Boral Limited

Annual Report 2012

Cover
Trevor Dickens heavy vehicle tipper operator for Boral Logistics.

CONTENTS

BORAL LIMITED

ABN 13 008 421 761

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 and Roof Tiles in Australia and the USA.

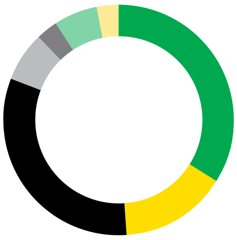
BORAL

- Full year revenue up by 6% to $5.01 billion, reflecting Boral's acquisition of Lafarge's 50% of LBGA
- Full year EBITDA[1] down 9% to $473 million
- Full year EBIT[1] down 28% to $200 million
- Group profit after tax[1] down 42% to $101 million
- Reported net profit after tax up 5% to $177 million
- Net debt $1.52 billion, up from $505 million last year
- Full year dividend of 11.0 cents per share, fully franked
- External market factors in Australia, including a significant second half housing decline, weaker non-residential demand and sustained wet weather had a major impact on earnings, offsetting price increases
- Boral has responded to the changed environment in Australia:
  - 37% reduction in installed brick capacity and 20% reduction in roof tile capacity
  - closure and subsequent divestment of the Galong Lime operations for $25 million
- EBIT contribution from Asian and US operations was in line with expectations
- Boral remains committed to its strategy announced in 2010, demonstrated by:
  - gaining management control of one of the world's leading plasterboard businesses, following acquisition of Lafarge's 50% interest in LBGA for $530 million[2]
  - acquisition of Wagners Construction Materials assets and Sunshine Coast Quarries for $163 million[2] and $81.5 million[2] to strengthen Boral's Australian Construction Materials position
  - divestment of the non-core Indonesian Construction Materials operations for an enterprise value of US$135 million[2] and the north Queensland and Colorado (USA) masonry assets
- Business improvement plans are focused on maximising cash flow and reducing costs including by leveraging Boral's LEAN strategy across all operations
- Our improvement goals and Boral's reshaped portfolio position the business well to profitably leverage recoveries in Australia and the USA
- Boral's Asian plasterboard position provides an exciting growth platform

1 Excluding significant items. Profit before significant items is a non-IFRS measure reported to provide a greater understanding of the underlying business performance of the Group. Full details of significant items are contained in Note 4 of the Financial Statements.
2 Before completion adjustments.

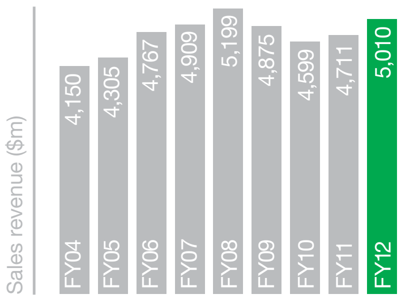
Financial Results

EXTERNAL REVENUE BY MARKET

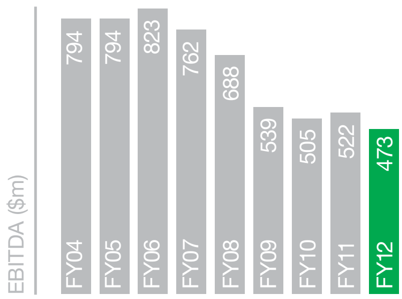


- Australian dwellings
- Australian non-dwellings
- Australian engineering and construction
- USA dwellings
- USA non-dwellings and engineering
- Asia[1]
- Other

SALES REVENUE[1]



EBITDA[2]

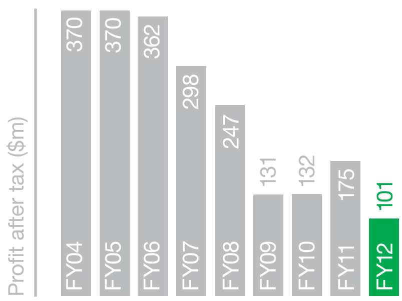


EXTERNAL REVENUE BY SEGMENT

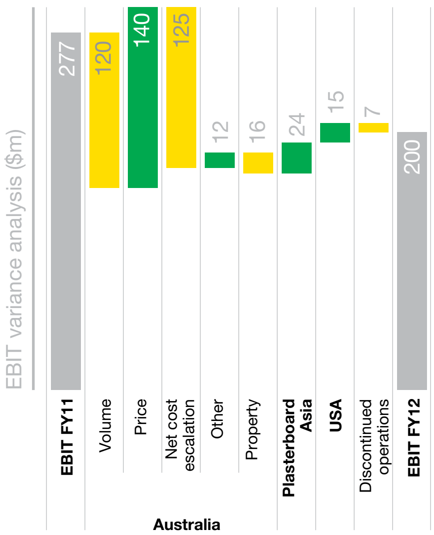
- Construction Materials
- Cement
- Building Products
- Plasterboard Asia[1]
- USA
- Discontinued

EBIT[2]

PROFIT AFTER TAX[2]



EBIT[2] VARIANCE ANALYSIS



Volume

An approximate $120m EBIT decline was due to lower volumes in Australia, with around $80m in Building Products, as a result of the severe decline in housing activity. Volume declines in Western Australia and South Australia particularly impacted Construction Materials and the closure of BlueScope Steel's Port Kembla furnace had a net $6m EBIT impact in Boral Cement.

Price

Stronger prices across most Australian businesses resulted in increased EBIT of around $140m. Building Products prices were 2-3% higher (except softwood and woodchips), concrete prices were up 7%, and quarry prices were up 11% on average. Cement prices were steady, constrained by the high AUD.

1 Includes revenue from Plasterboard in Asia from 9 December 2011.
2 Excluding significant items.

RESULTS AT A GLANCE

YEAR ENDED 30 JUNE (A$ MILLION)	2012	2011	% change
Revenue	**5,010**	4,711	6
EBITDA[1]	**473**	522	(9)
EBIT[1]	**200**	277	(28)
Net interest	**(88)**	(64)	(39)
Profit before tax[1]	**111**	213	(48)
Tax[1]	**(9)**	(40)	
Non-controlling interests	**(1)**	2	
Profit after tax[1]	**101**	175	(42)
Net significant items	**75**	(8)	
Net profit after tax	**177**	168	5
Cash flow from operating activities	**133**	351	
Gross assets	**6,500**	5,668	
Funds employed	**4,921**	3,662	
Liabilities	**3,096**	2,512	
Net debt	**1,518**	505	
Stay-in-business capital expenditure	**192**	235	
Growth capital expenditure	**222**	111	
Acquisition capital expenditure[2]	**701**	146	
Depreciation and amortisation	**273**	245	
Employees[3]	**14,740**	15,277	(4)
Revenue per employee, $ million	**0.340**	0.308	10
Net tangible asset backing, $ per share	**3.31**	3.91	
EBITDA margin on revenue[1], %	**9.4**	11.1	
EBIT margin on revenue[1], %	**4.0**	5.9	
EBIT return on funds employed[1], %	**4.1**	7.6	
Return on equity[1],%	**3.0**	5.6	
Gearing			
Net debt/equity, %	**45**	16	
Net debt/net debt + equity, %	**31**	14	
Interest cover[1], times	**2.3**	4.4	
Earnings per share[1], ¢	**13.6**	24.4	
Dividend per share, ¢	**11.0**	14.5	
Safety[4], per million hours worked			
Lost time injury frequency rate	**1.8**	2.0	
Recordable injury frequency rate	**19.0**	21.4	

Costs
Net cost escalations of approximately $125m in Australia were a result of operational inefficiencies from sustained rainfall, higher costs of working in regional markets, underlying inflationary cost increases, and an extra $7m of distribution costs while commissioning the Port Melbourne Plasterboard plant. Cost increases were only partially offset by cost savings from restructuring and other initiatives.

Property
EBIT contribution from Property reduced by $16m compared with the prior year.

Asia
A $24m increase in EBIT from Asia reflects the part year consolidation of earnings from Boral Gypsum Asia and increased underlying earnings.

USA
USA EBIT losses decreased by $15m, reflecting a 20% lift in housing starts and a reduction in plant and overhead costs following further restructuring.

Discontinued operations
Discontinued operations, which include Masonry east and Asian Construction Materials, had a negative $7m impact on EBIT.

FY2012 KEY ANNOUNCEMENTS

17 AUGUST 2011
Boral announced a profit after tax excluding significant items of $173 million and a net profit after tax of $166 million for the year ended 30 June 2011.

18 OCTOBER 2011
Boral announced it had received ACCC clearance to acquire the quarry and concrete assets of Sunshine Coast Quarries for $81.5 million.

8 NOVEMBER 2011
Boral announced it had received clearance from the ACCC for the acquisition of Wagners Construction Materials assets in Queensland for $163 million.

8 DECEMBER 2011
Boral announced the completion of the acquisition of Wagners Construction Materials assets in Queensland following ACCC clearance for the transaction.

9 DECEMBER 2011
Boral announced it had completed the acquisition of Lafarge's interest in Lafarge Boral Gypsum Asia.

1 FEBRUARY 2012
Boral announced that it had reached agreement to sell the Indonesian construction materials business for an enterprise value of US$135 million to Siam Cement Group.

28 FEBRUARY 2012
Boral announced a Group profit after tax of $67 million (excluding significant items) and a net profit after tax of $153 million for the half year ended 31 December 2011.

20 APRIL 2012
Boral announced a trading update.

22 MAY 2012
Boral announced that its Chief Executive Mark Selway had stepped down from his role, and that Ross Batstone, previously Divisional Managing Director, Boral Building Products had been appointed Chief Executive Officer on an interim basis pending an international search for a permanent CEO.

