Vietnam.

Market review and outlook

In Australia, poor housing affordability combined with low levels of consumer confidence are expected to constrain the construction of new dwellings over the next 12 months. Nationally, we expect the number of commencements to be below 145,000. Non-residential demand is also expected to be weaker, reflecting reduced public works as stimulus activities complete. Renovation activity is expected to grow modestly.

In the difficult trading environment, our emphasis will be to focus on cost reduction initiatives, further reducing working capital and strengthening pricing outcomes. Our LEAN journey is continuing, and returns in the next year will benefit from the restructuring which is already underway and from price rises notified to customers for implementation in the first half of FY2012. We are also planning further inventory reductions in our brick, block and paver businesses which will impact EBIT outcomes from that division in the next 12 months.

In Asia, we are experiencing continued strong growth in construction activity in key countries, which is expected to underpin growth in plasterboard consumption. LBGA is well positioned to take advantage of the resulting uplift in plasterboard demand through existing plant capacity.

Plasterboard Australia

Boral is a leading integrated supplier of plasterboard and operates six production plants and 51 distribution centres across Australia. The division is the largest plasterboard installer to the new housing sector.

Plasterboard Asia

Lafarge Boral Gypsum Asia (LBGA) is the leading supplier of plasterboard and internal linings products across Asia. The 50% owned joint venture operates production plants in eight countries and trades in a further three, as well as exporting to more than 30 countries.

Clay & Concrete Products

Boral is one of Australia's leading suppliers of clay and concrete bricks, blocks, pavers and roof tiles. The Group operates 18 production plants and over 30 distribution centres across Australia.

Timber

Boral operates wholly owned hardwood businesses on the East Coast of Australia and a 50% share of Highland Pine, a leading New South Wales-based softwood manufacturer.

Employees
2,747
 Down 7%

Capital expenditure
\$83m
 Up 40%



Timber Design Award

Richard Cole Architecture's Hilltop House at Pittwater won the Timber Design Award for 2010 in the "Residential Class 1 – New Building" category. The design used an extensive range of Boral Hardwood products to enhance the natural attributes of a picturesque bushland dwelling.

KEY ACHIEVEMENTS

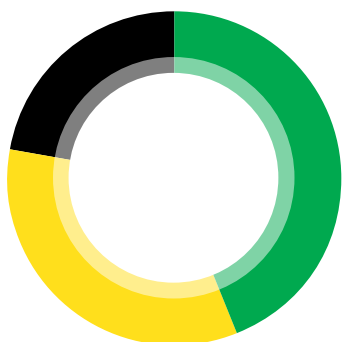
We have resized with better focus, standardisation and efficiency, which is helping to respond to the unexpectedly weak market environment, particularly in Queensland.

Divisional results

Revenue
\$1,150m
 Down 5%

EBIT
\$84m
 Down 16%

Revenue breakdown



- Clay & Concrete Products
- Plasterboard Australia
- Timber



Plasterboard Victoria plant upgrade

The \$80m upgrade of the Boral plasterboard plant at Port Melbourne in Victoria is now well underway and on track for completion by June 2012. It will deliver substantially reduced operating costs, improved energy efficiency, enhanced waste recycling capability and increased capacity for future growth.



LBGA successfully commissions two new plasterboard facilities

In the half year ended June 2010, our Asian joint venture, LBGA, commissioned a second plasterboard line at Saraburi near Bangkok, Thailand and a new greenfields plasterboard factory in Shanghai, East China. Both facilities are now operating at design capacity, which has helped LBGA plasterboard sales volume increase by 11% during the year.



Towards LEAN leadership Plasterboard

Our 40m² plasterboard plant at Pinkenba, Queensland is working to achieve LEAN showcase status across the Boral Group. Already, it is approaching world's best practice with Overall Equipment Effectiveness (a measure of uptime, primary waste minimisation and throughput rate compared to design) and has achieved "top 5" ranking in Group-wide LEAN auditing.



Australian Apprentice and Trainee of the Year Awards

James Mondinos from Boral Timber's South Coast Hardwoods business was awarded National Apprentice of the Year and the National Encouragement Award at the Australian Apprentice and Trainee of the Year Awards in 2011. James was a participant in a Boral led training partnership also involving recruitment company Skilled and Creswick Training College in Victoria.

CEMENT

Boral's Cement division is a leading supplier of cement, lime and fly ash in Australia and of concrete, quarry and pipe products in Asia. In FY2011 the division enjoyed strong infrastructure markets in Australia and continued growth in Asia.



Mike Beardsell, **Divisional Managing Director**

Performance

Cement revenue at \$540m was 5% above that of the same period last year (prior year \$512m), reflecting improved pricing and mix in Australia and continued growth in Asian markets. EBIT at \$96m was \$8m above last year's with strong gains in Australia and the continuing turnaround in Thailand offsetting a very competitive market in Indonesia.

In Australia the premixed concrete market was up modestly, and New South Wales and Victoria, which are key states for Boral Cement, performed better than the national average. New South Wales also had an exceptionally strong year for infrastructure projects which benefited the business, including duplication of the Hume Highway and port developments in Newcastle. Lime sales improved markedly as the steel industry returned to more normal operating patterns following the global financial crisis.

Production costs improved in Australia as volumes increased, following stock reductions in the prior year. The business focused on gaining sustainable improvements in operating effectiveness and the removal of legacy plant. The LEAN score achieved a 37% improvement, which translated into a 3.2% gain in the OEE of the major cement kilns.

The Thailand Construction Materials business was a standout performer, with the turnaround which began in the prior year gaining further momentum. Concrete volumes increased by 8% and a focus on price improvement and costs substantially improved margins. Market conditions in Indonesia were more challenging. Strong market growth resulted in increased raw materials costs and consequent margin compression.

The employee Lost Time Injury Frequency Rate of 0.95 was in line with the prior year, with a change in reporting standards masking a modest underlying improvement. There was a strong focus on improving the standard of equipment guarding throughout the business.

The Innovation agenda has seen the introduction of a new cement chemistry in NSW, designed to improve utilisation of raw materials, and trials of a new product which promises to reduce greenhouse gas emissions through increased substitution of blast furnace slag.

Market review and outlook

The outlook for Boral Cement is mixed. Infrastructure project work is expected to be strong in FY2012, but below the exceptional activity in FY2011. Housing activity is softening across Australia, but to date this

appears less pronounced in New South Wales and Victoria, where Boral Cement has greatest exposure.

Opportunities to displace imports in supply to competitors are anticipated and this will increase kiln utilisation levels.

The outlook for the Asian businesses remains positive as these economies continue to grow strongly.

Cement division

The Cement division has operations based in both Australia and Asia. In Australia, we operate Boral Cement, which is a leading Australian cement producer, and in Asia we have operations in Indonesia and Thailand, supplying concrete, quarry and pipe products.

Boral Cement

Boral Cement is headquartered in Sydney, Australia, and has offices and operations in Victoria, New South Wales and Queensland, supplying bulk cements and cement blends, bagged cements and drymixes. Quality control, innovation and an ongoing program for continuous improvement have led Boral Cement to the forefront of the Australian cement industry.

Indonesia

PT Jaya Readymix is the number 1 supplier of concrete in Indonesia, employing around 2,600 people. With 44 fixed and mobile concrete plants, two quarries and two pipe and precast operations, the business is developing markets in the rapidly growing regions outside Western Java.

Thailand

Thailand Construction Materials operates a network of 43 concrete plants across regional Thailand, with approximately 430 owned and operated concrete trucks servicing all areas. Boral Thailand employs over 1,200 people and has production capacity for the sand and aggregates that are required to produce consistent quality concrete.

KEY ACHIEVEMENTS

Major infrastructure supply capability was a highlight for the year in both Australia and Asia.

Employees

4,551

Up 1%

Capital expenditure

\$53m

Up 107%



Boral Cement is integral to major infrastructure development

Boral Cement secured supply for the Hunter River remediation project and the Kooragang Coal Loader by improving its total delivery capability. We can now satisfy a delivery promise that is the benchmark for cement and fly ash supply to major projects.

Divisional results

Revenue

\$540m

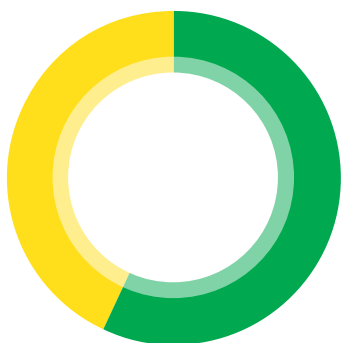
Up 5%

EBIT

\$96m

Up 9%

Revenue breakdown



- Cement
- Asian Construction Materials



Rebranding

The rebranding of Blue Circle to Boral Cement occurred with minimal disruption to our business and with no loss of customers. With a new name, we are now more visibly part of the Boral range of products, which strengthens the Boral brand.



Demolition project

Boral Cement Engineering Services and site personnel are addressing obsolete plant and equipment at both the Berrima and Maldon sites. The project is expected to take six months to complete and will remove potential chemical and structural risks associated with the redundant plant.



Thailand turnaround

The successful turnaround of Thailand Construction Materials continues with a strong return to profit for the full year. The FY2011 yearly profit results are the best recorded since FY2006, with the month of June showing the highest monthly sales volumes since the business commenced in 1992.



Indonesia

In 2011, PT Jaya Readymix will see the historic completion of a 90 Megawatt compacted concrete dam for owner International Nickel Indonesia (INCO) in remote Central Sulawesi, in which PT Jaya played a major role. The exceptional logistical challenges made this one of the most complex and prestigious projects in Jaya's 39 year history.

USA

Boral USA has industry leading positions in bricks, concrete and clay roof tiles, and manufactured stone veneer for residential and midrise commercial buildings. The construction materials business has leading positions in Oklahoma and Colorado, and the fly ash processing and distribution business operates on a national basis.



Mike Kane, **President, Boral Industries**

Performance

Housing starts remain at historically low levels, and our focus is on reducing costs while readying the business for the upside in the cycle.

The USA operations reported revenue of A\$431m, 19% above that of last year (prior year: A\$364m), reflecting the full integration of MonierLifetile into Boral Roofing and the half year inclusion of the Cultured Stone joint venture. The revenue gain was partially offset by a continued deterioration in housing starts and construction activity and the strengthening of the Australian dollar. At the EBIT level, the USA operations reported a loss of A\$99m against a A\$104m loss last year.

US dollar losses increased to US\$99m against US\$91m in the prior year, primarily due to acquisitions of loss making businesses. Favourable exchange rate movements, lower head count, cost reductions driven by the early benefits of LEAN implementation and other cost containment activities largely mitigated the effects of the newly acquired businesses.

The US continued to experience significant challenges during the year as housing activity resulted in declines in demand offsetting underlying cost containment performance across all areas of the US business.

Boral Brick and Cladding revenue was A\$178m, including Bricks, Stone (six months of activity), and Trim. Revenue from Bricks was down 8% to US\$142m due to a 7% decline in volumes coupled with a small decrease in pricing driven by product mix and competitive pressures. Plant utilisation averaged 26%, requiring continuation of cost cutting initiatives.

Boral Roofing achieved revenues of US\$89m, 2% (100% MonierLifetile) lower than the prior year on a like for like basis driven by a 5% reduction in volume partially offset by consolidated sales.

Revenues for Fly Ash and Construction Materials increased 5% to US\$164m due to a 21% increase in concrete volumes partially offset by a 3% decrease in aggregate volumes.

The employee Lost Time Injury Frequency rate improved significantly, dropping from 3.1% last year to 0.6% this year. The US division has embedded a system-wide LEAN 5S (Sort, Set in order, Shine, Standardise and Sustain) capability, personalised safety interventions by Division Presidents, and a behaviour based safety observation program across all operations.

Market review and outlook

It continues to remain unclear when and how rapidly a turnaround in US housing and construction will occur. We expect an increase in housing starts in the upcoming year, biased towards the second half. Non-residential construction activity is expected to increase slightly throughout the year.

The US division's emphasis on safety, LEAN and Sales and Marketing Excellence, combined with the integration of Tile and Stone and the introduction of Trim and an enhanced commercial offering positions Boral well to improve on prior cycle returns.

Boral Brick and Cladding

Boral has industry leading brick and stone positions complemented by both the market seed and commercialisation launch of the Boral Trim product and the enhanced commercial focus of the Boral Building Products distribution business.

Boral Roofing

Boral's high end roofing solutions consist of a market leading range of concrete and clay tile products. The integration of MonierLifetile into Boral Roofing has provided synergy and market opportunities that the division continues to exploit fully.

Construction Materials and Fly Ash

With national fly ash and regional concrete and aggregate offerings, Boral is well positioned to satisfy growing demand as the US economy returns to more normalised construction spending levels in the future.

Technology

Boral's newly implemented Innovation program enhances product development opportunities across all businesses while reducing the time to commercialisation. The development of green sustainable products is fully underway as evidenced by the Trim launch and several new product initiatives moving beyond the proof of concept stage.

KEY ACHIEVEMENTS

The Boral US Team is building momentum in safety, LEAN operations and new product development to take full advantage of a market recovery.

Employees
2,572
Up 70%

Capital expenditure
\$43m
Up 361%



Integration of MonierLifetile

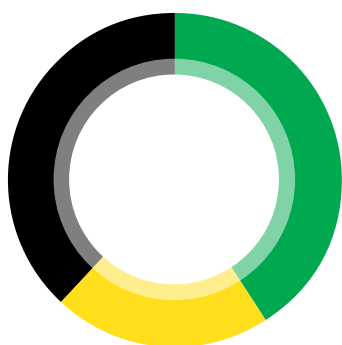
Acquired and fully integrated the remaining 50% of MonierLifetile; combined with clay roof tile division to form Boral Roofing and achieved synergies exceeding the expectations of the business case. Launched new products including BoralPure™ SMOG-EATING Tile.

Divisional results

Revenue
\$431m
Up 19%

EBIT
\$(99)m
Up 5%

Revenue breakdown

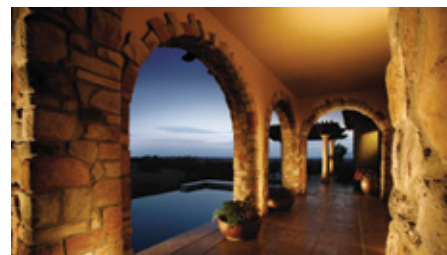


- Cladding
- Roofing
- Construction Materials and Fly Ash



Safety improvement

Safety improved significantly in FY2011 as a result of expanded focus on behaviour based safety processes, near miss reporting, driver and fleet safety initiatives, and leadership safety interventions across all locations.



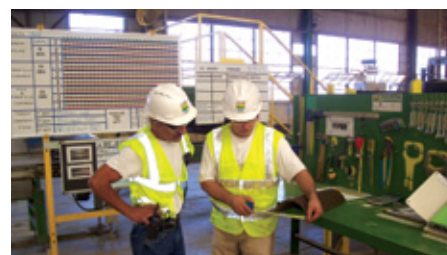
Cultured Stone acquisition

Acquired a 50% interest, with management control, in the nation's leading manufactured veneer stone business (Cultured Stone). Integration is underway to maximise synergies with Boral Cladding.



Creation of a Cladding Division

Created a Cladding Division comprising Brick, Stone, Trim, and Boral Building Products Distribution designed to further advance our residential, commercial and expanded channel strategy. Launched complementary products including a leading stucco and EIFS wall system across distribution network.



Implementation of Sales and Marketing Excellence and LEAN

Implemented both commercial and operational programs including Sales and Marketing Excellence and LEAN. The roll out establishes the commercial and operating foundation on which the company will satisfy customer demand, increase share, minimise waste and inventory levels, improve margin and improve efficiencies going forward.

FINANCIAL REVIEW 2011



Andrew Poulter, **Chief Financial Officer**

Revenue

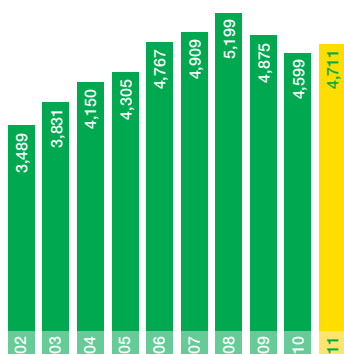
As a result of the full consolidation of the US MonierLifetile and Cultured Stone businesses acquired in July and December 2010 respectively, revenue from continuing operations at \$4.7b increased 4% over the prior year. Normalising for these acquisitions, underlying Group sales revenues were level with those of the prior year, though at a divisional level there were several key factors which influenced both the first and second half year performances and the year's earnings outcome.

The Australian operations, which accounted for 86% of consolidated Group revenues, were significantly influenced by two key demand constraints: the adverse weather in the eastern states throughout the second quarter which culminated in the January Queensland flooding, and the steep decline in housing starts which began in January and continued through the second half year. The latter weakness was principally in the resource sector states of Queensland, Western Australia and South Australia, giving credence to the two-speed economy currently prevailing in Australia.

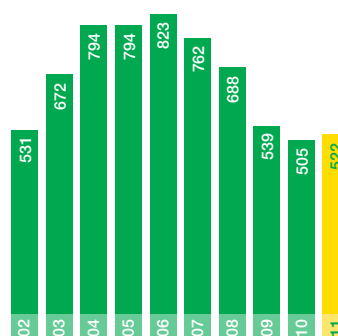
Following a strong second half recovery, Australian Construction Materials reported a 7% increase in revenues on the prior year. Despite weather impacts, first half year revenues were in line with the prior year; the final quarter benefited from a return to normal trading conditions, together with an increase in project and infrastructure demand. Whilst the division took some benefit from road reconstruction activity following the Queensland flooding, the key revenue drivers were the continued robust demand in Victoria and an increase in demand in New South Wales.

After a strong start to the year where first half year revenues were 3% ahead of FY2010, Building Products' second half revenues were significantly impacted by the decline in residential housing, resulting in full year revenues closing at 5% below those of the prior year. This second half weakness directly impacted the brick, roof tile and masonry products businesses, which have a greater exposure to residential demand. Plasterboard demand was also impacted by a weaker Queensland residential market, which has yet to see any significant increase from reconstruction activity following the January floods.

Sales revenue
\$m



EBITDA¹
\$m



1. Excluding significant items.

While not consolidated into the Group results, LBGA, the Asian plasterboard joint venture, continues to show consistent growth, having exposure to the core plasterboard markets in China, South Korea, Malaysia, Thailand, the Philippines, Vietnam and the emerging plasterboard markets in India. Revenues grew by 16% over the prior year, with increases in all markets led by India 67% and China 28%. The self-funded investment in plant capacity to satisfy forecast growth has been a key factor in the continued success of the joint venture.

The Cement division reported a 5% improvement in revenues, with good progress in Australia due to sustained demand across the New South Wales and Victoria construction markets and increased lime sales into the steel sector. Revenues also increased in both Thailand and Indonesia, underpinned by an increase in construction activity, though margins came under pressure due to increases in cement, raw materials and labour costs.

In the US, housing demand continued to run at cyclical lows, and the anticipated second half recovery failed to materialise, resulting in annual, seasonally adjusted housing starts of 571k, 3.5% below the prior year. As a result, underlying revenues, normalised for the Monier and Cultured Stone acquisitions, were flat with the prior year as higher sales revenue in clay tiles and construction materials offset an 8% decline in brick revenues. Bricks continue to be exposed to the weaker performing eastern states.

Net profit after tax before significant items from continuing operations was \$173m, a 20% increase over the prior year.

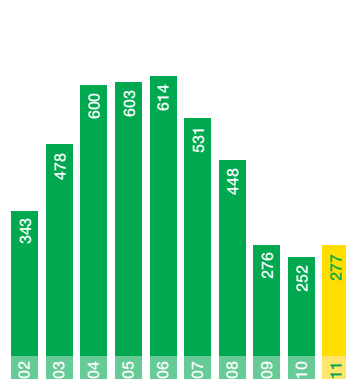
Earnings

Net profit after tax before significant items from continuing operations was \$173m, a 20% increase over the prior year, predominantly due to a \$33m reduction in interest expense and a \$12m favourable exchange rate benefit arising from the translation of the US losses.

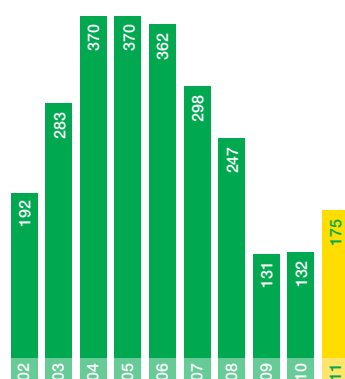
Income statement

For the year ended 30 June	2011			2010		
	Group	Discontinued operations	Continuing operations	Group	Discontinued operations	Continuing operations
\$ millions						
Sales revenue	4,710.5	28.8	4,681.7	4,599.3	105.5	4,493.8
EBITDA ¹	522.2	2.6	519.6	504.5	(12.8)	517.3
EBIT/(loss) ¹	277.2	2.6	274.6	251.9	(18.6)	270.5
Interest ¹	(63.7)		(63.7)	(97.0)	–	(97.0)
Income tax ¹	(40.4)	(0.7)	(39.7)	(22.1)	5.7	(27.8)
Non-controlling interest	2.3		2.3	(1.2)	–	(1.2)
Underlying profit/(loss) after tax¹	175.4	1.9	173.5	131.6	(12.9)	144.5
Net significant items	(7.7)		(7.7)	(222.1)	(58.9)	(163.2)
Net profit/(loss) after tax	167.7	1.9	165.8	(90.5)	(71.8)	(18.7)
Earnings per share ¹ (cents)	24.4			22.1		
Earnings per share (cents)	23.3			(15.2)		

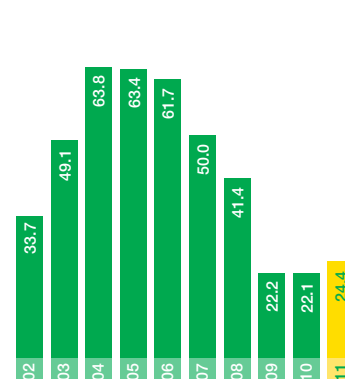
EBIT¹
\$m



Profit after tax¹
\$m



Earnings per share¹
cents



1. Excluding significant items.

Financial review 2011

Continued

The segmental earnings before interest and tax (EBIT) by division, reflect the impact of the first and second half revenue variations which had a major influence on the performance of the Construction Materials and Building Products divisions.

Earnings before interest and tax from continuing operations was \$275m, 2% ahead of the prior year, though underlying gross margins dipped slightly from 6.0% to 5.9%. This margin decline occurred primarily due to the change in geographical mix in sales in the Construction Materials division where at the product level, concrete and aggregate margins improved following the rigorous implementation of the 1 April price increase.

The segmental earnings before interest and tax (EBIT) by division reflect the impact of the first and second half revenue variations which had a major influence on the performance of the Construction Materials and Building Products divisions.

Construction Materials reported an EBIT of \$204m, a 1% increase over the prior year as a result of a significant improvement in second half revenues due to improved market demand and a return to normal weather patterns. Second half earnings showed a 20% improvement over the first half year and a 19% improvement over the prior corresponding period. The second half year result was also assisted by the 1 April concrete and aggregates price increase which improved second half margins to 9.5% from 8.4% in the first half. Construction Materials' annual EBIT margins declined to 9.0% versus 9.5% in the prior year due to the change in mix of sales from Queensland to Victoria and New South Wales and lower asphalt demand in Queensland following the completion of major road projects in 2010.

Building Products' EBIT showed a reversal in the second half year following a strong first half performance where EBIT was up 22% over the prior corresponding period. The second half year was impacted by an acute decline in the residential sector in Queensland, Western Australia and South Australia together with the conclusion of the Government stimulus programs in the first half year. Second half EBIT declined 47% to \$29m, bringing the full year to \$84m, a 16% decline over the prior year.

Following a review of east coast bricks, roof tile, concrete and masonry operations with specific focus on projected plant capacities and medium term market demand, the decision was taken to reduce the overall operating capacity. The impact and resulting impairments were incorporated in the FY2011 significant item expense.

The Cement division reported a 9% improvement in EBIT to \$96m as stronger sales and plant operating performance in Australian Cement and a return to profitability in Thailand were partially offset by EBIT margin declines in Indonesia. Cement plant overall equipment effectiveness improved consistently throughout the year, with Waurn Ponds achieving record clinker output following the major annual shutdown in March.

The United States businesses delivered 5% reduced EBIT loss to (\$99m) primarily due to a \$12m foreign exchange conversion benefit arising from the increase in strength of the Australian dollar. The result included the first time full year consolidated results of the MonierLifetile business, which was acquired on 1 July 2010 and the half year consolidated results of the Cultured Stone joint venture following the December acquisition of a 50% controlling share from Owens Corning. Despite the underlying market weakness, US dollar losses in the bricks business were reduced by 6%, and the BMTI fly ash operations returned to profit. These improvements were achieved through continued focus on operating efficiency and optimisation of the brick plant operating configuration.

The Group reported net profit after tax of \$167.7m after recognising \$7.7m of net significant items with regard to manufacturing capacity rationalisation, insurance claims recovery, acquisition and due diligence expenditures and resolution of prior year tax matters. The significant items are summarised in the table below.

Reconciliation of underlying results to reported results

Millions	EBIT	Interest	Tax	Non-controlling interest	Profit after tax
Underlying results	277.2	(63.7)	(40.4)	2.3	175.4
Significant items					
Plywood closure	19.6				19.6
Asset write-downs	(53.1)				(53.1)
Acquisition expenditure	(9.3)				(9.3)
Tax benefits			35.1		35.1
Total	(42.8)		35.1		(7.7)
Reported results	234.4	(63.7)	(5.3)	2.3	167.7

Following a review of the capacity of the east coast Australian operations and projected future market demand, the Group undertook an evaluation of our future operating capacity requirements. This review took into account the future investment returns on projected capital needs for the existing capital base and the current and projected efficiency benefits now being realised from investment in LEAN. The review concluded that the Group has excess operating capacity in its Queensland and New South Wales operations and the decision was taken to close several plants in order to optimise future earnings and the return on capital employed. These, together with the closure of two US brick plants in the south east, amounted to a \$53m write-down of asset values and site remediation costs.

The Queensland floods in January inundated a large part of Timber's Ipswich plywood operations, rendering future investment on the site unviable. Following a critical review of the cost and investment returns from establishing the factory on an alternate site, it became clear that such an investment could not return the cost of capital, and a decision was made to exit the plywood business in June 2011. The settlement of the insurance claim net of the write-off of the assets employed required the recognition of a \$19.6m book profit which has been taken as part of the significant items.

Operating cash flow was \$351m versus \$459m in the prior year. This reduction was due to a \$97m adverse movement in working capital versus a \$44m favourable movement in the prior year. The increase in working capital during 2011 was due to higher receivables following a strong final quarter's sales in Construction Materials, and an increase in closing inventory levels. The latter occurred due to the weaker final quarter sales in the US and Building Products when inventories had been built to meet forecast demand and the need to increase the Australian Cement clinker inventories in advance of the Berrima shutdown which was undertaken in June and July of 2011. Second half cash flows, however, increased from \$81m in the half year to the closing \$351m.

Free cash flow showed a net outflow \$34m due to the \$166m increase in capital expenditure and the \$146m acquisition investment associated the MonierLifetile and Cultured Stone businesses in the US and the deposit on the Wagners acquisition. Capital expenditure at \$346m included \$235m of stay-in-business expenditure, representing 96% of depreciation. This increase was planned and followed two years of unsustainably low stay-in-business expenditure, which comprised 47% in 2010 and 62% of depreciation in 2009.

2011 also included the investment in major growth expenditure with the commencement of the \$200m Peppertree Sydney aggregates quarry construction at Marulan in New South Wales, the completion of the \$35m Dunnstowm quarry upgrade in Victoria and the commencement of the \$80m Port Melbourne plasterboard operations upgrade. In addition, in the US the investments in the lone clay tile plant upgrade and construction of the new North Carolina composite trim factory were completed, with both plants due for commissioning during the first half of FY2012.

Net debt reduced from \$1,183m to \$505m due to the 2010 equity raising and also the strengthening of the Australian dollar versus the US dollar; the latter creating a favourable \$274m reduction on the conversion of the Group's US\$1.1b private placement long term debt. Gearing, net debt to equity, reduced to 16% versus 45% in the prior year, positioning the Group's balance sheet in good shape for organic and strategic growth opportunities and specifically the completion of the recently announced Wagners and Sunshine Coast quarry acquisitions, which are awaiting clearance by the ACCC.

In February 2011, the Group replaced its \$1b syndicated term credit facility, which was due to expire in August 2011, with a four year \$700m facility syndicated with the current banking group.

Earnings per share, before significant items, increased 10% to 24.4 cents from 22.1 cents which supported a 7% increase in the total dividends to 14.5 cents per share in FY2011.

SUSTAINABILITY IN BORAL

Together, we can design and build a better future.

Over the past decade, Boral has continued to demonstrate a clear commitment to sustainable development and to improve performance to a level of industry best practice. These efforts are evident by the external recognition that the Group has received, including membership of the FTSE4Good Index and the Dow Jones Sustainability Index.



Boral Timber products have full Chain of Custody certification aligned with the Australian Forestry Standard (AFS). This certification verifies that Boral Timber products are sourced from certified, legal and sustainable resources. With specifiers and builders increasingly seeking certified products sourced from sustainable forest for projects, certification is an important issue for the industry.



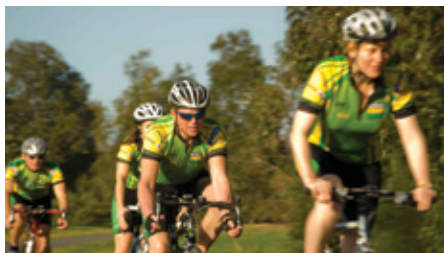
Boral Envirocrete is a concrete mix that replaces virgin materials with recycled and waste materials in a range from 20% to 60% and is produced using 40% alternative fuels. With a variety of uses including foundations, paving, slabs and higher strength applications, the product has a high thermal mass for more energy efficient buildings.

The Group's sustainability initiatives have provided a strong foundation for the future, and our businesses are well equipped to respond to increased regulatory reporting and business-specific requirements.

At Boral we have prioritised our efforts to ensure that our businesses are focused on those areas that will make the most difference to our shareholders, our customers, our communities, our employees and the environment. Key areas of focus include health and safety, energy efficiency and emissions reduction, sustainable product development, and community partnerships. We are confident that these priorities will grow the Group's sustainable competitive advantage and represent the critical levers in terms of business continuity and present opportunities to continually lower our costs.



Leading safety is Boral's number one priority, and this requires an immediate zero tolerance to poor safety practices from every employee. We are cleaning up the operations, getting on with maintenance and investing in our facilities. Best practice is being consolidated across the Group into a single Boral approach to leading safety.



Boral is celebrating 10 years of partnership with the Juvenile Diabetes Research Foundation (JDRF) in 2011. In this time Boral and its employees have raised over \$2.8m to support JDRF, and over 7,000 employees have taken part in fundraising activities such as the Walk, Spin and Ride to Cure Diabetes.

Establishing and maintaining strong relationships with our stakeholders is critical to Boral's business success.



ENVIRONMENT

Energy use and GHG emissions

The Group's operations consume a significant amount of energy and some businesses are particularly emissions intensive. In FY2011, greenhouse gas (GHG) emissions from Boral's fully owned businesses in Australia, the USA and Asia totalled 3.2 million tonnes of CO₂, a 5% increase on the prior year. The increase primarily reflects increased production. Emissions from Boral's US operations were down by around 2% on a comparable basis, reflecting the continued housing downturn and Boral's associated reduction in production. In Australia, emissions were up around 6%, reflecting increased clinker production and increased production across our more intensive operations. In Asia, Boral's GHG emissions were up 2% on the prior year, reflecting increased activity in Thailand.

During FY2011, Boral incurred five Penalty Infringement Notices (PINs) related to environmental contraventions in Australia (resulting in \$12,473 in fines). Three were issued in Queensland, one for a technical non-compliance and two relating to failure to adequately control sawdust emissions. An infringement for failing to maintain silt dams at a quarry in New South Wales and in Victoria an infringement occurred for the overflow of cement sludge into a creek. There were no infringements in the USA or Asia.

Water management

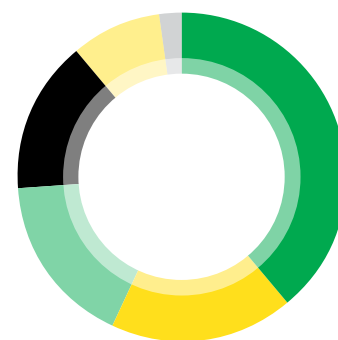
Boral's operations consume water for manufacturing and maintenance processes.

Mains and town water are Boral's most significant water source, with a total of 2,130 million litres of mains water used in our wholly owned and controlled businesses in Australia, the USA and Asia in FY2011. Mains water use reduced by 140 million litres on the prior year due to lower levels in Australia being partially offset by increases in the USA. The high level of rainfall across the east coast of Australia during the period reduced mains water required for dust suppression within the quarry business, and ensured a much greater abundance of rainwater being available for concrete batching.

At a glance

	FY2011	FY2010
GHG emissions (million T CO_{2e})		
Boral operations	3.2	3.1
Share of JV operations	0.1	0.2
Mains water (million litres)	2,130	2,270
PINs		
Number	5	2
Fines	\$12,473	\$4,000

Boral's Australian GHG emissions



■	Calcination 39%
■	Electricity 18%
■	Coal 17%
■	Natural gas 15%
■	Diesel and liquid fuels 9%
■	Other 2%

COMMUNITY PARTNERSHIPS

Boral's community partnership model is supported by a rigorous selection process and helps the Group identify and support the most meaningful partnerships for the company. The core objective of Boral's partnership program is to make a valued and sustainable contribution to the communities in which we operate.



Bangarra Dance Theatre



Supporting local communities

In FY2011, Boral had seven key community partnerships to which the Group contributed a total of \$522,705. In addition, a further \$306,112 was donated to the Juvenile Diabetes Research Foundation (JDRF) through employee fundraising efforts throughout Australia. The Group also contributed \$50,000 to the Disaster Relief Appeal and extensive resources, transport and materials to support community progress following the floods in early 2011 in Queensland, Australia.

Boral's longest standing community partnership with Conservation Volunteers Australia funded 549 volunteer days across 13 conservation projects which resulted in the planting of 5,216 trees/stems and an area of 40,520 m² being weeded and regenerated. In addition, over 120 kg of rubbish was removed from these sites, 2,000 m² of mulching was carried out and 1,000 m of fence was constructed and maintained.

The Group has partnered with Bangarra Dance Theatre, Australia's leading Indigenous dance company, since 2002 and in FY2011, 320 Boral employees, customers and suppliers saw Bangarra perform.

Partnering with the Taronga Conservation Society Australia since 2003, Boral sponsors Youth at the Zoo (YATZ) and engages employees and customers. 230 Boral employees, customers and suppliers attended Twilight Concerts and 150 were at Boral's Family Day. Boral products are widely used in Taronga's redevelopment work.

JDRF has been Boral's preferred charity since 2001, and the Group has contributed over \$2.8m since 2001 with around 85% from employee fundraising in Australia and the USA. In 2010, Boral won JDRF's Freedom Award for the highest performing corporate fundraising team for the second consecutive year.

During the year Boral continued its partnership, initially established in 2006, with HomeAid in the United States with contributions of US\$25,000 in cash and US\$25,000 of in-kind product to provide shelter for the homeless. Through this program Boral works with customers, showcases our products and engages employees.

Boral continued to offer Outward Bound Family Re-discovery Scholarships to Boral employees with high school aged sons and daughters. Since 2003, a total of 100 family groups have participated in the program across five states. Four families received Boral scholarships in FY2011.

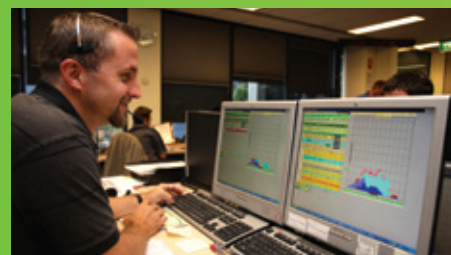
In FY2011 Boral contributed \$40,000 to Building Communities in Asia to support students, teachers and local clinic staff as well as to provide agricultural assistance. Boral also contributed \$30,000 to continue funding an educational scholarship program for children of our Indonesian employees.

In addition to the Group's corporate partnerships, Boral's local businesses support the Group's local community activities, including charities, emergency services, sporting and environmental groups.

As a matter of policy, the Group does not participate in or donate to any political or politically associated organisations.

CUSTOMERS AND SUPPLIERS

Boral's investment in a state-of-the-art manufacturing plant in North Carolina uses patented bio-based polymer chemistry together with Boral's own Celceram® technology to produce lighter weight, higher durability and lower emission trim products for the residential building sector.



Delivering high levels of customer service is critical to our success. Call centres with improved technology are contributing to improved performance.

Sustainable products

Through our Innovation Excellence program, Boral is capitalising on the use of fly ash and other recycled materials to produce products that are recognised for their environmental credentials. In the USA, the restructured development team is focusing on more efficient and effective commercialisation of product innovation. The US\$15m facility is due to commence volume production late in 2011 for the US\$3b US housing trim market.

With increasing pressure on the building and construction industry to take responsibility for the ecological and social impacts of its operations, finding solutions for a more sustainable environment is high on the agenda. From lower carbon products, to life cycle assessment, community engagement and a genuine commitment to recycling and re-use, Boral is assisting customers and their clients in responding to regulatory and climatic change.

Extensive market research was conducted in FY2011, asking builders, architects, designers and academics what they believe is required to meet the sustainability needs of the future. This has helped to inform the direction of up to 60 new products currently in development across Boral Building Products, ranging from small product enhancements and product improvements to ground-breaking new building solutions.

Boral Timber has championed a new solid flooring product offering that will significantly increase the yield from the nation's highly valuable and scarce hardwood resource while at the same time filling a gap in the budget-conscious, quick installation market. Boral 10 mm overlay flooring employs a unique cutting technique that enables production of a straighter and higher quality hardwood board at half the thickness. This solution offers a terrific environmental benefit by making better use of scarce timber resources.

Product life cycle

A "Life Cycle Assessment Report" for Boral products was completed in July 2010 and subsequently peer reviewed by the Centre for Design at RMIT University. The report aimed to assess the energy and greenhouse impact of Boral products in Australian residential housing. Among the key conclusions, it highlighted that "getting the design right or wrong has a greater effect on life cycle greenhouse gas emissions than the choice of building materials". It was also identified that Boral can have and is having a positive impact on emissions through improved manufacturing processes and working with suppliers to reduce emissions in their processes.

Boral also worked closely with the Building Products Innovation Council to assist in the development of the Building Products Life Cycle Inventory database. The database is providing life cycle environmental information for more than 100 building materials categories and is designed to help architects, designers, engineers, builders, developers and regulators more accurately assess the impact buildings will have on the environment.

OUR PEOPLE

Boral employees around the world are excited and energised by the positive changes happening across the Group. They are engaged with our updated purpose and values which guide decision making and define how we do business.



Workforce profile

As at 30 June 2011, Boral had 15,227 full-time equivalent (FTE) employees and around 5,600 FTE contractors working across its global operations. In addition, approximately 4,900 employees were working in joint venture operations. The number of FTE employees increased on the prior year, due to an increase in employees in the USA from the purchase of the MonierLifetile and Cultured Stone businesses. This increase was partially offset by decreases in Australia due mainly to the sale of the Panels and Scaffolding businesses.

The average length of service of Boral employees was approximately 8.0 years. In Australia and Asia, the average length of service has remained largely constant at 8.6 years and 5.0 years respectively; however, it decreased in the USA to 7.5 years.

Employee turnover in Australia was 20% in FY2011, slightly higher than last year due to organisational changes and ongoing competition across Australia for skilled employees in Boral's key operations. In the USA, staff turnover of 15% was lower than the prior year, while in Asia, turnover reduced to 15%.

Diversity

Boral encourages gender diversity within the workforce and in 2011 a number of gender-specific programs were implemented to underpin the Group's commitment to providing opportunities to female employees including training, paid parental leave and pay equity for women employees.

Boral has an active Indigenous employment strategy, and in January 2011 the Group entered into an Indigenous Employment Plan with the Department of Education, Employment and Workplace Relations (DEEWR), with an objective to employ 50 Indigenous people over the next two years. The Group is proud to highlight the high level of retention amongst its Indigenous employees.

Policies and values

Boral's corporate values were updated during the year to reinforce the essential principles that guide our decision making and our actions. The Group's core values of excellence, integrity, collaboration and endurance are the essential elements of the Group's DNA.

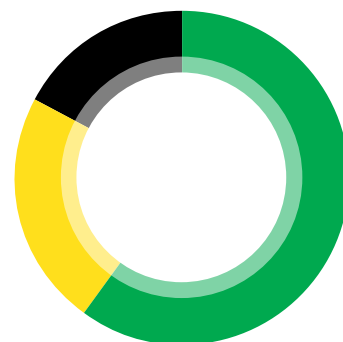
In addition, the Group's Code of Conduct requires all employees to observe both the letter and the spirit of the law and adhere to the highest standards of business conduct while striving for Sector Best Performance.

An all new twice yearly personal development program has been instituted across Boral to manage performance, identify high potential employees and improve succession planning. In 2011 a new executive leadership training program was introduced with the principal objective being to develop the next generation of Boral leaders.

At a glance

	FY2011	FY2010
FTE employees	15,227	14,806
JV employees	~4,900	~3,000
FTE contractors	~5,600	~6,000
Average length of service		
Aus	8.6 yrs	8.7 yrs
USA	7.5 yrs	11.8 yrs
Asia	5.0 yrs	4.8 yrs
Women in Boral	13%	13%
Women in management	10%	9%
Women on the Board	25%	13%

Employees by region



■ Australia 60%
■ Asia 23%
■ USA 17%

HEALTH AND SAFETY

The Group's commitment to continuously improve the rigour and progress of our Health and Safety activities was further reinforced by the formation of a Health, Safety & Environment Committee of the Board.

Dr Eileen Doyle has been appointed to chair the Committee, and her previous experience on large scale operations throughout much of her executive career is ideally suited to this important new role at Boral.

Consistent with our ambitions to deliver a safe and injury-free work environment for all people who work on Boral sites or for Boral, injury statistics for employees and contractors are aggregated and reported as a single metric. While lag indicators are reported, the Group remains focused on developing a robust suite of lead indicators to enable a more proactive approach to managing the Group's safety outcomes.

Performance

During FY2011, Boral's Lost Time Injury Frequency Rate (LTIFR) for employees and contractors reduced to 2.0 from 2.2 in the prior year and represented a total of 90 lost time injuries.

The Group's overarching strategy is to continually reduce our LTIFR and percentage hours lost and in 2011 our LTIFR of 2.0 for employees and contractors combined represented a 19% improvement on the prior three year average. The percentage hours lost of 0.06 for employees and contractors combined is equal to the average of the last three years.

During the year, two critical projects were developed to assist the Group to move to a "zero incident" culture: the introduction of iCARE, an internally developed behaviourally-based OH&S improvement program, and the "one Boral" Safety Management System, which standardises the current five divisional systems into a single whole-of-business system. These initiatives will continue to be developed and will be implemented across the businesses in 2012.

Tragically, there was a fatality on a Boral work site in November 2010 when a contract traffic controller was struck by a reversing truck at an asphalt repair site in Queensland. The incident highlighted a number of areas where the Group can and must improve the robustness of our procedures. Our condolences go out to the family and friends of the young man involved in this terrible incident.

Risk management and injury type

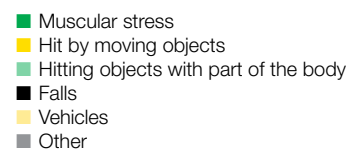
Boral uses statistical injury analysis to develop corrective action plans, including training and process redesign, to address specific risks and areas of concern. Five types of incidents made up almost three quarters of injuries in Boral's Australian workplaces in FY2011. These were: muscular stress (32%), hit by moving objects (17%), hitting objects with part of the body (13%), falls (9%), and vehicle accidents (3%). Actions are being taken to focus our OH&S efforts on the root causes of these types of incidents going forward.

Employee health and wellbeing

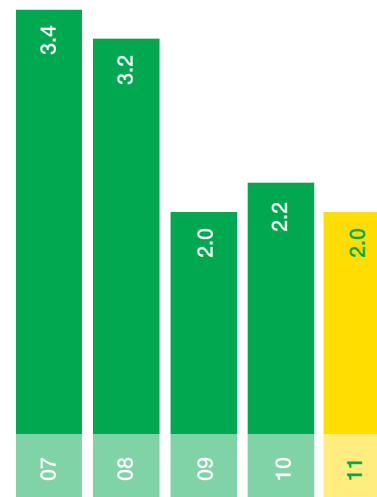
Boral looks to all its employees to be fit for work and equipped with the required level of fitness to safely undertake their work. Pre-employment medical examinations are conducted for many of our employees, to ensure that they are physically able to meet the demands of the job, and in some higher-risk roles, regular employment medical examinations are also conducted.

Beyond ensuring that employees are "fit for the job", the Group is committed to supporting the health and wellbeing of its employees. Boral's employee wellbeing program, BWell, continues to be available to employees throughout Australia. BWell provides three core services: regular health assessments, wellbeing awareness seminars, and provision of educational information on health issues for employees and their families. The program aims to improve the health and awareness of employees through improvements in lifestyle and diet.

Mechanism of injury



Consolidated employees' and contractors' LTIFR*



*Lost Time Injury Frequency Rate per million hours worked

BOARD OF DIRECTORS



Bob Every
Non-executive Chairman
age 66

Dr Bob Every joined the Boral Board in September 2007 and became Chairman of Directors on 1 June 2010. He is the Chairman of Wesfarmers Limited. He is also a Director of O'Connell Street Associates Pty Limited, OCA Services Pty Ltd and Chairman of Redkite. He was Managing Director of Tubemakers of Australia and held senior executive positions with BHP Limited before becoming Managing Director and CEO of OneSteel Limited. He 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 & Nomination Committee and of the Health, Safety & Environment Committee.



Mark Selway
Chief Executive
age 52

Mark Selway became Chief Executive of Boral in January 2010. From 2001 to 2009, Mr Selway was the Chief Executive of the Weir Group PLC, a Scottish-headquartered, listed engineering business. Before returning to Australia to join Boral, Mr Selway worked in the UK for more than 13 years and prior to that, was based in the USA for seven years in the North American automotive market.

Mr Selway was previously a Director of Lend Lease. He has an honorary doctorate from the University of West Scotland.



Catherine Brenner
Non-executive Director
age 40

Catherine Brenner was appointed to the Boral Board on 15 September 2010. Ms Brenner is a Director of Coca-Cola Amatil Limited, AMP Limited and the Australian Brandenburg Orchestra. Ms Brenner was previously a Director of Centennial Coal Limited.

Catherine is a member of the Takeovers Panel and a Trustee of the Sydney Opera House Trust. Ms Brenner has extensive experience in corporate finance, previously holding the position of Managing Director, Investment Banking of ABN Amro Australia. Ms Brenner holds an MBA from the Australian Graduate School of Management, and a Bachelor of Laws and Bachelor of Economics from Macquarie University.

Ms Brenner is a member of the Audit Committee.



Brian Clark
Non-executive Director
age 62

Dr Brian Clark joined the Boral Board in May 2007. He has experience as a Director in Australia and overseas. He is a Director of AMP Limited. 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. He 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 Chairman of the Remuneration & Nomination Committee.



Eileen Doyle
Non-executive Director
age 56

Dr Eileen Doyle joined the Boral Board in March 2010. She is a Board member of the CSIRO and a Director of GPT Group Limited and Bradken Limited. She is also Chairman of Hunter Valley Research Foundation and Director of Hunter Founders Forum, which are two non-profit organisations. Dr Doyle was previously a Director of OneSteel Limited and Ross Human Directions Limited. Dr Doyle's career in the materials and water industries in Australia has included five years in senior operational roles with CSR Limited. Prior to that, Dr Doyle spent 13 years with BHP Limited in various senior operational, marketing and planning roles and four years with Hunter Water with responsibilities for planning and policy development. She has a PhD in Applied Statistics from the University of Newcastle, is a Fulbright Scholar and has an Executive MBA from Columbia University Business School. She is a Fellow of the Australian Institute of Company Directors.

Dr Doyle is Chairman of the Health, Safety & Environment Committee and a member of the Audit Committee.



Richard Longes
Non-executive Director
age 66

Richard Longes joined the Boral Board in 2004. He is the Chairman of Austbrokers Holdings Limited, a Director of Metcash Limited, Investec Bank (Australia) Limited and Voyages Indigenous Tourism Australia Pty Ltd. He was previously an executive of Investec Bank, a principal of Wentworth Associates, the corporate advisory and private equity group, and a partner of the law firm Freehills. 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.



John Marlay
Non-executive Director
age 62

John Marlay joined the Boral Board in December 2009. He is a Director of Incitec Pivot Limited. He is Chairman of the Emissions-Intensive Trade-Exposed (EITE) Expert Advisory Panel to the Australian Government Minister for Climate Change and Energy Efficiency. He is the Independent Chairman of the Tomago Aluminium Company Pty Ltd (a joint venture between Rio Tinto, Alcan, Gove Aluminium Finance Ltd (CSR and AMP) and Hydro Aluminium). He was the Chief Executive Officer and Managing Director of Alumina Limited from December 2002 until his retirement from that position in 2008. Previously, he held senior executive positions and directorships with Esso Australia Limited, James Hardie Industries Limited, Pioneer International Group Holdings and Hanson plc. He has a Bachelor of Science degree from the University of Queensland and a Graduate Diploma from the Australian Institute of Company Directors. He is a Fellow of The Australian Institute of Company Directors.

Mr Marlay is a member of the Remuneration & Nomination Committee and of the Health, Safety & Environment Committee.



Paul Rayner
Non-executive Director
age 57

Paul Rayner joined the Boral Board in 2008. He is a Director of Qantas Airways Limited, Treasury Wine Estates Limited and Centrica plc, a UK listed company. He is also a member of the Rotary Aboriginal and Torres Strait Islander Tertiary Scholarship Advisory Board. He has held senior executive positions in finance and operations in Australia including Rothmans Holdings Limited and as Chief Operating Officer of British American Tobacco Australasia Limited. He was Finance Director of British American Tobacco plc from January 2002 until 2008, based in London. He has an economics degree from the University of Tasmania and a Masters of Administration from Monash University.

Mr Rayner is Chairman of the Audit Committee.

CORPORATE GOVERNANCE STATEMENT

Introduction

This section of the Annual Report outlines Boral's governance framework.

Boral is committed to ensuring that its policies and practices reflect a high standard of corporate governance. The Directors consider that Boral's governance framework and adherence to that framework are fundamental in demonstrating that the Directors are accountable to shareholders and are appropriately overseeing the management of risk and the future direction of the Group to enhance shareholder value.

Throughout FY2011, Boral's governance arrangements were consistent with the Corporate Governance Principles and Recommendations released by the ASX Corporate Governance Council.

In accordance with the ASX Principles and Recommendations, the Boral policies referred to in this Statement have been posted to the corporate governance section of Boral's website: www.boral.com.au/corporate_governance.asp.

Principle 1: Lay solid foundations for management and oversight

Responsibilities of the Board and management

The Board

Directors are accountable to the shareholders for the Company's performance and governance. Management is responsible for implementing the Company's strategy and objectives, and for carrying out the day-to-day management and control of the Company's affairs.

The Board has adopted a Board Charter which sets out those functions reserved for the Board and those delegated to management.

Copies of the Company's Board Charter and Constitution are available on Boral's website.

The Board's responsibilities, as set out in the Board Charter, include:

- oversight of the Company including its control and accountability systems;
- appointing, rewarding and determining the duration of the appointment of the Chief Executive and ratifying the appointments of senior executives including the Chief Financial Officer and the Company Secretary;
- reviewing and approving overall financial goals for the Company;
- monitoring implementation of strategy, business performance and results and ensuring appropriate resources are available;
- approving the Company's financial statements, annual budget and monitoring financial performance against approved budget;
- reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance (including in respect of matters of sustainability, safety, health and environment);

- considering and making decisions about key management recommendations (such as major capital expenditure, acquisitions, divestments, restructuring and funding);
- determining dividend policy and the amount, nature and timing of dividends to be paid;
- monitoring Board composition, processes and performance;
- monitoring the effectiveness of systems in place for keeping the market informed, including shareholder and community relations.

Non-executive Directors spend approximately 30 days each year on Board business and activities including Board and Committee meetings, meetings with senior management to discuss in detail the strategic direction of the Company's businesses, visits to operations and meeting employees, customers, business associates and other stakeholders. During the year, the Directors visited a number of Boral's sites in Australia, including operations at Penrith Lakes and Emu Plains in Western Sydney, and Orange Grove Quarry and the Welshpool asphalt plant in Western Australia. The Chairman and the Chief Executive also visited sites in Indonesia, Korea and China.

Delegation to management

The Board has delegated to the Chief Executive and, through the Chief Executive, to other senior executives, responsibility for the day-to-day management of the Company's affairs and implementation of the Company's strategy and policy initiatives. The Chief Executive and senior executives operate in accordance with Board approved policies and delegated limits of authority, as set out in Boral's Management Guidelines.

Senior executives reporting to the Chief Executive have their roles and responsibilities defined in position descriptions, as set out in relevant letters of appointment.

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 & Nomination Committee and subsequently the Board formally review the performance of the Chief Executive. The criteria assessed are both qualitative and quantitative and include profit performance, other financial measures, safety performance and strategic actions.

The Chief Executive annually reviews the performance of each of Boral's senior executives, being members of the Operations Executive, using criteria consistent with those used for reviewing the Chief Executive. The Chief Executive reports to the Board through the Remuneration & Nomination Committee on the outcome of those reviews.

Further details on the assessment criteria for Chief Executive and senior executive remuneration (including equity-based plans) are set out in the Remuneration Report which forms part of the Annual Report.

Principle 2: Structure the Board to add value

Structure of the Board

Together the Board members have a broad range of financial and other skills, extensive experience and knowledge necessary to oversee Boral's business. The Board of Directors comprises seven non-executive Directors (including the Chairman) and one executive Director, the Chief Executive. The roles of Chairman and Chief Executive are not exercised by the same individual. The skills, experience and expertise of each Director are set out on pages 34 and 35 of the Annual Report.

The Constitution provides that there will be a minimum of three Directors and a maximum of 12 Directors on the Board.

During FY2011, Roland Williams retired from the Board (in November 2010).

One new non-executive Director was appointed during FY2011, being Catherine Brenner (in September 2010).

The period of office held by each current Director is:

	Appointed	Last Elected at an Annual General Meeting
Richard Longes	2004	4 November 2010
Bob Every	2007	4 November 2010
Brian Clark	2007	4 November 2010
Paul Rayner	2008	24 October 2008
John Marlay	2009	4 November 2010
Catherine Brenner	2010	4 November 2010
Eileen Doyle	2010	4 November 2010
Mark Selway, Chief Executive	2010	Not applicable

Details of the number of meetings attended by each Director are set out on page 45 of the Directors' Report.

Chairman's appointment and responsibilities

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. The Chairman regularly communicates with the Chief Executive to review key issues and performance trends. He also represents the Company in the wider community.

Committees

To assist the Board to carry out its responsibilities, the Board has established an Audit Committee, a Remuneration & Nomination Committee and in July 2011, a Health, Safety & Environment Committee. The qualifications of each Committee member are set out on pages 34 and 35, and the number of meetings they attended during the reporting period are set out on page 45 of the Directors' Report.

These Committees review matters on behalf of the Board and, as determined by the relevant Charter:

- refer matters to the Board for decision, with a recommendation from the Committee; or
- determine matters (where the Committee acts with delegated authority), which the Committee then reports to the Board.

Board Committees are discussed further below under Principle 4 (Audit Committee) and Principle 8 (Remuneration & Nomination Committee).

Director independence

The Board has assessed the independence of each of the non-executive Directors (including the Chairman) in light of their interests and relationships and considers each 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 or, if the Director has been previously employed in an executive capacity, 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.

Accordingly, all of the non-executive Directors (including the Chairman) are considered independent.

Nomination and appointment of Directors

Board succession planning, and the progressive and orderly renewal of its Board membership, are an important part of the governance process.

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 carry out its responsibilities most effectively. 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.

Corporate Governance Statement Continued

The appointment of Catherine Brenner as a non-executive Director in September 2010 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, where appropriate, to identify and assess suitable candidates. Candidates identified as being suitable are interviewed by a number of Directors. Confirmation is sought from prospective Directors that they would have sufficient time to fulfil their duties as a Director.

At the time of appointment of a new non-executive Director, the key terms and conditions relative to that person's appointment, the Board's responsibilities and the Company's expectations of a Director are set out in a letter of appointment. All current Directors have been provided with a letter confirming their terms of appointment.

The Remuneration & Nomination Committee has responsibility for making recommendations to the Board on matters such as succession plans for the Board, suitable candidates for appointment to the Board, Board induction and Board evaluation procedures.

Induction

Management, with the Board, provides an orientation program for new Directors. The program includes discussions with executives and management, the provision to the new Director of materials such as the Strategic Plan and the Share Trading Policy, site visits to some of Boral's key operations and discussions with other Directors.

Tenure of Directorships

Under the Company's Constitution, and as required by the ASX Listing Rules, a Director must not hold office (without re-election) past the longer of the third Annual General Meeting and three years following that Director's last election or appointment. 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 the Managing Director of the Company.

The Directors have adopted a policy that the tenure of non-executive Directors should generally be no longer than nine years. A non-executive Director may continue to hold office after a nine year term only if the Director is re-elected by shareholders at each subsequent Annual General Meeting. It is expected that this would be recommended by the Board in exceptional circumstances only.

The Board does not regard nominations for re-election as being automatic but rather being 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 Directors 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 performance of the Board and of individual Directors took place in FY2011 in accordance with the process described above. An evaluation of the performance of the Board Committees will be undertaken in FY2012.

Conflicts of Interest

In accordance with Boral's Constitution and the *Corporations Act*, 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 2001*, Directors with a material personal interest in a matter being considered by the Board may not be present when the matter is being considered and may not vote on the matter.

Access to information, 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. Directors also have access to members of senior management at any time to request relevant information.

The Company Secretary provides advice and support to the Board and is responsible for Boral's day-to-day governance framework.

Under the Company's Constitution and agreements with Directors and to the extent permitted by law, the Company indemnifies 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 excellence, integrity, collaboration and endurance.

This policy and the Code guide the Directors, the Chief Executive, 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 stakeholders.

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

Dealings in Boral shares

Under Boral's Share Trading Policy, trading in Boral shares by Directors, senior executives and other designated employees is restricted to the following trading windows:

- the 30 day period beginning on the day after the release of Boral's interim results;
- the 30 day period beginning on the day after the release of Boral's full year results;
- the 30 day period beginning on the day after the Annual General Meeting; and
- any other period designated by the Board (for example, during a period of enhanced disclosure).

Trading in Boral shares at any time is of course subject to the overriding prohibition on trading while in possession of inside information.

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.

Under the Share Trading Policy, Directors and senior executives are required to notify the Company Secretary (or, in the case of trading by Directors, the Chairman) before and after trading.

Breaches of the Policy are treated seriously and may lead to disciplinary action being taken against the executive, including dismissal.

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

Share dealings by Directors are promptly notified to the ASX. Directors must hold a minimum of 1,000 Boral 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 comprises only independent non-executive Directors. Its members are:

Paul Rayner (Chairman)

Richard Longes

Eileen Doyle

Catherine Brenner (from 15 September 2010)

The Committee met six times during FY2011.

The Audit Committee has a formal Charter which sets out its role and responsibilities, composition, structure and membership requirements. Its responsibilities include review and oversight of:

- the financial information provided to shareholders and the public;
- the integrity and quality of Boral's financial statements and disclosures;
- the systems and processes that the Board and management have established to identify and manage areas of significant risk; and
- Boral's auditing, accounting and financial reporting processes.

The Committee has the necessary power and resources to meet its responsibilities under its 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.

Accounting and financial control policies and procedures have been established and are monitored by the Committee to ensure the financial reports 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 are 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 2001* for year end financial reports, the Chief Executive 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' Declaration accompanying the financial reports be signed.

Corporate Governance Statement Continued

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 the Chief Executive and the Chief Financial Officer, at least twice during the year.

The Chairman of the Audit Committee reports to the full Board after Committee Meetings. Minutes of Meetings of the Audit Committee are 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 2001*.

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" basis and where the external auditor would be required to review their work as part of the audit.

The Independence Declaration by the external auditor is set out on page 47.

Internal audit

The internal audit function is a co-sourced arrangement consisting of a dedicated Boral team and PricewaterhouseCoopers. 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 appreciates the importance of timely and adequate disclosure to the market, and 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.

The Company complies with all relevant disclosure laws and ASX Listing Rule requirements and has in place mechanisms designed to ensure compliance with those requirements, including the Continuous Disclosure Policy adopted by the Board. These mechanisms also ensure accountability at a senior executive level for that compliance.

The Chief Executive, the Chief Financial Officer and the General Counsel and Company Secretary are responsible for determining whether or not information is required to be disclosed to the ASX.

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.

Shareholders may elect to receive annual reports electronically or to receive notifications via email when reports are available online. Hardcopy annual reports are provided to those shareholders who elect to receive them. While companies are not required to send annual reports to shareholders other than those who have elected to receive them, any shareholder who has not made an election is sent an easy-to-read summary of the Annual Report, called the Shareholder Review.

All formal reporting and company announcements made to the ASX are published on Boral's website after receipt of confirmation of lodgment has been received from the ASX. Furthermore, Boral has an email list of investors, analysts and other interested parties who are sent relevant announcements via email alert after those announcements have been lodged with the ASX. Announcements are also sent to major media outlets and newswire services for broader dissemination.

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.

Notices of Meeting 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.

Shareholders are invited, at the time of receiving the Notice of Meeting, to put forward questions that they would like addressed at the Annual General Meeting.

A copy of Boral's policy on Communications with Shareholders is available on Boral's website.

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 (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; and
- 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 FY2011.

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

Boral has numerous risk management systems and policies that govern the management of risk. 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 and the Audit Committee twice yearly;
- key business risks being identified on a site, business and divisional basis and rolled up on a Group-wide basis and reported to the Directors;
- policies, standards and procedures in relation to health, safety and environment matters;
- training programs in relation to legal and compliance issues such as competition law, intellectual property protection, occupational health and safety and environment matters;
- procedures requiring that significant capital and revenue expenditure and other contractual commitments are approved at an appropriate level of management or by the Board; and
- 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.

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, safety, environment, competition and consumer 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 the 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.

Chief Executive and Chief Financial Officer declaration

The Chief Executive and the Chief Financial Officer have provided the Directors with a declaration in accordance with section 295A of the *Corporations Act 2001* for FY2011. The Board confirms that it has received assurance from the Chief Executive and the Chief Financial Officer that the above declaration 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.

Corporate Governance Statement Continued

Principle 8: Remunerate fairly and responsibly

Remuneration & Nomination Committee

The Board has a Remuneration & Nomination Committee which comprises three independent non-executive Directors.

The members of the Committee are:

Brian Clark (Chairman)

Bob Every

John Marlay

The Committee met on six occasions during FY2011.

The Remuneration & Nomination Committee has a formal Charter which sets out its role and responsibilities, composition structure and membership requirements.

A copy of the Remuneration & Nomination Committee Charter is available on Boral's website.

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

Part of the role of the Remuneration & Nomination 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.

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.

In line with amendments to the ASX Principles and Recommendations, the Remuneration & Nomination Committee will annually review and report to the Board on gender diversity in Boral's workforce. Boral's approach to diversity is set out in the sustainability section of the Annual Report on page 32.

Remuneration of non-executive Directors

The remuneration of the non-executive Directors is fixed and they do not receive any options, variable remuneration or other performance related incentives. Nor are there any schemes for retirement benefits for non-executive Directors.

Further information relating to the remuneration of the non-executive Directors is set out in the Remuneration Report on page 62.

Conclusion

While the Board is satisfied with its level of compliance with governance requirements, it recognises that practices and procedures can always be improved. Accordingly, the corporate governance framework of the Company will be kept under review to take account of changing standards and regulations.

DIRECTORS' REPORT

The Directors of Boral Limited ('Company') report on the consolidated entity, being the Company and its controlled entities ('Group' or 'Boral'), for the financial year ended 30 June 2011:

(1) Review of operations

A review of the operations of Boral during the year and the results of those operations are contained in the Chairman's Review and the Chief Executive's Review on pages 4 to 9 of the Annual Report.

(2) State of affairs

The following significant changes in Boral's state of affairs occurred during the year:

- the Group undertook a capital raising of \$479.8 million net of transaction costs of \$11.8 million. The capital raising consisted of a 1 for 5 accelerated renounceable entitlement offer at an offer price of \$4.10 per share. The capital raising resulted in the issue of 68,332,173 ordinary shares under the Institutional Entitlement offer and 51,568,446 ordinary shares under the Retail Entitlement offer;
- Roland Williams retired as a non-executive Director of the Board of Directors at the Annual General Meeting on 4 November 2010 and Catherine Brenner was appointed a non-executive Director of the Board of Directors, effective 15 September 2010; and
- the Group reported net profit after tax of \$167.7m after recognising \$7.7m of net significant items related to manufacturing capacity rationalisation, insurance claims recovery, acquisition and due diligence expenditures and resolution of prior year tax 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,

other than the following:

- entering into an agreement (which is subject to ACCC clearance) to acquire the construction materials assets and operations of the Sunshine Coast Quarries Group for \$81.5 million;
- entering into an agreement to acquire Lafarge's 50% interest in the joint venture Lafarge Boral Gypsum in Asia Sdn Bhd (LBGA) for consideration of €429 million (AUD \$598 m) on an enterprise value basis. After adjusting for net debt and non-controlling interests, the acquisition equity value is €380 million (AUD \$530 million). As part of the acquisition the Group will be required to fair value its existing investment in LBGA.

(5) Future developments and results

Other than matters referred to under the heading 'Prospects' in the Chief Executive's Review on page 9 of this Report, the Directors have no comments to make on 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 page 29 of this Report.

(7) Other information

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

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

(8) Dividends paid or resolved to be paid

Dividends paid to shareholders during the year were:

	Total Dividend \$m
the final dividend of 6.5 cents per ordinary share (fully franked at the 30% corporate tax rate) for the year ended 30 June 2010 was paid on 28 September 2010	46.7
the interim dividend of 7.5 cents per ordinary share (fully franked at the 30% corporate tax rate) for the year was paid on 24 March 2011	54.3

The Directors have resolved to pay a final dividend of 7.0 cents per ordinary share (fully franked at the 30% corporate tax rate) for FY2011. The dividend will be paid on 27 September 2011.