7 JUNE 2012
Boral announced the contract arrangements for Boral's new Chief Executive Officer, Mr Ross Batstone.

27 JUNE 2012
Boral announced a trading update.

Figures relate to the total Group including continuing and discontinued operations

1 Excluding significant items.
2 Net of $63 million cash acquired in BGA.
3 Includes 2,645 employees from acquisitions during FY2012.
4 Includes employees and contractors combined.

Chairman's Review

The Board believes the next phase for Boral is one of consolidation to ensure the benefits of recent portfolio restructures and changes implemented in the past two years can be realised as markets recover.

Dr Bob Every, AO Chairman

The past year has been a difficult one for the Company as it continued to face tough trading conditions at the same time as dealing with significant business and organisational change.

Further adjustments to Boral's business portfolio were made throughout the year in response to economic conditions and industry changes. Divestments of non-core and under-performing assets continued while a number of acquisitions were made to strengthen Boral's core market positions. This will deliver considerable value when markets recover.

CEO Succession

A change in leadership took place towards the end of the financial year. Mark Selway stood down as Chief Executive in May 2012 after joining the Group in January 2010. Mark drove valuable change management and process improvements through the organisation and implemented portfolio restructuring through divestments and acquisitions.

Ross Batstone, who was then the Divisional Managing Director of Boral Building Products, was appointed as Boral's Chief Executive Officer. Ross, who was planning to retire, agreed to extend that time period to July 2013 to make sure we had sufficient time to do a thorough search both internally and externally for Boral's Chief Executive Officer.

In September 2012, the Board announced the appointment of Mike Kane to the position of Chief Executive Officer and Managing Director, effective 1 October 2012.

With two and a half years of executive experience with Boral running the US business under extremely difficult market conditions, Mike has proven leadership and business improvement skills, knowledge of the organisation and commitment to Boral's strategy. Previously Chief Executive Officer at Calstar Products and Pioneer USA, Mike has extensive industry experience in the USA, Europe and Asia having also spent 24 years in senior executive roles at US Gypsum, Hanson Building Materials, Johns-Manville Corp and Holcim.

On behalf of the Board, I acknowledge the critical role played by Ross Batstone during the Chief Executive transition process and thank him for his unflagging support and the professionalism he has demonstrated throughout. With extensive senior executive experience managing Boral's businesses and the necessary leadership skills, Ross has done an excellent job harmonising the changes that have taken place over the past two years. I look forward to Ross' continued support in coming months before his planned retirement in July 2013.

Financial Performance

Boral's revenue for FY2012 of $5.0b compares with $4.7 billion in the prior year. Excluding the impact of the acquisition of Lafarge's 50% of the Asian plasterboard business in December 2011, when Boral began consolidating revenue and earnings, revenues of $4.7b were broadly flat.

Boral's earnings before interest and tax (EBIT) of $200m before significant items declined by $77m on last year. The severe decline in Australian residential activity in the second half, combined with weather-related delays, significantly reduced sales volumes of building products, increased the cost of production and caused an adverse shift in Boral's sales mix. Property earnings of $12m were $16m lower than last year as an anticipated sale did not occur prior to 30 June 2012.

Depreciation of $273m was $28m higher than the prior year. Boral's earnings before interest, tax, depreciation and amortisation (EBITDA) of $473m before significant items was $49m or 9% below last year, reflecting strength in Boral's underlying trading cash flows. Operating cash flow of $133m however, was $218m below last year due to higher interest payments, prior year tax refunds and higher acquisition and restructuring costs.

Boral's profit after tax before significant items of $101m was 42% below last year. There were a number of significant items totalling $75m in FY2012, which brought Boral's net profit after tax and significant items to $177m, a 5% increase on the prior year.

Underlying earnings per share before significant items reduced to 13.6 cents from 24.4 cents in FY2011. The Board has resolved to pay a final dividend of 3.5 cents per share, bringing the full year dividend to 11 cents per share (fully franked) compared to 14.5 cents in FY2011.

Strategy & Structure

Boral remains committed to its strategy announced in 2010 to focus on markets with higher returns and where Boral has the realistic potential to lead and grow. Following the divestments, acquisitions and process improvements made in the past two years, Boral's reshaped portfolio is significantly enhanced and more focused.

In December 2011, the $530m[1] acquisition of Lafarge's 50% share of the Asian plasterboard business, now known as Boral Gypsum in Asia (BGA), was completed. BGA commands leadership positions throughout Asia and includes 20 modern, well equipped manufacturing facilities operating in eight countries. During the year Boral also completed the $163m[1] acquisition of Wagners Concrete & Quarries and the $81.5m[1] acquisition of Sunshine Coast Quarries, to strengthen Boral's leading southern Queensland materials position.

During the year, we announced the divestment of the non-core Indonesian Construction Materials operations for an enterprise value of US$135m[1] and our intention to divest Thailand Construction Materials. As lime and limestone volumes declined following the permanent closure of BlueScope Steel's blast furnace at Port Kembla, we closed and subsequently divested the Galong Lime operations for $25m.

In response to changed market conditions, we permanently closed or mothballed considerable capacity in building products in Australia resulting in a 37% reduction in installed brick capacity and a 20% reduction in roof tile capacity. A 70% reduction in masonry production capacity will be delivered following the planned divestment of the East Coast Masonry operations.

We are now consolidating the benefits of recent acquisitions and restructuring and continuing a Group wide performance improvement plan to maximise cash flow from existing assets.

These improvement initiatives will strengthen Boral's strategic business positions by better aligning overhead costs in Australia with Boral's adjusted portfolio, reducing physical inventories and exiting remaining underperforming or marginal positions in low growth markets.

The Board

Beyond changes to the Chief Executive role, the composition of the Board remained unchanged in 2011/12. At the 2011 Annual General Meeting, Brian Clark and Paul Rayner were re-elected to the Board. John Marlay and Catherine Brenner will stand for re-election at this year's Annual General Meeting.

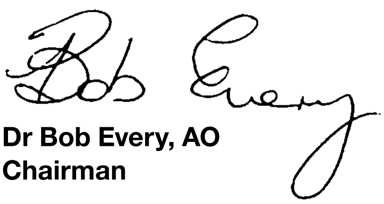
People

Bryan Tisher was appointed as Divisional Managing Director of Boral Building Products in May 2012. With 14 years of executive experience with Boral, Bryan was previously the Executive General Manager of Timber and before that he held the position of Boral General Manager Corporate Development for seven years.

With the appointment of Mike Kane to the Chief Executive Officer position, Al Borm has been appointed as President Boral USA, effective 1 October 2012. Al joined Boral in July 2010 as the President Boral Roofing in the USA and brings a depth of knowledge of the US building and construction industry and extensive experience in logistics, marketing, sales, business development and general management. He has previously worked at US Gypsum, Hanson Building Products America and Oldcastle APG.

While there has been considerable change in the organisation over the past two years, the Board remains confident in the depth of talent and experience of Boral's senior executive team and employees more broadly.

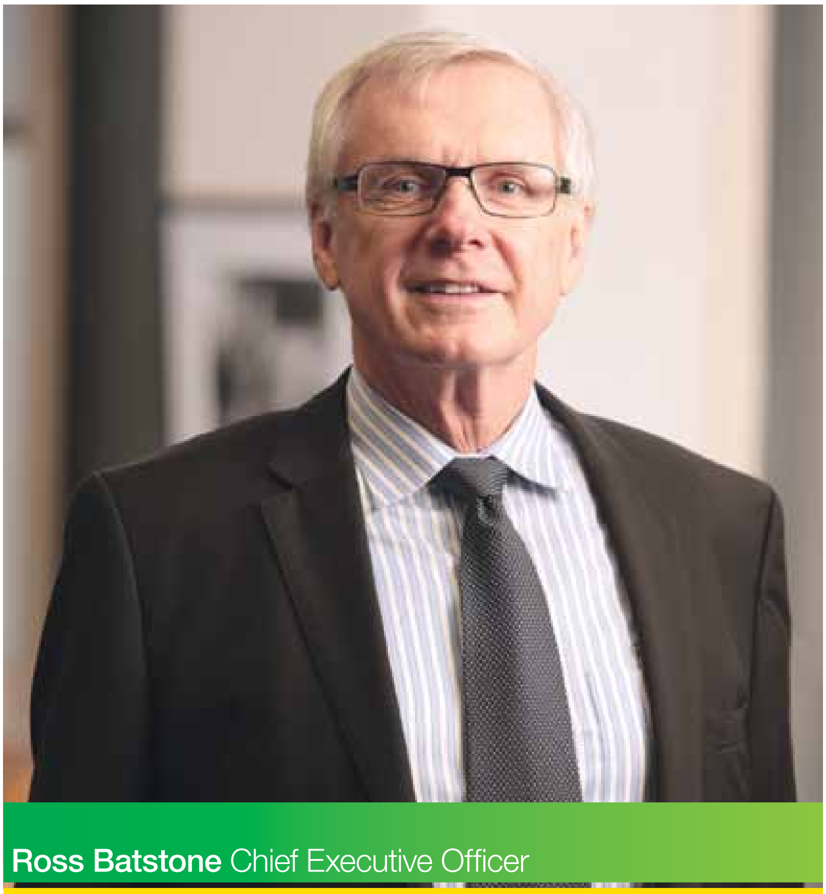
The Board recognises that cost reductions, restructuring, divestments and plant closures are necessary actions but are not always easy to implement, especially when it affects the people in our businesses. On behalf of the Board, I thank Boral's senior executive team and all of Boral's employees for their patience, persistent focus and hard work through these tough times.



Dr Bob Every, AO
Chairman

1. Before completion adjustments.

Chief Executive's Review


Ross Batstone Chief Executive Officer

After 21 years with Boral, I was privileged to be asked to take over as Boral's Chief Executive Officer in May 2012. In the role, I have been working closely with the Board while supporting Boral's people to continue extracting the benefits from our reshaped portfolio and current initiatives.

Boral continues to face considerable external pressures, and there is a great deal to do to deliver improved results. My personal goal has been to ensure that the Company is well placed to leverage its assets and market positions to maximise earnings as markets return to more normalised levels.

Australian market and economic factors impacted returns in FY2012

In the second half of FY2012, Boral's business in Australia experienced a harsh combination of external market conditions. Dwelling starts were much weaker than expected, reaching an annualised rate of 112,000 starts in the March 2012 quarter (compared with 165,500 in FY2010 and 157,500 in FY2011), non-residential activity was down 8% year on year, and extraordinary periods of rain in the eastern states delayed activity and added costs.

Although rain impacted infrastructure project timing and cost of deliveries, activity in roads, highways, subdivisions and bridges was up 7%. Additional infrastructure volumes were underpinned by resource and liquefied natural gas (LNG) projects.

The stronger Australian dollar made imports more competitive, suppressing pricing and reducing margins in Cement and Softwoods as a result of the inability to recover inflationary costs.

Improved trading conditions in Asia and the USA

In Asia, our plasterboard business benefited from continued market growth and penetration into the residential market, with particularly strong growth in Indonesia. Thailand benefited from considerable post-flood reconstruction work in Bangkok.

In the United States, there are positive signs of increasing activity, with FY2012 housing starts 20% above the prior year. Housing activity, however, remained at close to historically low levels at 685,000 starts in FY2012, well below the 50 year annual average of 1.5 million starts.

Boral's performance

Boral's reported profit after tax (PAT)[1] of $101m for the year ended 30 June 2012 was a 42% decrease on the prior year. Boral's net profit after tax (NPAT) of $177m, after significant items of $75m, was 5% higher than last year.

Boral's sales revenue of $5.0b was 6% ahead of the prior year, reflecting Boral's acquisition of Lafarge's 50% interest in the Asian plasterboard business. Excluding the impact of the BGA acquisition, revenues of $4.7b were broadly steady. Price gains across our Australian businesses, contribution from acquisitions and increased volumes in the USA offset Australian volume declines.

Boral's earnings before interest and tax (EBIT)[1] from Australia of $263m was $110m below the prior year. Building Products, with the highest exposure to new housing construction, contributed $62m or 56% of this Australian EBIT[1] decline. Property sales contributed a further $16m or 15% of the decline, with one of the two property sales referred to in Boral's June trading update not occurring. The remaining $32m or 29% of the Australian EBIT decline was split between Construction Materials and Cement, where the impact of weaker building and construction markets and the loss of lime sales was partially offset by increased demand from infrastructure and LNG projects and stronger sales in regional Queensland markets.

EBIT[1] losses in the USA reduced by A$15m to A$84m due to a modest increase in demand, and restructuring to reduce costs. In Asia, Boral Gypsum Asia performed well, contributing A$41m of EBIT[2].

Boral has responded to the changed environment in Australia

Our challenge has been to respond quickly to the "cycle low" sales volumes without compromising our ability to supply the market when demand returns to more normal levels.

In our Building Products business, we have permanently closed 10% of our national brick capacity or 60 million standard brick equivalents (SBE) of capacity with a further 27% of Boral's capacity taken out of service until markets recover. We have closed Boral's roof tile manufacturing plant in Queensland and streamlined overheads.

In Construction Materials, we increased Boral's exposure to regional asphalt, concrete and aggregate markets and resource projects to help offset the impact of a cyclically low residential market, particularly in South East Queensland.

We closed and subsequently sold our lime plant at Galong in New South Wales, following the loss of BlueScope Steel volumes.

We focused on optimising cash flow through tight management of working capital and stay-in-business capital expenditure, particularly in the second half of the year. Our cash flow from operations together with proceeds from the sale of non-core businesses contained year-end net debt and gearing in the second half.

Good progress made in the area of safety

Our safety target is Zero Harm in all of our work places. To achieve this goal, new behaviour-based programs have been implemented in Australia and the USA, with Asia now underway. A single safety management system is currently being rolled out in Australia, initially in New South Wales and South Australia. In FY2012, Boral's Lost Time Injury Frequency Rate (LTIFR) of 1.8 hours per million hours worked improved from 2.0 in the prior year and is the lowest LTIFR for employees and contractors that we have reported.

Progressing Boral's strategy and improvement programs

Progress has been made to deliver Boral's growth strategy that was outlined to the market in July 2010.

Through our acquisitions and capital projects over the past two years, we have reshaped and strengthened Boral's portfolio.

We are continuing to embed LEAN manufacturing processes and a program of Sales and Marketing Excellence throughout the business. The substantial process changes associated with these programs are now being prioritised throughout the business, and greater benefits will be delivered as markets improve.

While we are still facing challenging market conditions, we have accelerated a Boral-wide improvement plan to maximise cash flow and deliver additional cost savings. This initiative will align overhead costs in Australia with Boral's adjusted portfolio, reduce physical inventories by leveraging the principles of LEAN manufacturing, and further strengthen Boral's strategic business positions by exiting remaining underperforming assets.

Our improvement goals, together with Boral's reshaped global portfolio, position the business well to profitably leverage market growth in Australia and the USA and in plasterboard in Asia.

Continuing challenging conditions are expected in FY2013

In Australia, we expect continued buoyant activity in major infrastructure and resources projects but ongoing weak residential and non-residential markets. Continued weak housing demand, particularly for the first half of FY2013, will prove challenging for Building Products. The pricing environment for Cement will remain difficult due to the high Australian dollar and low sea freight prices.

In Asia, continued growth in construction activity is expected, together with further penetration by plasterboard.

In the USA, we expect housing starts to increase in FY2013, biased towards the second half year.

Overall, FY2013 will be a year of consolidating recent portfolio changes while driving forward with Boral's improvement goals. Given ongoing market uncertainty in Australia, a trading update will be provided at Boral's Annual General Meeting in November 2012.

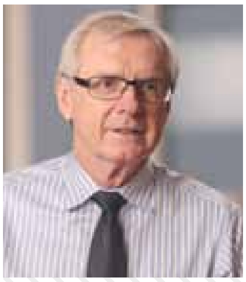
I remain confident in the ability of our people to take our Company forward to achieve our goals. I thank them for their persistence and hard work.

At the end of September, it will be my pleasure to hand over to Mike Kane and to provide him, his leadership team and the Board with my ongoing support to ensure a stable and seamless transition. Having worked with Mike since early 2010, I know that with his experience, commitment and leadership approach, he is the ideal person to lead Boral into the future.

Ross Batstone
Chief Executive Officer

1 Excluding significant items.
2 Includes 50% equity accounted share of LBGA post tax earnings to 9 December 2011 and 100% consolidated EBIT earnings since 9 December 2011.

Group Executives



ROSS BATSTONE
Chief Executive Officer

Ross is 64 and was appointed Chief Executive Officer in May 2012. He was previously the Divisional Managing Director, Boral Building Products from 2010-2012. He has held the roles of Executive General Manager, Plasterboard from 2000-2010 and prior to that was Divisional General Manager, Plasterboard Australia from 1996-2000. Ross was Boral's Divisional General Manager, Roofing from 1991-1995, Chief Executive, Montoro Resources Ltd from 1988-1990 and held various roles at Shell Company of Australia from 1970-1987. He holds chemical engineering and commerce degrees from the University of Queensland.

MURRAY READ
Divisional Managing Director, Boral Construction Materials

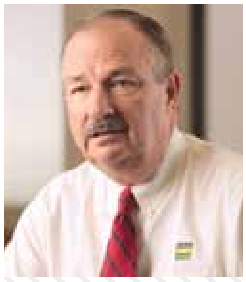
Murray is 50 and was appointed Divisional Managing Director of Boral Construction Materials in July 2010. He was previously Queensland Regional Manager for Boral Construction Materials from 2001-2010. Murray has been with Boral for 28 years, holding roles in the Plasterboard division in Australia and Asia. He holds a Bachelor of Business degree, majoring in Accounting, from the Queensland Institute of Technology.

MIKE BEARDSELL
Divisional Managing Director, Boral Cement

Mike is 54 and was appointed Divisional Managing Director of the Cement division in April 2009. Mike joined Boral in 2001 and had been National General Manager of Blue Circle Southern Cement since 2004. Before joining Boral, Mike held senior roles in Iron Ore Co of Canada, Peak Hill Resources and North Forest Products, Tasmania where he was the Chief Executive. Mike holds a PhD and a Master of Science in industrial forestry operations.

BRYAN TISHER
Divisional Managing Director, Boral Building Products

Bryan is 49 and was appointed Divisional Managing Director, Boral Building Products in June 2012, prior to which he was Executive General Manager, Timber (2007-2012) and General Manager Corporate Development (2000-2007). Before joining Boral, he held a variety of positions at Rio Tinto from 1985-1998. These included roles in project finance, engineering design and construction in a variety of locations including Australia, the USA, Africa and Indonesia. He holds a civil engineering degree (First Class Honours) from Monash University and an MBA from Harvard Business School.