(9) Names of Directors

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

Bob Every
Mark Selway
Catherine Brenner
Brian Clark
Eileen Doyle
Richard Longes
John Marlay
Paul Rayner
Roland Williams

Dr Clark, Dr Doyle, Dr Every, Mr Longes, Mr Marlay, Mr Rayner and Mr Selway have been Directors at all times during and since the end of the year. Ms Brenner was appointed a Director on 15 September 2010 and has been a Director at all times since that date.

Dr Williams was a Director from 1 July 2010 to 4 November 2010, on which date he retired from the Board.

Directors' Report Continued

(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 as follows:

Grant date	Expiry date	Exercise price	Balance at beginning of year	Options issued during the year	Options lapsed during the year	Shares issued during the year as a result of exercise of options	Options at end of year	Options exercisable
			Number	Number	Number	Number	Number	Number
29/10/2003	29/10/2010	\$5.52	2,269,010	–	2,269,010	–	–	–
29/10/2004	29/10/2011	\$6.55	1,742,200	–	205,500	–	1,536,700	–
31/10/2005	31/10/2012	\$7.65	2,905,600	–	352,900	–	2,552,700	–
06/11/2006	06/11/2013	\$7.27	4,229,100	–	405,200	–	3,823,900	1,911,950
06/11/2007	06/11/2014	\$6.78	5,538,100	–	548,300	–	4,989,800	4,291,228
			16,684,010	–	3,780,910	–	12,903,100	6,203,178

The options referred to above were held by 129 individuals.

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. Option holders 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.

The exercise price of options issued in respect of the 2003 to 2007 tranches have been amended in accordance with the terms of the Boral Senior Executive Option Plan to allow for the impact of the capital raising undertaken during the year, which resulted in a five cent reduction in the exercise price.

(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 2011 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 2012. The insurance contracts insure against certain liability (subject to exclusions) in respect of 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.

(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 pages 34 to 35 of the Annual Report.

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

Bob Every

Iluka Resources Limited from March 2004 to May 2010
Wesfarmers Limited from February 2006 (current)

Mark Selway

Lend Lease Corporation Limited from June 2008 until February 2010

Catherine Brenner

Coca-Cola Amatil Limited from April 2008 (current)
AMP Limited from June 2010 (current)
Centennial Coal Limited from 2005 to September 2010
Cryosite Limited from 2006 to October 2008

Brian Clark

AMP Limited from January 2008 (current)

Eileen Doyle

GPT Group Limited from March 2010 (current)
Bradken Limited from July 2011 (current)
Ross Human Directions Limited from July 2005 to December 2010
OneSteel Limited from October 2000 to November 2010

Richard Longes

Austbrokers Holdings Limited from November 2005 (current)
Metcash Limited from April 2005 (current)

John Marlay

Incitec Pivot Limited from December 2006 (current)

Paul Rayner

Centrica plc from September 2004 (current)
Qantas Airways Limited from July 2008 (current)
Treasury Wine Estates Limited from May 2011 (current)

Roland Williams

Origin Energy Limited from 2000 until October 2010

(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 are set out below:

	Board of Directors		Audit Committee		Remuneration & Nomination Committee	
	Meetings held while a Director	Meetings attended	Meetings held while a member	Meetings attended	Meetings held while a member	Meetings attended
Catherine Brenner	8	8	3	3	–	–
Brian Clark	12	12	–	–	6	6
Eileen Doyle	12	11	6	5	–	–
Bob Every	12	12	–	–	6	5
Richard Longes	12	12	6	5	–	–
John Marlay	12	11	–	–	6	6
Mark Selway	12	12	–	–	–	–
Paul Rayner	12	11	6	6	–	–
Roland Williams	5	4	3	3	–	–

Mark Selway, Chief Executive, is not a member of the Audit Committee or Remuneration & Nomination Committee, but attended all of the Meetings held by those Committees from 1 July 2010 to 30 June 2011.

Bob Every is not a member of the Audit Committee but attended four of the six meetings held by that Committee from 1 July 2010 to 30 June 2011.

(14) Company Secretary

Margaret Taylor was appointed General Counsel and Company Secretary of Boral Limited in November 2008. Prior to joining Boral, Margaret was Regional Counsel Australia/Asia with BHP Billiton, and prior to that she was a partner with law firm Minter Ellison for many years, specialising in corporate and securities law. Margaret holds law and arts degrees from the University of Queensland.

Dominic Millgate was appointed Assistant Company Secretary of Boral Limited in November 2010. He has previously been legal counsel and company secretary for listed entities in Australia and Singapore, and has held legal roles in London and Sydney. He is a Fellow of the Institute of Chartered Secretaries, and holds a finance degree from the University of New England and a law degree from the University of Sydney.

Directors' Report Continued

(15) Directors' shareholdings

Set out below are details of each Director's relevant interests in the shares and other securities of the Company as at 30 June 2011 (or, in the case of Roland Williams, as at the date on which he ceased to be a Director):

	Shares	Non-executive Directors' Share Plan ^a	Options	Share Acquisition Rights (SARs) ^b
Catherine Brenner	5,000	–	–	–
Brian Clark	66,608	5,329	–	–
Eileen Doyle	1,234	–	–	–
Bob Every	65,605	4,616	–	–
Richard Longes	17,581	10,144	–	–
John Marlay	4,781	–	–	–
Paul Rayner	26,366	1,790	–	–
Mark Selway	21,864	–	–	734,853 ^c
Roland Williams	55,405	26,916	–	–

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

- Brian Clark, 43,934 shares are held by MCG Wealth Management Australia Nominees Pty Limited – <Brian & Sandra S/F A/C> and 21,004 shares are held by MCG Wealth Management Australia Nominees Pty Limited – JBC Investment Holdings Pty Ltd <Clark Family A/C>;
- Bob Every, 30,000 shares are held by RBC Dexia Investor Service Australia Nominees Pty Ltd <Robsher Super Fund A/C>;
- Richard Longes, 12,000 shares are held by Gemnet Pty Limited for Richard Longes Superannuation Fund;
- John Marlay, 1,028 shares are held by The Marlay Superannuation Fund; and
- Paul Rayner, 25,115 shares are held by Yarradale Investments Pty Ltd.

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. No shares were allocated to non-executive Directors during FY2011.

b The SARs are rights to acquire shares in the Company under the Boral Senior Executive Performance Share Plan. The SARs will vest only 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.

c The SARs held by Mark Selway as at 26 August 2011 are as follows:

Number of SARs	Expiry Date
431,034	1 January 2017
303,819	12 November 2017

(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 \$1,875,000. These services consisted of:

Taxation compliance in Australia	\$115,000
Taxation compliance/due diligence related services in jurisdictions other than in Australia	\$1,222,000
Australian due diligence and other services	\$538,000

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 nature of the non-audit services provided is not inconsistent with the requirements of the *Corporations Act 2001*; 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 47 of the Annual Report and forms part of this Report.

(19) Remuneration Report

The Remuneration Report is set out on pages 48 to 62 of the Annual Report and forms part of this Report.

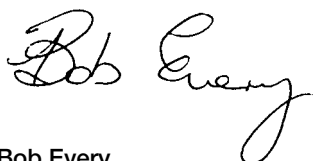
(20) Proceedings on behalf of the Company

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.

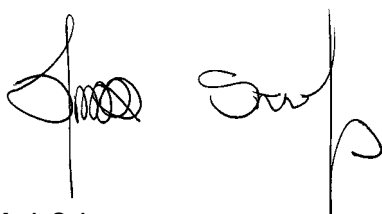
(21) Rounding of amounts

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.



Bob Every
Director



Mark Selway
Director

Sydney, 5 September 2011

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 2011 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



Greg Boydell

PARTNER

Sydney, 5 September 2011

2011 REMUNERATION REPORT

MESSAGE FROM THE BOARD

The Board remains committed to ensuring that Boral's remuneration practices are properly aligned with shareholder value creation over the short and long term, and that these practices work to appropriately motivate, reward and retain executives.

Our remuneration policies and practices are focused on linking performance and reward while taking into consideration the challenges that face companies, such as Boral, in cyclical industries.

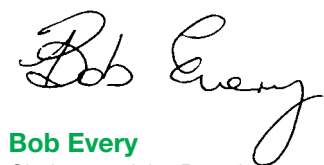
During the year, the Board confirmed its appointment of PricewaterhouseCoopers as its remuneration adviser to provide independent remuneration consulting services. They have been appointed for a three year term, and the scope of individual assignments is agreed when advice is sought.

PricewaterhouseCoopers assisted with reviews and benchmarking of the Company's short term and long term incentive programs, the Chief Executive's remuneration and non-executive Director remuneration. The aim of these reviews has been to pursue ongoing improvements in Boral's remuneration practices to ensure that they align with the Company's strategic objectives, market expectations and regulatory requirements.

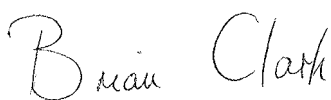
We have retained the format of last year's Remuneration Report, including a brief overview which provides shareholders with a "plain English" version of our remuneration practices. The detailed report which follows has been prepared in accordance with statutory obligations and accounting standards.

The Board encourages input from Boral's shareholders; it helps to shape our decision making.

We commend Boral's 2011 Remuneration Report to you.



Bob Every
Chairman of the Board



Brian Clark
Chairman of the Remuneration
& Nomination Committee

CONTENTS

MESSAGE FROM THE BOARD	48
2011 REMUNERATION IN BRIEF	49
REMUNERATION REPORT INTRODUCTION	51
SENIOR EXECUTIVE REMUNERATION	52
COMPANY PERFORMANCE OUTCOMES	57
EXECUTIVE REMUNERATION TABLE	61
NON-EXECUTIVE DIRECTORS' REMUNERATION	62



2011 REMUNERATION IN BRIEF

The Board is committed to clear and transparent disclosure of the Company's remuneration arrangements. This remuneration snapshot sets out the key details regarding Director and senior executive remuneration for FY2011. The full Remuneration Report provides greater detail regarding the remuneration structures, decisions and outcomes for Boral in FY2011.

Particular events and actions that impacted Boral's remuneration structure and outcomes for FY2011 were:

- revised performance conditions for the Short Term Incentive (STI) which focus wholly on achievement of financial outcomes including earnings before interest and tax (EBIT) and improvement in working capital management; important non-financial measures continue to be managed rigorously but separately from the STI Plan through the performance management process;
- despite improved financial performance relative to last year, outcomes in many businesses have been lower than budget; the impact of lower than budget performance has resulted in much reduced Short Term Incentive across the Group;
- a comprehensive review of the structure and provisions of the Long Term Incentive Plan including independent advice from PricewaterhouseCoopers;
- review of executive remuneration arrangements and independent remuneration advice in light of legislative changes.

Each of these matters is discussed in this snapshot and in more detail in the full Remuneration Report.

Revised performance conditions for the Short Term Incentive Plan

A strategic review of Boral's portfolio of businesses was completed in the second half of FY2010. Boral's new divisional structure now includes Boral Building Products, Boral Construction Materials, Cement, USA and Construction Related Businesses. Each of these divisions is focused on manufacturing and sales and marketing excellence, working together and reducing complexity.

The Company recognised that introducing these organisational changes required a fundamental change to STI Plan performance measures to better align them with the Company's purpose of creating sustainable solutions for a worldwide building and construction industry. The Remuneration & Nomination Committee, with advice from independent advisers and consultation with management, supported an STI approach which aligns management reward more closely to the interests of shareholders.

The main changes include fewer performance measures which are now entirely focused on the achievement of the financial outcomes, which in FY2011 included earnings and working capital management. In previous years, a number of non-financial measures were also included.

Financial performance and the STI outcome

For FY2011, Group net profit after tax of \$173.5m before significant items exceeded the previous year's net profit after tax by 20% but was below the internal budgeted level and, as a consequence, STI levels for FY2011 are 58% lower than those in the previous year.

Review of the Long Term Incentive Plan

The Board conducted an extensive review of the Company's Long Term Incentive (LTI) Plan during the year to ensure it remains effective and continues to meet the purpose of the plan, being to promote alignment of senior executive decision making with the longer term interests of shareholders, attract and retain high quality executives and reward executives for the achievement of performance conditions which underpin sustainable long term growth.

In addition to a survey of LTI Plan participants and an extensive analysis of the building and construction industry cycles in Australia and the USA, the Board engaged PricewaterhouseCoopers to conduct an independent review of the LTI Plan structure and provisions.

The Board agreed to maintain all the principal aspects of the plan. The timing of the annual grant will be moved to September to better align with the Company's financial year end.

Legislative changes to executive remuneration

The Federal Government has introduced legislative changes to improve the governance of executive remuneration arrangements.

The main aspects of the legislation concern the appointment process and recommendations of independent remuneration adviser/s. The Board has appointed PricewaterhouseCoopers as its independent remuneration adviser.

The Board has adopted a protocol governing:

- the appointment of remuneration consultants; and
- the manner in which any recommendations made by those consultants concerning the remuneration of key management personnel of the Company are to be provided to the Company, and in particular the circumstances in which management may be given access to those recommendations.

The purpose of the protocol is to ensure that any remuneration recommendations provided by consultants are provided without undue influence by key management personnel.

2011 REMUNERATION IN BRIEF CONTINUED

Remuneration outcomes for Chief Executive and senior executives

Details of the Chief Executive and senior executive remuneration, prepared in accordance with statutory obligations and accounting standards, are contained on page 61 of the Remuneration Report.

The table below sets out the cash and other benefits received by the Chief Executive and senior executives who were key management personnel in FY2011.

The STI awards made for FY2011 reflect achievement of the revised financial performance objectives against budgeted outcomes for the Group and Boral businesses.

Cash and other benefits received by the current Chief Executive and senior executives in FY2011 are lower than the amounts shown in the remuneration table on page 61 of the Remuneration Report. This is because the full remuneration table includes amounts in respect of options and rights which are amortised over a five year period and may not have delivered value to executives in FY2011. For example, it includes accounting values for current and prior years' LTI grants which have not been and may never be realised as they are dependent on the market-based performance hurdles being met in future years.

A\$000's	FIXED	STI	LTI ^a	OTHER ^b	TOTAL
Mark Selway	1,808.3	182.0	0.0	29.9	2,020.2
Ross Batstone	850.0	0.0	160.1	31.1	1,041.2
Mike Beardsell	649.8	143.8	72.4	29.6	895.6
Mike Kane	515.1	220.4	0.0	37.1	772.6
Andrew Poulter	756.2	34.1	0.0	12.4	802.7
Murray Read	720.0	145.8	68.9	10.4	945.1

a The LTI value represents the number of options and rights vested and exercised during the year calculated using the market price of Boral shares on the date of exercise less the exercise price (if applicable).

b Other includes parking and long service leave accruals.

REMUNERATION REPORT INTRODUCTION

The Directors of Boral Limited present the Remuneration Report for the Company and its controlled entities for the year ended 30 June 2011. This Remuneration Report forms part of the Directors' Report and has been audited in accordance with the *Corporations Act*.

The Remuneration Report sets out remuneration information for the Company's non-executive Directors, the Chief Executive and senior executives, who are the key people accountable for planning, directing and controlling the affairs of the Company and its controlled entities. They include the five highest remunerated executives of the Company and Group for FY2011.

The people currently in these positions are listed in the table below.

Non-executive Directors

Bob Every	Chairman
Catherine Brenner	Director
Brian Clark	Director
Eileen Doyle	Director
Richard Longes	Director
John Marlay	Director
Paul Rayner	Director

Senior executives (including the Chief Executive)

Mark Selway	Chief Executive
Ross Batstone	Divisional Managing Director, Building Products
Mike Beardsell	Divisional Managing Director, Boral Cement
Mike Kane	President Boral Industries USA
Andrew Poulter	Chief Financial Officer
Murray Read	Divisional Managing Director, Construction Materials

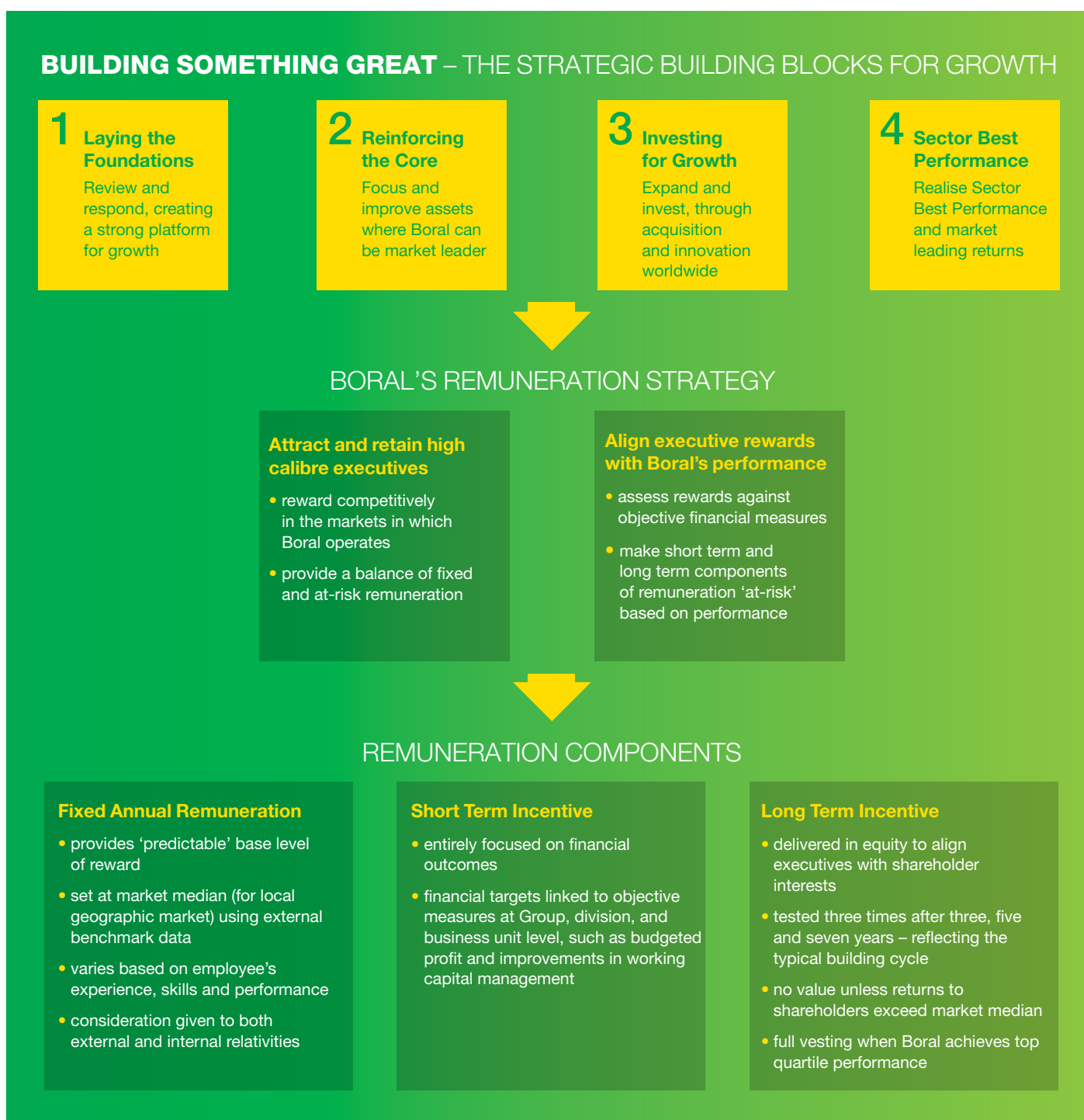
During the FY2011 year, the Remuneration & Nomination Committee comprised three independent non-executive Directors – Brian Clark (Committee Chairman), Bob Every and John Marlay.

SENIOR EXECUTIVE REMUNERATION

Remuneration strategy

The Board has established a remuneration strategy that supports and drives the achievement of Boral's strategic objectives. Having a remuneration structure that motivates and rewards executives for achieving targets linked to Boral's business objectives, the Board is confident that its remuneration approach aligns Boral management with creating superior shareholder returns.

The diagram below illustrates how Boral's remuneration strategy, and the structures the Board has put in place to achieve this strategy, align with the Company's business objectives.



Principles underpinning Boral's remuneration strategy

Standardised vs. tailored remuneration arrangements

Remuneration strategy and frameworks are consistent across the executive and senior management group. Limited tailoring may occur to take into account the unique challenges and differences between roles.

Purpose of each element of remuneration

Fixed Annual Remuneration (FAR): Remunerate executives in line with market benchmarks for effective completion of Company and specific objectives and behaving in accordance with Boral's values.

Short Term Incentives (STI): Reward executives for achieving annual financial targets measured at business unit, divisional and/or Boral levels. Provide alignment with shareholder reward.

Long Term Incentives (LTI): Reward senior executives for Boral performance over the duration of the Boral business cycle. Provide a retention element, equity exposure and alignment with shareholder reward.

Benchmarking remuneration

The primary reference for remuneration benchmarking are Australian listed companies in the Industrials and Materials sector. For the Chief Executive and senior executives, pay levels for comparable roles in appropriate international jurisdictions are also considered as a secondary reference to the Australian market data. Consideration is given to sizing factors including market capitalisation and business unit revenue. Complexity (such as number of employees and geographies) is referenced through the job grading system.

Focus on market vs. internal relativities

Consideration is given to both market and internal relativities.

Market is the primary reference through its application to the salary ranges attached to the job grading system.

The job grading system is applied to individual roles to ensure appropriate internal relativities.

As required, specific position matches may be sought for any jobs or functions where there is a high demand for talent or unique market considerations.

Market positioning

Executives' fixed remuneration is referenced to the market median. A range around the median provides flexibility to recognise capability, contribution, value to the organisation, performance and tenure of individuals.

Executives' target total remuneration (fixed remuneration, target short term plus long term incentives) is referenced to the market median when setting remuneration elements. For the STI element, achievement of stretch targets is intended to provide reward at the 75th percentile of the market for positions of similar size.

Remuneration mix

The variable remuneration mix for the Chief Executive and senior executives has a greater focus on long term incentives and moves towards a shorter term focus for lower job grades.

The remuneration of Directors, executives and staff is reviewed by the Board with specific oversight and direction provided by the Remuneration & Nomination Committee. The Committee seeks advice from independent specialist remuneration advisers. During the year, PricewaterhouseCoopers was confirmed by the Board as Boral's independent remuneration adviser.

PricewaterhouseCoopers has provided advice on various matters including the Short Term Incentive Plan, the Long Term Incentive Plan, Chief Executive remuneration, non-executive Director remuneration and changes in legislation regarding Director and executive remuneration.

PricewaterhouseCoopers has also calculated the fair market valuation for the 2010 grant of rights under the Company's LTI Plan.

Executive remuneration structure

Remuneration mix

Boral's executive remuneration is structured as a mix of Fixed Annual Remuneration and variable remuneration, through "at risk" short term and long term incentive components. The mix of these components varies for different management levels. For the current Chief Executive and senior executives the proportions are:

	Fixed	At risk	
	FAR	STI	LTI
Chief Executive	33.3%	33.3%	33.3%
Senior executives ¹	50–54%	22–25%	24–26%

¹ Senior executive percentages vary between individuals. This is a range for the Group.

While fixed remuneration is designed to provide a predictable "base" level of remuneration, the short term and long term incentive programs reward executives when pre-determined performance conditions are met or exceeded. Both schemes have minimum periods of employment that must also be met.

Fixed Annual Remuneration (FAR)

FAR includes base salary, non-cash benefits such as provision of a vehicle (including any fringe benefits tax charges) and superannuation contributions.

Remuneration levels are reviewed annually by the Remuneration & Nomination Committee and the Board through a process that ensures an executive's fixed remuneration remains competitive with the market and reflects an employee's skills, experience, accountability and general performance.

External benchmark market data from Hay Group's Industrial and Service sector is used to determine remuneration midpoint levels of fixed remuneration for senior executives and managers.

SENIOR EXECUTIVE REMUNERATION CONTINUED

Short Term Incentive (STI)

The STI Plan is an “at risk” cash payment awarded annually based on performance against pre-set financial objectives.

The STI Plan is provided to employees who have significant influence over the annual financial outcomes of business units. Approximately 7% of Boral employees participated in the STI plan in FY2011.

The Board considers that the STI is an appropriate incentive, and it has been designed to put a proportion of executive remuneration at risk against meeting financial targets linked to annual budget performance metrics.

Minimum, target and stretch performance conditions are set for each financial year. These performance conditions have been designed to motivate and reward high performance; for example, if performance exceeds the already challenging targets, the STI will deliver higher rewards to executives. Conversely, if performance falls below a minimum level, no reward is payable to executives.

If the Chief Executive meets the target performance conditions, then the STI reward will be payable at 100% of fixed remuneration. If the stretch performance conditions are met, the STI reward will be payable at 140%.

Similarly, if senior executives meet their target performance conditions, their STI reward is set at 40–50% of fixed remuneration. The STI reward for executives who achieve stretch performance is set at double the target reward. This is benchmarked at the 75th percentile of the market based on external data. Stretch outcomes require results which significantly exceed budget, and are only achieved in exceptional circumstances.

The STI performance conditions were modified significantly for FY2011 to be wholly focused on achievement of financial measures.

In FY2011 earnings before interest and tax (EBIT) and working capital performance were selected because they are directly linked to the creation of shareholder value and the strategic direction of the Company.

The EBIT target accounted for 85% of the financial measure in FY2011. Executives’ targets are split over their own business and one-up business. In FY2012 the EBIT target will account for 100% of the financial measure.

Performance against important non-financial measures continues to be managed separately from the STI Plan through the performance management process.

Performance at the completion of the financial year is measured against pre-determined targets that were established as part of the Group annual budget process. Abnormal or unanticipated factors beyond the control of management which may have affected the Company’s performance during the year are only considered in extraordinary circumstances and following Board approval.

The Remuneration & Nomination Committee and the Board assess the financial performance of the Group, divisions and business units and approve the actual STI rewards to be paid to the Chief Executive, his direct reports and other senior executives.

Long Term Incentive (LTI)

The purpose of the LTI Plan is to promote the alignment of senior executive decision making with the longer term interests of shareholders, to attract and retain high quality executives and to reward executives for the achievement of performance conditions which underpin sustainable long term growth.

The LTI is granted annually as rights and/or options over ordinary Boral shares.

The participants in the LTI Plan include senior executives who are deemed to have significant influence over the long term outcomes of Boral. Only 1% of employees participate in the LTI Plan.

The number of rights and/or options offered annually to executives is limited. The total number of shares which would be allocated on vesting of those rights and exercise of those options, when aggregated with:

- the number of shares issued under any Boral employee share scheme; and
- the number of shares that would be allocated on the vesting of all outstanding rights and the exercise of all outstanding options under any Boral employee share scheme

may not exceed 5% of the total number of shares on issue at the time of the offer.

The value of an executive’s annual LTI grant is a set percentage of the executive’s FAR. This percentage is 100% for the Chief Executive and 45–50% for senior executives.

The number of rights and/or options granted to an executive is determined by dividing the value of their annual grant by the fair market value of the right or option. PricewaterhouseCoopers calculates the fair market value as at the date of grant using a Monte Carlo simulation analysis in accordance with accounting standards.

Participants in the LTI Plan will not derive any value from their LTI grants unless pre-established performance hurdles are achieved.

Each right or option granted under the LTI Plan is an entitlement to a fully paid ordinary share in the Company on terms and conditions determined by the Board, including vesting conditions linked to service and performance measured at three, five and seven years after grant. If the vesting conditions are satisfied, the rights and options vest and the underlying shares may be delivered to the participating executive.

The Board determines the mix of options and rights for each grant annually. For the grant made in FY2011, the entire LTI award was delivered in the form of rights.

Rights and options are offered at no cost to the senior executive at the time of the grant. No price is payable upon vesting of rights; however, an exercise price (set at the time of the grant) is payable upon exercise of an option. The exercise price for options is determined at date of grant based on the average closing price of Boral shares over the five trading days prior to the grant date.

Rights and options granted as part of the LTI Plan do not carry voting or dividend rights; however, shares allocated upon vesting of rights and exercise of options will carry the same rights as other ordinary shares.

Directors, officers and senior executives must comply with the Company's Share Trading Policy, which prohibits them from entering into hedge and other derivative transactions regarding options or rights granted as LTIs. Shares allocated to participants upon vesting of their LTIs may only be dealt with in accordance with the Share Trading Policy. Any contravention of this policy would result in disciplinary action.

Unvested options or rights lapse when an executive leaves the Company except where the executive ceases employment due to death, permanent disablement, bona fide retirement, redundancy, sale of subsidiary or business assets or when the Board at its sole discretion determines otherwise. In these situations, a proportion of rights and/or options granted within the three year period prior to termination will remain in place only until the next test date, when they will lapse if they do not meet the performance hurdle. Unvested rights and/or options granted more than three years prior to the date of termination will lapse at the next test date if the performance hurdle is not met.

The performance hurdle for the LTI Plan is tied to the Company's relative total shareholder return (TSR). TSR represents the change in capital value of a listed entity's share price over a period, plus reinvested dividends, expressed as a percentage of the opening value. The compound growth in the Company's TSR over the performance measurement period is compared with the TSR performance of all other companies comprising the ASX 100 on the date of grant. The Board has discretion to adjust the comparator group to take into account events including, but not limited to, takeovers or mergers that might occur during the performance period.

The Board believes that relative TSR is an appropriate performance hurdle for the LTI Plan because it provides a direct link between shareholder return and executive reward. Executives will not derive any value from the LTI component of their remuneration unless the Company's performance is at least at the median of the ASX 100.

The performance hurdle for the 2008 and subsequent grants is measured on three test dates, reflecting performance periods of three, five and seven years. This testing frequency is designed to span a typical building industry cycle so that executive incentive and reward are linked to shareholder reward. In assessing whether the performance hurdles have been met, the Company receives independent data which set out the Company's TSR growth and that of each company in the comparator group. The level of TSR growth achieved by the Company is given a percentile ranking, having regard to its performance compared with the

performance of other companies in the comparator group (the highest ranking company being ranked at the 100th percentile). Opening and closing share prices are calculated using the volume weighted average price over the 60 days up to and including the first and last day of the performance period (as applicable). This "smoothing" of TSR reduces the impact of share price volatility.

The percentage of options and rights that vest will depend on Boral's relative TSR ranking over the measurement period, as set out in the table below:

Boral's TSR rank in ASX 100	% of options/rights that vest
Below 50th percentile	Nil
Between 50th and 74th percentile	Progressive vesting from 50–98% (2% increase for each higher percentile ranking)
At or above 75th percentile	100%

Any options and rights that do not vest, based on performance over the initial three year measurement period, will be available for vesting based on performance over five year and seven year measurement periods. Options and rights that have not vested following the seven year measurement period automatically lapse.

Given that the Company's comparative TSR performance is tested over a minimum three year period, satisfaction of the performance condition attaching to the rights granted for FY2011 will not be measured until FY2014.

Remuneration outcomes for FY2011

Modest increases in fixed remuneration occurred in FY2011 year, and there was no catch-up following the freeze on executive remuneration in FY2010.

The Board determined that no increase in non-executive Director fees should occur in FY2011 following a similar decision in FY2010.

As reported, the STI performance conditions for the FY2011 were 100% focused on financial outcomes of EBIT and working capital management. The target measures (budget) were set at higher levels than in the prior year. FY2011 continued to be affected by the weakness in USA economic activity, and in Australia bad weather conditions, cyclones and flooding had a slowing affect on sales growth. Despite tighter economic conditions toward the end of the financial year, overall profitability for Boral was higher than in the prior year, while STI awards reduced, reflecting financial outcomes achieved compared to target measures.

SENIOR EXECUTIVE REMUNERATION CONTINUED

During the year, Boral's relative TSR performance for the 2006 and 2007 LTI grants recorded a result above the 50th percentile of the ASX 100 companies, allowing partial vesting of rights and options. The 2006 grant reached the 50th percentile on 1 March 2011 and the 2007 grant reached the 68th percentile on 28 February 2011. Rights have vested; however, no value has been derived from options granted as the share price is well under the exercise price.

Business and organisation review

A strategic review of Boral's portfolio of businesses and relative performance was carried out in the second half of FY2010 and changes to the Group's organisational structure at both the divisional level and within divisions were implemented in the first quarter of FY2011.

The organisational changes introduced have been successful in focusing management on LEAN manufacturing, innovation, collaboration and sales and marketing initiatives. The changes to the STI Plan measures have achieved a better alignment of executive reward with the interests of shareholders.

The Remuneration & Nomination Committee will continue to review all aspects of executive remuneration and the performance management systems to facilitate delivery of business strategy and non-financial objectives which are no longer tied to STI outcomes.

Employment contract details

Chief Executive remuneration structure and contract terms

Mark Selway's employment contract has been structured in such a way as to account for the views of shareholders, governance bodies and other stakeholders.

The basis of Mr Selway's fixed and variable remuneration is benchmarked to a comparator group which is closely aligned to Boral's current market position and was selected from similar companies within a range of Boral's market capitalisation. The group includes companies from the Industrials and Materials sectors of the ASX 200 with a 12 month moving average market capitalisation and revenue of between 33% and 300% of Boral's.

The duration of the Chief Executive's contract is a rolling 12 month term.

Mr Selway's fixed remuneration is \$1,820,000 per annum. His annual STI entitlement is 100% of fixed remuneration for "target" performance with a maximum of 140% of fixed remuneration for "stretch" performance. STI measures are focused wholly on achievement of financial outcomes mentioned earlier.

Mr Selway's LTI entitlement is 100% of fixed remuneration granted annually as options or share rights in accordance with the LTI Plan Rules which are described in the Long Term Incentive section above. At the 2010 Annual General Meeting shareholders approved a grant of share rights to Mr Selway equivalent to 50% of his fixed remuneration as disclosed in the table on page 60. This is a six month pro-rata entitlement for FY2010 granted in November 2010. Also approved by shareholders were grants of share rights for 2011 and 2012 equivalent to 100% of Mr Selway's FAR. The number of equity units granted is determined based on the fair market value calculated in accordance with Accounting Standard AASB 2. If termination of employment occurs for reasons other than resignation or performance, unvested LTI grants continue beyond termination in accordance with the terms of the grant, unless the Board determines otherwise.

If the Company terminates Mr Selway's employment without cause, he is entitled to 12 months notice (or three months notice in the case of illness). Mr Selway may terminate his employment immediately if there is a fundamental change in his role or responsibilities without his consent. If Mr Selway's contract is terminated without cause or as a result of a fundamental change, he will be entitled to a separation payment. Mr Selway will not receive a restraint payment as part of any post-employment arrangements, and any separation payment he receives will not exceed one year's fixed remuneration (and will be inclusive of any payment in lieu of notice to which he is entitled). Mr Selway will not receive a separation payment if he resigns on six months notice, or his employment is terminated immediately for cause.

Contract terms for other executives

Key features of the employment arrangements for senior executives include:

- employment continues until terminated by either the executive or Boral;
- notice periods are typically six months, but reduce where termination is for performance reasons; and
- termination by the Company for reasons other than resignation or performance results in a termination payment of one year's fixed remuneration.

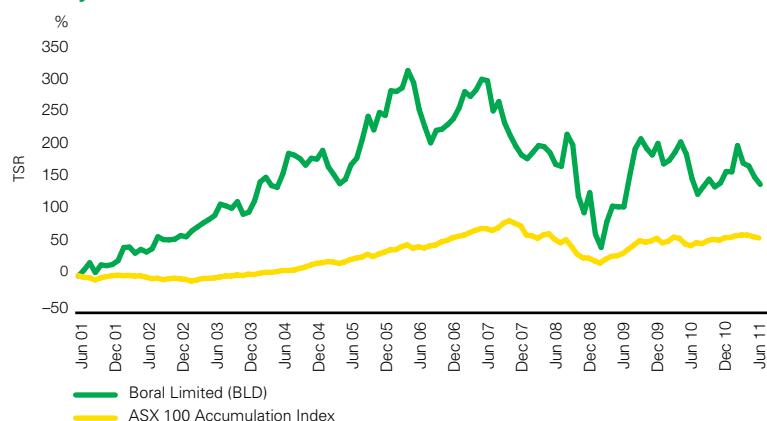
COMPANY PERFORMANCE OUTCOMES

Company performance

The chart below demonstrates how the Company's TSR, which includes share price movements and dividends, has performed relative to the ASX 100 Accumulation Index.

In the 10 years to 30 June 2011, Boral has achieved an annual TSR of 9.3%, which is higher than that of the companies in the ASX 100 over the same period (as represented by the ASX 100 Accumulation Index).

BLD vs ASX 100 Accumulation Index TSR 10 years to 30 June 2011



The effect of the business cycle is demonstrated in the charts below, which reflect the Company's earnings per share, return on equity and full year dividends since FY2002. The year on year change from 2010 to 2011 is shown in percentage terms below.

Earnings per share¹
(cents)

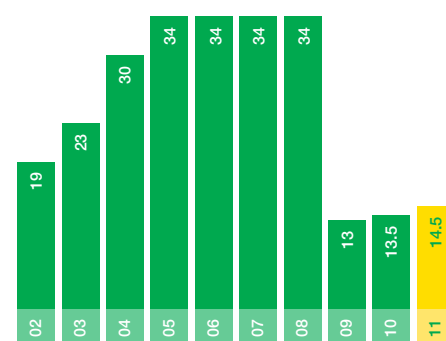
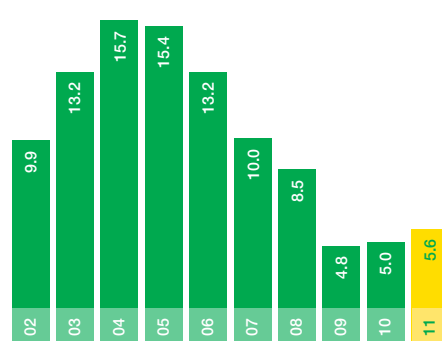
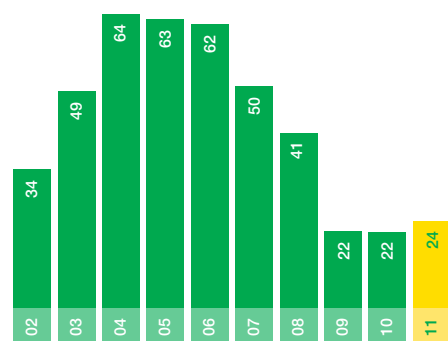
↑ 10%

Return on equity¹
(percent)

↑ 12%

Dividends per share
(cents)

↑ 7%



1. Excludes financial impact of significant items.

COMPANY PERFORMANCE OUTCOMES CONTINUED

Short term performance – FY2011

Full year revenue from continuing operations was up 4% to \$4.7b, reflecting a generally strong first half across the Australian Building Products operations which helped offset tougher trading conditions in the United States, the impact of exceptionally wet weather and a softening of residential building in Australia in the second half of the financial year.

Earnings before interest and tax (before significant items) for the year increased by 2% to \$275m, with improvements in Construction Materials, Cement and the USA offsetting declines in Building Products when compared with the prior year.

Profit after tax at \$173.5m (before significant items) was 20% above that of the comparable period last year and was assisted by lower interest and the year-to-year benefit from the translation of US losses against the stronger Australian dollar. The full year tax charge, before significant items, was \$12m higher, and earnings per share for the year also increased to 24.4c compared with 22.1c last year.

Short Term Incentive vested/forfeited

	2011			2010		
	Cash bonus A\$000's	% Vested	% Forfeited	Cash bonus A\$000's	% Vested	% Forfeited
Executives						
Mark Selway	182.0	7%	93%	1,100.0	90%	10%
Ross Batstone	0.0	0%	100%	461.3	78%	22%
Mike Beardsell	143.8	28%	72%	272.8	54%	46%
Mike Kane	220.4	49%	51%	203.5	90%	10%
Andrew Poulter	34.1	5%	95%	65.1	58%	42%
Murray Read (appointed 1 July 2010)	145.8	23%	77%	–	–	–
Total	726.1			2,102.7		

Long term performance

Boral's LTI grant in November 2010 was awarded in the form of share acquisition rights. The primary conditions applying to Boral's LTI grants include a minimum vesting period of three years with a total life of seven years and a market-based performance hurdle which measures Boral's TSR relative to the TSR of companies that comprise the ASX 100 at grant date (the comparator group). Testing against the hurdle is on three specific dates after performance periods of three, five and seven years.

When measured over the long term, Boral's TSR performance has been satisfactory; however, economic conditions mostly relating to the housing and construction cycle in recent years have resulted in Boral's TSR underperforming the comparator group.

The 2004 and 2005 grants have not yet reached the minimum level required for vesting. The 2006 grant has reached the 50th percentile and the 2007 grant has reached the 68th percentile. At this stage the 2008, 2009 and 2010 grants have not yet reached a measurement date.

The LTI grants from October 2004 are within the seven year life and the performance hurdle may still be reached before they lapse.

The table below demonstrates the level of performance achieved thus far for each LTI grant up to 1 July 2011.

Grant date	Expiry date	Option exercise price	Mix of options/rights	Relative TSR performance	Vesting level
Oct 03	Oct 10	\$5.52	100% options	54%	58%
Oct 04	Oct 11	\$6.55	50% options 50% rights	46%	0%
Oct 05	Oct 12	\$7.65	50% options 50% rights	38%	0%
Nov 06	Nov 13	\$7.27	50% options 50% rights	50%	50%
Nov 07	Nov 14	\$6.78	50% options 50% rights	68%	86%
Nov 08	Nov 15	N/A	100% rights	1st test date Nov 2011	N/A
Nov 09	Nov 16	N/A	100% rights	1st test date Nov 2012	N/A
Nov 10	Nov 17	N/A	100% rights	1st test date Nov 2013	N/A

The exercise price of options issued in respect of the 2003 to 2007 tranches have been amended in accordance with the terms of the Boral Senior Executive Option Plan to allow for the impact of the capital raising undertaken during the year, which resulted in a 5c reduction in the exercise price.

Executives who held rights were unable to participate in the capital raising. So as to take account of the impact of the capital raising on those rights, the Company made a payment of 5c per right to the holder of rights which vested during the year. The intention of the payment was to "keep whole" the executives in respect of rights which vested.

COMPANY PERFORMANCE

OUTCOMES CONTINUED

Long Term Incentives granted and movement during the year

Details of options and rights granted and the movement of options and rights during the year held by the Chief Executive and the senior executives are:

		Balance at 1 July 2010	Granted during the year as remuneration ^a	Value of grant ^b	Exercised/ vested during the year	Value of options and rights exercised/ vested ^c	Lapsed/ cancelled during the year	Value of options and rights lapsed/ cancelled ^d	Balance at 30 June 2011
		Number	Number	\$	Number	\$	Number	\$	Number
Executives									
Mark Selway	Options	–	–	–	–	–	–	–	–
	Rights	431,034	303,819 ^e	875,000	–	–	–	–	734,853
Ross Batstone	Options	351,470	–	–	–	–	(53,970)	59,367	297,500
	Rights	236,100	147,569	425,000	(31,287)	160,129	–	–	352,382
Mike Beardsell	Options	131,500	–	–	–	–	(18,400)	20,240	113,100
	Rights	98,218	98,672	284,175	(14,144)	72,399	–	–	182,746
Mike Kane	Options	–	–	–	–	–	–	–	–
	Rights	–	78,717	226,705	–	–	–	–	78,717
Andrew Poulter	Options	–	–	–	–	–	–	–	–
	Rights	–	21,701	62,500	–	–	–	–	21,701
Murray Read	Options	146,400	–	–	–	–	(23,200)	25,520	123,200
	Rights	91,430	125,000	360,000	(13,495)	68,935	–	–	202,935

a No options were granted to senior executives during the year. Rights were granted to senior executives on 12 November 2010, with the earliest vesting date on 12 November 2013 and the last vesting date (expiry date) of the rights on 12 November 2017.

b The fair value of rights granted on 12 November 2010, calculated using a Monte Carlo simulation analysis, is \$2.88 per right.

c Calculated per option or right as the market price of Boral shares on the date of exercise less the exercise price (if applicable).

d Value is calculated at fair market value of option or right on date of grant.

e Grants of rights to Mark Selway on 12 November 2010 in accordance with his service contract and subject to the terms and conditions approved at the 2010 Annual General Meeting.

The number of options and rights included in the balance at 30 June 2011 for current executives is as set out below:

		Year of grant							Balance at 30 June 2011
		2004	2005	2006	2007	2008	2009	2010	
Executives									
Mark Selway	Options	–	–	–	–	–	–	–	–
	Rights	–	–	–	–	–	431,034	303,819	734,853
Ross Batstone	Options	56,800	71,700	74,900	94,100	–	–	–	297,500
	Rights	15,218	18,849	10,232	3,427	74,624	82,463	147,569	352,382
Mike Beardsell	Options	11,100	25,500	34,100	42,400	–	–	–	113,100
	Rights	2,976	6,714	4,655	1,545	29,654	38,530	98,672	182,746
Mike Kane	Options	–	–	–	–	–	–	–	–
	Rights	–	–	–	–	–	–	78,717	78,717
Andrew Poulter	Options	–	–	–	–	–	–	–	–
	Rights	–	–	–	–	–	–	21,701	21,701
Murray Read	Options	24,200	27,300	29,300	42,400	–	–	–	123,200
	Rights	6,495	7,175	4,008	1,544	29,538	29,175	125,000	202,935

The unvested rights have a minimum value of zero, if they do not reach the 50th percentile relative TSR measure. The maximum value of unvested rights is the sale price of Boral shares at date of vesting.

EXECUTIVE REMUNERATION TABLE

A\$000's		Short term			Post employment		Share based payment ^a		Other long term	Total	
		Cash salary	Short Term Incentive	Non-monetary benefits ^b	Super-annuation	End of service	Options	Rights			
Executives											
	Mark Selway	2011	1,793.1	182.0	0.0	15.2	0.0	0.0	460.8	29.9	2,481.0
	Chief Executive	2010	1,022.6	1,100.0	0.0	7.2	0.0	0.0	173.6	17.0	2,320.4
	Ross Batstone	2011	729.3	0.0	19.0	120.7	0.0	48.5	224.8	12.1	1,154.4
	Divisional Managing Director, Building Products	2010	636.1	461.3	19.0	107.9	0.0	64.9	164.1	10.6	1,463.9
	Mike Beardsell	2011	634.6	143.8	19.0	15.2	0.0	21.3	110.6	10.6	955.1
	Divisional Managing Director, Boral Cement	2010	617.0	272.8	19.0	14.5	0.0	26.6	69.0	10.3	1,029.2
	Mike Kane	2011	440.9	220.4	37.1	74.2	0.0	0.0	28.7	0.0	801.3
	President, Boral Industries USA	2010	170.0	203.5	26.8	0.0	0.0	0.0	0.0	0.0	400.3
	Andrew Poulter	2011	741.0	34.1	0.0	15.2	0.0	0.0	7.9	12.4	810.6
	Chief Financial Officer	2010	122.6	65.1	0.0	2.4	0.0	0.0	0.0	2.0	192.1
	Murray Read	2011	625.2	145.8	0.0	94.8	0.0	20.2	111.4	10.4	1,007.8
	Divisional Managing Director, Construction Materials (appointed 1 July 2010)										
	Total	2011	4,964.1	726.1	75.1	335.3	0.0	90.0	944.2	75.4	7,210.2
	Total	2010	2,568.3	2,102.7	64.8	132.0	0.0	91.5	406.7	39.9	5,405.9

a The fair value of the options and rights 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 rights allocated to this reporting period.

b Includes parking for Australian executives, vehicle and medical costs for USA executives.

The 2010 total includes part-year remuneration for Mark Selway, Mike Kane, Andrew Poulter. Murray Read was not a key management person prior to 1 July 2010. Rod Pearse, Ken Barton, Emery Severin and John Douglas were key management personnel for part or all of 2010 with combined total remuneration of \$9,885,400 including contractual payments and share-based payments on termination.

Former executive John Douglas resigned on 9 July 2010. His executive remuneration for FY2011 was expensed and disclosed in the 2010 Remuneration Report.

Proportion of remuneration which consists of options/rights is Mark Selway 19%, Ross Batstone 24%, Mike Beardsell 14%, Mike Kane 4%, Andrew Poulter 1%, Murray Read 13%.

Proportion of remuneration that is performance-based is Mark Selway 26%, Ross Batstone 24%, Mike Beardsell 29%, Mike Kane 31%, Andrew Poulter 5%, Murray Read 28%.

NON-EXECUTIVE DIRECTORS' REMUNERATION

Non-executive Directors' remuneration is reviewed annually by the full Board. This review takes account of the recommendations of the Remuneration & Nomination Committee and external benchmarking of comparable companies. The Board took independent advice from PricewaterhouseCoopers regarding non-executive Directors' remuneration.

The non-executive Directors receive fixed remuneration only, which includes base remuneration (Board fees) and Committee fees. It is structured on a total remuneration basis which is paid in the form of cash and superannuation contributions. The Directors do not receive any variable remuneration or other performance related incentives such as options or rights to shares, and no retirement benefits are provided to non-executive Directors other than superannuation contributions.

The current aggregate fee limit of \$1,250,000 per annum was approved at the Company's Annual General Meeting in October 2006.

The Board determined that no increase in non-executive Director fees should occur during FY2011 following a similar decision for FY2010. The last increase in Directors' fees took place on 1 July 2008. The current remuneration of non-executive Directors is:

Position	Base remuneration	Committee fees	Total remuneration
Chairman	\$338,250	\$13,500	\$351,750
Committee Chairman	\$123,000	\$20,250	\$143,250
Director	\$123,000	\$13,500	\$136,500

The total annual non-executive Director remuneration for the current Board of seven non-executive Directors for FY2011 was \$1,203,900 including superannuation.

In accordance with current best practice, an additional Board Committee was constituted with effect from 1 July 2011 to deal with Health, Safety & Environment (HSE) issues within the Company. Three existing non-executive Directors have been appointed to the new committee. Membership of the new committee is in addition to these Directors' existing committee duties.

The Board intends to seek shareholder approval for an increase in the maximum aggregate amount of non-executive Directors' remuneration to \$1,550,000 at the 2011 Annual General Meeting to create headroom for the costs associated with the newly created HSE Committee and to provide for an increase in Directors' fees. If shareholders approve the new fee cap as proposed, it is the intention of the Board to review the fees payable to non-executive Directors.

The remuneration of the non-executive Directors is set out in the following table.

Non-executive Directors' total remuneration

A\$000's	2011			2010		
	Short term Board and Committee fees	Post employment super-annuation	Total remuneration	Short term Board and Committee fees	Post employment super-annuation	Total remuneration
Directors						
Catherine Brenner (appointed 15 September 2010)	99.6	9.0	108.6	0.0	0.0	0.0
Brian Clark	131.4	11.8	143.2	131.0	12.0	143.0
Eileen Doyle	125.2	11.3	136.5	36.8	3.3	40.1
Robert Every, Chairman (from 1 June 2010)	336.6	15.2	351.8	142.9	11.5	154.4
Richard Longes	125.2	11.3	136.5	125.2	11.3	136.5
John Marlay	125.2	11.3	136.5	69.5	6.3	75.8
Paul Rayner	131.4	11.8	143.2	131.4	11.8	143.2
Former non-executive Director						
Roland Williams (retired 4 November 2010)	43.7	3.9	47.6	125.2	11.3	136.5
Total	1,118.3	85.6	1,203.9	762.0	67.5	829.5

Ken Moss and John Cloney were Directors for part of 2010 with combined total remuneration of \$370,200.

No share-based payments were made to non-executive Directors during 2010 or 2011.

FINANCIAL STATEMENTS

INCOME STATEMENT	64	NOTES TO THE FINANCIAL STATEMENTS	69
STATEMENT OF COMPREHENSIVE INCOME	65	1 Significant accounting policies	69
BALANCE SHEET	66	2 Segments	76
STATEMENT OF CHANGES IN EQUITY	67	3 Profit for the period	78
CASH FLOW STATEMENT	68	4 Significant items	80
		5 Discontinued operations and assets held for sale	82
		6 Income tax expense	83
		7 Dividends	84
		8 Earnings per share	85
		9 Cash and cash equivalents	86
		10 Receivables	86
		11 Inventories	87
		12 Investments accounted for using the equity method	88
		13 Other financial assets	90
		14 Property, plant and equipment	90
		15 Intangible assets	92
		16 Other assets	93
		17 Payables	94
		18 Loans and borrowings	94
		19 Other financial liabilities	94
		20 Current tax liabilities	94
		21 Deferred tax assets and liabilities	95
		22 Provisions	97
		23 Issued capital	99
		24 Reserves	99
		25 Contingent liabilities	101
		26 Commitments	102
		27 Employee benefits	103
		28 Loans and borrowings	108
		29 Financial instruments	109
		30 Key management personnel disclosures	118
		31 Auditors' remuneration	122
		32 Acquisition/disposal of controlled entities	123
		33 Controlled entities	127
		34 Related party disclosures	130
		35 Notes to cash flow statement	131
		36 Parent entity disclosures	132
		37 Deed of cross guarantee	133
		38 Subsequent events	135
		STATUTORY STATEMENTS	136

INCOME STATEMENT

Boral Limited and Controlled Entities

For the year ended 30 June	Note	CONSOLIDATED	
		2011 \$ millions	2010 \$ millions
Continuing operations			
Revenue	3	4,681.7	4,493.8
Cost of sales		(3,358.2)	(3,153.8)
Selling and distribution expenses		(790.8)	(766.2)
Administrative expenses		(341.1)	(347.3)
		(4,490.1)	(4,267.3)
Other income	3	75.5	25.8
Other expenses	3	(77.3)	(169.6)
Share of net profit/(loss) of associates	3, 12	42.0	(21.5)
Profit before net financing costs and income tax expense		231.8	61.2
Financial income	3	24.0	5.3
Financial expenses	3	(87.7)	(102.3)
Net financing costs		(63.7)	(97.0)
Profit/(loss) before income tax expense		168.1	(35.8)
Income tax benefit/(expense)	6	(4.6)	18.3
Profit/(loss) from continuing operations		163.5	(17.5)
Discontinued operations			
Profit/(loss) from discontinued operations (net of income tax)	5	1.9	(71.8)
Net profit/(loss)		165.4	(89.3)
Attributable to:			
Members of the parent entity		167.7	(90.5)
Non-controlling interest		(2.3)	1.2
Net profit/(loss)		165.4	(89.3)
Basic earnings per share	8	23.3c	(15.2c)
Diluted earnings per share	8	23.2c	(15.2c)
Continuing operations			
Basic earnings per share	8	23.1c	(3.1c)
Diluted earnings per share	8	22.9c	(3.1c)

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

STATEMENT OF COMPREHENSIVE INCOME

Boral Limited and Controlled Entities

For the year ended 30 June	Note	CONSOLIDATED	
		2011 \$ millions	2010 \$ millions
Net profit/(loss)		165.4	(89.3)
Other comprehensive income			
Actuarial gain/(loss) on defined benefit plans	27	2.8	(1.6)
Net exchange differences from translation of foreign operations taken to equity	24	(28.1)	11.1
Fair value adjustment on cash flow hedges	24	1.0	10.7
Income tax relating to components of other comprehensive income		(29.7)	(25.8)
Total comprehensive income		111.4	(94.9)
Total comprehensive income is attributable to:			
Members of the parent entity		113.7	(96.1)
Non-controlling interest		(2.3)	1.2
Total comprehensive income		111.4	(94.9)

The statement of comprehensive income should be read in conjunction with the accompanying notes which form an integral part of the financial statements.

BALANCE SHEET

Boral Limited and Controlled Entities

As at 30 June	Note	CONSOLIDATED	
		2011 \$ millions	2010 \$ millions
CURRENT ASSETS			
Cash and cash equivalents	9	561.2	157.0
Receivables	10	784.1	783.7
Inventories	11	596.1	548.5
Other	16	85.6	63.3
Assets classified as held for sale	5	–	59.5
TOTAL CURRENT ASSETS		2,027.0	1,612.0
NON-CURRENT ASSETS			
Receivables	10	10.3	19.2
Inventories	11	93.5	85.3
Investments accounted for using the equity method	12	240.2	294.1
Other financial assets	13	7.5	26.8
Property, plant and equipment	14	2,894.9	2,785.1
Intangible assets	15	255.9	277.6
Deferred tax asset	21	88.2	43.3
Other	16	50.5	66.0
TOTAL NON-CURRENT ASSETS		3,641.0	3,597.4
TOTAL ASSETS		5,668.0	5,209.4
CURRENT LIABILITIES			
Payables	17	702.8	640.9
Loans and borrowings	18	163.4	8.9
Current tax liabilities	20	123.8	98.9
Provisions	22	218.6	246.0
Liabilities classified as held for sale	5	–	9.9
TOTAL CURRENT LIABILITIES		1,208.6	1,004.6
NON-CURRENT LIABILITIES			
Payables	17	12.5	14.1
Loans and borrowings	18	903.2	1,330.7
Other financial liabilities	19	119.7	8.0
Deferred tax liabilities	21	161.1	118.9
Provisions	22	106.5	107.0
TOTAL NON-CURRENT LIABILITIES		1,303.0	1,578.7
TOTAL LIABILITIES		2,511.6	2,583.3
NET ASSETS		3,156.4	2,626.1
EQUITY			
Issued capital	23	2,261.3	1,724.0
Reserves	24	(159.5)	(38.9)
Retained earnings		1,007.0	938.4
Total parent entity interest		3,108.8	2,623.5
Non-controlling interest		47.6	2.6
TOTAL EQUITY		3,156.4	2,626.1

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

STATEMENT OF CHANGES IN EQUITY

Boral Limited and Controlled Entities

CONSOLIDATED						
For the year ended 30 June 2011	Issued capital \$ millions	Reserves \$ millions	Retained earnings \$ millions	Total parent entity interest \$ millions	Non-controlling interest \$ millions	Total equity \$ millions
Balance at the beginning of the year	1,724.0	(38.9)	938.4	2,623.5	2.6	2,626.1
Net profit/(loss)	–	–	167.7	167.7	(2.3)	165.4
Other comprehensive income						
Translation of assets and liabilities of overseas controlled entities	–	(123.0)	–	(123.0)	–	(123.0)
Translation of long-term borrowings and foreign currency forward contracts	–	94.9	–	94.9	–	94.9
Fair value adjustment on cash flow hedges	–	1.0	–	1.0	–	1.0
Actuarial gain on defined benefit plans	–	–	2.8	2.8	–	2.8
Income tax relating to components of other comprehensive income	–	(28.8)	(0.9)	(29.7)	–	(29.7)
Total comprehensive income	–	(55.9)	169.6	113.7	(2.3)	111.4
Transactions with owners in their capacity as owners						
Shares issued under the Dividend Reinvestment Plan	53.1	–	–	53.1	–	53.1
Shares issued on vesting of rights	0.8	(0.8)	–	–	–	–
Dividends paid	–	–	(101.0)	(101.0)	–	(101.0)
Shares issued under capital raising net of costs	479.8	–	–	479.8	–	479.8
Purchase of employee compensation shares	–	(3.4)	–	(3.4)	–	(3.4)
Other – Cultured Stone (note 24)	–	(66.3)	–	(66.3)	–	(66.3)
Share-based payments	–	5.8	–	5.8	–	5.8
Income tax benefit on capital raising	3.6	–	–	3.6	–	3.6
Non-controlling interest in acquisition	–	–	–	–	44.3	44.3
Contributions by non-controlling interest	–	–	–	–	6.0	6.0
Other changes in non-controlling interest	–	–	–	–	(3.0)	(3.0)
Total transactions with owners in their capacity as owners	537.3	(64.7)	(101.0)	371.6	47.3	418.9
Balance at the end of the year	2,261.3	(159.5)	1,007.0	3,108.8	47.6	3,156.4

CONSOLIDATED						
For the year ended 30 June 2010	Issued capital \$ millions	Reserves \$ millions	Retained earnings \$ millions	Total parent entity interest \$ millions	Non-controlling interest \$ millions	Total equity \$ millions
Balance at the beginning of the year	1,691.4	(43.2)	1,104.2	2,752.4	1.2	2,753.6
Net profit/(loss)	–	–	(90.5)	(90.5)	1.2	(89.3)
Other comprehensive income						
Translation of assets and liabilities of overseas controlled entities	–	(66.3)	–	(66.3)	–	(66.3)
Translation of long-term borrowings and foreign currency forward contracts	–	77.4	–	77.4	–	77.4
Fair value adjustment on cash flow hedges	–	10.7	–	10.7	–	10.7
Actuarial loss on defined benefit plans	–	–	(1.6)	(1.6)	–	(1.6)
Income tax relating to components of other comprehensive income	–	(26.4)	0.6	(25.8)	–	(25.8)
Total comprehensive income	–	(4.6)	(91.5)	(96.1)	1.2	(94.9)
Transactions with owners in their capacity as owners						
Shares issued under the Dividend Reinvestment Plan	31.9	–	–	31.9	–	31.9
Shares issued upon the exercise of executive options	0.7	–	–	0.7	–	0.7
Dividends paid	–	–	(74.3)	(74.3)	–	(74.3)
Share-based payments	–	8.9	–	8.9	–	8.9
Other changes in non-controlling interest	–	–	–	–	0.2	0.2
Total transactions with owners in their capacity as owners	32.6	8.9	(74.3)	(32.8)	0.2	(32.6)
Balance at the end of the year	1,724.0	(38.9)	938.4	2,623.5	2.6	2,626.1

The statement of changes in equity should be read in conjunction with the accompanying notes which form an integral part of the financial statements.

CASH FLOW STATEMENT

Boral Limited and Controlled Entities

For the year ended 30 June	Note	CONSOLIDATED	
		2011 \$ millions	2010 \$ millions
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		5,084.3	4,967.9
Payments to suppliers and employees		(4,696.2)	(4,422.2)
		388.1	545.7
Dividends received		27.7	26.6
Interest received		41.1	6.4
Borrowing costs paid		(84.7)	(107.9)
Income taxes paid		(21.5)	(11.7)
NET CASH PROVIDED BY OPERATING ACTIVITIES	35	350.7	459.1
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(345.0)	(179.9)
Purchase of intangibles		(0.8)	–
Purchase of controlled entities and businesses (net of cash acquired)	32	(146.0)	–
Purchase of other investments		–	(0.1)
Loans to associates		3.2	(1.5)
Insurance proceeds applied to asset disposal		33.4	–
Proceeds on disposal of non-current assets		73.5	44.8
NET CASH USED IN INVESTING ACTIVITIES		(381.7)	(136.7)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		–	0.7
Proceeds from capital raising		479.8	–
Purchase of employee compensation shares		(3.4)	–
Dividends paid (net of dividends reinvested under the Dividend Reinvestment Plan of \$53.1 million (2010: \$31.9 million))		(47.9)	(42.4)
Contributions by non-controlling interests		6.0	–
Proceeds from borrowings		146.3	8.4
Repayment of borrowings		(136.6)	(232.5)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		444.2	(265.8)
NET CHANGE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at the beginning of the year		157.0	100.5
Effects of exchange rate fluctuations on the balances of cash and cash equivalents held in foreign currencies		(9.0)	(0.1)
Cash and cash equivalents at the end of the year	35	561.2	157.0

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

NOTES TO THE FINANCIAL STATEMENTS

Boral Limited and Controlled Entities

1. Significant accounting policies

Boral Limited (the "Company") is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange.

The consolidated financial statements for the year ended 30 June 2011 comprise Boral Limited and its controlled entities (the "Group").

The financial statements were authorised for issue by the Directors on 5 September 2011.

A. Basis of preparation

The financial statements are a general purpose financial statements which have been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The financial statements of the Group comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board.

The financial statements are presented in Australian dollars. The functional currency is the principal currency in which subsidiaries and associates operate.

The financial statements have been prepared on the basis of historical cost, except for derivative financial assets and financial assets classified as available for sale, which have been measured at fair value. The carrying value of recognised assets and liabilities that are hedged with fair value hedges are adjusted to record changes in the fair value attributable to the risks that are being hedged.

Significant accounting judgements, estimates and assumptions:

The preparation of financial statements in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements relate to the following areas:

- Goodwill and intangibles:** Judgements are made with respect to identifying and valuing intangible assets on acquisition of new businesses. The Group determines whether goodwill and intangibles with indefinite useful lives are impaired at each balance date. These calculations involve an estimation of the recoverable amount of a cash generating unit to which goodwill and intangibles with indefinite useful lives are allocated.
- Provision for restoration and environmental rehabilitation:** Restoration and environmental rehabilitation costs are part of the Group's operations where natural resources are extracted. Provisions represent estimates of future costs associated with closure and rehabilitation of various sites. The provision calculation requires assumptions on closure dates, application of environmental legislation, available technologies and consultant cost estimates. The ultimate costs remain uncertain and costs may vary in response to a number of factors including changes to relevant legislation and ultimate use of the site.
- Income taxes:** The Group is subject to income taxes in Australia and other jurisdictions in which Boral operates. Significant judgement is required in determining the Group's provision for income taxes. Judgement is also required in assessing whether deferred tax assets and deferred tax liabilities are recognised on the balance sheet. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. Changes in circumstances will alter expectations, which may impact the amount recognised on the balance sheet and the amount of other tax losses and temporary differences not yet recognised.
- Share-based payments:** The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Monte Carlo simulation option-pricing model.
- Estimation of useful lives of assets:** Estimation of useful lives of assets has been based on historical experience. In addition, the condition of assets is assessed at least annually and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.
- Defined benefit plans:** Various actuarial assumptions are required when determining the Group's pension schemes and other post-employment benefit obligations. These assumptions and the related carrying amounts are disclosed in the employee benefits note.

NOTES TO THE FINANCIAL STATEMENTS

Boral Limited and Controlled Entities

1. Significant accounting policies (continued)

Changes in accounting policies: The Group has adopted all new and amended Australian Accounting Standards and Australian Accounting Standards Board (AASB) interpretations that are mandatory for the current reporting period and relevant to the Group. Adoption of these standards and interpretations has not resulted in any material changes to the Group's financial statements.

New standards and interpretations not yet adopted:

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2011, but have not been applied in preparing these financial statements:

- AASB 9 *Financial Instruments* includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 *Financial Instruments: Recognition and Measurement*. AASB 9 will become mandatory for the Group's financial statements at 30 June 2014. Retrospective application is generally required, although there are exceptions, particularly if the Group adopts the standard for the year ended 30 June 2012 or earlier. The Group has not yet determined the potential effect of the standard.