MIKE KANE
President, Boral USA

Mike is 61 and was appointed President of Boral USA in February 2010. He was previously Chief Executive Officer of Calstar Products and Pioneer USA and has extensive experience in the building and construction industry. He has worked for US Gypsum, Hanson, Johns-Manville and Holcim. Mike has a Masters and Juris Doctorate (Law) degree.

FREDERIC DE ROUGEMONT

Chief Executive Officer, Boral Gypsum Asia

Frederic is 53 and was appointed Chief Executive Officer of Boral Gypsum Asia in December 2011 following Boral's acquisition of Lafarge's interest in Lafarge Boral Gypsum Asia (LBGA). He was previously Chief Executive Officer of LBGA from 2009-2011. Prior to this, Frederic held a number of senior roles in his 22 year career with Lafarge, including managing the Cement Ready Mix and Aggregates business in South Africa and the Cement business in South Korea. He was also responsible for Research and Development for the Lafarge Group. Prior to joining Lafarge, he was a scientific researcher for the French National Research Centre and a post-doctorate researcher with IBM Research Labs in the USA. He holds a PhD in Physical Sciences from University of Orsay.

ANDREW POULTER

Chief Financial Officer

Andrew is 57 and was appointed Chief Financial Officer in May 2010 following seven years with Adelaide Brighton. He has previously held senior finance roles with leading construction materials and building products firms including Lafarge and Blue Circle Industries in the UK and the USA. He is a Chartered Accountant and holds an Honours degree in Chemical Engineering and Fuel Technology.

MARGARET TAYLOR

Group General Counsel and Company Secretary

Margaret is 52 and was appointed Group 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 and is a Fellow of the Institute of Chartered Secretaries.

MATT COREN

Group Strategy and M&A Director

Matt is 42 and joined Boral as Group Strategy and M&A Director in December 2010 following a 15 year career in investment banking. In his previous roles with global investment banks, Matt focused on advising clients in industrial sectors on strategy, M&A and capital markets transactions. Matt holds honours degrees in commerce and law from the University of Queensland.

ROBIN TOWN

Group Human Resources Director

Robin is 60 and has been Boral's Group Human Resources Director since June 2001. He was previously President of Boral Material Technologies in the USA from 1999-2001 and Regional General Manager of Boral's Construction Materials business in Queensland from 1996-1999. Prior to joining Boral, he worked in the cement industry with Queensland Cement for 23 years. He holds a chemical engineering degree from the University of Queensland.

Boral's Growth Strategy

GROWING A LEADING GLOBAL SCALE PLASTERBOARD POSITION IN THE ASIA PACIFIC REGION

Reshaping the portfolio and strengthening the core

Over the past two years, Boral's portfolio has been reshaped

In 2010, Plasterboard in Australia and Asia, Bricks and Roof Tiles in Australia and the USA, and Construction Materials and Cement in Australia were identified as attractive markets where Boral has a strong ability to compete.

Since then, through strategic acquisitions and capital investment projects, we have reshaped and strengthened Boral's portfolio. We have created an industry leading, global scale plasterboard position for Boral in the high growth Asia Pacific region. We have strengthened Boral's exterior cladding business in the USA, enhanced Boral's concrete network in Queensland, and strengthened Boral's consented aggregate and sand reserves in New South Wales and Queensland.

We identified Boral's non-core businesses, and our divestment program is well progressed, with divestments over the past two years generating approximately $170m in cash.

ASIA

Purchased Lafarge's 50% interest in Lafarge Boral Gypsum Asia (now BGA) for $530m, establishing Boral's leading plasterboard position in the Asia Pacific region

Acquired 35 million m² capacity plasterboard plant in Shandong (China), which together with 90 million m² of recent and current plasterboard capacity expansions in Chongqing (China), Cilegon (Indonesia) and Ho Chi Minh City (Vietnam), enhances Boral's ability to supply growth markets

Following Construction Materials businesses in Indonesia and Thailand being identified as non-core, the divestment of assets in Indonesia for an enterprise value of $135m was completed in August 2012

MODERNISING BORAL'S AUSTRALIAN PLASTERBOARD INFRASTRUCTURE

STRENGTHENING BORAL'S CONSTRUCTION MATERIALS POSITION

USA

Following Boral's move to 100% ownership of MonierLifetile in FY2011, Boral's USA concrete and clay roof tile operations were restructured and integrated under the banner of Boral Roofing, reducing overheads and improving channels to market

Acquired an initial 50% interest in the market leading Cultured Stone operations from Owens Corning in FY2011, now integrated into Boral's exterior cladding offer in the USA

Divested Masonry assets in Colorado in June 2012

AUSTRALIA

Boral's $200m Peppertree Quarry investment in NSW will be completed in CY2013, providing long term aggregate supply to service the greater Sydney region

Boral's resource and concrete positions have been strengthened in South East Queensland with the acquisitions of Sunshine Coast Quarries for $81.5m and the construction materials assets of Wagners for $163m, in late 2011

Identified East Coast Masonry operations as non-core and divested North Queensland Masonry assets in early 2012; Boral's Masonry capacity will reduce by 70% following remaining divestments

Boral's plasterboard operation at Port Melbourne (Victoria) was upgraded in FY2012, completing the modernisation of Boral's Australian plasterboard infrastructure, providing appropriately scaled, low cost capacity

Closed and subsequently sold the Galong lime operation in New South Wales for $25m following a significant decline in lime demand as a result of BlueScope Steel closing its Port Kembla furnace

Responding to changed market conditions, plant closures and mothballing have reduced Boral's brick capacity in Australia by 37% (with 10% permanently closed), and roof tile operations in Queensland were closed

Boral's strategy to strengthen the core is progressing well

Two years ago, we commenced the introduction of structured programs of operational excellence, and sales and marketing excellence to maximise the potential of Boral's core businesses. Boral's Sales and Marketing Excellence program remains a key focus across the Group and Operational Excellence is also a key priority, with LEAN manufacturing processes and principles now embedded into most of Boral's Australian and USA based operating sites. The roll-out of LEAN in Asia is underway. The full benefits of these programs are being captured in improvement plans and should be delivered when market volumes return.

To further focus and improve assets where Boral can be market leader, we have been exiting underperforming and marginally performing businesses in low growth markets. We have also taken decisive action to more effectively align Boral's production capacity with changed market conditions, through permanent plant closures and mothballing of capacity.

HIGHLIGHTS

PULL SYSTEM REDUCING INVENTORIES

In 2012, we introduced PULL systems into a number of manufacturing facilities across our Cement, Building Products and Construction Materials divisions. PULL is a means of matching production output to true customer demand. The pilot programs have been very successful and resulted in significant improvement in physical stock turns and inventory value.

For example, introducing PULL at Boral's Pinkenba plasterboard plant and our masonry plant at Pooraka in South Australia, resulted in inventory levels reducing by more than half, significantly reducing costs in the distribution system.

LEVERAGING LEAN TO REDUCE COSTS

Using LEAN principles, Boral's Marulan Lime plant has implemented an environmentally friendly solution that eliminates waste and saves an estimated $250,000 in costs annually.

In the process of manufacturing hydrated lime, dust is produced which needs to be contained and removed through a process known as "scrubbing". By identifying LEAN wastes in the process, the team proposed to replace the existing "wet scrubbing" process which was fraught with problems, with a "dry scrubber". As a result, $250,000 in cost savings were achieved through improved energy efficiency, reduced cleaning and water usage and repairs and maintenance. In addition, the increased production capacity of saleable product has a potential revenue benefit to Boral of around $1.2m annually.

Improving Performance

Given continuing challenging conditions, our focus is on accelerating a Group-wide performance improvement plan to maximise cash flow from existing assets.

Focused on leveraging LEAN tools to improve profit, operating cash flow and return on assets, the improvement plan will further strengthen Boral's strategic business positions by:

- better aligning overhead costs in Australia with Boral's adjusted portfolio;
- reducing physical inventories by leveraging LEAN; and
- exiting remaining underperforming or marginal positions in low growth markets.

Divestments of non-core assets made over the past two years have returned approximately $170m of cash. Over the next two years, further non-core divestments and property sales targeting $200–$300m will be actively pursued, with the proceeds to be applied to reducing debt. However, we will not sell assets below their fair value.

The Boral Production System (BPS), or LEAN program, will be leveraged to further reduce inventories through ongoing improvements in matching of production output with true customer demand. LEAN tools are also increasingly being applied to drive operational efficiency across other functions in the businesses, which will facilitate further overhead cost reductions. As markets improve and demand increases, enhanced operational efficiency outcomes will also allow capacity to be increased without the need to expand site facilities.

Other areas of focus will be tightly managing capital expenditure and achieving effective pricing. In FY2013, the Group's capital expenditure will be lower than in FY2012, even allowing for the balance of capital expenditure to complete the Sydney aggregates project at Peppertree Quarry near Marulan in New South Wales. Effective pricing, which includes full recovery of carbon scheme costs in Australia, remains a key priority, given the escalating cost of energy and other inputs such as raw materials and labour.

Our improvement goals, together with Boral's substantially reshaped global portfolio, position the business well to profitably leverage market growth in Australia and the USA and in plasterboard in Asia.

Positioned for Cycle Upturns

The strategic acquisitions and capital investment projects made over the past two years place Boral in a strong position once markets recover.

In Australia, the long term average level of demand is in the range of 150,000 to 155,000 housing starts per annum, while levels as low as 112,000 annualised starts were experienced in the March 2012 quarter. In the USA, FY2012 housing starts of 685,000 compare with the 50 year average annual level of 1.5 million starts.