B. Principles of consolidation

Subsidiaries: Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the financial statements from the date that control commences until the date that control ceases.

Associates: Associates are those entities for which the Group has significant influence, but not control, over the financial and operating policies. The financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate.

Jointly controlled entities and assets: The interests of the Group in unincorporated joint ventures and jointly controlled assets are brought to account by recognising in its financial statements the assets it controls and the liabilities that it incurs, and the expenses it incurs and its share of income that it earns from the sale of goods or services by the joint venture.

Transactions eliminated on consolidation: Intragroup balances and transactions, and any unrealised gains and losses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the entity. Unrealised losses arising from transactions with associates are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Business combinations: The acquisition method of accounting is used to account for all business combinations.

The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at their fair values at the acquisition date.

On an acquisition-by-acquisition basis the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. Where the excess is negative, a bargain purchase gain is recognised immediately in the Income Statement.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in the Income Statement.

C. Revenue recognition

Revenue is recognised at fair value of the consideration received net of the amount of goods and services tax (GST).

Sale of goods revenue: Sale of goods revenue is recognised (net of returns, discounts and allowances) when the significant risks and rewards of ownership have been transferred to the buyer.

1. Significant accounting policies (continued)

Rendering of services revenue: Revenue from rendering services is recognised in proportion to the stage of completion of the contract when the stage of contract completion can be reliably measured. An expected loss is recognised immediately as an expense.

Land development projects: Revenue from the sale of land development projects is recognised when all of the following conditions have been met: contracts are exchanged; a significant non-refundable deposit is received; and material conditions contained within the contract are met.

Dividends: Revenue from dividends from other investments is recognised once the right to payment is established.

D. Government grants

Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

E. Income tax

Income tax disclosed in the income statement comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect to previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profits and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Tax consolidation: Boral Limited and its wholly owned Australian controlled entities have elected to enter into tax consolidation effective 1 July 2002.

The head entity, Boral Limited, and its wholly owned Australian controlled entities continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone tax payer in its own right. Entities within the tax consolidated group have entered into a tax sharing agreement with the head entity. Under the terms of the tax sharing agreement, each of the entities in the tax consolidated group has agreed to pay to or receive from the head entity its current year tax liability or tax asset. Such amounts are recorded in the balance sheet of the head entity in amounts receivable from or payable to controlled entities.

Taxation of financial arrangements (TOFA): *The Tax Law Amendment (Taxation of Financial Arrangements) Act 2009* (TOFA legislation) applies to certain financial arrangements of a company for income years commencing on or after 1 July 2010. TOFA changes the tax treatment of financial arrangements, including the treatment of hedging transactions. The Group has not made any elections under the TOFA legislation and as a result there is no material impact on the financial statements.

F. Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

G. Net financing costs

Financing costs include interest payable on borrowings calculated using the effective interest rate method, finance charges in respect of finance leases, exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs and differences relating to the unwinding of the discount of assets and liabilities measured at amortised cost.

Financing costs are recognised as an expense in the period in which they are incurred, unless they relate to a qualifying asset. Financing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale.

Financial income is recognised as it accrues taking into account the effective yield on the financial asset.

NOTES TO THE FINANCIAL STATEMENTS

Boral Limited and Controlled Entities

1. Significant accounting policies (continued)

H. Foreign currencies

Transactions: Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Translation: The financial statements of foreign operations are translated to Australian dollars as follows:

- assets (including goodwill) and liabilities for each balance sheet are translated at the closing rate at the date of that balance sheet;
- all resulting exchange differences are recognised as a separate component of equity (foreign currency translation reserve); and
- income and expenses for each income statement are translated at average exchange rates approximating the rates prevailing on the transaction dates.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve. When a foreign operation is sold, a proportionate share of such exchange differences are recognised in the income statement as part of the gain or loss on sale.

I. Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less allowance for impairment. An allowance for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows. The amount of the allowance is recognised in the Income Statement.

J. Inventories

Inventories and work in progress are valued at the lower of cost (including materials, labour and appropriate overheads) and net realisable value. Cost is determined predominantly on the first-in-first-out basis of valuation. Net realisable value is determined on the basis of each entity's normal selling pattern. Expenses of marketing, selling and distribution to customers are estimated and are deducted to establish net realisable value.

Land development projects: Land development projects are stated at the lower of cost and net realisable value. Cost includes the cost of acquisition, development and holding costs during development. Costs incurred after completion of development are expensed as incurred.

K. Non-current assets held for sale and discontinued operations

Non-current assets are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increase in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss.

Non-current assets are not depreciated or amortised while they are classified as held for sale.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the income statement.

L. Impairment

The carrying value of the Group's assets, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill, the recoverable amount is assessed at each balance date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the income statement. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value of money using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Reversals of impairment: An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

1. Significant accounting policies (continued)

An impairment loss is reversed only to the extent of the asset's carrying amount net of depreciation or amortisation, as if no impairment loss has been recognised.

M. Intangible assets

Goodwill: All business combinations are accounted for by applying the purchase method. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash generating units and is not amortised but is tested annually for impairment. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

Negative goodwill arising on an acquisition is recognised directly in the income statement.

Other intangible assets: Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses.

Amortisation: Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and intangible assets with an indefinite useful life are systematically tested for impairment at each annual balance sheet date. Other intangible assets are amortised from the date that they are available for use.

N. Deferred expenses

Expenditure is deferred to the extent that it is considered probable that future economic benefits embodied in the expenditure will eventuate and can be reliably measured. Deferred expenses are amortised over the period in which the related benefits are expected to be realised. The carrying value of deferred expenditure is reviewed in accordance with the policy set out under impairment.

O. Investments

All investments are initially recognised at cost being the fair value of consideration given and include acquisition costs associated with the investment.

After initial recognition, investments which are classified as available for sale are measured at fair value. Gains and losses on available for sale investments are recognised as a separate component of equity until the investment is sold, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the income statement.

For investments that are actively traded in organised financial markets, the fair value is determined by reference to the Stock Exchange quoted market bid prices at the close of business at the balance sheet date.

P. Property, plant and equipment

Owned assets: Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads. Assessment of impairment loss is made in accordance with the impairment policy.

The cost of property, plant and equipment includes the cost of decommissioning and restoration costs at the end of their economic lives if a present legal or constructive obligation exists.

When an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

Leased plant and equipment: Leases under which the Group assumes substantially all the risk and rewards of ownership are classified as finance leases. Other leases are classified as operating leases. Finance leases are capitalised. A lease asset and a lease liability equal to the present value of the minimum lease payments are recorded at the inception of the lease. Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are expensed. Contingent rentals are expensed as incurred.

Operating leases are not capitalised and lease costs are expensed.

Depreciation: Items of property, plant and equipment, including buildings and leasehold property but excluding freehold land, are depreciated using the straight-line method over their expected useful lives. Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use.

The depreciation and amortisation rates used for each class of asset are as follows:

	2011	2010
Buildings	1 – 10%	1 – 10%
Timber licences and mineral reserves	1 – 5%	1 – 5%
Plant and equipment	5 – 33.3%	5 – 33.3%

Q. Payables

Trade payables and other accounts payable are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services. Payables are stated at their amortised cost.

R. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Subsequent to initial recognition, borrowings are stated at amortised cost, with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

NOTES TO THE FINANCIAL STATEMENTS

Boral Limited and Controlled Entities

1. Significant accounting policies (continued)

S. Employee benefits

Wages and salaries: The provision for employee entitlement to wages and salaries represents the amount which the Group has a present obligation to pay resulting from employee's services provided up to the balance date.

Annual leave, long service leave and retirement benefits:

The provision for employee entitlements in respect of long service leave and retirement benefits represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to the balance date.

Provisions for employee entitlements which are not expected to be settled within 12 months are calculated using expected future increases in wage and salary rates, including related on-costs and expected settlement dates based on turnover history and are discounted using the rates attached to national government securities at balance date, which most closely match the terms of maturity of the related liabilities.

Superannuation: The Group contributes to several defined benefit and defined contribution superannuation plans.

Defined contribution plan obligations are recognised as an expense in the income statement as incurred.

The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value, and the fair value of any plan assets is deducted.

All actuarial gains and losses that arise in calculating the Group's obligation in respect of the plan are recognised directly in retained earnings.

When the calculation results in plan assets exceeding liabilities for the Group, the recognised asset is limited to the present value of any future refunds from the plan or reductions in future contributions to the plan.

Share-based payments: The Group provides benefits to senior executives in the form of share-based payment transactions, whereby senior executives render services in exchange for options and/or rights over shares.

The cost of the share-based payments with employees is measured by reference to the fair value at the date at which they are granted. The fair value is measured at grant date and recognised as an expense over the expected vesting period with a corresponding increase in equity. The amount recognised is adjusted to reflect the actual number of options that vest, except for those that fail to vest due to market conditions not being achieved.

The fair value at grant date is independently determined using a pricing model that takes into account the exercise price, the terms of the share-based payment, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the payment, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the share-based payment.

For shares issued under the Employee Share Plan, the difference between the market value of shares and the discount price issued to employees is recognised as an employee benefits expense with a corresponding increase in equity.

T. Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is applied, increases in the balance of provisions attributable to the passage of time are recognised as an interest expense.

Restoration and environmental rehabilitation: Provision is made to recognise the fair value of the liability for restoration and environmental rehabilitation of areas from which natural resources are extracted. The associated asset retirement costs are capitalised as part of the carrying amount of the related long-lived asset and amortised over the life of the related asset. At the end of each year, the liability is increased to reflect the passage of time and adjusted to reflect changes in the estimated future cash flows underlying the initial fair value measurement. Provisions are also made for the expected cost of environmental rehabilitation of sites identified as being contaminated as a result of prior activities at the time when the exposure is identified and estimated clean up costs can be reliably assessed.

Onerous contracts: An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. Present obligations arising under onerous contracts are recognised and measured as a provision.

U. Derivative financial instruments

The Group is exposed to changes in interest rates, foreign exchange rates and commodity prices from its activities. The Group uses the following derivative financial instruments to hedge these risks: interest rate swaps, forward rate agreements, interest rate options, forward foreign exchange contracts and futures commodity fixed price swap contracts.

1. Significant accounting policies (continued)

The Group does not enter into derivative financial instrument transactions for trading purposes. However, financial instruments entered into to hedge an underlying exposure which does not qualify for hedge accounting are accounted for as trading instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either; hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge), hedges of highly probable forecast transactions (cash flow hedge), and hedges of net investment in foreign operations.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values of cash flows or hedged items.

Fair value hedge: Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Cash flow hedge: The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item will affect profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost and carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Hedge of net investment in a foreign operation: The portion of the gain or loss on an instrument used to hedge a net investment in a foreign operation that is determined to be an effective hedge is recognised directly in equity. The ineffective portion is recognised immediately in the income statement.

Derivatives that do not qualify for hedge accounting: Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

V. Share capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Transaction costs directly attributable to the issue of ordinary shares are recognised directly to equity as a reduction of the share proceeds received, net of any tax effects.

W. Earnings per share

Basic earnings per share (EPS) is calculated by dividing the net profit attributable to members of the parent entity for the reporting period, by the weighted average number of ordinary shares of Boral Limited, adjusted for any bonus issue.

Diluted EPS is calculated by dividing the basic EPS earnings, adjusted by the effect on revenues and expenses of conversion to ordinary shares associated with dilutive potential ordinary shares, by the weighted average number of ordinary shares and dilutive potential ordinary shares adjusted for any bonus issue.

X. Comparative figures

Where necessary to facilitate comparison, comparative figures have been adjusted to conform with changes in presentation in the current financial year.

Y. Rounding of amounts to the nearest \$100,000

Boral Limited is an entity of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and, in accordance with the Class Order, amounts in the financial statements and Directors' Report have been rounded off to the nearest one hundred thousand dollars, unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

Boral Limited and Controlled Entities

2. Segments

Operating segments are based on internal reporting to the Chief Executive in assessing performance and determining the allocation of resources.

The following summary describes the operations of the Group's reportable segments:

Boral Construction Materials	– Quarries, concrete, asphalt, transport and property development.
Cement Division	– Cement, Asian concrete, quarries and pipes.
Boral Building Products	– Australian plasterboard, bricks, timber products, roof tiles, masonry and Asian plasterboard.
United States of America	– Bricks, roof tiles, fly ash, concrete, quarries, masonry and cultured stone.
Other	– Concrete placing and windows.
Discontinued Operations	– Scaffolding and precast panels.
Unallocated	– Non-trading operations and unallocated corporate costs.

The major end use markets for Boral's products include residential and non-residential construction and the engineering and infrastructure markets.

Inter-segment pricing is determined on an arm's length basis.

The Group has a large number of customers to which it provides products, with no single customer responsible for more than 10% of the Group's revenue.

Segment results, assets and liabilities includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

	CONSOLIDATED	
	2011 \$ millions	2010 \$ millions
Reconciliations of reportable segment revenues and profits		
External revenue	4,710.5	4,599.3
Less revenue from discontinued operations	(28.8)	(105.5)
Revenue from continuing operations	4,681.7	4,493.8
Profit before tax		
Profit/(loss) before net financing costs and income tax expense from reportable segments	234.4	(33.1)
(Profit)/loss from discontinued operations	(2.6)	18.6
Significant items applicable to discontinued operations	–	75.7
	231.8	61.2
Net financing costs	(63.7)	(97.0)
Profit/(loss) before tax from continuing operations	168.1	(35.8)

	TOTAL REVENUE		INTERNAL REVENUE		EXTERNAL REVENUE	
	2011 \$ millions	2010 \$ millions	2011 \$ millions	2010 \$ millions	2011 \$ millions	2010 \$ millions
2. Segments (continued)						
Boral Construction Materials	2,420.2	2,266.2	144.8	147.7	2,275.4	2,118.5
Cement Division	732.4	706.3	192.7	194.1	539.7	512.2
Boral Building Products	1,157.4	1,212.6	7.5	7.0	1,149.9	1,205.6
United States of America	431.2	363.7	–	–	431.2	363.7
Other	285.5	293.8	–	–	285.5	293.8
Discontinued Operations	29.7	108.0	0.9	2.5	28.8	105.5
	5,056.4	4,950.6	345.9	351.3	4,710.5	4,599.3

	OPERATING PROFIT (EXCLUDING ASSOCIATES)		EQUITY ACCOUNTED RESULTS OF ASSOCIATES		PROFIT BEFORE NET FINANCING COSTS AND INCOME TAX EXPENSE	
	2011 \$ millions	2010 \$ millions	2011 \$ millions	2010 \$ millions	2011 \$ millions	2010 \$ millions
Boral Construction Materials	201.0	203.3	2.9	(2.3)	203.9	201.0
Cement Division	82.6	75.3	13.3	12.6	95.9	87.9
Boral Building Products	57.7	72.6	26.8	28.1	84.5	100.7
United States of America	(98.0)	(85.6)	(1.0)	(18.1)	(99.0)	(103.7)
Other	7.6	6.3	–	–	7.6	6.3
Discontinued Operations	2.6	(18.6)	–	–	2.6	(18.6)
Unallocated	(18.3)	(21.7)	–	–	(18.3)	(21.7)
	235.2	231.6	42.0	20.3	277.2	251.9
Significant items (refer note 4)	(42.8)	(243.2)	–	(41.8)	(42.8)	(285.0)
	192.4	(11.6)	42.0	(21.5)	234.4	(33.1)

	SEGMENT ASSETS (EXCLUDING INVESTMENTS IN ASSOCIATES)		EQUITY ACCOUNTED INVESTMENTS IN ASSOCIATES		TOTAL ASSETS	
	2011 \$ millions	2010 \$ millions	2011 \$ millions	2010 \$ millions	2011 \$ millions	2010 \$ millions
Boral Construction Materials	1,800.0	1,634.0	0.8	1.4	1,800.8	1,635.4
Cement Division	785.4	832.2	20.5	18.8	805.9	851.0
Boral Building Products	1,261.9	1,297.8	214.8	232.3	1,476.7	1,530.1
United States of America	828.8	775.1	4.1	41.6	832.9	816.7
Other	78.8	90.8	–	–	78.8	90.8
Discontinued Operations	–	59.5	–	–	–	59.5
Unallocated	23.5	25.6	–	–	23.5	25.6
	4,778.4	4,715.0	240.2	294.1	5,018.6	5,009.1
Cash and cash equivalents	561.2	157.0	–	–	561.2	157.0
Tax assets	88.2	43.3	–	–	88.2	43.3
	5,427.8	4,915.3	240.2	294.1	5,668.0	5,209.4

NOTES TO THE FINANCIAL STATEMENTS

Boral Limited and Controlled Entities

	LIABILITIES		ACQUISITION OF SEGMENT ASSETS		DEPRECIATION AND AMORTISATION	
	2011 \$ millions	2010 \$ millions	2011 \$ millions	2010 \$ millions	2011 \$ millions	2010 \$ millions
2. Segments (continued)						
Boral Construction Materials	416.7	358.1	160.0	80.9	90.4	95.5
Cement Division	129.5	126.3	52.9	25.6	54.3	52.7
Boral Building Products	207.0	216.4	82.7	59.1	54.0	57.4
United States of America	139.4	134.2	43.3	9.4	41.9	36.8
Other	38.0	58.1	5.4	2.5	3.5	3.6
Discontinued Operations	–	9.9	0.6	2.3	–	5.8
Unallocated	229.5	122.9	0.9	0.1	0.9	0.8
	1,160.1	1,025.9	345.8	179.9	245.0	252.6
Loans and borrowings	1,066.6	1,339.6	–	–	–	–
Tax liabilities	284.9	217.8	–	–	–	–
	2,511.6	2,583.3	345.8	179.9	245.0	252.6

Geographical information

For the year ended 30 June 2011, the Group's trading revenue from external customers in Australia amounted to \$4,051.2 million (2010: \$4,007.6 million), with \$228.1 million (2010: \$228.0 million) from the Asian operations and \$431.2 million (2010: \$363.7 million) relating to operations in the USA. The Group's non-current assets (excluding deferred tax assets and other financial assets) in Australia amounted to \$2,624.8 million (2010: \$2,584.3 million), with \$269.3 million (2010: \$310.3 million) in Asia and \$651.2 million (2010: \$632.7 million) in the USA.

For the year ended 30 June	Note	CONSOLIDATED	
		2011 \$ millions	2010 \$ millions
3. Profit for the period			
REVENUE FROM CONTINUING OPERATIONS			
Sale of goods		4,618.8	4,448.2
Rendering of services		62.9	45.6
Revenue from continuing operations		4,681.7	4,493.8
OTHER INCOME			
Significant item	4	33.4	–
Net profit on sale of assets		25.8	18.5
Other income		16.3	7.3
Other income from continuing operations		75.5	25.8
OTHER EXPENSES			
Significant items	4	76.2	167.5
Net foreign exchange loss		1.1	2.1
Other expenses from continuing operations		77.3	169.6
SHARE OF NET PROFIT OF ASSOCIATES			
Share of associates' underlying net profit		42.0	20.3
Significant item	4	–	(41.8)
		42.0	(21.5)

For the year ended 30 June	CONSOLIDATED	
	2011 \$ millions	2010 \$ millions
3. Profit for the period (continued)		
DEPRECIATION AND AMORTISATION EXPENSES		
Land and buildings	18.4	12.8
Plant and equipment	223.2	230.8
Timber licences and mineral reserves	1.5	4.2
Other intangibles	1.9	4.8
	245.0	252.6
NET FINANCING COSTS		
Interest income received or receivable from:		
Associated entities	0.9	2.0
Other parties (cash at bank and bank short-term deposits)	23.1	3.3
	24.0	5.3
Interest expense paid or payable to:		
Other parties (bank overdrafts, bank loans and other loans)	83.6	99.4
Unwinding of discount	4.1	2.9
	87.7	102.3
Net financing costs	(63.7)	(97.0)
OTHER CHARGES		
Employee benefits expense*	1,056.1	1,020.2
Operating lease rental charges	118.4	104.3
Bad and doubtful debts expense	8.3	8.2

* Employee benefits expense includes salaries and wages, defined benefit and defined contribution expenses together with share-based payments and other entitlements.

NOTES TO THE FINANCIAL STATEMENTS

Boral Limited and Controlled Entities

For the year ended 30 June	Note	CONSOLIDATED	
		2011 \$ millions	2010 \$ millions
4. Significant items			
Net profit/(loss) includes the following items whose disclosure is relevant in explaining the financial performance of the Group:			
Continuing operations			
Closure of plywood operations			
Net insurance proceeds		33.4	–
Impairment of assets		(9.6)	–
Closure costs		(4.2)	–
Excess of insurance proceeds over asset carrying values	(i)	19.6	–
Impairment of assets, businesses and demolition costs			
Goodwill		–	(4.3)
Property, plant and equipment		(38.8)	(92.3)
Other intangible assets		–	(3.3)
Investments accounted for using the equity method		–	(41.8)
Inventory		(3.6)	(30.6)
Demolition costs		(3.7)	(22.8)
Closure costs		(7.0)	(0.5)
	(ii)	(53.1)	(195.6)
Acquisition expenditure			
Acquisition expenditure		(9.3)	–
		(9.3)	–
Organisational restructure			
Corporate and divisional restructure and simplification		–	(13.7)
		–	(13.7)
Total significant items before interest and tax, from continuing operations		(42.8)	(209.3)
Summary of significant items from continuing operations			
Loss before interest and tax		(42.8)	(209.3)
Income tax benefit		17.1	46.1
Income tax benefit – amended returns	(iii)	18.0	–
Net significant items from continuing operations		(7.7)	(163.2)
Discontinued operations			
Impairment of businesses			
Property, plant and equipment		–	(70.4)
Other		–	(5.3)
		–	(75.7)
Summary of significant items from discontinued operations			
Loss before interest and tax		–	(75.7)
Income tax benefit		–	16.8
Net significant items from discontinued operations		–	(58.9)
Summary of significant items			
Loss before interest and tax		(42.8)	(285.0)
Income tax benefit		17.1	62.9
Income tax benefit – amended returns		18.0	–
Net significant items		(7.7)	(222.1)

4. Significant items (continued)

2011 Significant items

(i) Insurance recoveries

During January 2011, significant flooding occurred in Queensland and Northern New South Wales, which impacted a number of the Group's businesses, with the most severe impact occurring at the Group's Plywood operation. Following an extensive review of the feasibility of rebuilding the plant, a decision was taken in June 2011 to close the Plywood operation, resulting in the write-off of assets and recognition of closure costs.

(ii) Manufacturing capacity rationalisation and impairment of assets

Deterioration in returns from a number of businesses resulted in a reassessment of manufacturing capacity in several of the Group's businesses. As a result of this review, closure of a number of manufacturing lines was announced relating predominantly to the Clay and Concrete East Coast Bricks and Masonry operations, together with rationalisation of Brick plants in the USA and closure of a number of small Country New South Wales Concrete and Quarry operations.

(iii) Tax benefit

During the year, the Group received amended assessments from the Australian Taxation Office, resulting in the recognition of benefits relating predominantly to research and development activity.

2010 Significant items

Impairment of assets, businesses and demolition costs

In 2010, the Group completed a comprehensive strategic review of Boral's portfolio of businesses, operations and structures. The strategic review identified a number of poorer performing assets and assets which could derive greater value from alternative ownership. As a result, the Group has reviewed the carrying value of its underperforming businesses, reviewed slow moving inventories and under-utilised and redundant plant. This resulted in a write-down of \$16.9 million in respect of the Thailand Construction Materials business, \$43.1 million in respect of US mothballed brick and tile plants, closure costs and associated obsolete and slow moving inventory, \$41.8 million in respect of the write-down of the Group's share of urban land development costs of an associate, Penrith Lakes Development Corporation Limited, and \$93.8 million in respect of Australian mothballed and obsolete assets, closure costs and write-off of slow moving inventories.

Organisational restructure

As part of the strategic review, the Group announced a number of initiatives to simplify the business and improve the operational effectiveness of the Group. As part of this review, a simplified reporting structure to the Chief Executive was implemented.

Summary of significant items before interest and tax

	CONSOLIDATED	
	2011 \$ millions	2010 \$ millions
Boral Construction Materials	(4.6)	(59.5)
Cement Division	-	(38.7)
Boral Building Products	(20.6)	(67.0)
United States of America	(8.3)	(43.1)
Discontinued Operations	-	(75.7)
Unallocated	(9.3)	(1.0)
	(42.8)	(285.0)

NOTES TO THE FINANCIAL STATEMENTS

Boral Limited and Controlled Entities

5. Discontinued operations and assets held for sale

During the year, the Group sold both its Precast Panels and Scaffolding businesses. The income statement shows the discontinued operations separately from continuing operations.

The carrying values of both businesses were remeasured at 30 June 2010 to fair value less costs to sell.

		CONSOLIDATED	
	Note	2011 \$ millions	2010 \$ millions
Results of discontinued operations			
Revenue		28.8	105.5
Expenses		(26.2)	(124.1)
Profit/(loss) before income tax expense (excluding significant items)		2.6	(18.6)
Income tax (expense)/benefit (excluding significant items)		(0.7)	5.7
Profit/(loss) before significant items		1.9	(12.9)
Net significant items	4	–	(58.9)
Net profit/(loss)		1.9	(71.8)
Basic and diluted earnings/(loss) per share		0.3c	(12.1c)
The profit/(loss) from discontinued operations is attributable entirely to the Group.			
Cash flows from/(used in) discontinued operations			
Net cash from/(used in) operating activities		8.5	0.8
Net cash from/(used in) investing activities		47.5	(2.2)
Net cash from/(used in) discontinued operations		56.0	(1.4)
Assets and liabilities classified as held for sale			
Property, plant and equipment		–	33.1
Intangible assets		–	8.3
Inventories		–	6.8
Trade and other receivables		–	11.0
Other assets		–	0.3
Assets classified as held for sale		–	59.5
Payables		–	4.6
Loans and borrowings		–	0.1
Provisions		–	5.2
Liabilities classified as held for sale		–	9.9
Net assets		–	49.6
Effect of disposal on the financial position of the Group			
Property, plant and equipment		33.6	–
Intangible assets		8.2	–
Inventories		7.6	–
Trade and other receivables		12.5	–
Other assets		0.4	–
Deferred taxes		0.2	–
Payables		(12.4)	–
Provisions		(5.9)	–
Net assets disposed		44.2	–
Consideration received		48.1	–

		CONSOLIDATED	
	Note	2011 \$ millions	2010 \$ millions
6. Income tax expense			
(i) Income tax expense			
Current income tax expense/(benefit)		49.5	81.3
Deferred income tax expense/(benefit)		(40.6)	(117.7)
Over provision for tax in previous years		(3.6)	(4.4)
Income tax expense/(benefit) attributable to profit		5.3	(40.8)
(ii) Reconciliation of income tax expense to prima facie tax			
Income tax expense/(benefit) on profit:			
– at Australian tax rate 30% (2010: 30%)		51.2	(39.0)
– adjustment for difference between Australian and overseas tax rates		(11.7)	(16.7)
Income tax expense/(benefit) on pre-tax profit at standard rates		39.5	(55.7)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:			
Tax losses not recognised		1.0	2.9
Non-deductible depreciation and amortisation		2.1	2.7
Capital gains/(losses) brought to account		(5.2)	0.1
Share of associates' net profit and franked dividends (excluding significant items)		(12.7)	(11.3)
Share of associates' net profit – significant item		–	12.5
Non-deductible impairment of assets		–	13.8
Other items		2.2	(1.4)
Significant item	4	(18.0)	–
Income tax expense/(benefit) on profit		8.9	(36.4)
Over provision for tax in previous years		(3.6)	(4.4)
Income tax expense/(benefit) attributable to profit		5.3	(40.8)
Income tax expense/(benefit) from continuing operations			
Income tax expense/(benefit) excluding significant items		39.7	27.8
Income tax expense/(benefit) relating to significant items	4	(35.1)	(46.1)
		4.6	(18.3)
Income tax expense/(benefit) from discontinued operations			
Income tax expense/(benefit) excluding significant items	5	0.7	(5.7)
Income tax expense/(benefit) relating to significant items	4	–	(16.8)
		0.7	(22.5)
		5.3	(40.8)
(iii) Tax amounts recognised directly in equity			
The following deferred tax amounts were charged/(credited) directly to equity during the year in respect of:			
Actuarial adjustment on defined benefit plans		0.9	(0.6)
Net exchange differences taken to equity		28.5	23.2
Fair value adjustment on cash flow hedges		0.3	3.2
Recognised in comprehensive income		29.7	25.8
Share issue expenses		(3.6)	–
Recognised directly in equity		26.1	25.8

NOTES TO THE FINANCIAL STATEMENTS

Boral Limited and Controlled Entities

7. Dividends

Dividends recognised by the Group are:

	Amount per share	Total amount \$ millions	Franked amount per share	Date of payment
2011				
2010 final – ordinary	6.5 cents	46.7	6.5 cents	28 September 2010
2011 interim – ordinary	7.5 cents	54.3	7.5 cents	24 March 2011
Total		101.0		
2010				
2009 final – ordinary	5.5 cents	32.6	5.5 cents	28 September 2009
2010 interim – ordinary	7.0 cents	41.7	7.0 cents	23 March 2010
Total		74.3		

Subsequent event

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

2011 final – ordinary	7.0 cents	51.1	7.0 cents	27 September 2011
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The financial effect of the final dividend for the year ended 30 June 2011 has not been brought to account in the financial statements for the year but will be recognised in subsequent financial reports.

Dividend franking account

The balance of the franking account of Boral Limited as at 30 June 2011 is \$124.4 million (2010: \$151.1 million) after adjusting for franking credits/(debits) that will arise from:

- the payment/refund of the amount of the current tax liability;
- the receipt of dividends recognised as receivables at year end;

and before taking into account the franking credits associated with payment of the final dividend declared subsequent to year end.

The impact on the franking account of the dividend recommended by the Directors since year end, but not recognised as a liability at year end, will be a reduction in the franking account of \$21.9 million (2010: \$20.0 million).

Dividend Reinvestment Plan

The Group'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 2011.

8. Earnings per share

Classification of securities as ordinary shares

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

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.

	CONSOLIDATED	
	2011 \$ millions	2010 \$ millions
Earnings reconciliation		
Net profit before significant items and non-controlling interests	173.1	132.8
Loss/(profit) attributable to non-controlling interests	2.3	(1.2)
Net profit excluding significant items	175.4	131.6
Net significant items	(7.7)	(222.1)
Net profit/(loss) attributable to members of the parent entity	167.7	(90.5)

	CONSOLIDATED	
	2011	2010
Weighted average number of ordinary shares used as the denominator		
Number for basic earnings per share	718,726,833	595,848,789
Effect of potential ordinary shares	4,069,322	3,660,323
Number for diluted earnings per share	722,796,155	599,509,112
Basic earnings per share	23.3c	(15.2c)
Diluted earnings per share	23.2c	(15.2c)
Basic earnings per share (excluding significant items)	24.4c	22.1c
Diluted earnings per share (excluding significant items)	24.3c	22.0c
Basic earnings per share (continuing operations)	23.1c	(3.1c)
Diluted earnings per share (continuing operations)	22.9c	(3.1c)

The average market value of the Company's shares for the purpose of calculating the dilutive effect of share options was based on quoted market prices for the period that the options were outstanding.

NOTES TO THE FINANCIAL STATEMENTS

Boral Limited and Controlled Entities

	CONSOLIDATED	
	2011 \$ millions	2010 \$ millions
9. Cash and cash equivalents		
Cash at bank and on hand	127.0	74.1
Bank short-term deposits	434.2	82.9
	561.2	157.0
<p>The bank short-term deposits mature within 90 days and pay interest at a weighted average interest rate of 5.25% (2010: 3.1%).</p>		
10. Receivables		
Current		
Trade receivables	720.5	676.7
Associated entities	27.6	77.8
	748.1	754.5
Less: Allowance for impairment	(18.9)	(23.5)
	729.2	731.0
Other receivables	58.4	57.0
Less: Allowance for impairment	(3.5)	(4.3)
	54.9	52.7
	784.1	783.7
<p>The Group requires all customers to pay in accordance with agreed payment terms. Included in the Group's trade receivables are debtors with a carrying value of \$112.3 million (2010: \$119.5 million), which are past due but not impaired. These relate to a number of debtors with no significant change in credit quality or history of default. The ageing analysis is as follows:</p>		
Trade receivables – past due 0-60 days	98.4	104.2
Trade receivables – past due > 60 days	13.9	15.3
Allowance for impairment		
<p>An allowance for impairment of trade receivables is raised when there is objective evidence that an individual receivable is impaired. Indicators of impairment would include significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments.</p>		
<p>The movement in the allowance for impairment in respect to trade receivables during the year was as follows:</p>		
Balance at the beginning of the year	(23.5)	(24.6)
Amounts written off during the year	10.1	9.4
Increase recognised in income statement	(8.3)	(8.2)
Net foreign currency exchange differences	2.8	(0.1)
Balance at the end of the year	(18.9)	(23.5)
Non-current		
Loans to associated entities	0.6	9.0
Other receivables	9.7	10.2
	10.3	19.2

No amounts owing by associates or included in other receivables were past due as at 30 June 2011.

	CONSOLIDATED	
	2011 \$ millions	2010 \$ millions
11. Inventories		
Current		
Raw materials and consumable stores	176.8	169.3
Work in progress	57.6	64.4
Finished goods	346.3	298.5
Land development projects	15.4	16.3
	596.1	548.5
Non-current		
Land development projects	93.5	85.3
Land development projects comprises:		
Cost of acquisition	23.4	19.5
Development costs capitalised	85.5	82.1
	108.9	101.6

NOTES TO THE FINANCIAL STATEMENTS

Boral Limited and Controlled Entities

12. Investments accounted for using the equity method

Name	Principal activity	Country of incorporation	Balance date	OWNERSHIP INTEREST		INVESTMENT CARRYING AMOUNT	
				CONSOLIDATED		CONSOLIDATED	
				2011 %	2010 %	2011 \$ millions	2010 \$ millions
Details of investments in associates							
Bitumen Importers Australia Pty Ltd	Bitumen importer	Australia	30-Jun	50	50	-	-
Caribbean Roof Tile Company Limited	Roof tiles	Trinidad	31-Dec	50	50	4.1	6.0
Flyash Australia Pty Ltd	Fly ash collection	Australia	31-Dec	50	50	2.6	2.6
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 Sdn Bhd	Plasterboard	Malaysia	31-Dec	50	50	201.8	226.8
MonierLifetile LLC*	Roof tiles	USA	31-Dec	-	50	-	33.8
MonierLifetile S.R.L. de C.V.*	Roof tiles	Mexico	31-Dec	-	50	-	1.8
Penrith Lakes Development Corporation Ltd	Quarrying	Australia	30-Jun	40	40	-	-
Rondo Building Services Pty Ltd	Rollform systems	Australia	30-Jun	50	50	13.0	5.5
South East Asphalt Pty Ltd	Asphalt	Australia	30-Jun	50	50	0.8	1.4
Sunstate Cement Ltd	Cement manufacturer	Australia	30-Jun	50	50	17.9	16.2
Tile Service Company LLC*	Roof tiles	USA	31-Dec	-	50	-	-
US Tile LLC	Roof tiles	USA	31-Dec	50	50	-	-
Total						240.2	294.1

* MonierLifetile LLC, MonierLifetile S.R.L. de C.V. and Tile Service Company LLC became controlled entities during the year.

	CONSOLIDATED	
	2011 \$ millions	2010 \$ millions
Movements in carrying value of associates		
Balance at the beginning of the year	294.1	298.9
Investments in associates during the year	-	0.1
Associates becoming controlled entities during the year	(36.2)	-
Share of associates' net profit	42.0	20.3
Share of associates' impairment of assets	-	(41.8)
Dividends from associates	(27.7)	(26.6)
Results from associates recognised against non-current receivables/provisions	(2.9)	45.1
Share of associates' movement in currency reserve	18.0	15.1
Effect of exchange rate and other changes	(47.1)	(17.0)
Balance at the end of the year	240.2	294.1

When the Group's share of losses from an associate exceed the Group's investment in the relevant associate, the losses are taken against any long-term receivables relating to the associate and if the Group's obligation for losses exceeds this amount, they are recorded as a provision in the Group's financial statements to the extent that the Group has an obligation to fund the liability.

	CONSOLIDATED	
	2011 \$ millions	2010 \$ millions
12. Investments accounted for using the equity method (continued)		
Share of post acquisition retained earnings attributable to associates		
Balance at the beginning of the year	42.0	95.5
Associates becoming controlled entities during the year	9.2	–
Net foreign currency exchange differences	(24.8)	(5.4)
Share of associates' net profit/(loss)	42.0	(21.5)
Dividends from associates	(27.7)	(26.6)
Balance at the end of the year	40.7	42.0
Share of post acquisition reserves attributable to associates		
Balance at the beginning of the year	8.7	(6.4)
Share of associates' movement in reserves	18.0	15.1
Balance at the end of the year	26.7	8.7
Summary of performance and financial position of associates		
The Group's share of aggregate revenue, profits, assets and liabilities of associates is as follows:		
Share of associates' revenue	429.4	467.7
Share of associates' underlying profit before income tax expense	60.3	42.2
Share of associates' underlying income tax expense	(15.8)	(19.7)
Share of associates' non-controlling interest	(2.5)	(2.2)
	42.0	20.3
Significant item	–	(41.8)
Share of associates' net profit/(loss) – equity accounted	42.0	(21.5)
Share of associates' net assets		
Current assets	158.6	184.4
Non-current assets	333.1	491.9
Total assets	491.7	676.3
Current liabilities	109.6	188.6
Non-current liabilities	141.9	193.6
Total liabilities	251.5	382.2
Net assets	240.2	294.1

NOTES TO THE FINANCIAL STATEMENTS

Boral Limited and Controlled Entities

	CONSOLIDATED	
	2011 \$ millions	2010 \$ millions
12. Investments accounted for using the equity method (continued)		
Share of associates' commitments		
Share of associates' capital expenditure commitments contracted but not provided for:		
Not later than one year	1.3	1.1
Share of associates' operating lease commitments payable:		
Not later than one year	3.8	4.8
Later than one year but not later than five years	9.6	12.9
Later than five years	6.8	8.2
	20.2	25.9
13. Other financial assets		
Non-current		
Derivative financial assets	7.5	26.8
	7.5	26.8
14. Property, plant and equipment		
Land and buildings		
At cost	1,170.8	1,114.9
Less: Accumulated depreciation, amortisation and impairment	(134.9)	(105.0)
	1,035.9	1,009.9
Timber licences and mineral reserves		
At cost	93.7	96.4
Less: Accumulated amortisation and impairment	(19.3)	(15.4)
	74.4	81.0
Plant and equipment		
At cost	4,258.5	4,040.7
Less: Accumulated depreciation and impairment	(2,475.3)	(2,346.6)
	1,783.2	1,694.1
Leased plant and equipment capitalised	1.6	0.3
Less: Accumulated amortisation	(0.2)	(0.2)
	1.4	0.1
	1,784.6	1,694.2
Total	2,894.9	2,785.1

At 30 June 2010, the carrying value of the Thailand Construction Materials business was reviewed as part of the Group's annual impairment testing, taking into account the current performance of the business and the challenging market conditions experienced in the Thailand Construction Materials market. This resulted in a write-down of assets of \$16.9 million based on a value in use calculation using a pre-tax discount rate of 15%.

	CONSOLIDATED	
	2011 \$ millions	2010 \$ millions
14. Property, plant and equipment (continued)		
RECONCILIATIONS		
Land and buildings		
Balance at the beginning of the year	1,009.9	1,065.4
Additions	20.4	1.3
Disposals	(9.6)	(10.7)
Acquisitions of entities or operations	70.9	–
Transferred from plant and equipment	33.8	6.4
Impairment disclosed as significant items	(16.7)	(23.2)
Transferred to assets held for sale	–	(6.1)
Transfer (to)/from other assets or liabilities	(1.2)	–
Depreciation expense	(18.4)	(12.8)
Net foreign currency exchange differences	(53.2)	(10.4)
Balance at the end of the year	1,035.9	1,009.9
Timber licences and mineral reserves		
Balance at the beginning of the year	81.0	91.4
Impairment disclosed as significant items	–	(4.8)
Amortisation expense	(1.5)	(4.2)
Net foreign currency exchange differences	(5.1)	(1.4)
Balance at the end of the year	74.4	81.0
Plant and equipment		
Balance at the beginning of the year	1,694.2	1,947.2
Additions	324.6	178.6
Disposals	(9.4)	(17.2)
Acquisitions of entities or operations	137.6	–
Transferred to land and buildings	(33.8)	(6.4)
Impairment disclosed as significant items	(31.7)	(134.7)
Transferred to assets held for sale	–	(27.0)
Transfer (to)/from other assets or liabilities	1.0	–
Write-down of plant and equipment	–	(2.9)
Depreciation expense	(223.2)	(230.8)
Net foreign currency exchange differences	(74.7)	(12.6)
Balance at the end of the year	1,784.6	1,694.2

NOTES TO THE FINANCIAL STATEMENTS

Boral Limited and Controlled Entities

	CONSOLIDATED	
	2011 \$ millions	2010 \$ millions
15. Intangible assets		
Goodwill	243.7	275.0
Other intangible assets	40.8	30.0
Less: Accumulated amortisation	(28.6)	(27.4)
	255.9	277.6
Reconciliation of movements in goodwill		
Balance at the beginning of the year	275.0	292.0
Acquisitions of entities or operations	1.8	–
Impairment disclosed as significant items	–	(4.3)
Transferred to assets held for sale	–	(3.0)
Other write-downs	–	(1.6)
Net foreign currency exchange differences	(33.1)	(8.1)
Balance at the end of the year	243.7	275.0

Impairment tests for goodwill

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation but are tested annually for impairment. Goodwill is allocated to the Group's Cash Generating Units (CGUs) identified according to business type and country of operation.

Key assumptions

The recoverable amount of CGUs is the higher of the asset's fair value less costs to sell and its value in use. Value in use calculations use pre-tax cash flow projections based on financial budgets and plans approved by management covering a five year period. Recognising that the Group operates in cyclical markets, cash flow projections covering periods of up to 10 years are used where this period more appropriately reflects a full business cycle. Cash flows beyond the projection period are extrapolated using growth rates of between 0.8% and 2.5%, which do not exceed the long-term average growth rate for the industry in which the CGU operates.

The Group's weighted cost of capital is used as a starting point for determining the discount rate with appropriate adjustments for the risk profile relating to the relevant segments and the countries in which they operate. The discount rates applied to pre-tax cash flows range from 12% to 14%.

The key assumptions relate to:

- housing starts and market share for the building products businesses in the USA and Australia;
- concrete demand and economic activity in the construction materials businesses in the USA and Australia.

These assumptions have been determined with reference to current performance and taking into account external forecasts. Housing starts and concrete demand forecasts utilised in the cash flow projections are based on historical experiences in the relevant geographies.

The recoverable amount of CGUs exceeds their carrying values as at 30 June 2011. A reduction of 15% in the forecast concrete demand would reduce the recoverable amount of the US construction materials businesses to their carrying value. Management believes no other reasonable changes in the key assumptions on which the estimates are based would cause the aggregate carrying amount to exceed the recoverable amount of these CGUs.

15. Intangible assets (continued)

Segment summary of goodwill

	CONSOLIDATED	
	2011 \$ millions	2010 \$ millions
Boral Construction Materials	67.9	67.9
Cement Division	2.3	2.3
Boral Building Products	45.2	43.4
United States of America	128.3	161.4
	243.7	275.0
Reconciliation of movements in other intangible assets		
Balance at the beginning of the year	2.6	15.8
Additions	0.8	–
Acquisitions of entities or operations	11.4	–
Impairment disclosed as significant item	–	(3.3)
Amortisation expense	(1.9)	(4.8)
Transferred to assets held for sale	–	(5.3)
Net foreign currency exchange differences	(0.7)	0.2
Balance at the end of the year	12.2	2.6

Other intangible assets

Other intangible assets relate predominantly to brand names, technology and software development and are amortised at rates from 5% to 20%. Amortisation expense is included in 'depreciation and amortisation' as disclosed in note 3.

	CONSOLIDATED	
	2011 \$ millions	2010 \$ millions
16. Other assets		
Current		
Deferred expenses	145.0	129.7
Less: Accumulated amortisation	(106.4)	(91.0)
	38.6	38.7
Deposits and prepayments	47.0	24.6
	85.6	63.3
Non-current		
Deferred expenses	50.5	66.0
	50.5	66.0

Amortisation rates

Deferred expenses are generally amortised at rates between 20% and 60%, although some minor amounts of deferred expenses, including development of quarry infrastructure, are amortised at rates between 5% and 10%.

NOTES TO THE FINANCIAL STATEMENTS

Boral Limited and Controlled Entities

	CONSOLIDATED	
	2011 \$ millions	2010 \$ millions
17. Payables		
Current		
Trade creditors	697.8	634.1
Due to associated entities	5.0	6.8
	702.8	640.9
Non-current		
Deferred income	12.5	14.1
	12.5	14.1
18. Loans and borrowings		
Current		
Bank loans – unsecured	16.4	8.4
Other loans – unsecured	146.8	0.4
Finance lease liabilities	0.2	0.1
	163.4	8.9
Non-current		
Bank loans – unsecured	49.2	58.5
Other loans – unsecured	854.0	1,272.2
	903.2	1,330.7
For more information about the Group's financing arrangements, refer to note 28.		
19. Other financial liabilities		
Non-current		
Derivative financial liabilities	55.8	8.0
Future purchase liability – Cultured Stone	63.9	–
	119.7	8.0
20. Current tax liabilities		
Current tax liability	123.8	98.9

	CONSOLIDATED	
	2011 \$ millions	2010 \$ millions
21. Deferred tax assets and liabilities		
Recognised deferred tax balances		
Deferred tax asset	88.2	43.3
Deferred tax liability	(161.1)	(118.9)
	(72.9)	(75.6)
Unrecognised deferred tax assets		
Deferred tax assets not recognised:		
The potential deferred tax asset has not been taken into account in respect of tax losses where recovery is not probable*	47.9	34.2

* The potential benefit of the deferred tax asset will only be obtained if:

- (i) the relevant entities derive future assessable income of a nature and an amount sufficient to enable the benefit to be realised, or the benefit can be utilised by another company in the Group in accordance with tax law in the jurisdiction in which the company operates;
- (ii) the relevant Group entities continue to comply with the conditions for deductibility imposed by the law;
- (iii) no changes in tax legislation adversely affect the relevant entities in realising the asset.

The gross amount of capital and revenue tax losses carried forward that have not been recognised and the range of expiry dates for recovery by tax jurisdiction are as follows:

Tax jurisdiction	Expiry date	CONSOLIDATED	
		2011 \$ millions	2010 \$ millions
Australia*	No restriction	53.9	–
Germany	No restriction	50.0	53.4
Singapore	No restriction	1.8	2.0
Thailand	30 Jun 2012 – 30 Jun 2016	18.0	21.4
United Kingdom*	No restriction	34.9	41.0
United States of America*	30 Jun 2016	6.0	–

* Unbooked capital losses.

NOTES TO THE FINANCIAL STATEMENTS

Boral Limited and Controlled Entities

21. Deferred tax assets and liabilities (continued)

Movement in temporary differences during the year

	CONSOLIDATED				
As at 30 June 2011	Balance at the beginning of the year \$ millions	Recognised in income \$ millions	Recognised in equity \$ millions	Other movements \$ millions	Balance at the end of the year \$ millions
Receivables	7.1	(1.0)	–	(0.3)	5.8
Inventories	(32.3)	(0.3)	–	–	(32.6)
Property, plant and equipment	(162.3)	(1.9)	–	19.3	(144.9)
Intangible assets	(21.4)	(5.1)	–	4.7	(21.8)
Payables	8.0	(2.4)	–	(0.2)	5.4
Loans and borrowings	1.0	(0.5)	(0.3)	–	0.2
Provisions	117.3	(2.8)	–	(6.4)	108.1
Other	(17.2)	(3.4)	2.7	(4.4)	(22.3)
Unrealised foreign exchange	(74.8)	(3.7)	(28.5)	(0.1)	(107.1)
Tax losses carried forward	99.0	61.7	–	(24.4)	136.3
	(75.6)	40.6	(26.1)	(11.8)	(72.9)

	CONSOLIDATED				
As at 30 June 2010	Balance at the beginning of the year \$ millions	Recognised in income \$ millions	Recognised in equity \$ millions	Other movements \$ millions	Balance at the end of the year \$ millions
Receivables	5.7	1.5	–	(0.1)	7.1
Inventories	(35.4)	3.1	–	–	(32.3)
Property, plant and equipment	(193.3)	26.4	–	4.6	(162.3)
Intangible assets	(17.5)	(5.5)	–	1.6	(21.4)
Payables	6.3	1.8	–	(0.1)	8.0
Loans and borrowings	3.8	0.4	(3.2)	–	1.0
Provisions	100.4	18.7	–	(1.8)	117.3
Other	(27.9)	10.7	0.6	(0.6)	(17.2)
Unrealised foreign exchange	(56.5)	5.2	(23.2)	(0.3)	(74.8)
Tax losses carried forward	43.8	55.4	–	(0.2)	99.0
	(170.6)	117.7	(25.8)	3.1	(75.6)

	CONSOLIDATED	
	2011 \$ millions	2010 \$ millions
22. Provisions		
Current		
Employee benefits	153.4	176.1
Rationalisation and restructuring	9.0	14.1
Claims	7.9	5.0
Restoration and environmental rehabilitation	33.2	34.9
Other	15.1	15.9
	218.6	246.0
Non-current		
Employee benefits	20.4	26.3
Claims	10.9	5.1
Restoration and environmental rehabilitation	33.6	30.9
Other	41.6	44.7
	106.5	107.0
Rationalisation and restructuring		
Provisions for rationalisation and restructuring are recognised when a detailed plan has been approved and the restructuring has either commenced or been publicly announced, or firm contracts related to the restructuring have been entered into. Costs related to ongoing activities are not provided for.		
Claims		
Provisions are raised for liabilities arising from the ordinary course of business, in relation to claims against the Group, including insurance, legal and other claims. Where recoveries are expected in respect of such claims, these are included in other receivables.		
Restoration and environmental rehabilitation		
Provisions are made for the fair value of the liability for restoration and rehabilitation of areas from which natural resources are extracted. The basis for accounting is set out in note 1. Provisions are also made for the expected cost of environmental rehabilitation of sites identified as being contaminated as a result of prior activities. The liability is recognised when the environmental exposure is identified and the estimated clean-up costs can be reliably assessed.		
Other		
Other includes provision for onerous contracts and the Group's share of an associate's equity accounted losses. The provision relating to onerous contracts reflects the expected future losses on contractual obligations in the fly ash operations in the USA.		
Reconciliations		
Rationalisation and restructuring – current		
Balance at the beginning of the year	14.1	0.5
Provisions made during the year	5.4	13.8
Payments made during the year	(10.5)	(0.2)
Balance at the end of the year	9.0	14.1

NOTES TO THE FINANCIAL STATEMENTS

Boral Limited and Controlled Entities

	CONSOLIDATED	
	2011 \$ millions	2010 \$ millions
22. Provisions (continued)		
Reconciliations (continued)		
Claims – current		
Balance at the beginning of the year	5.0	6.1
Provisions made during the year	5.2	1.1
Remeasurement of provision	0.2	–
Transfer to liabilities held for sale	–	(0.2)
Increase through acquisition of entity	0.5	–
Payments made during the year	(2.6)	(1.9)
Net foreign currency exchange differences	(0.4)	(0.1)
Balance at the end of the year	7.9	5.0
Claims – non-current		
Balance at the beginning of the year	5.1	4.3
Provisions made during the year	4.6	0.8
Increase through acquisition of entity	1.5	–
Net foreign currency exchange differences	(0.3)	–
Balance at the end of the year	10.9	5.1
Restoration and environmental rehabilitation – current		
Balance at the beginning of the year	34.9	13.1
Provisions made during the year	7.8	22.9
Payments made during the year	(8.7)	(0.9)
Net foreign currency exchange differences	(0.8)	(0.2)
Balance at the end of the year	33.2	34.9
Restoration and environmental rehabilitation – non-current		
Balance at the beginning of the year	30.9	27.6
Provisions made during the year	1.2	2.0
Unwind of discount	1.5	1.3
Balance at the end of the year	33.6	30.9
Other – current		
Balance at the beginning of the year	15.9	16.7
Provisions made during the year	3.3	–
Transfer to liabilities held for sale	–	(0.5)
Payments made during the year	(10.1)	(7.5)
Transfer from non-current provisions	8.9	7.6
Net foreign currency exchange differences	(2.9)	(0.4)
Balance at the end of the year	15.1	15.9
Other – non-current		
Balance at the beginning of the year	44.7	20.7
Provisions made during the year	11.0	7.6
Unwind of discount	1.5	1.6
Payments made during the year	(0.2)	(0.5)
Transfer to current provisions	(8.9)	(7.6)
Transferred (to)/from investments accounted for using the equity method	(2.6)	23.6
Net foreign currency exchange differences	(3.9)	(0.7)
Balance at the end of the year	41.6	44.7

	CONSOLIDATED	
	2011 \$ millions	2010 \$ millions
23. Issued capital		
Issued and paid up capital		
729,925,990 (2010: 598,952,998) ordinary shares, fully paid	2,261.3	1,724.0
Movements in ordinary issued capital		
Balance at the beginning of the year	1,724.0	1,691.4
10,899,457 (2010: 5,895,282) shares issued under the Dividend Reinvestment Plan	53.1	31.9
Nil (2010: 167,186) shares issued upon the exercise of executive options	–	0.7
172,916 (2010: Nil) shares issued on vesting of rights	0.8	–
119,900,619 (2010: Nil) shares issued under capital raising net of costs	479.8	–
Income tax benefit on capital raising	3.6	–
Balance at the end of the year	2,261.3	1,724.0

During the period, the Group undertook a capital raising of \$479.8 million net of transaction costs of \$11.8 million. The capital raising consisted of a 1 for 5 accelerated renounceable entitlement offer at an offer price of \$4.10 per share. The capital raising resulted in the issue of 68,332,173 ordinary shares under the Institutional Entitlement offer and 51,568,446 ordinary shares under the Retail Entitlement offer.

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.

Movements in employee compensation shares

Balance at the beginning of the year	–	–
670,873 (2010: Nil) shares vested and transferred from share-based payments reserve	3.4	–
670,873 (2010: Nil) shares purchased on-market	(3.4)	–
Balance at the end of the year	–	–

The employee equity compensation account represents the balance of Boral shares held by the Group which as at the end of the year have not vested to Group employees and therefore are controlled by the Group. These shares relate to the Boral Senior Executive Performance Share Plan.

	CONSOLIDATED	
	2011 \$ millions	2010 \$ millions
24. Reserves		
Foreign currency translation reserve	(131.6)	(75.0)
Hedging reserve – cash flow hedges	(0.4)	(1.1)
Other reserve*	(66.3)	–
Share-based payments reserve	38.8	37.2
	(159.5)	(38.9)

* Relates to future consideration on the Cultured Stone acquisition.

NOTES TO THE FINANCIAL STATEMENTS

Boral Limited and Controlled Entities

	CONSOLIDATED	
	2011 \$ millions	2010 \$ millions
24. Reserves (continued)		
Reconciliations		
Foreign currency translation reserve		
Balance at the beginning of the year	(75.0)	(62.9)
Net loss on translation of assets and liabilities of overseas entities	(123.0)	(66.3)
Net gain on translation of long-term borrowings and foreign currency forward contracts net of tax expense \$28.5 million (2010: \$23.2 million)	66.4	54.2
Balance at the end of the year	(131.6)	(75.0)
Hedging reserve		
Balance at the beginning of the year	(1.1)	(8.6)
Transferred to the income statement	0.2	6.5
Transferred to initial carrying amount of hedged item	2.8	3.4
Gains/(losses) taken directly to equity	(2.0)	0.8
Tax expense	(0.3)	(3.2)
Balance at the end of the year	(0.4)	(1.1)
Other reserve		
Balance at the beginning of the year	–	–
Future consideration – Cultured Stone acquisition	(66.3)	–
Balance at the end of the year	(66.3)	–
Share-based payments reserve		
Balance at the beginning of the year	37.2	28.3
Option/rights expense	5.8	8.9
Purchase of employee compensation shares	(3.4)	–
Transfer to share capital on vesting of rights	(0.8)	–
Balance at the end of the year	38.8	37.2

Nature and purpose of reserves

Foreign currency translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the Group, together with foreign exchange differences from the translation of liabilities that hedge the Group's net investment in a foreign subsidiary.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Other reserve

The other reserve relates to future consideration on the Cultured Stone acquisition.

Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options and rights issued.

	CONSOLIDATED	
	2011 \$ millions	2010 \$ millions
25. 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	3.9	8.4
Other items	1.6	1.6
	5.5	10.0

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 and its associates 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 taxation authorities in other jurisdictions in which Boral operates.

The Group has considered all of the above claims and, where appropriate, sought independent advice and believes it holds appropriate provisions.

Deed of Cross Guarantee

Under the terms of ASIC Class Order 98/1418, certain wholly owned controlled entities have been granted relief from the requirement to prepare audited financial reports. Boral Limited has entered into an approved deed of indemnity for the cross-guarantee of liabilities with those controlled entities identified in note 33.

The consolidated statement of comprehensive income and consolidated balance sheet, comprising Boral Limited and controlled entities which are a party to the Deed of Cross Guarantee, after eliminating all transactions between parties to the Deed, at 30 June 2011 are set out in note 37.

NOTES TO THE FINANCIAL STATEMENTS

Boral Limited and Controlled Entities

	CONSOLIDATED	
	2011 \$ millions	2010 \$ millions
26. Commitments		
Capital expenditure commitments		
Contracted but not provided for are payable as follows:		
Not later than one year	32.6	12.2
Later than one year but not later than five years	–	0.1
	32.6	12.3
The capital expenditure commitments are in respect of the purchase of plant and equipment.		
Finance leases		
Lease commitments in respect of finance leases are payable as follows:		
Not later than one year	0.2	0.1
	0.2	0.1
Operating leases		
Lease commitments in respect of operating leases are payable as follows:		
Not later than one year	83.2	90.4
Later than one year but not later than five years	168.2	173.8
Later than five years	30.5	55.8
	281.9	320.0

The Group leases property, equipment and vehicles under operating leases expiring from one to 15 years. Leases generally provide the consolidated entity with a right of renewal at which time all terms are renegotiated. Some leases involve lease payments comprising a base amount plus an incremental contingent rental. Contingent rentals are based on the Consumer Price Index or operating criteria.

27. Employee benefits

BORAL SENIOR EXECUTIVE OPTION PLAN

The Boral senior executive option plan provides for executives to receive options over ordinary shares.

Each option entitles the holder to subscribe for one fully paid ordinary share in the capital of the Company.

Certain further details of the options granted are given in the Directors' Report.

The options are only exercisable to the extent to which the exercise hurdle is satisfied. Different exercise hurdles apply to the various tranches of options and satisfaction of these hurdles is dependent on increases in the Boral share price and dividends which affect the Boral Total Shareholder Return (TSR). The performance of the TSR of Boral Limited is compared to the TSR of a reference group of companies from time to time comprising the ASX Top 100 to determine how many options are exercisable.

Set out below are summaries of options granted under the plan.

Tranche	Grant date	Expiry date	Exercise price*	Balance at beginning of the year Number	Issued during the year Number	Cancelled during the year Number	Exercised during the year Number	Balance at end of the year Number	Vested and exercisable Number
Consolidated – 2011									
(xiii)	29/10/2003	29/10/2010	\$5.52	2,269,010	–	(2,269,010)	–	–	–
(xiv)	29/10/2004	29/10/2011	\$6.55	1,742,200	–	(205,500)	–	1,536,700	–
(xv)	31/10/2005	31/10/2012	\$7.65	2,905,600	–	(352,900)	–	2,552,700	–
(xvi)	6/11/2006	6/11/2013	\$7.27	4,229,100	–	(405,200)	–	3,823,900	1,911,950
(xvii)	6/11/2007	6/11/2014	\$6.78	5,538,100	–	(548,300)	–	4,989,800	4,291,228
				16,684,010	–	(3,780,910)	–	12,903,100	6,203,178

Consolidated – 2010

(xii)	4/11/2002	4/11/2009	\$4.12	143,000	–	–	(143,000)	–	–
(xiii)	29/10/2003	29/10/2010	\$5.57	2,443,280	–	(150,084)	(24,186)	2,269,010	651,296
(xiv)	29/10/2004	29/10/2011	\$6.60	1,894,300	–	(152,100)	–	1,742,200	–
(xv)	31/10/2005	31/10/2012	\$7.70	3,114,000	–	(208,400)	–	2,905,600	–
(xvi)	6/11/2006	6/11/2013	\$7.32	4,486,000	–	(256,900)	–	4,229,100	–
(xvii)	6/11/2007	6/11/2014	\$6.83	5,854,400	–	(316,300)	–	5,538,100	–
				17,934,980	–	(1,083,784)	(167,186)	16,684,010	651,296

* The exercise price of options issued in respect of tranches (xiii) to (xvii) have been amended in accordance with the terms of the Boral senior executive option plan to allow for the impact of the capital raising undertaken during the year, which resulted in a five cent reduction in the exercise price.

Details of options exercised during the financial year and number of shares issued to employees on the exercise of options were as follows:

Tranche	Proceeds \$'000	Number of shares Issued	Fair value per share	Fair value aggregate \$'000
Consolidated – 2011				
None				
Consolidated – 2010				
(xii)	589	143,000	\$5.75	822
(xiii)	135	24,186	\$5.92	143
	724	167,186		965

NOTES TO THE FINANCIAL STATEMENTS

Boral Limited and Controlled Entities

27. Employee benefits (continued)

SHARE ACQUISITION RIGHTS

Share acquisition rights (SARs) were introduced in October 2004 to provide an alternative Long Term Incentive (LTI) to options. SARs are granted to executives 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.

During the current year, SARs were issued under the Boral Long Term Incentive Plan. The SARs issued during the year were each valued at \$2.88 using a Monte Carlo simulation option-pricing formula. The value of SARs awarded has been independently determined at grant date after considering the likelihood of meeting performance hurdles.

The following represents the inputs to the pricing model used in estimating fair value:

	2011	2010
Grant date share price	\$4.30	\$5.35
Risk-free rate	5.26%	5.48%
Dividend yield	3.67%	4.00%
Volatility factor	30%	40%

Set out below are summaries of share acquisition rights granted under the plans.

Tranche	Grant date	Expiry date	Exercise price	Balance at beginning of the year	Issued during the year	Cancelled during the year	Exercised during the year	Balance at end of the year	Vested and exercisable
				Number	Number	Number	Number	Number	Number
Consolidated – 2011									
(i)	29/10/2004	29/10/2011	\$0.00	493,201	–	(55,080)	–	438,121	–
(ii)	31/10/2005	31/10/2012	\$0.00	763,765	–	(92,726)	–	671,039	–
(iii)	6/11/2006	6/11/2013	\$0.00	586,277	–	(87,725)	(260,776)	237,776	–
(iv)	6/11/2007	6/11/2014	\$0.00	739,734	–	(73,127)	(583,013)	83,594	–
(v)	3/11/2008	3/11/2015	\$0.00	2,058,591	–	(472,311)	–	1,586,280	–
(vi)	5/11/2009	5/11/2016	\$0.00	2,679,078	–	(503,022)	–	2,176,056	–
(vii)	12/11/2010	12/11/2017	\$0.00	–	2,994,226	–	–	2,994,226	–
				7,320,646	2,994,226	(1,283,991)	(843,789)	8,187,092	–

Consolidated – 2010

(i)	29/10/2004	29/10/2011	\$0.00	533,982	–	(40,781)	–	493,201	–
(ii)	31/10/2005	31/10/2012	\$0.00	818,538	–	(54,773)	–	763,765	–
(iii)	6/11/2006	6/11/2013	\$0.00	656,479	–	(70,202)	–	586,277	–
(iv)	6/11/2007	6/11/2014	\$0.00	821,993	–	(82,259)	–	739,734	–
(v)	3/11/2008	3/11/2015	\$0.00	2,090,899	–	(32,308)	–	2,058,591	–
(vi)	5/11/2009	5/11/2016	\$0.00	–	2,679,078	–	–	2,679,078	–
				4,921,891	2,679,078	(280,323)	–	7,320,646	–

Executives who held rights were unable to participate in the capital raising. So as to take account of the impact of the capital raising on those rights, the Company made a payment of five cents per right to the holder of rights which vested during the year. The intention of the payment was to 'keep whole' the executives in respect of rights which vested.

During the year ended 30 June 2011, the consolidated entity recognised an expense of \$5.8 million (2010: \$8.9 million) in relation to share-based payments.

27. Employee benefits (continued)

SUPERANNUATION

At 30 June 2011, there were in existence a number of superannuation plans in Australia and overseas established by the Group, or in which the Group participates, for the benefit of employees.

The Boral Industries Inc. Pension Plan is a defined benefit plan. Boral Super is a sub-plan of the Plum Superannuation Fund; it has a defined benefit plan and an accumulation plan.

The principal types of benefit provided for under the Plans are lump sums payable on retirement, termination, death or total disability. Contributions to the Plans by both employees and entities in the Group are based on percentages of the salaries or wages of employees. Entities in the Group contribute to the Plans in accordance with the governing Trust Deeds subject to certain rights to vary, suspend or terminate such contributions and thus are not legally obliged to contribute to those Plans. In the case of the two defined benefit plans, employer contributions are based on the advice of the plans' actuaries.

The Group makes contributions to defined contribution plans. The amount recognised as an expense for the year ended 30 June 2011 was \$46.5 million (2010: \$46.7 million).

The following sets out details in respect of the defined benefit plan only.

The amounts recognised in the balance sheet are determined as follows:

	CONSOLIDATED	
	2011 \$ millions	2010 \$ millions
Net liability for defined benefit obligation at the beginning of the year	(13.4)	(16.5)
Expense recognised in the income statement	(2.6)	(3.5)
Actuarial gains/(losses) recognised in retained earnings	2.8	(1.6)
Employer contributions	5.5	8.1
Net foreign currency exchange differences	0.4	0.1
Net liability for defined benefit obligation at the end of the year	(7.3)	(13.4)

The accrued benefits, fund assets and vested benefits have been determined based on amounts calculated by the actuary projected forward to 30 June 2011.

Contributions to the Boral Super sub-plan and the Boral Industries Inc. plan have been based on actuarial advice. Taking into account these contribution levels, and based on the actuarial assessments and the market values of assets after meeting liabilities, funds are expected to be available to satisfy all benefits that become vested under each of the major plans in the event of:

- (i) termination of the plan;
- (ii) voluntary termination of the employment of each employee on the initiative of that employee; or
- (iii) compulsory termination of the employment of each employee by an entity in the Group.