The historical level of annual dwelling starts is a measure of future demand and Boral is well positioned to leverage a return to such normal "mid-cycle" levels of housing activity in both the USA and Australia. Boral is also well placed to grow through its new plasterboard position in Asia.

In the **USA**, Boral will see strong future earnings leverage from a lift in new house construction in the USA – refer to the accompanying chart and case study.

On balance, management believes that Boral is positioned to earn EBIT levels from **Building Products** in **Australia** of at least that achieved in FY2011 as building activity returns to long term average mid-cycle levels – refer to the accompanying chart and case study.

Boral's **Construction Materials** business in Australia has leading, consented aggregate positions in metro markets and in high growth regional markets exposed to the resource sector, now strengthened in South East Queensland and New South Wales. These positions are well integrated with extensive concrete batching and delivery networks and asphalt operations. The return to long term average mid-cycle building and infrastructure activity should result in the business earning the EBIT levels achieved in FY2011, before taking into account the impact of recent acquisitions and benefits from improvement plans, including LEAN.

Boral's **Cement** business in Australia faces continued EBIT pressure. Flat prices due to the strong Australian dollar and imports are expected while manufacturing costs in Australia rise, including the impact of the price on carbon. The return to long term building activity levels combined with stronger infrastructure activity alone will likely not see earnings return to historical levels, without a significant reduction in costs through more flexible cement supply, options for which are under review.

In **Asia**, Boral is focused on and is well positioned to drive further penetration of plasterboard internal wall partition and ceiling solutions. Growth in existing plasterboard capacity which will be achieved through LEAN, as well as the 75 million m² of capacity expansion underway and delivered through existing distribution infrastructure, will service future sales volume growth. In the medium term, management believes that this should result in revenue and earnings growth at levels that compare with the annual average growth achieved by the business over the last 10 years.

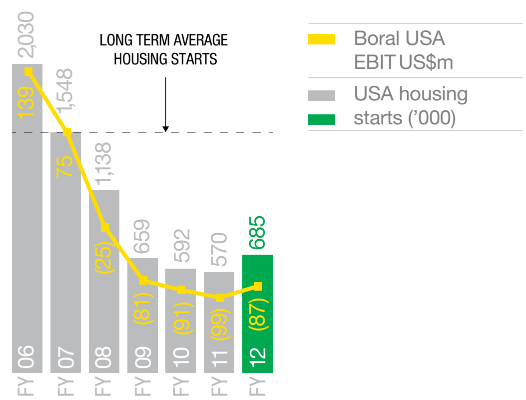
US HOUSING STARTS[3] VERSUS BORAL USA EBIT[1]

Boral USA

In FY2007 when housing starts of 1.55m were close to the 50 year average, Boral USA made US$75m in EBIT; this compares to a loss of US$87m in FY2012 with starts at 685,000.

Comparing FY2009 and FY2012, when housing starts were running at similarly low levels of around 55% below mid-cycle levels, Boral's EBIT losses have reduced by around US$25m, demonstrating the considerable uplift in the underlying business.

Looking forward, the USA business has significantly better leverage in exterior claddings than it did in FY2007, providing increased upside as the housing market recovers. We have lower structural fixed costs, inventories and capital expenditure requirements, and we acquired and integrated Cultured Stone, the leading USA manufactured stone business, and the remaining 50% share of MonierLifetile.



AUSTRALIAN HOUSING STARTS VERSUS BUILDING PRODUCTS EBIT[1]

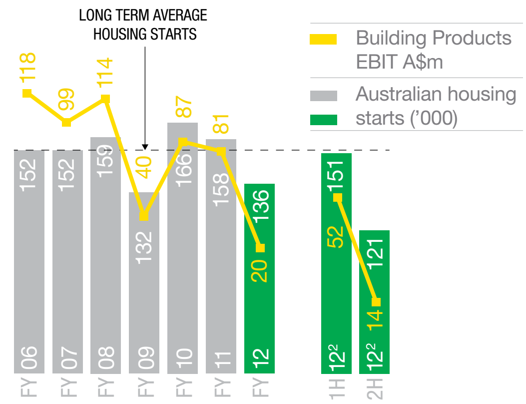
Australian Building Products

Building Products in Australia delivered EBIT of $81m in FY2011 when housing starts were just above long term average levels of 150,000–155,000.

Improvements made to Building Products in FY2012 should have a positive impact on future earnings. These include:

- the modernisation of our Port Melbourne plasterboard plant;
- the closure of higher cost brick capacity;
- the exit from loss making Masonry and Queensland Roofing businesses; and
- the associated reductions in overhead costs, together with the benefits of LEAN.

Boral is positioned to earn EBIT levels of at least that achieved in FY2011 as building activity returns to mid-cycle starts.



1 Excluding significant items.
2 EBIT for 1H2012 and 2H2012 has been annualised for comparison purposes.
3 Source: Original data USA census.

Group Overview

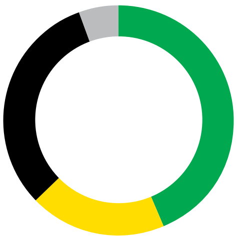
Boral's segment reporting aligns with Boral's new divisional structure.

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.

Share of external sales



Concrete | Asphalt
Quarries | Other

Main markets

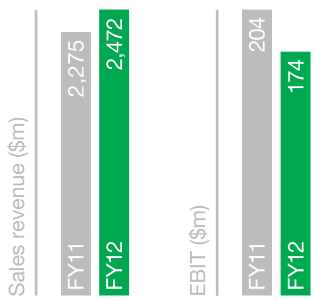
Over 50% of BCM's business is undertaken in the Australian engineering and infrastructure segments, with the majority in the roads, highways, bridges and sub-divisions segment. BCM's remaining revenues are derived from the Australian dwelling and non-dwelling building segments.

Performance

BCM achieved record revenues through increased participation in major projects and flood recovery activity, price gains, and revenue from the acquisitions of Wagners and Sunshine Coast Quarries. EBIT before property sales was down 8%, reflecting lower volumes in key markets, higher costs of working in regional areas and increased operating costs due to adverse weather, offsetting benefits of higher prices.

Strategic priorities

Key priorities are margin improvements and building low cost quarry positions in high growth markets, including commissioning the $200m Peppertree Quarry investment in New South Wales and progressing the development of a new Gold Coast quarry. Improvement efforts will focus on price discipline, reducing fixed costs and working capital, LEAN efficiencies and rationalising underperforming sites.

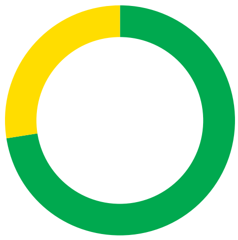


CEMENT

CORE BUSINESS

Boral's Cement division is a leading supplier of cement, lime and fly ash in Australia, and of concrete placing services in New South Wales through De Martin & Gasparini (DMG).

Share of external sales



Cement & Lime
Concrete and placing

Main markets

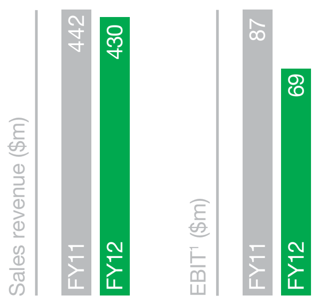
The Cement division derives two thirds of its revenues from the non-dwelling and infrastructure markets, with the remainder from the residential market. Lime is sold to the steel, mining and water treatment industries.

Performance

Revenue was below last year's due to lower demand from civil projects and the steel industry, constrained cement pricing and reduced concrete supply and placement package work in DMG. EBIT was down 21% with the loss of lime and limestone volumes to BlueScope Steel reducing EBIT by a net $6m. The business rationalised assets made redundant through changing market conditions and achieved kiln efficiency improvement.

Strategic priorities

Focus continues to be on operational efficiencies and safety outcomes through implementing LEAN initiatives. Other priorities are to lower the cost of domestic supply and maximise the utilisation of fixed assets.



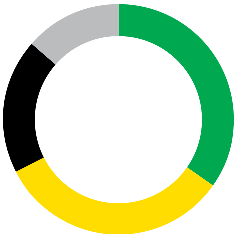
1 Before significant items.
2 Prior to December 2011, Boral's share of LBGA post-tax earnings was equity accounted; post December 2011 BGA revenues and EBIT were consolidated in Boral's accounts.

BUILDING PRODUCTS

CORE BUSINESS

Boral Building Products is a leading supplier of plasterboard, bricks, clay and concrete roof tiles, timber and aluminium windows in Australia and masonry products in Western Australia and South Australia. Boral's windows business, Dowell Windows, is now managed under Building Products.

Share of external sales



Main markets

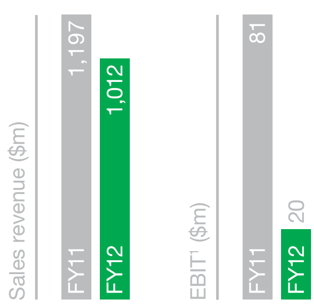
Over 60% of the division's revenues are derived from new housing construction in Australia, with over 20% from alterations and additions. The remaining part of the business is reliant on non-residential activity and exports.

Performance

Building Products was impacted by a further decline in Australian dwelling construction activity, which was particularly marked in the second half of the year. Bricks, Roofing and Masonry businesses were rationalised to align production with reduced demand through plant closures and capacity reductions. The upgrade of the plasterboard plant at Port Melbourne, Victoria was commissioned, securing Boral's long term position as a low cost producer on the east coast.