NOTES TO THE FINANCIAL STATEMENTS

Boral Limited and Controlled Entities

27. Employee benefits (continued)

SUPERANNUATION (continued)

	CONSOLIDATED	
	2011 \$ millions	2010 \$ millions
Reconciliation of the net asset recognised in the balance sheet		
Defined benefit obligation	(73.0)	(82.5)
Fair value of plan assets	65.7	69.1
Net liability	(7.3)	(13.4)
Movements in the present value of the defined benefit obligation		
Balance at the beginning of the year	82.5	83.8
Current service cost	3.9	4.8
Interest cost	3.0	3.4
Contributions by plan participants	0.3	0.3
Actuarial (gains)/losses	(0.7)	6.0
Benefits paid	(13.2)	(15.1)
Net foreign currency exchange differences	(2.8)	(0.7)
Balance at the end of the year	73.0	82.5
Movements in the fair value of plan assets		
Balance at the beginning of the year	69.1	67.3
Expected return on plan assets	4.3	4.7
Actuarial gains/(losses)	2.1	4.4
Employer contributions	5.5	8.1
Contributions by plan participants	0.3	0.3
Benefits paid	(13.2)	(15.1)
Net foreign currency exchange differences	(2.4)	(0.6)
Balance at the end of the year	65.7	69.1
Expense recognised in the income statement		
Current service cost	3.9	4.8
Interest cost	3.0	3.4
Expected return on plan assets	(4.3)	(4.7)
Defined benefit superannuation expense	2.6	3.5
Cumulative amounts recognised in equity before tax		
Balance at beginning of the year	(26.4)	(25.1)
Actuarial gains/(losses)	2.8	(1.6)
Net foreign currency exchange differences	1.5	0.3
Cumulative actuarial losses	(22.1)	(26.4)
Actual return on plan assets	6.4	9.1

27. Employee benefits (continued)

SUPERANNUATION (continued)

Plan assets

The percentage invested in each class of the plan assets was:

	BORAL SUPER SUB-PLAN		BORAL INDUSTRIES INC. PLAN	
	2011	2010	2011	2010
Equity securities	66.7%	66.1%	62.4%	50.7%
Debt securities	29.1%	29.5%	37.6%	49.2%
Property securities	4.2%	4.4%	–	–
Other securities	–	–	–	0.1%

There are no amounts included in the fair value of plan assets relating to Boral Limited's own financial instruments, or any property occupied by, or other assets used by the Group.

Total employer contributions expected to be paid by the Group for the year ending 30 June 2012 are \$3.8 million.

	BORAL SUPER SUB-PLAN		BORAL INDUSTRIES INC. PLAN	
	2011	2010	2011	2010
Principal actuarial assumptions at the balance sheet date				
Discount rate	4.3%	4.3%	5.3%	5.5%
Expected rate of return on plan assets	4.5%	6.6%	7.5%	7.5%
Expected salary increase rate	4.0%	4.0%	3.0%	3.0%

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each asset class. The returns used for each class are net of investment tax and investment fees. The above calculations are performed by a qualified actuary using the projected unit credit method.

Historical information

	CONSOLIDATED				
	2011 \$ millions	2010 \$ millions	2009 \$ millions	2008 \$ millions	2007 \$ millions
Present value of defined benefit obligation	(73.0)	(82.5)	(83.8)	(79.1)	(79.2)
Fair value of plan assets	65.7	69.1	67.3	81.3	91.2
Net asset/(liability)	(7.3)	(13.4)	(16.5)	2.2	12.0
Experience adjustments on plan assets – gain/(loss)	2.1	4.4	(20.4)	(12.0)	6.3
Experience adjustments on plan liabilities – gain/(loss)	0.7	(6.0)	(2.2)	(0.4)	(1.1)

NOTES TO THE FINANCIAL STATEMENTS

Boral Limited and Controlled Entities

28. Loans and borrowings

TERM AND DEBT REPAYMENT SCHEDULE

Terms and conditions of outstanding loans were as follows:

CONSOLIDATED							
				30 June 2011		30 June 2010	
Currency	Effective interest rate 2011	Year of maturity	Carrying amount \$ millions	Fair value \$ millions	Carrying amount \$ millions	Fair value \$ millions	
Current							
US senior notes – unsecured	USD	6.91%	2012	146.4	149.5	–	–
Bank loans – unsecured	USD	0.31%	2011	9.3	9.3	–	–
Bank loans – unsecured	THB	4.47%	2012	7.1	7.1	8.4	8.4
Other loans – unsecured ¹	AUD	–	2012	0.4	0.4	0.4	0.4
Finance lease liabilities	AUD	9.31%	2012	0.2	0.2	0.1	0.1
				163.4	166.5	8.9	8.9
Non-current							
US senior notes – unsecured	USD	6.36%	2014-2020	853.3	916.2	1,271.2	1,349.0
Bank loans – unsecured	THB	4.91%	2012	49.2	49.3	58.5	58.5
Other loans – unsecured ¹	AUD	–	2014	0.7	0.7	1.0	1.0
				903.2	966.2	1,330.7	1,408.5
Total				1,066.6	1,132.7	1,339.6	1,417.4

1 Vendor loan covering the purchase of plant and equipment where instalment repayments by the Boral Group do not include an interest component.

US SENIOR NOTES – UNSECURED

Borrower	Notional amount US\$ millions	Issue date	Interest rate	Maturity date	AUD equivalent \$ millions
Boral USA	152.5	05/2002	6.91%	05/2012	146.4
Boral USA	52.0	05/2002	7.01%	05/2014	48.5
Boral USA	200.0	05/2005	5.42%	05/2015	186.4
Boral USA	53.5	05/2002	7.11%	05/2017	49.9
Boral USA	30.0	04/2008	7.12%	04/2018	28.0
Boral USA	76.2	04/2008	7.22%	04/2020	71.0
Boral Limited	200.0	05/2005	5.52%	05/2017	208.8
Boral Limited	276.0	04/2008	7.12%	04/2018	260.7
Total	1,040.2				999.7

BANK FACILITIES

Syndicated term credit facility

A committed US\$195 million and A\$500 million (aggregate equivalent A\$682 million) syndicated term credit facility is primarily to provide liquidity for general corporate purposes. The maturity date for this facility is 13 February 2015 where the interest rate depending on the currency of denomination is referenced to BBSW or LIBOR.

Bi-lateral loan facilities

Committed THB1,600 million (equivalent A\$49.2 million) credit facility is available to Boral Concrete (Thailand) Limited/Boral Quarry Products (Thailand) Limited respectively. The primary purpose of the THB facility is to provide Boral's Thailand operations with funding for general corporate purposes. The maturity date for this facility is 30 August 2012.

28. Loans and borrowings (continued)

Bank overdraft, lease liabilities and other

The Group operates unsecured bank overdraft facility arrangements in Australia and Asia that have combined limits of A\$23.9 million. The facilities within Australia are conducted on a set-off basis and all facilities are subject to variable rates of interest determined by the lending bank's benchmark interest rate. All facilities are subject to annual review where repayment can occur on demand by the lending bank. Finance leases within Australia are subject to lease terms of various maturities.

For each of the above named facilities, the Group has complied with the respective borrowing covenants throughout the year ended 30 June 2011.

29. Financial instruments

FINANCIAL RISK MANAGEMENT

The Group's business activities are exposed to a variety of financial risks, including those related to credit, liquidity, foreign currency, interest rate and commodity price risks. Derivative instruments are utilised to manage the identified financial risks. The Group does not use derivative or financial instruments for trading or speculative purposes.

Boral's Treasury provides technical assistance to the operating divisions, coordinates access to financial markets and manages financial risks relating to Boral's operating divisions. The use of financial derivatives is controlled by policies approved by Boral's Board of Directors. The policies provide specific direction in relation to financial risk management, including foreign currency, interest rate, commodity price, credit and liquidity risk.

FAIR VALUE

Certain estimates and judgements are required to calculate the fair values. The fair value amounts shown below are not necessarily indicative of the amounts that the Group would realise upon disposal nor do they indicate the Group's intent or ability to dispose the financial instrument.

The following describes the methodology adopted to derive fair values:

Cash flow and fair value hedges

Commodity swaps and options: the fair value is derived using conventional market formulae based on the closing market price applicable to the respective commodity.

Forward exchange contracts and foreign currency swaps: the fair value is derived using conventional market formulae based on the closing market price applicable to the respective currency.

Interest rate swaps: the present value of expected cash flows has been used to determine fair value using yield curves derived from market sources that accurately reflect their term to maturity.

Cash, deposits, loans and receivables, payables and short-term borrowings

The carrying value of these financial instruments approximate fair value given their short-term duration.

Long-term borrowings

The present value of expected cash flows has been adopted to determine fair value using interest rates derived from market sources that accurately reflect their term to maturity.

CREDIT RISK

Exposure to credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on significant customers structured on delegated limits of authority.

Credit risk relating to derivative contracts is minimised through using internationally recognised financial counterparties; the exposure limit is determined with reference to the credit rating assigned by the international credit rating agencies for each respective counterparty. The policy of the Group generally requires that financial transactions are only entered into with institutions having been assigned a long-term credit rating from the credit rating agencies that is at a minimum A-/A3.

NOTES TO THE FINANCIAL STATEMENTS

Boral Limited and Controlled Entities

29. Financial instruments (continued)

CREDIT RISK (continued)

The carrying amount of non-derivative financial assets represents the maximum credit exposure and at the reporting date the maximum exposure was:

	CONSOLIDATED			
	Carrying amount 2011 \$ millions	Fair value 2011 \$ millions	Carrying amount 2010 \$ millions	Fair value 2010 \$ millions
Loans to and receivables from associates	28.2	28.2	86.8	86.8
Trade and other receivables	766.2	766.2	716.1	716.1
Cash and cash equivalents	561.2	561.2	157.0	157.0
	1,355.6	1,355.6	959.9	959.9

The following table indicates maximum credit exposure, the periods in which the cash flows associated with derivative financial assets are expected to occur and the impact on profit or loss:

30 June 2011	CONSOLIDATED							
	Carrying amount \$ millions	Fair value \$ millions	Contractual cash flows \$ millions	6 months or less \$ millions	6-12 months \$ millions	1-2 years \$ millions	2-5 years \$ millions	More than 5 years \$ millions
Derivative financial assets								
Commodity swaps/options designated as cash flow hedges	3.2	3.2	3.2	2.4	0.8	-	-	-
Interest rate swaps designated as fair value hedges	4.3	4.3	4.5	2.1	2.4	-	-	-
	7.5	7.5	7.7	4.5	3.2	-	-	-

30 June 2010	CONSOLIDATED							
	Carrying amount \$ millions	Fair value \$ millions	Contractual cash flows \$ millions	6 months or less \$ millions	6-12 months \$ millions	1-2 years \$ millions	2-5 years \$ millions	More than 5 years \$ millions
Derivative financial assets								
Foreign exchange contracts designated as cash flow hedges	1.0	1.0	1.0	0.6	0.4	-	-	-
Interest rate swaps designated as fair value hedges	10.6	10.6	11.4	2.4	2.7	6.3	-	-
Cross currency swaps designated as fair value hedges	15.2	15.2	20.0	(0.3)	(0.1)	(0.1)	(1.0)	21.5
	26.8	26.8	32.4	2.7	3.0	6.2	(1.0)	21.5

29. Financial instruments (continued)

LIQUIDITY RISK

Policies have been implemented by the Group for the purpose of reducing exposure to liquidity risk. The result of this policy is that a significant proportion of external borrowings have maturities that are greater than five years. The Group maintains committed bank lines of credit that provide committed standby support for the issuance of AUD and USD denominated commercial paper (unutilised at 30 June 2011) and liquidity support for general corporate purposes. The following are the contractual maturities of financial liabilities, including estimated interest payments but excluding the impact of netting agreements:

CONSOLIDATED							
30 June 2011	Carrying amount \$ millions	Contractual cash flows \$ millions	6 months or less \$ millions	6-12 months \$ millions	1-2 years \$ millions	2-5 years \$ millions	More than 5 years \$ millions
Non-derivative financial liabilities							
US senior notes – unsecured	999.7	(1,301.3)	(31.3)	(173.5)	(52.7)	(376.4)	(667.4)
Bank loans – unsecured	65.6	(67.6)	(10.7)	(8.2)	(48.7)	–	–
Other loans – unsecured	1.1	(1.1)	(0.2)	(0.2)	(0.4)	(0.3)	–
Finance lease liabilities	0.2	(0.2)	(0.1)	(0.1)	–	–	–
Future purchase liability – Cultured Stone	63.9	(69.5)	–	–	–	(69.5)	–
Trade and other payables	702.8	(702.8)	(702.8)	–	–	–	–
Derivative financial liabilities							
Foreign exchange contracts designated as cash flow hedges	3.6	(3.6)	(3.0)	(0.5)	(0.1)	–	–
Commodity swaps designated as cash flow hedges	0.1	(0.1)	(0.2)	–	0.1	–	–
Cross currency swaps designated as cash flow hedges	3.9	(4.4)	(0.3)	(0.4)	(0.8)	(2.2)	(0.7)
Cross currency swaps designated as fair value hedges	48.0	(64.8)	(1.3)	(1.5)	(3.0)	(18.1)	(40.9)
Interest rate swaps not designated as hedges for accounting purposes	0.2	(0.2)	(0.2)	–	–	–	–
	1,889.1	(2,215.6)	(750.1)	(184.4)	(105.6)	(466.5)	(709.0)

CONSOLIDATED							
30 June 2010	Carrying amount \$ millions	Contractual cash flows \$ millions	6 months or less \$ millions	6-12 months \$ millions	1-2 years \$ millions	2-5 years \$ millions	More than 5 years \$ millions
Non-derivative financial liabilities							
US senior notes – unsecured	1,271.2	(1,714.6)	(39.4)	(39.4)	(257.3)	(490.1)	(888.4)
Bank loans – unsecured	66.9	(70.8)	(1.1)	(9.5)	(2.1)	(58.1)	–
Other loans – unsecured	1.4	(1.5)	(0.6)	(0.6)	(0.3)	–	–
Finance lease liabilities	0.1	(0.1)	(0.1)	–	–	–	–
Trade and other payables	640.9	(640.9)	(640.9)	–	–	–	–
Derivative financial liabilities							
Foreign exchange contracts designated as cash flow hedges	0.6	(0.6)	(0.6)	–	–	–	–
Commodity swaps designated as cash flow hedges	2.9	(3.0)	(1.8)	(1.2)	–	–	–
Cross currency swaps designated as cash flow hedges	2.7	(3.3)	(0.2)	(0.3)	(0.6)	(1.5)	(0.7)
Interest rate swaps not designated as hedges for accounting purposes	1.8	(1.8)	(0.9)	(0.5)	(0.4)	–	–
	1,988.5	(2,436.6)	(685.6)	(51.5)	(260.7)	(549.7)	(889.1)

NOTES TO THE FINANCIAL STATEMENTS

Boral Limited and Controlled Entities

29. Financial instruments (continued)

LIQUIDITY RISK (continued)

Capital risk management

The capital management objectives of the Group are directed towards ensuring that the Group continues as a financial going concern together with returns to shareholders by the adoption of an appropriate capital structure.

On an ongoing basis, the capital structure is reviewed to ensure that the capital components comprising equity and debt are balanced through payments of dividends, new share issuance, share buy-backs and issue of new debt or redemption of existing debt.

MARKET RISK

Currency risk

The Group is exposed to foreign currency risk. This occurs as a result of firstly, purchases of materials, some plant and equipment and the sale of products denominated in foreign currencies; secondly, the translation of its investment in overseas assets; and thirdly, interest expense related to certain foreign currency denominated borrowings.

The Group adopts policies that ensure exposures to:

- forecast purchases of materials and sale of products denominated in foreign currencies having an aggregate half yearly value in excess of equivalent A\$0.5 million are at a minimum 50% hedged;
- forecast purchases of plant and equipment denominated in foreign currencies having a value in excess of equivalent A\$0.5 million are 100% hedged; and
- net investments, including net intercompany loans, in overseas domiciled investments are hedged, regulatory conditions and available hedge instruments permitting.

The Group uses forward foreign exchange and currency option contracts to hedge foreign exchange risk. Most of the forward exchange and option contracts have maturities of less than one year. Where necessary and in accordance with policy compliance, forward exchange contracts can be rolled over at maturity.

Foreign currency exposure

The Group primarily uses external foreign currency denominated borrowings, cross currency swaps and forward exchange contracts to hedge the Group's net investment in overseas domiciled assets. The related exchange gains/losses on foreign currency movements are taken primarily to the Foreign Currency Translation Reserve.

The Group's foreign currency exposure for overseas assets at balance date was as follows, based on notional amounts:

Currency	CONSOLIDATED					
	USD	Euro	GBP	NZD	THB	IDR
	Equivalent to A\$ millions					
30 June 2011						
Balance sheet						
Net investment in overseas domiciled Boral subsidiaries	162.4	2.1	(1.6)	2.8	(23.3)	58.1
Forward exchange contracts	76.4	-	-	-	-	-
Foreign currency borrowings	(466.1)	-	-	-	-	-
Cross currency swaps	232.1	-	-	-	-	-
	4.8	2.1	(1.6)	2.8	(23.3)	58.1

29. Financial instruments (continued)

MARKET RISK (continued)

Currency	CONSOLIDATED					
	USD	Euro	GBP	NZD	THB	IDR
	Equivalent to A\$ millions					
30 June 2010						
Balance sheet						
Net investment in overseas domiciled Boral subsidiaries	127.0	2.4	(1.8)	3.7	(25.4)	59.8
Forward exchange contracts	171.4	–	–	–	–	–
Foreign currency borrowings	(596.2)	–	–	–	–	–
Cross currency swaps	302.1	–	–	–	–	–
	4.3	2.4	(1.8)	3.7	(25.4)	59.8

The forward exchange contracts taken out to hedge foreign exchange risk of foreign currency dominated interest payments, purchase and sales contracts at balance date were as follows, based on notional amounts:

	Notional amounts AUD		Average exchange rate	
	2011	2010	2011	2010
	\$ millions	\$ millions		
US dollars				
Buy US dollars/sell Australian dollars				
One year or less	56.5	34.3	1.0003	0.8638
One year to two years	1.5	0.5	0.9469	0.8340
Sell US dollars/buy Australian dollars				
One year or less	–	0.8	–	0.7914
Euros				
Buy Euros/sell Australian dollars				
One year or less	7.2	3.5	0.6802	0.5680
Buy Euros/sell US dollars				
One year or less	0.9	–	–	–

The forward exchange contracts are considered to be highly effective hedges as they are matched against underlying interest payments, purchases and sales. Any gains or losses on the forward contracts attributed to the hedged risk are taken directly to equity. When goods and services are delivered, the amount recognised in equity is adjusted to the interest expense, inventory, plant and equipment accounts. There was no significant cash flow hedge ineffectiveness in the current or prior year.

As at balance date, the Group's foreign currency interest payables were hedged using forward exchange contracts. Other foreign currency payables and receivables were immaterial.

The Group's foreign currency cash and deposits were A\$13.4 million at 30 June 2011 (2010: A\$0.7 million). The related exchange gains/losses on foreign currency movements are taken primarily to the income statement.

NOTES TO THE FINANCIAL STATEMENTS

Boral Limited and Controlled Entities

29. Financial instruments (continued)

MARKET RISK (continued)

Sensitivity

At 30 June 2011, had the Australian dollar weakened/strengthened by 10% against the respective foreign currencies where all other variables remain constant, the Group's pre-tax change to earnings would have been a (loss)/gain respectively of around equivalent A\$1.1 million (2010: equivalent A\$0.4 million) and equity would have increased/decreased respectively by around equivalent A\$11.4 million (2010: equivalent A\$29.2 million).

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2011	2010	2011	2010
USD	1.0002	0.8822	1.0728	0.8535
Euro	0.7272	0.6362	0.7404	0.6981
GBP	0.6276	0.5567	0.6667	0.5670
NZD	1.3064	1.2483	1.2953	1.2295
THB	30.3567	29.0267	32.9900	27.6400
IDR	8,776	8,260	9,219	7,733

INTEREST RATE RISK

The Group adopts a policy that ensures between 30% and 70% of its borrowings are subject to interest rates based on fixed rates greater than 12 months in duration. Implementation of interest rate derivative instruments provides the Group with the flexibility to raise term borrowings at fixed or variable interest rates where subsequently these borrowings can be converted to either variable or fixed rates of interest. This achieves fixed interest rate borrowings consistent with the target range of between 30% and 70% of borrowings.

For the Group, interest rate swaps denominated in US dollars and cross currency swaps denominated in Australian and US dollars have been transacted to assist with achieving an appropriate mix of fixed and floating interest rate borrowings. The interest rate derivative instruments mature progressively over the next six years where the duration applicable to the interest rate and cross currency swaps is consistent with maturities applicable to the underlying borrowings.

29. Financial instruments (continued)

INTEREST RATE RISK (continued)

At the reporting date, the interest rate profile of the Group's interest bearing financial instruments was:

	CONSOLIDATED	
	2011 Carrying amount \$ millions	2010 Carrying amount \$ millions
Fixed rate instruments		
US Senior notes – unsecured ¹	999.7	1,271.2
Other loans – unsecured	1.1	1.4
Finance lease liabilities	0.2	0.1
	1,001.0	1,272.7
Variable rate instruments		
Bank loans – unsecured	65.6	66.9
	1,066.6	1,339.6
<p>¹ US\$100 million (equivalent A\$97.5 million) fixed rate senior notes have been swapped to floating rate via an interest rate swap, and US\$225 million (equivalent A\$232.1 million) fixed rate senior notes have been swapped to floating rate via a cross currency swap.</p>		
Interest rate derivatives		
Pay fixed interest rate derivatives		
Pay fixed against US\$ LIBOR	0.2	1.8
Pay variable interest rate derivatives		
Pay floating against US\$ LIBOR	(4.3)	(10.6)
Cross currency swap pay floating US\$ LIBOR	51.9	(12.5)
	47.6	(23.1)

Sensitivity

At 30 June 2011, if interest rates had changed by +/- 1% pa from the year end rates with all other variables held constant, the Group's pre-tax profit for the year would have been A\$0.4 million higher/lower (2010: A\$0.7 million) and the change in equity would have been A\$0.1 million (2010: A\$0.8 million) mainly as a result of a higher interest cost applying to interest rate derivatives.

INTEREST RATES USED FOR DETERMINING FAIR VALUE

Where appropriate, the Group uses BBSW, LIBOR and Treasury Bond yield curves as of 30 June 2011 plus an adequate credit spread to discount financial instruments. The interest rates used are as follows:

	2011 % pa	2010 % pa
Derivatives	0.25–5.69	0.54–5.50
Interest bearing loans and borrowings	0.00–7.22	0.00–7.22
Finance leases	9.31	6.00

NOTES TO THE FINANCIAL STATEMENTS

Boral Limited and Controlled Entities

29. Financial instruments (continued)

COMMODITY PRICE RISK

The Group is exposed to commodity price risk that is associated with the purchase of petroleum, natural gas and aluminium purchases under variable price contract arrangements. The Group adopts a policy that seeks to hedge at least 50% of the price risk exposure covering the forthcoming six months purchases where the underlying commodity purchase exceeds an annualised amount of equivalent A\$10 million.

The Group uses fixed price forward and option contracts to assist with hedging commodity price risk. All of the fixed price forward and option contracts have maturities of less than two years following the balance sheet date.

Commodities hedging activities

Notional value of commodity derivative instruments at year end is as follows:

	CONSOLIDATED	
	2011 \$ millions	2010 \$ millions
Singapore gasoil 0.5%	33.6	35.6
Natural gas (NYMEX)	0.9	5.6
Aluminium – LME	2.8	4.6
Details of balance sheet carrying value/fair value of instruments hedging commodities price risk:		
Assets		
Commodity swaps/options designated as cash flow hedges	3.2	–
Liabilities		
Commodity swaps designated as cash flow hedges	(0.1)	(2.9)
	3.1	(2.9)

The commodity swaps/options are considered to be highly effective hedges as they are matched against forward commodity purchases. The ineffective portion of the hedges transferred to the income statement was A\$0.1 million in 2011 (2010: Nil).

Sensitivity

At 30 June 2011, if the commodity price had changed by +/- 10% from the year end prices with all other variables held constant, the Group's pre-tax earnings for the year would be unchanged (2010: unchanged) and the change in equity would have been A\$3.9 million (2010: A\$4.2 million).

29. Financial instruments (continued)

THE FAIR VALUE HIERARCHY

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices).

Level 3 – Inputs for the asset or liability that are not based on observable market data.

The Group's financial instruments that are measured and recognised at fair value include:

- financial assets, including derivatives used for hedging (commodity swaps, commodity options, interest rate swaps);
- financial liabilities at fair value through profit or loss (interest rate swaps not designated as hedges for accounting purposes);
- financial liabilities, including derivatives used for hedging (forward exchange contracts, commodity swaps, cross currency swaps).

The following table presents the Group's financial assets and liabilities that are measured at fair value:

	Level 1	Level 2	Level 3	Total
30 June 2011	\$ millions	\$ millions	\$ millions	\$ millions
Assets				
Derivatives used for hedging	–	7.5	–	7.5
Total assets	–	7.5	–	7.5
Liabilities				
Derivatives at fair value through profit or loss	–	0.2	–	0.2
Derivatives used for hedging	–	55.6	–	55.6
Total liabilities	–	55.8	–	55.8

	Level 1	Level 2	Level 3	Total
30 June 2010	\$ millions	\$ millions	\$ millions	\$ millions
Assets				
Derivatives used for hedging	–	26.8	–	26.8
Total assets	–	26.8	–	26.8
Liabilities				
Derivatives at fair value through profit or loss	–	1.8	–	1.8
Derivatives used for hedging	–	6.2	–	6.2
Total liabilities	–	8.0	–	8.0

NOTES TO THE FINANCIAL STATEMENTS

Boral Limited and Controlled Entities

30. Key management personnel disclosures

The following were key management personnel of the Group during the reporting period and unless otherwise indicated for the entire period:

DIRECTORS

Current Directors

Catherine Brenner	Non-Executive Director (appointed 15 September 2010)
Brian Clark	Non-Executive Director
Eileen Doyle	Non-Executive Director
Robert Every	Chairman and Non-Executive Director
Richard Longes	Non-Executive Director
John Marlay	Non-Executive Director
Paul Rayner	Non-Executive Director
Mark Selway	Chief Executive

Former Director

Dr Roland Williams held the position of Non-Executive Director until 4 November 2010 on which date he retired from the Board.

EXECUTIVES

Current Executives

Ross Batstone	Divisional Managing Director – Boral Building Products
Michael Beardsell	Divisional Managing Director – Boral Cement
Michael Kane	President and CEO Boral USA
Andrew Poulter	Chief Financial Officer
Murray Read	Divisional Managing Director – Boral Construction Materials

KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensation included in “employee benefits expense” in note 3 is as follows:

	CONSOLIDATED	
	2011 \$'000	2010 \$'000
Short-term employee benefits	6,883.6	11,105.7
Post-employment benefits	420.9	2,789.3
Share-based payments	1,034.2	3,456.4
Long-term employee benefits	75.4	90.2
	8,414.1	17,441.6

June 2010 comparatives include key management personnel for that year.

30. Key management personnel disclosures (continued)

INDIVIDUAL DIRECTORS' AND EXECUTIVES' COMPENSATION DISCLOSURES

Information regarding individual Directors' and executives' compensation is provided in the Remuneration Report section of the Directors' Report.

LOANS TO KEY MANAGEMENT PERSONNEL

There were no loans made or outstanding to key management personnel.

EQUITY INSTRUMENTS

(i) Options provided as remuneration and shares issued on exercise of such options

Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in the Remuneration Report that forms part of the Directors' Report.

(ii) Option holdings

The number of options (being executive options) over ordinary shares in Boral Limited held during the financial year by each Director of Boral Limited and each of the key management personnel of the Group are set out below:

		Balance at the beginning of the year	Granted during the year as remuneration	Exercised during the year	Lapsed/ cancelled during the year	Balance at the end of the year	Vested and exercisable at end of the year
		Number	Number	Number	Number	Number	Number
Current Director							
Mark Selway	2011	–	–	–	–	–	–
	2010	–	–	–	–	–	–
Current Executives							
Ross Batstone	2011	351,470	–	–	(53,970)	297,500	118,376
	2010	351,470	–	–	–	351,470	–
Michael Beardsell	2011	131,500	–	–	(18,400)	113,100	53,514
	2010	131,500	–	–	–	131,500	592
Michael Kane	2011	–	–	–	–	–	–
	2010	–	–	–	–	–	–
Andrew Poulter	2011	–	–	–	–	–	–
	2010	–	–	–	–	–	–
Murray Read ^a	2011	146,400	–	–	(23,200)	123,200	51,114

a Initial shareholding at the date of commencing as an executive included in key management personnel.

NOTES TO THE FINANCIAL STATEMENTS

Boral Limited and Controlled Entities

30. Key management personnel disclosures (continued)

EQUITY INSTRUMENTS (continued)

(ii) Option holdings (continued)

Shares provided on exercise of options

During the financial year, there were no shares issued on the exercise of options granted as compensation.

(iii) Share Acquisition Rights

The number of Share Acquisition Rights (SAR) in Boral Limited held during the financial year by each Director of Boral Limited and each of the key management personnel of the Group are set out below:

		Balance at the beginning of the year	Rights granted during the year	Exercised during the year	Lapsed/ cancelled during the year	Balance at the end of the year	Vested and exercisable at end of the year
		Number	Number	Number	Number	Number	Number
Current Director							
Mark Selway	2011	431,034	303,819	–	–	734,853	–
	2010	–	431,034	–	–	431,034	–
Current Executives							
Ross Batstone	2011	236,100	147,569	(31,287)	–	352,382	–
	2010	153,637	82,463	–	–	236,100	–
Michael Beardsell	2011	98,218	98,672	(14,144)	–	182,746	–
	2010	59,688	38,530	–	–	98,218	–
Michael Kane	2011	–	78,717	–	–	78,717	–
	2010	–	–	–	–	–	–
Andrew Poulter	2011	–	21,701	–	–	21,701	–
	2010	–	–	–	–	–	–
Murray Read ^a	2011	91,430	125,000	(13,495)	–	202,935	–

a Initial holding at the date of commencing as an executive included in key management personnel.

30. Key management personnel disclosures (continued)

EQUITY INSTRUMENTS (continued)

(iv) Share holdings

The number of shares held in Boral Limited during the financial year by each Director of Boral Limited and each of the key management personnel of the Group, including their personally related entities, are set out below:

		Balance at the beginning of the year	Received during the year on the exercise of options/ SARs	Allocation in Non-Executive Directors' Share Plan ^a	Other changes during the year	Balance at the end of the year
		Number	Number	Number	Number	Number
Current Directors						
Catherine Brenner ^b	2011	–	–	–	5,000	5,000
Brian Clark	2011	64,621	–	–	7,316	71,937
	2010	63,914	–	–	707	64,621
Eileen Doyle	2011	1,000	–	–	234	1,234
	2010	–	–	–	1,000	1,000
Robert Every	2011	41,851	–	–	28,370	70,221
	2010	16,851	–	–	25,000	41,851
Richard Longes	2011	22,735	–	–	4,990	27,725
	2010	22,447	–	–	288	22,735
John Marlay	2011	2,000	–	–	2,781	4,781
	2010	–	–	–	2,000	2,000
Paul Rayner	2011	10,345	–	–	17,811	28,156
	2010	7,670	–	–	2,675	10,345
Mark Selway	2011	8,800	–	–	13,064	21,864
	2010	–	–	–	8,800	8,800
Former Director						
Roland Williams ^c	2011	76,680	–	–	5,641	82,321
	2010	74,942	–	–	1,738	76,680

^a Directors will only be entitled to a transfer of the shares in accordance with the terms and conditions of the plan.

^b Initial shareholding at the date of commencing as a Director included in key management personnel.

^c Shareholding at the date of ceasing to be a Director.

NOTES TO THE FINANCIAL STATEMENTS

Boral Limited and Controlled Entities

30. Key management personnel disclosures (continued)

EQUITY INSTRUMENTS (continued)

(iv) Share holdings (continued)

		Balance at the beginning of the year	Received during the year on the exercise of options/ SARs	Other changes during the year	Balance at the end of the year
		Number	Number	Number	Number
Current Executives					
Ross Batstone	2011	561,991	31,287	112,399	705,677
	2010	561,991	–	–	561,991
Michael Beardsell	2011	60,685	14,144	12,137	86,966
	2010	60,685	–	–	60,685
Michael Kane	2011	–	–	–	–
	2010	–	–	–	–
Andrew Poulter	2011	–	–	10,000	10,000
	2010	–	–	–	–
Murray Read ^a	2011	181,495	13,495	36,299	231,289

a Initial shareholding at the date of commencing as an executive included in key management personnel.