Strategic priorities

Following reductions in brick and roofing capacity in FY2012, Boral will focus on delivering improvements in operating efficiency through LEAN manufacturing initiatives. Maximising cost reductions and network improvements in plasterboard following the upgrade in Victoria will also be a priority.



PLASTERBOARD ASIA

CORE BUSINESS

Boral Gypsum Asia (BGA) is the leading supplier of plasterboard and internal lining products across Asia, with manufacturing operations in eight countries.

Share of external sales

Main markets

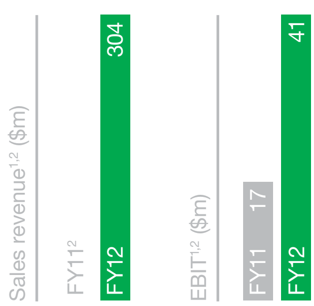
Around 50% of BGA's revenue is from Korea and Thailand. Across BGA's four key markets, more than 50% of revenues are derived from the residential building market, with the remainder attributable to the non-residential market.

Performance

Revenue and EBIT for BGA have been consolidated from 9 December 2011, following the acquisition of Lafarge's 50% interest in LBGA; prior to that EBIT reflects a post-tax equity contribution. EBIT of $41m also reflects improved volumes and sustained margins. During the year, BGA acquired a 35 million m^2 capacity plant in Shandong, China, and completed a plant expansion in Chongqing, China, with further expansion projects underway in China, Indonesia and Vietnam.

Strategic priorities

Maximising the potential of 100% ownership of BGA is a strategic priority. Focus will also be on leveraging capacity expansions and implementing LEAN improvement plans to maximise productivity.

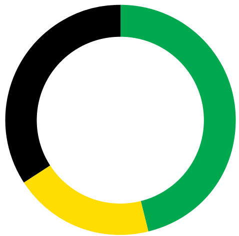


USA

CORE BUSINESS

Boral has the number one position in clay bricks and manufactured stone veneer (Cladding), and in clay and concrete roof tiles (Roofing) in the USA, has strong market positions in construction materials in Oklahoma and Colorado, and operates a fly ash business on a national basis.

Share of external sales



Main markets

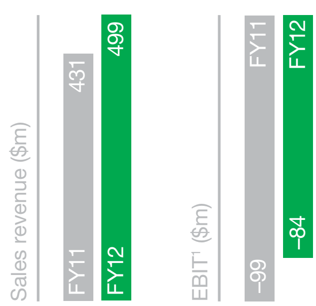
About two thirds of USA revenues are derived from the residential building market, with the remainder attributable to commercial markets and infrastructure construction activity.

Performance

Despite continuing market challenges, the operational performance of Cladding, Roofing and Construction Materials and Fly Ash improved over the prior year. FY2012 results benefited from modest growth in the housing market and continued cost reduction initiatives including plant rationalisations.

Strategic priorities

Boral will continue to position the USA business in preparation for market recovery and growth, including leveraging LEAN processes. Boral Cladding and Roofing plan to deliver benefits from a 'One Boral' strategy while focusing on the successful commercialisation of new, innovative products.



Construction Materials

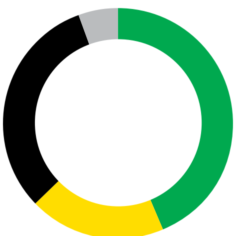
Murray Read Divisional Managing Director

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.

At a glance

Revenue	$2,472m
EBIT	$174m
Employees	4,649
Capital expenditure[1]	$195m

External revenue



1 Excluding acquisitions.

WHAT WE DO

QUARRIES
Boral is Australia's leading quarry operator, with 100 operating 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 240 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 a leading full service supplier of asphalt and technical materials for the surfacing and maintenance of road networks. The division has plants throughout Australia and is a leading supplier to road building and critical public and private construction projects.

LOGISTICS
Construction Materials' logistics operations include an integrated fleet of company-owned and contracted vehicles.

Performance

Construction Materials achieved record revenues of $2.47b, up 9% compared to the prior year. Strong pricing outcomes, supply to major infrastructure projects, Queensland flood recovery work and contributions from Wagners and Sunshine Coast Quarries offset weak residential and commercial markets. Excluding property sales, EBIT of $162m was 8% below last year. Underlying national quarry and concrete volumes were both down 2% on the prior year, while quarry prices increased by an average 11% and concrete prices by 7%. Earnings were negatively impacted by lower volumes in key markets and operational inefficiencies from extended periods of wet weather across the east coast in the second half. Property contributed $12m of EBIT in FY2012, which was below expectation and $16m below the prior year.

Significantly lower residential demand and reductions in major metro projects and regional mobile plant work in Western Australia resulted in a combined $14m lower EBIT contribution from Western Australia and South Australia. Earnings from South East Queensland also fell as higher margin sales volumes, down from weaker housing and non-residential markets, were replaced by lower margin infrastructure projects in South East Queensland (SEQ). Boral also commenced supply to LNG projects at Gladstone, although supply was at a lower pace than expected, with benefits to be more pronounced from FY2013.

Revenue was in line with forecast, but EBIT was lower due to wet weather impacting operating efficiency in the second half of the year.

Revenue from the Asphalt business improved year on year although wet weather severely impacted productivity. Strong outcomes were achieved in regional Queensland (road reconstruction activity), Melbourne (Peninsula Link and the Calder and M80 interchanges) and regional New South Wales (Ballina Bypass), and offset a decline in infrastructure activity in SEQ.

The Sunshine Coast Quarries and Wagners businesses, acquired in October and December 2011 respectively, have been successfully integrated into the underlying business.

The result for Property reflects the sale of surplus land at Donnybrook in Victoria, but anticipated sales elsewhere did not occur prior to 30 June.

Safety results for the year were disappointing, with the full year Lost Time Injury Frequency Rate increasing from 2.8 to 3.1. National programs are in place to enhance safety systems and training, with a key focus on improving safety behaviours at all levels of the organisation.

Market review and outlook

In the year ahead, continued buoyant activity in major infrastructure and LNG projects is expected to be dampened by ongoing weak residential and commercial markets. Construction Materials will benefit from the Queensland LNG projects for the full year, but significant volumes from the Wheatstone Western Australian LNG project will not occur until FY2014.

Widespread improvement programs continue to be implemented within Construction Materials. Implementation of LEAN processes has resulted in increasing efficiencies. Improved price disciplines and processes to reduce margin leakage will continue to impact positively on pricing outcomes. A major program of rationalising underperforming sites is underway to lower costs and enhance portfolio returns. The business is focused on cash generation, margin growth, improving return on assets and building low cost quarry resource positions in high growth markets.

HIGHLIGHTS

ACQUISITIONS

The Wagners and Sunshine Coast Quarries acquisitions were completed at the end of calendar year 2011, strengthening Boral's Construction Materials business in southern Queensland. These acquisitions provide substantial reserves in high growth areas and synergies with our existing operations, and will benefit from development associated with the Surat Basin gas infrastructure project.

FLOOD RECOVERY ACTIVITY

Construction Materials has an extensive network of quarry resource positions throughout Australia. Several of these are intermittently operated dependent on demand. Following the flooding of significant parts of Queensland in early 2011, demand to supply product to the flood recovery programs in regional Queensland increased markedly. Consented resource positions, combined with our capacity to quickly mobilise crushing capacity, facilitated strong participation in this project work.

LIQUEFIED NATURAL GAS PROJECTS

During the year the division commissioned six high capacity concrete plants to supply LNG projects on Curtis Island near Gladstone, in Queensland. Milestone timelines within budget were achieved for the plants. Construction Materials also commenced mobilisation for the Wheatstone LNG project in northwest Western Australia.

Cement

Mike Beardsell Divisional Managing Director

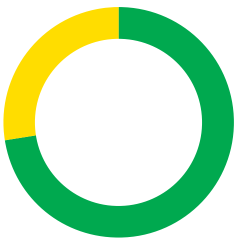
Boral Cement is a leading supplier of cement, lime and fly ash in Australia and of concrete placing services in the New South Wales market through De Martin & Gasparini.

In FY2012 the division was reshaped, with Asian Construction Materials being classified as discontinued operations and De Martin & Gasparini now being managed within the Cement division.

At a glance

Revenue	$430m
EBIT	$69m
Employees	852
Capital expenditure	$47m

External revenue



Cement and Lime
Concrete Placing

WHAT WE DO

CEMENT
Boral has cement manufacturing operations at Berrima in New South Wales and Waurn Ponds in Victoria, and owns 50% of Sunstate Cement in Queensland. Boral supplies bulk cements and cement blends, bagged cements and dry mixes. Quality control, innovation and an ongoing program for continuous improvement have led Boral Cement to a leading position in the Australian cement industry.

LIME
Following the closure and sale of the Galong Lime plant in New South Wales, Boral will be servicing lime demand from its substantial reserves and manufacturing facility at Marulan in New South Wales.

DE MARTIN & GASPARINI
De Martin & Gasparini is a specialist concrete placing business which has been servicing the construction industry, predominantly in the Sydney market, for over 50 years. It has a strong reputation built on its expertise in large pours, detailed formwork design and high strength concrete.

Performance

Boral Cement faced challenging market conditions during the year. Cement revenue of $430m was 3% below that of last year's $442m. Lime and limestone sales fell by 40%, although average prices increased, while cement volumes were marginally lower with prices broadly flat when compared to the prior year. Revenue from De Martin & Gasparini was down despite flat volumes, reflecting a reduction in the proportion of concrete and placing package work.

EBIT of $69m was 21% below last year due to lower lime and limestone volumes, increases in cement input costs and a shift to lower margin segments. Other cost impacts were contained through improvements in operating effectiveness as well as cost reduction projects.

The significant decline in lime sales was due to the closure of BlueScope's Port Kembla No. 6 blast furnace. Boral responded to this changed market condition by closing and subsequently selling its Galong Lime plant. The completion of large infrastructure projects in New South Wales resulted in an adverse shift in cement volumes to lower margin segments. Cement margins were also impacted by increases in input costs, particularly electricity and fuel, and import parity pricing that was capped by the high Australian dollar.

An intensive program to improve safety in the Boral Cement business is continuing. The Lost Time Injury Frequency Rate of 1.3 compares with 0.9 in the prior year, which remains better than Boral's overall performance of 1.8.

Market review and outlook

The outlook for Boral Cement volumes is flat, with housing driven demand improvements in New South Wales offset by weakness in Victoria and continued low volumes in South East Queensland. The pricing environment will remain challenging due to actual and threatened imports, driven by the high Australian dollar and low sea freight prices. Price increases were implemented to recover the impact of the carbon price which came into effect from 1 July 2012.

The return to long term building activity levels combined with stronger infrastructure alone is unlikely to result in earnings returning to historical levels. Options are under review for significantly reducing costs through more flexible cement supply.

De Martin & Gasparini began the new year with a strong order book, including a backlog of projects delayed by rain in FY2012.

Discontinued operations

The Asian Construction Materials activities are reported as discontinued operations following the announcement of the sale of the Indonesian operations and the intention to divest its Thailand Construction Materials business. Divestment of the Asian Construction Materials businesses is part of Boral's strategy to re-focus on its core product portfolio.

The Indonesia Construction Materials business performed well prior to its sale in March 2012. Thailand Construction Materials returned to solid profitability during the year, continuing its improvement in performance over the past three years, and better positioning the business for sale.

HIGHLIGHTS

DEMOLITION PROJECT

Boral Cement's Engineering Services team and site personnel completed the demolition of obsolete plant on all major sites, removing a legacy of up to 50 years. The project addressed a future liability for the business as well as removing potential chemical and structural risks associated with the redundant plant.

GREENHOUSE GAS REDUCTION

Multiple innovation initiatives were undertaken aimed at reducing greenhouse gas emissions during the year. Blast furnace slag was utilised in the manufacture of off-white cement clinker, increasing the level of limestone substitution in grey cements. Commercial trials of Boral's low carbon cement were undertaken on the Hume Highway and the Barangaroo projects.

ASSET RATIONALISATION

The Indonesian Construction Materials business was sold in March 2012 for an enterprise value of US$135m. The Thailand Construction Materials business continued the turnaround of the past three years, better positioning it for sale. The Galong Lime plant was sold for $25m following the closure of BlueScope's Port Kembla blast furnace.

Building Products

Bryan Tisher Divisional Managing Director

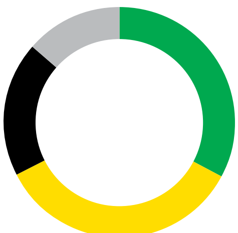
Boral Building Products is a leading supplier of plasterboard, bricks, roofing, hardwood and softwood timber products, and aluminium windows in Australia.

Boral's now wholly owned Asian plasterboard business, Boral Gypsum Asia, is now a separate division, while Masonry East is no longer part of the division and Dowell Windows is now managed under Building Products.

At a glance

Revenue	$1,012m
EBIT	$20m
Employees	2,654
Capital expenditure	$105m

External revenue



- Clay & Concrete
- Plasterboard
- Timber
- Windows

WHAT WE DO

CLAY & CONCRETE
Boral is one of Australia's leading suppliers of clay and concrete bricks, blocks, pavers and roof tiles. The Group's continuing operations include 13 production plants across Australia.

PLASTERBOARD
Boral is a leading integrated supplier of plasterboard and operates four production plants and 50 distribution centres across Australia. Boral owns 50% of Gypsum Resources Australia (GRA) and 50% of Rondo Building Systems.

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. Boral exports small quantities of woodchips processed from waste, residues and plantation stock.

WINDOWS
Boral's windows business operates under the Dowell Windows brand and is a leading supplier of aluminium windows and doors in the Australian detached housing market. The business operates nationally through nine window fabrication businesses.

PHOTO
Boral's Escura bricks were used in the Australian Hearing Hub at Macquarie University in NSW.

Performance

Boral Building Products faced difficult market conditions in FY2012 due to a significant decline in Australian new housing activity, particularly in the second half of the year, coupled with sustained wet weather on the East Coast. In the March 2012 quarter, new dwelling starts, which account for over 60% of Building Products' revenues, fell to an annualised 112,000 starts compared to 165,500 in FY2010 and 157,500 in FY2011. The high Australian dollar also reduced volumes and prices for our softwood businesses through increased competition from imports.

Building Products revenue of $1.01b was down 15% on the prior year. Revenue for most products declined in line with the reduction in residential construction demand, with Timber revenues also impacted by the closure of the plywood business and a strong Australian dollar. Compared to the prior year, sales volumes declined by 14% in Plasterboard and Roofing, 16% in Bricks and 15% in Masonry (West). The volume decline was most pronounced in Queensland, South Australia and Western Australia. Hardwood and Softwood volumes declined 14-15% and Woodchip volumes were 26% lower due to weaker exports. Sales volumes in most product groups have fallen by 25% or more since December 2010.

Price increases, which averaged around 2-3% nationally except for Softwood and Woodchips where prices were softer, were insufficient to offset the significant impact of lower volumes across all products.

EBIT of $20m was $62m or 76% below last year. Of that decline, $80m reflected lower sales volumes, particularly in the second half of FY2012. This volume impact on EBIT largely arose from the associated fall in contribution margins incurred before mitigation actions to lower fixed costs of production, distribution and overheads. Inventory reductions to lift cash flow also reduced earnings by $11m, which will also impact FY2013. A one-off cost of $7m in extra distribution expenses to transport plasterboard from Queensland to southern states during the Port Melbourne plasterboard plant upgrade was reported. These factors were partially offset by higher prices and cost savings.

The businesses responded to the reduction in demand by undertaking significant closures in the Brick and Roof Tile businesses and reducing inventories to optimise cash flow. Brick capacity was reduced by 37% with the closure of Darra Kiln 3 in Queensland, mothballing of Midland Kilns 7 and 8 in Western Australia and mothballing of the Badgery's Creek plant in New South Wales. Roof tile capacity was reduced with the closure of Carol Park in Queensland. The Plywood operation at Ipswich closed in mid-2011 and the masonry operations in Cairns and Mackay have been sold. While the costs of restructuring had an impact during the year, the savings from these actions have not yet been fully delivered. After the current program of plant and business closures, employee numbers in Building Products will reduce by around 800 or 23%. There will also be substantial reductions in labour hire and contractor numbers.

The employee Lost Time Injury Frequency rate improved significantly, dropping to 1.2 in FY2012 from 1.7 in FY2011.

Market review and outlook

Continued weak housing demand, particularly in the first half of FY2013, will prove challenging for Building Products. Further interest rate reductions and/or improved consumer sentiment are required for demand to lift in the six months ending June 2013.

In the difficult trading environment, we will continue to focus on lifting performance through improving operating efficiency from LEAN initiatives, maximising cost reductions and network improvements in Plasterboard following the Port Melbourne plant upgrade, and in Windows following site closures.

HIGHLIGHTS

PORT MELBOURNE PLASTERBOARD UPGRADE

The major upgrade of the plasterboard plant at Port Melbourne, Victoria was successfully completed in the June quarter. The plant is on track to deliver substantially reduced operating costs, improved energy efficiency and enhanced waste recycling capacity, and provides capacity for future growth.

SAFETY IMPROVEMENT IN TIMBER

Safety performance across the Timber business has improved significantly during the year with Lost Time Injury Frequency Rate (LTIFR) declining to nil from 3.8 in FY2011. In an industry typically exposed to extensive manual handling, non standard processes and heavy and awkward raw materials the improvement in safety performance is a key achievement.

PORTFOLIO RATIONALISATION

In response to difficult market conditions, Boral has rationalised its Building Products businesses by taking 230m SBE of national brick capacity out of service, closing roof tiles in Queensland, restructuring East Coast Windows and streamlining overheads. Full year benefits of these changes will be realised in FY2013.

USA

Mike Kane President, Boral Industries

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

At a glance

Revenue	$499m
EBIT	($84m)
Employees	2,336
Capital expenditure[1]	$31m

External revenue

- Cladding
- Roofing
- Construction Materials and Fly Ash

1 Before acquisitions.

WHAT WE DO

BORAL CLADDING
With 12 clay brick manufacturing sites, Boral has industry leading clay brick and cultured stone positions complemented by the launch of the Boral Trim product and an 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 roof tile products. Following Boral's move to 100% ownership of MonierLifetile in FY2011, the business was integrated under Boral Roofing, providing synergies and market opportunities.

CONSTRUCTION MATERIALS AND FLY ASH
Boral has regional concrete and aggregate offerings in Colorado and Oklahoma, together with a national fly ash business. Fly ash is used as a cement substitute.

TECHNOLOGY
Boral's US Innovation program enhances product development opportunities across all businesses while reducing the time to commercialisation. The development of green sustainable products continues to be a focus.

PHOTO
Boral's cultured stone product is being used in both residential and commercial projects.