	CONSOLIDATED	
	2011 \$'000	2010 \$'000
31. Auditors' remuneration		
Audit services:		
KPMG Australia – audit and review of financial reports	1,428	1,395
Overseas KPMG firms – audit and review of financial reports	445	461
KPMG Australia – other assurance services	90	185
	1,963	2,041
Other services:		
KPMG Australia – taxation services	115	148
KPMG Australia – due diligence	530	515
KPMG Australia – other	8	10
Overseas KPMG firms – due diligence	1,127	59
Overseas KPMG firms – taxation services	95	161
	1,875	893
	3,838	2,934

32. Acquisition/disposal of controlled entities

The following controlled entities were acquired or disposed of during the financial year ended 30 June 2011:

Entities acquired:

	CONSOLIDATED	
	2011 \$ millions	2010 \$ millions
MonierLifetile	88.3	–
Owens Corning Masonry Products LLC	44.2	–
Wagners' Deposit	17.3	–
Miscellaneous acquisitions	2.4	–
Less: Cash acquired	(6.2)	–
Total purchase consideration	146.0	–

Acquisition-related costs in respect of these acquisitions of \$1.9 million are included in other expenses in the income statement for the current year.

i. MonierLifetile

During July 2010, the Group acquired the remaining 50% interest in MonierLifetile LLC, MonierLifetile S.R.L. de C.V. and Tile Service Company LLC ("MonierLifetile").

At 30 June 2010, the Group held an initial 50% interest in MonierLifetile that was recorded as an equity accounted investment. On acquisition of the remaining 50% of MonierLifetile this initial investment was remeasured to fair value in accordance with Australian Accounting Standards.

	\$ millions
Carrying value of equity accounted investment as at acquisition date	36.2
Carrying value of loans to associates as at acquisition date	52.1
	88.3
Fair value of investment as at acquisition date	88.3

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

	\$ millions
Purchase consideration	
Cash paid – purchase price	88.3
Total purchase consideration	88.3
Fair value of net identifiable assets acquired	88.3

NOTES TO THE FINANCIAL STATEMENTS

Boral Limited and Controlled Entities

32. Acquisition/disposal of controlled entities (continued)

i. MonierLifetile (continued)

Assets and liabilities acquired are as follows:

	Acquiree's carrying amount \$ millions	Fair value \$ millions
CURRENT ASSETS		
Cash and cash equivalents	4.2	4.2
Receivables	12.8	12.0
Inventories	20.4	20.0
Other assets	0.6	0.6
NON-CURRENT ASSETS		
Property, plant and equipment	160.3	162.4
Investments	1.9	1.4
Intangible assets	0.1	0.1
Deferred tax assets	–	1.4
Other	0.5	0.1
CURRENT LIABILITIES		
Payables	(17.0)	(18.9)
Provisions	(1.9)	(1.9)
NON-CURRENT LIABILITIES		
Payables	(1.4)	(1.4)
Provisions	(3.6)	(3.4)
Net identifiable assets acquired	176.9	176.6
Equity accounted investment		(36.2)
Loan to MonierLifetile		(52.1)
Total purchase consideration		88.3

During the period from 1 July 2010 to 30 June 2011, MonierLifetile has contributed revenue of \$76.7 million and a loss before interest and tax of \$21.6 million.

32. Acquisition/disposal of controlled entities (continued)

ii. Cultured Stone acquisition

At the end of December 2010, the Group acquired a 50% controlling interest in Owens Corning Masonry Products LLC (“Cultured Stone”), a stone veneer producer in the United States. Under the terms of the agreement, the acquisition of Owens Corning Masonry Products LLC will occur in two stages:

- an initial acquisition of a 50% controlling interest for US\$45 million in December 2010;
- followed by the acquisition of the remaining 50% membership interest for a payment equal to a multiple of 7.0 times 50% of calendar year 2013 EBITDA, subject to a minimum payment of US\$45 million. The present value of the expected payment has been recognised as a liability.

Cultured Stone is the leading stone veneer producer in the United States, with plants in California and South Carolina. Its key products, Cultured Stone, ProStone and Versetta Stone, are sold through distributors across the United States and Canada. This acquisition enables Boral to expand its range of product offerings in the cladding sector. The transaction provides Boral with Board control and management control of operations.

During the period from acquisition to 30 June 2011, Cultured Stone has contributed revenue of \$36.2 million and a loss before interest and tax of \$9.8 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 2010 as the entity’s accounting policies and reporting period 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	44.2
Total purchase consideration	44.2
Fair value of net identifiable assets acquired	44.2

Assets and liabilities acquired are as follows:

	Acquiree's carrying amount \$ millions	Fair value \$ millions
CURRENT ASSETS		
Cash and cash equivalents	2.0	2.0
Receivables	7.1	6.1
Inventories	37.7	30.0
NON-CURRENT ASSETS		
Property, plant and equipment	53.2	45.7
Intangible assets	–	11.3
CURRENT LIABILITIES		
Payables	(4.2)	(5.7)
Provisions	–	(0.5)
NON-CURRENT LIABILITIES		
Provisions	–	(0.4)
Net identifiable assets acquired	95.8	88.5
Less: Non-controlling interest		(44.3)
Total purchase consideration		44.2

The Group elected to recognise the non-controlling interest in Cultured Stone at its proportionate share of the acquired net identifiable assets.

NOTES TO THE FINANCIAL STATEMENTS

Boral Limited and Controlled Entities

32. Acquisition/disposal of controlled entities (continued)

iii. Wagners' Construction Materials assets

During April 2011, an agreement was reached to acquire certain construction materials assets of the Wagners' Group for \$173 million subject to the approval of the transaction by the Australian Competition and Consumer Commission. This acquisition will include five quarries and 19 concrete plants located throughout the Darling Downs, South East Queensland and Townsville regions and fly ash interests in the Darling Downs. The transaction is expected to be completed in the second half of calendar 2011.

The acquisition had the following effect on the Group's assets and liabilities as at 30 June 2011.

	\$ millions
Purchase consideration	
Cash paid – deposit	17.3

Entities disposed:

	Consideration received \$ millions	Interest disposed %	Date of disposal
Boral Formwork and Scaffolding Pty Ltd	33.9	100	Sep 2010

Entities deregistered:

	Date of loss of control
Leo N. Dunn & Sons Pty Ltd (in liquidation)	Feb 2011
Concrete Holdings Pty Ltd (in liquidation)	Feb 2011

Name changes during the financial period:

Blue Circle Southern Cement Ltd	to	Boral Cement Limited
Giroto Precast Pty Ltd	to	Boral Precast Holdings Pty Ltd
Go Crete Pty Ltd	to	Boral Construction Related Businesses Pty Ltd
Midland Brick Company Pty Ltd	to	Boral Bricks Western Australia Pty Ltd
Owens Corning Masonry Products LLC	to	Boral Stone Products LLC
Sawmillers Exports Pty Ltd	to	Boral Timber Fibre Exports Pty Ltd

The following controlled entities were acquired or disposed of during the financial year ended 30 June 2010:

Entities acquired:

There were no material acquisitions of entities during the reporting period.

Entities deregistered:

	Date of loss of control
Australian Chemical Company Pty Ltd (in liquidation)	Mar 2010
Boral B Products Pty Ltd (in liquidation)	Mar 2010
Boral Concrete Products Pty Ltd (in liquidation)	Mar 2010
Boral Windows Pty Ltd (in liquidation)	Mar 2010
Erinbrook Pty Ltd (in liquidation)	Mar 2010
Hi-Quality Concrete Industries Pty Ltd (in liquidation)	Mar 2010
Mainland Cement Pty Limited (in liquidation)	Mar 2010
Mount Lyell Investments Ltd (in liquidation)	Mar 2010

33. Controlled entities

The financial statements of the following entities have been consolidated to determine the results of the consolidated entity.

	Country of incorporation	Beneficial ownership by	
		Consolidated entity 2011 %	Consolidated entity 2010 %
Boral Limited	Australia		
Boral Cement Limited > *	Australia	100	100
Barnu Pty Ltd *	Australia	100	100
Boral Building Materials Pty Ltd > *	Australia	100	100
Boral International Pty Ltd > *	Australia	100	100
PT Jaya Readymix	Indonesia	90	90
PT Pion Quarry Nusantara	Indonesia	100	100
PT Boral Pipe and Precast Indonesia	Indonesia	100	100
PT Boral Indonesia	Indonesia	100	100
MJI (Thailand) Ltd	Thailand	100	100
Boral Concrete (Thailand) Ltd	Thailand	100	100
Boral Quarry Products (Thailand) Ltd	Thailand	100	100
Ratchiburi Enterprise Company Ltd	Thailand	100	100
Boral USA <	USA	100	100
Boral International Holdings Inc.	USA	100	100
Boral Asia Pacific Pte Ltd	Singapore	100	100
Boral Building Services Pte Ltd	Singapore	100	100
Boral Construction Materials LLC	USA	100	100
Ready Mixed Concrete Company	USA	100	100
Boral Best Block LLC	USA	100	100
Sprat-Platte Ranch Co. LLLP	USA	100	100
Morton Lakes LLC	USA	100	100
Aggregate Investments LLC	USA	100	100
BCM Oklahoma LLC	USA	100	100
McCanne Ditch and Reservoir Company	USA	100	100
Boral Industries Inc.	USA	100	100
Boral Finance Inc.	USA	100	100
Boral Timber Inc.	USA	100	100
Boral Lifetile Inc.	USA	100	100
Boral Concrete Tile Inc.	USA	100	100
MonierLifetile LLC ***	USA	100	-
MonierLifetile S.R.L. de C.V. ***	Mexico	100	-
E.U.M. Teja de Concreto Servicio Compania S.R.L. de C.V. ***	Mexico	100	-
Tile Service Company LLC ***	USA	100	-
United States Tile Co.	USA	100	100
Boral Tile LLC	USA	100	100
Boral Bricks Inc.	USA	100	100
Boral Bricks Holdings Inc.	USA	100	100
Boral Bricks of Texas LP	USA	100	100
Boral Benefits Management Inc.	USA	89.47	89.47
Dennis Brick Distributors	USA	50	50

NOTES TO THE FINANCIAL STATEMENTS

Boral Limited and Controlled Entities

33. Controlled entities (continued)

	Country of incorporation	Beneficial ownership by	
		Consolidated entity 2011 %	Consolidated entity 2010 %
Boral Composites Inc.	USA	100	100
Boral Material Technologies Inc.	USA	100	100
BMT Holdings Inc.	USA	100	100
Boral Material Technologies of Texas LP	USA	100	100
Boral Stone LLC ***	USA	100	–
Boral Stone Products LLC ***	USA	50	–
Boral (UK) Ltd	UK	100	100
Boral Investments Ltd	Jersey	100	100
Boral Investments BV	Netherlands	100	100
Boral Industrie GmbH	Germany	100	100
Boral Keramik Wand Und Boden GmbH	Germany	100	100
Boral Mecklenburger Ziegel GmbH	Germany	100	100
Boral Industries Ltd	NZ	100	100
Boral Building Products (NZ) Ltd	NZ	100	100
Boral Australian Gypsum Ltd > *	Australia	100	100
Waratah Gypsum Pty Ltd (in liquidation)	Australia	100	100
Boral Plaster Fixing Pty Ltd *	Australia	100	100
Lympike Pty Ltd *	Australia	100	100
Boral Investments Pty Ltd > *	Australia	100	100
Boral Construction Materials Ltd > *	Australia	100	100
Boral Resources (WA) Ltd > *	Australia	100	100
Boral Contracting Pty Ltd *	Australia	100	100
Boral Construction Related Businesses Pty Ltd > *	Australia	100	100
Boral Resources (Vic) Pty Ltd > *	Australia	100	100
Bayview Quarries Pty Ltd *	Australia	100	100
Boral Resources (Qld) Pty Ltd > *	Australia	100	100
Allen's Asphalt Pty Ltd > *	Australia	100	100
Boral Resources (NSW) Pty Ltd > *	Australia	100	100
Dunmore Sand & Soil Pty Ltd *	Australia	100	100
Boral Recycling Pty Ltd > *	Australia	100	100
De Martin & Gasparini Pty Ltd > *	Australia	100	100
De Martin & Gasparini Concrete Placers Pty Ltd *	Australia	100	100
De Martin & Gasparini Pumping Pty Ltd *	Australia	100	100
De Martin & Gasparini Contractors Pty Ltd *	Australia	100	100
Boral Precast Holdings Pty Ltd > *	Australia	100	100
Boral Construction Materials Group Ltd > *	Australia	100	100
Concrite Pty Ltd > *	Australia	100	100
Concrite Holdings Pty Ltd (in liquidation) **	Australia	–	100
Boral Resources (SA) Ltd > *	Australia	100	100
Bitumax Pty Ltd > *	Australia	100	100
Road Surfaces Group Pty Ltd > *	Australia	100	100

33. Controlled entities (continued)

	Country of incorporation	Beneficial ownership by	
		Consolidated entity 2011 %	Consolidated entity 2010 %
Boral Formwork and Scaffolding Pty Ltd ****	Australia	–	100
Alsafe Premix Concrete Pty Ltd > *	Australia	100	100
Boral Transport Ltd > *	Australia	100	100
Leo N. Dunn & Sons Pty Ltd (in liquidation) **	Australia	–	100
Boral Corporate Services Pty Ltd	Australia	100	100
Bitupave Ltd > *	Australia	100	100
Boral Resources (Country) Pty Ltd > *	Australia	100	100
MLOP Pty Ltd (in liquidation)	Australia	100	100
Bayview Pty Ltd *	Australia	100	100
Dandenong Quarries Pty Ltd *	Australia	100	100
Boral Insurance Pty Ltd	Australia	100	100
Boral Johns Perry Ltd (in liquidation)	Australia	100	100
Allen Taylor & Company Ltd > *	Australia	100	100
Oberon Softwood Holdings Pty Ltd > *	Australia	100	100
Duncan's Holding Ltd > *	Australia	100	100
Boral Bricks Pty Ltd > *	Australia	100	100
Boral Masonry Ltd > *	Australia	100	100
Boral Hollostone Masonry (South Aust) Pty Ltd > *	Australia	100	100
Boral Montoro Pty Ltd > *	Australia	100	100
Boral Windows Systems Ltd > *	Australia	100	100
Dowell Australia Ltd (in liquidation)	Australia	100	100
Boral Timber Fibre Exports Pty Ltd > *	Australia	100	100
Boral Shared Business Services Pty Ltd > *	Australia	100	100
Boral Building Products Ltd > *	Australia	100	100
Boral Bricks Western Australia Pty Ltd > *	Australia	100	100

> Granted relief by the Australian Securities and Investments Commission from specified accounting requirements in accordance with Class Order (refer to note 36).

* Entered into cross guarantee with Boral Limited (refer to note 37).

** Deregistered during the year.

*** Acquired during the year.

**** Disposed during the year.

< A Delaware general partnership.

All the shares held by Boral Limited in controlled entities are ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

Boral Limited and Controlled Entities

34. Related party disclosures

CONTROLLED ENTITIES

Interests held in controlled entities are set out in note 33.

ASSOCIATED ENTITIES

Interests held in associated entities are set out in note 12. The business activities of a number of these entities are conducted under joint venture arrangements. Associated entities conduct business transactions with various controlled entities. Such transactions include purchases and sales of certain products, dividends and interest. All such transactions are conducted on the basis of normal commercial terms and conditions.

DIRECTOR TRANSACTIONS WITH THE GROUP

Transactions entered into during the year with Directors of Boral Limited and the Group are within normal employee, customer or supplier relationships on terms and conditions no more favourable than dealings in the same circumstances on an arm's length basis and include:

- receipt of dividends from Boral Limited;
- participation in the Boral Long Term Incentive Plan;
- terms and conditions of employment;
- reimbursement of expenses;
- purchases of goods and services.

A number of Directors of the Company hold directorships in other entities. Several of these entities transacted with the Group on terms and conditions no more favourable than those available on an arm's length basis.

		CONSOLIDATED	
	Note	2011 \$ millions	2010 \$ millions
35. Notes to cash flow statement			
(i) 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 year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:			
Cash and cash equivalents	9	561.2	157.0
		561.2	157.0
(ii) Reconciliation of net profit/(loss) to net cash provided by operating activities:			
Net profit/(loss)		165.4	(89.3)
Adjustments for non-cash items:			
Depreciation and amortisation		245.0	252.6
Discount unwinding		4.1	2.9
Gain on sale of assets		(30.0)	(16.9)
Impairment of assets, businesses and demolition costs		73.9	247.9
Net insurance proceeds		(33.4)	–
Share-based payment expense		5.8	8.9
Non-cash equity income		(14.3)	48.1
Net cash provided by operating activities before change in assets and liabilities		416.5	454.2
Changes in assets and liabilities net of effects from acquisitions/disposals			
– Receivables		(39.9)	(27.4)
– Inventories		(33.5)	18.3
– Payables		58.9	33.5
– Provisions		(58.8)	(40.5)
– Other		7.5	21.0
Net cash provided by operating activities		350.7	459.1
(iii) The following non-cash financing and investing activities have not been included in the cash flow statement:			
Dividends reinvested under the Dividend Reinvestment Plan		53.1	31.9

(iv) Details of credit standby arrangements and loan facilities are included in note 28.

NOTES TO THE FINANCIAL STATEMENTS

Boral Limited and Controlled Entities

For the year ended 30 June	BORAL LIMITED	
	2011 \$ millions	2010 \$ millions
36. Parent entity disclosures		
RESULT OF THE PARENT ENTITY		
Profit after tax	111.8	69.0
Other comprehensive income after tax	0.1	7.4
Total comprehensive income for the period	111.9	76.4
FINANCIAL POSITION OF PARENT ENTITY		
Current assets	6,858.2	6,428.7
Non-current assets	553.5	568.5
Total assets	7,411.7	6,997.2
Current liabilities	3,628.5	3,565.5
Non-current liabilities	505.6	703.6
Total liabilities	4,134.1	4,269.1
Net assets	3,277.6	2,728.1
Issued capital	2,261.3	1,724.0
Reserves	38.3	38.1
Retained earnings	978.0	966.0
Total equity	3,277.6	2,728.1
PARENT ENTITY CONTINGENCIES		
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	3.9	8.4

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.

Certain entities within the Company 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 Company is the subject of periodic information requests, investigations and audit activity by the Australian Taxation Office (ATO) and taxation authorities in other jurisdictions in which Boral operates.

The Company has considered all of the above claims and, where appropriate, sought independent advice and believes it holds appropriate provisions.

Parent entity guarantees in respect of debts of its subsidiaries

Under the terms of ASIC Class Order 98/1418, certain wholly owned controlled entities have been granted relief from the requirement to prepare audited financial reports. The Company has entered into an approved deed of indemnity for the cross-guarantee of liabilities with those controlled entities identified in note 33.

Parent entity capital commitments

The parent entity does not have any capital commitments for acquisition of property, plant and equipment at 30 June 2011 (2010: Nil).

37. Deed of cross guarantee

The following consolidated statement of comprehensive income and balance sheet comprises Boral Limited and its controlled entities which are party to the Deed of Cross Guarantee (refer to note 33), after eliminating all transactions between parties to the Deed.

	CONSOLIDATED	
	2011 \$ millions	2010 \$ millions
STATEMENT OF COMPREHENSIVE INCOME		
Continuing operations		
Revenue	4,015.2	3,893.5
Profit before income tax expense	518.8	203.6
Income tax expense	(146.6)	(75.4)
Profit from continuing operations	372.2	128.2
Discontinued operations		
Profit/(loss) from discontinued operations (net of income tax)	1.9	(71.8)
Net profit	374.1	56.4
Other comprehensive income		
Actuarial gain on defined benefit plans	1.8	0.5
Exchange differences from translation of foreign operations taken to equity	(31.6)	11.6
Fair value adjustment on cash flow hedges	1.1	10.7
Income tax relating to components of other comprehensive income	(0.9)	(3.4)
Total comprehensive income	344.5	75.8
Attributable to:		
Members of the parent entity	344.5	75.8
Non-controlling interest	-	-
	344.5	75.8
Reconciliation of movements in retained earnings		
Balance at the beginning of the year	1,365.5	1,383.1
Net profit attributable to members of the parent entity	374.1	56.4
Dividends recognised during the year	(101.0)	(74.3)
Actuarial gains on defined benefit plans, net of tax	1.3	0.3
Balance at the end of the year	1,639.9	1,365.5

NOTES TO THE FINANCIAL STATEMENTS

Boral Limited and Controlled Entities

37. Deed of cross guarantee (continued)

	CONSOLIDATED	
	2011 \$ millions	2010 \$ millions
BALANCE SHEET		
CURRENT ASSETS		
Cash and cash equivalents	497.5	114.7
Receivables	680.3	636.5
Inventories	466.8	449.6
Other	77.7	55.8
Assets classified as held for sale	–	59.5
TOTAL CURRENT ASSETS	1,722.3	1,316.1
NON-CURRENT ASSETS		
Receivables	3.3	12.9
Inventories	93.5	87.6
Investments accounted for using the equity method	240.2	258.5
Other financial assets	2,289.0	2,294.4
Property, plant and equipment	2,350.3	2,309.9
Intangible assets	114.2	112.6
Other	46.7	61.7
TOTAL NON-CURRENT ASSETS	5,137.2	5,137.6
TOTAL ASSETS	6,859.5	6,453.7
CURRENT LIABILITIES		
Payables	1,360.6	1,534.3
Loans and borrowings	147.2	16.4
Current tax liabilities	121.5	101.1
Provisions	197.3	220.0
Liabilities classified as held for sale	–	9.9
TOTAL CURRENT LIABILITIES	1,826.6	1,881.7
NON-CURRENT LIABILITIES		
Payables	68.2	22.1
Loans and borrowings	854.0	1,272.1
Deferred tax liabilities	162.2	120.1
Provisions	81.4	73.0
TOTAL NON-CURRENT LIABILITIES	1,165.8	1,487.3
TOTAL LIABILITIES	2,992.4	3,369.0
NET ASSETS	3,867.1	3,084.7
EQUITY		
Issued capital	2,261.3	1,724.0
Reserves	(34.1)	(4.8)
Retained earnings	1,639.9	1,365.5
TOTAL EQUITY	3,867.1	3,084.7

38. Subsequent events

(i) Sunshine Coast Quarries acquisition

On 19 July 2011, the Group announced it has reached an agreement to acquire the quarry and concrete assets of Sunshine Coast Quarries, including a large scale quarry at Moy Pocket, a smaller quarry at Wondai and a concrete plant at Gympie on a cash free, debt free basis for consideration of \$81.5 million.

Completion remains subject to clearance from the Australian Competition and Consumer Commission on terms acceptable to Boral, and the finalisation of certain procedural issues. The transaction is expected to be completed in the second half of calendar 2011.

(ii) Lafarge Boral Gypsum in Asia Sdn Bhd acquisition

Subsequent to year end, the Group announced that it had reached an agreement with Lafarge to acquire the remaining 50% shareholding in Lafarge Boral Gypsum in Asia Sdn Bhd (LBGA) for consideration of €429 million (A\$598 million) on an enterprise basis, €380 million (A\$530 million) after adjusting for net debt and non-controlling interests. Existing debt facilities will be used to fund the acquisition. As part of the acquisition, the Group will be required to fair value its existing equity investment in LBGA.

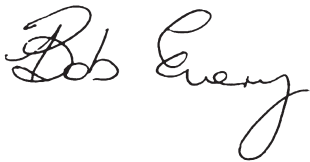
STATUTORY STATEMENTS

Boral Limited and Controlled Entities

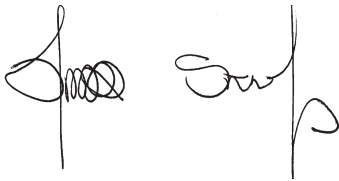
Directors' Declaration

1. In the opinion of the Directors of Boral Limited:
 - (a) the consolidated financial statements and notes set out on pages 64 to 135 and the Remuneration Report in the Directors' Report, set out on pages 48 to 62, are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2011 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*;
 - (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
2. There are reasonable grounds to believe that Boral Limited and the controlled entities identified in note 33 will be able to meet any obligations or liabilities to which they are or may become subject by virtue of the Deed of Cross Guarantee between Boral Limited and those controlled entities pursuant to ASIC Class Order 98/1418.
3. The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the chief executive and chief financial officer for the financial year ended 30 June 2011.
4. The Directors draw attention to note 1 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:



Bob Every
Director



Mark Selway
Director

Sydney, 5 September 2011



Independent Auditor's Report to the Members of Boral Limited

Report on the Financial Report

We have audited the accompanying financial report of Boral Limited ("the Company"), which comprises the consolidated balance sheet as at 30 June 2011, and consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 38 comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 1, the Directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These 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 is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

- (a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*;
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in clause 19 of the Directors' Report for the year ended 30 June 2011. 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 2011 complies with section 300A of the *Corporations Act 2001*.

KPMG

Sydney, 5 September 2011

Greg Boydell
Partner

SHAREHOLDER INFORMATION

Boral Limited and Controlled Entities

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 questions to the share registry via email.

Internet
www.linkmarketservices.com.au
email
boral@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 2010/11 year of 7.0 cents per share will be paid by Boral on 27 September 2011. 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 acquire 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 (TFN), 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 Chief Commissioner of State Revenue under the *Unclaimed Money Act 1995*.

If you wish your dividends to be paid directly to a bank, building society or credit union account in Australia or New Zealand, 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.

Boral is planning to introduce direct credit as the preferred means of paying dividends in the future, moving away from paying dividends by cheque for shareholders with registered addresses in Australia and New Zealand. This is expected to be effective from the 2012 interim dividend payment (expected to be paid in March 2012), and further information will be provided to shareholders in due course.

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 (CHESS): 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 CHESS. 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. Shareholders requiring replacement holding statements should be directed to their controlling participant.

Shareholders communicating with the share registry should have to hand their Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as it appears on the Issuer Sponsored/CHESS holding statements or dividend advices. For security reasons, shareholders should keep their Securityholder 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, and can nominate to receive email notification of the release of the Annual Report and then access it via a link. The share registry can provide forms for making annual report delivery elections.

While companies are not required to send annual reports to shareholders other than those who have elected to receive them, any shareholder who has not made an election is sent an easy-to-read summary of the Annual Report, called the Shareholder Review.

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 Securityholder 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 (CHESS) 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

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

February – the interim results announcement for the December half year.
August – the annual results announcement for the year ended 30 June.
November – the Annual General Meeting.

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

Corporate Affairs Manager
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 the 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 (ADRs)

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 26 August 2011 Substantial shareholders

UBS AG, by a notice of initial substantial holder dated 30 August 2011, advised that it and its associates were entitled to 40,476,350 ordinary shares (effective 26 August 2011).

National Australia Bank Limited, by a notice of change of interests of substantial holder dated 30 August 2011, advised that it and its associates were entitled to 63,345,673 ordinary shares (effective 25 August 2011).

Franklin Resources Inc., by a notice of change of interests of substantial holder dated 15 August 2011, advised that it and its associates were entitled to 67,022,531 ordinary shares.

Prudential plc, by a notice of change of interests of substantial holder dated 30 June 2011, advised that it and its associates were entitled to 50,591,949 ordinary shares.

Schroder Investment Management Australia Limited, by a notice of initial substantial holder released 18 April 2011, advised

that it and its associates were entitled to 36,694,141 ordinary shares.

Commonwealth Bank of Australia, by a notice of change of interests of substantial holder dated 15 April 2011, advised that it and its associates were entitled to 52,741,825 ordinary shares.

Ausbil Dexia Limited, by a notice of change of interests of substantial holder dated 9 November 2010, advised that it and its associates were entitled to 44,499,371 ordinary shares.

Distribution schedule of shareholders as at 26 August 2011

Size of shareholding	Number of shareholders	% of ordinary shares
(a) in the categories –		
1 – 1,000	37,764	2.35
1,001 – 5,000	30,523	9.62
5,001 – 10,000	5,463	5.29
10,001 – 100,000	3,139	8.86
100,001 and over	136	73.88
	77,025	100.00
(b) holding less than a marketable parcel (138 shares)		
	7,525	0.05

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

There is no current on-market buy-back of ordinary shares.

Twenty largest shareholders as at 26 August 2011

	Ordinary shares	% of ordinary shares
1 HSBC Custody Nominees (Australia) Limited	135,258,086	18.53
2 National Nominees Limited	124,746,922	17.09
3 JP Morgan Nominees Australia Limited	99,505,154	13.63
4 Citicorp Nominees Pty Limited	60,918,250	8.35
5 Cogent Nominees Pty Limited	19,927,631	2.73
6 Warbont Nominees Pty Limited	15,377,460	2.11
7 PSS Board	10,232,553	1.40
8 RBC Dexia Investor Services Australia Nominees Pty Limited	9,098,357	1.25
9 Queensland Investment Corporation	7,727,962	1.06
10 Australian Foundation Investment Company Limited	4,638,492	0.64
11 CSFB Fourth Nominees Pty Limited	4,230,259	0.58
12 AMP Life Limited	3,840,300	0.53
13 The Senior Master of the Supreme Court (Common Fund No 3 A/C)	3,294,474	0.45
14 Argo Investments Limited	3,266,907	0.45
15 Equitas Nominees Pty Limited	2,781,172	0.38
16 UBS Wealth Management Australia Nominees Pty Limited	1,947,572	0.27
17 Bond Street Custodians Limited	1,920,668	0.26
18 Invia Custodian Pty Limited	1,718,255	0.24
19 Milton Corporation Limited	1,627,462	0.22
20 FETA Nominees Pty Limited	1,503,422	0.21

FINANCIAL HISTORY

Boral Limited and Controlled Entities

30 June	2011 \$ millions	2010 \$ millions	2009 \$ millions	2008 \$ millions	2007 \$ millions	2006 \$ millions	2005 \$ millions	2004 \$ millions	2003 \$ millions	2002 \$ millions
Revenue	4,711	4,599	4,875	5,199	4,909	4,767	4,305	4,150	3,831	3,489
Earnings before interest, tax, depreciation and amortisation (EBITDA) ¹	522	505	539	688	762	823	794	794	672	531
Depreciation and amortisation	245	253	263	240	231	209	191	195	194	188
Earnings before interest and tax ¹	277	252	276	448	531	614	603	600	478	343
Net financing costs ¹	(64)	(97)	(127)	(112)	(111)	(98)	(71)	(66)	(68)	(63)
Profit before tax ¹	213	155	149	336	420	516	532	534	410	280
Income tax expense ¹	(40)	(22)	(17)	(90)	(122)	(153)	(162)	(163)	(126)	(87)
Non-controlling interest	2	(1)	–	1	–	–	(1)	(1)	(1)	–
Net profit after tax ¹	175	132	131	247	298	362	370	370	283	192
Significant items – net of tax	(8)	(222)	11	(4)	–	–	–	–	–	–
Net profit attributable to members of Boral Limited	168	(91)	142	243	298	362	370	370	283	192
Total assets	5,668	5,209	5,491	5,895	5,817	5,587	5,001	4,511	4,038	3,915
Total liabilities	2,512	2,583	2,738	2,985	2,829	2,832	2,594	2,151	1,898	1,966
Net assets	3,156	2,626	2,754	2,910	2,987	2,755	2,407	2,360	2,140	1,950
Shareholders' funds	3,156	2,626	2,754	2,910	2,987	2,755	2,407	2,360	2,140	1,950
Net debt	505	1,183	1,514	1,515	1,482	1,578	1,394	938	764	881
Funds employed	3,662	3,809	4,268	4,425	4,470	4,333	3,800	3,298	2,904	2,831
Dividends paid or declared	105	88	77	202	203	200	197	175	133	109
Statistics										
Dividend per ordinary share	14.5c	13.5c	13c	34c	34c	34c	34c	30c	23c	19c
Dividend payout ratio ¹	60%	67%	59%	82%	68%	55%	53%	47%	47%	57%
Dividend cover ¹	1.7	1.5	1.7	1.2	1.5	1.8	1.9	2.1	2.1	1.8
Earnings per ordinary share ¹	24.4c	22.1c	22.2c	41.4c	50.0c	61.7c	63.4c	63.8c	49.1c	33.7c
Return on equity ¹	5.6%	5.0%	4.8%	8.5%	10.0%	13.2%	15.4%	15.7%	13.2%	9.9%
EBIT to sales ¹	5.9%	5.5%	5.7%	8.6%	10.8%	12.9%	14.0%	14.4%	12.5%	9.8%
EBIT to funds employed ¹	7.6%	6.6%	6.5%	10.1%	11.9%	14.2%	15.9%	18.2%	16.4%	12.1%
Net interest cover (times) ¹	4.4	2.6	2.2	4.0	4.8	6.3	8.5	9.1	7.1	5.4
Gearing (net debt to equity)	16%	45%	55%	52%	50%	57%	58%	40%	36%	45%
Gearing (net debt to net debt plus equity)	14%	31%	35%	34%	33%	36%	37%	28%	26%	31%
Net tangible asset backing per share	\$3.91	\$3.92	\$4.12	\$4.41	\$4.41	\$4.07	\$3.57	\$3.65	\$3.27	\$3.02

1. Excludes the impact of significant items in 2011, 2010, 2009 and 2008.

Results for the years ended 2005 to 2011 have been 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).

Figures may not add due to roundings.

The Annual General Meeting of Boral Limited will be held at the City Recital Hall, Angel Place, Sydney on Thursday 3 November 2011 at 10.30am.

Financial calendar

Ex dividend share trading commences	23 August 2011
Record date for final dividend	29 August 2011
Final dividend payable	27 September 2011
Annual General Meeting	3 November 2011
Half year	31 December 2011
Half year profit announcement	8 February 2012*
Ex dividend share trading commences	17 February 2012*
Record date for interim dividend	23 February 2012*
Interim dividend payable	23 March 2012*
Year end	30 June 2012

* Timing of events is subject to change.



BORAL