Performance

The USA housing market continued to experience significant challenges although a modest improvement in conditions appeared for the first time in five years. Housing starts increased by 20% to 685,000, which remains well below the 50 year average of 1.5 million starts. Single family housing starts, which account for over 90% of our USA Cladding and Roofing revenue, were up a more modest 11% to 475,000 starts. This is also well below the 50 year annual average of over 1.0 million starts for single family housing.

The USA operations reported revenue of A$499m, 16% above last year, reflecting the full year inclusion of the Cultured Stone joint venture acquired in December 2010, and the increase in market volumes.

At the EBIT level, the USA reported a loss of A$84m compared to a A$99m loss last year. US dollar losses decreased to US$87m against US$99m in FY2011. The year on year improvement was due to the modest improvement in the housing market, together with continued cost reductions through lower head count, LEAN benefits, further plant rationalisations and other cost containments.

Revenue from Cladding was up 34% to US$239m, due to full year Cultured Stone revenues as well as an 8% increase in Bricks volumes and an underlying increase in Cultured Stone volumes. Underlying performance improved, but results continue to be impacted by low plant utilisation, averaging 26% in FY2012.

Roofing revenues of US$101m increased 14% from last year, due to a 12% increase in volumes. EBIT improved on the prior year, but was partially offset by the Ione clay tile plant commissioning costs.

Construction Materials and Fly Ash revenues increased 7% to US$176m due to a 16% increase in concrete volumes, flat aggregate volumes and lower prices. The termination and settlement of a fly ash contract also contributed to improved results.

The Lost Time Injury Frequency Rate remained low at 0.7. The US division has embedded a system-wide LEAN 5S (Sort, Set in order, Shine, Standardise and Sustain) capability, personalised safety interventions by business unit, and a behaviour-based safety observation program across all operations.

Market review and outlook

A continued increase in housing starts in FY2013 is expected, biased towards the second half. The business is well positioned to take advantage of market recovery through LEAN and Sales and Marketing Excellence, combined with the restructured Roof Tile and Cultured Stone business positions, and the further rationalisation of operating positions.

Boral USA generated US$75m of EBIT in FY2007 when housing starts of 1.55 million were close to the 50 year average, compared to the EBIT loss of US$87m in FY2012 at 685,000 starts. Comparing Boral's like-for-like brick and roof tile businesses in FY2009 and FY2012, when housing starts were running at similarly low levels of around 55% below mid-cycle levels, EBIT losses have reduced by US$25m, demonstrating the considerable uplift in the underlying business. Boral will see strong future earnings leverage from an increase in new house construction in the USA.

HIGHLIGHTS

CULTURED STONE INTEGRATION

Boral USA has integrated its 50% interest in the nation's leading manufactured veneer stone business, Cultured Stone, into its portfolio and achieved synergies exceeding expectations.

"ONE BORAL" BRAND

Boral USA is presenting a unified look and feel across all businesses to position Boral USA as a leader in innovative and sustainable building products. Boral participated in Disney's Vision House in Innoventions at EPCOT Center in Florida, which highlighted Boral's dedication to eco-friendly high performance building solutions.

MONTERREY SHAKE

Boral's newly developed Monterrey Shake tile has been commercialised with the commissioning of the Ione, California clay tile plant. Monterrey Shake is a flat clay tile with shake aesthetics that enhances Boral Roofing's portfolio with its high end, re-roof market focus. It is helping to embrace customers in new market segments and geographies.

Plasterboard Asia

Frederic de Rougemont Chief Executive Officer, Boral Gypsum Asia

Boral's plasterboard business in Asia operates as Boral Gypsum Asia (BGA), and is the leading supplier of plasterboard and internal linings products across Asia. BGA operates 20 manufacturing sites in eight countries, trades in a further two, and exports to more than 30 countries.

At a glance

Revenue	$304m
EBIT	$41m
Employees	2,405
Capital expenditure	$20m

External revenue

- Korea
- Thailand
- China
- Indonesia
- Other

OUR BUSINESSES

KOREA
BGA has a strong market position in Korea, with a market share of around 45%. The business operates three low cost manufacturing plants totalling 153 million m² in capacity.

THAILAND
In Thailand BGA has the leading market position, a market share of around 55%, with capacity across three plants of 105 million m².

CHINA
In China, BGA has regional positions with over 25% market share in target segments in three main provinces of Shanghai, Chongqing and Chengdu. Six plants with total capacity of 140 million m² supply its target markets.

INDONESIA
With leading market share in Indonesia, BGA has 35 million m² of capacity across its two plants at Cilegon and Gresik.

OTHER
BGA has 30 million m² capacity across Vietnam, Malaysia and India, with leading market positions in these countries as well as the Philippines and the United Arab Emirates where BGA product is distributed.

PHOTO
Boral's Dangjin plasterboard plant in Korea has been operating since 2002.

Performance

Boral completed the acquisition of Lafarge's 50% interest in Lafarge Boral Gypsum Asia (LBGA) in December 2011, positioning Boral as the leading producer of plasterboard and related internal linings solutions in the Asia Pacific region. Integration and rebranding of the businesses across the region was completed prior to financial year end.

BGA's revenue of $304m incorporates 100% of revenue since 9 December 2011. Revenues in Indonesia grew strongly on the prior year due to favourable economic conditions. Thailand also delivered revenue growth, reflecting organic growth and volumes associated with post-flood reconstruction work in Bangkok. In China, revenues grew less than expected due to a slow-down in construction activity, but benefited from BGA's newly acquired plant in Shandong. In Korea, revenues increased on plasterboard penetration in the residential sector, despite some share loss following price competition in the last six months.

Underlying EBIT increased from improved volumes and sustained margins. The market factors outlined above in China and Korea and "one-off" costs of integrating the Shandong (China) acquisition are not expected to have a sustained impact on earnings growth.

BGA continued to benefit from increasing capacity, both through acquisition and through organic expansion. BGA's acquisition of the new plant in Shandong in China in December 2011 added 35 million m^2 of capacity. The plant provides an increased market share in Beijing and Tianjing, as well as creating new positions in the high end segments of some key cities in Shandong. At our plant in Chongqing, China, the first stage of a capacity expansion was completed in March 2012, which will see capacity increase from 13 to 43 million m^2 by October 2012. In Indonesia, the more than doubling of capacity at BGA's Cilegon plant should be completed in early 2013 and will enable Boral to increase supply to the Jakarta market. The more than doubling of capacity at the Ho Chi Minh plant in Vietnam to 30 million m^2 is progressing in line with expectations.

The business' strategy of promoting a full system offering continues to be successful, with sales growth of metal studs, compounds and ceiling tiles surpassing plasterboard sales. Boral's Sales and Marketing Excellence program is focused on engaging more effectively with specifiers and designers to strengthen sales in high end projects, increasing penetration of plasterboard solutions.

The introduction of LEAN across BGA will provide efficiency improvements and cost reductions in FY2013 and facilitate further capacity increases at all plants with minimal investment.

The Lost Time Injury Frequency Rate of 0.4 in FY2012 compares well with Boral's group result of 1.8. Safety training programs focused on risk assessment and prevention and Boral's Safety Management system are expected to underpin continued improvements in safety performance.

Market review and outlook

Continued strong growth in construction activity is expected in FY2013, as well as increased market penetration by plasterboard.

Boral is well positioned to drive further penetration of plasterboard internal wall partition and ceiling solutions. Growth in existing plasterboard capacity which will be achieved through LEAN, as well as the 75 million m^2 of capacity expansion underway, will service future sales growth. In the medium term, management believes that this should result in revenue and earnings growth at levels that compare with the annual average growth achieved by the business over the last 10 years.

Although residential construction activity remains soft in China, our plant in Shandong will see volume growth in new high end markets in Beijing, Tianjing and Shandong.

HIGHLIGHTS

SHANDONG PLANT ACQUISITION

BGA acquired a 35 million m^2 capacity plasterboard plant in Shandong, China, in December 2011. The plant provides BGA with a significant market share in Beijing and Tianjing as well as some key cities in Shandong.

LEAN MANUFACTURING

Boral introduced its LEAN program of operational excellence across its Asian plasterboard operations following the acquisition of Lafarge's 50% interest in LBGA. Improvement action plans have been completed and are expected to deliver significant operational improvements in FY2013.

ENHANCED FOCUS ON INNOVATION

Focus on innovative product solutions will be enhanced with the establishment of a research and development centre in Kuala Lumpur, Malaysia which should be ready in FY2014. Product developments to date have included an ultra-light board in Malaysia, Gyptex ceiling tiles in Korea, and a new water resistant product particularly suitable for eave applications in Thailand.

Sustainability

Boral's sustainability initiatives are prioritised to direct resources where the greatest value can be delivered for our shareholders, customers, employees and communities. Focus is on delivering best practice safety management, responsible environmental management, sustainable product development and value-creating partnerships.

PHOTO
Boral has worked with the local community to rehabilitate the upper reaches of the Pimpama River which runs alongside the Boral Ormeau Quarry in Queensland.

CASE STUDY

CELEBRATING 10 YEARS OF PARTNERSHIP WITH BANGARRA DANCE THEATRE

Boral has assisted with the employment of a new trainee dancer for Bangarra, Luke Currie Richardson. During this year's Melbourne season, Luke and some other dancers took some time out to meet with Boral employees at the Port Melbourne offices and plasterboard plant.

Environment

Energy use and GHG emissions

Boral's operations consume a significant amount of energy, and some businesses are particularly emissions intensive. In FY2012, greenhouse gas (GHG) emissions from Boral's fully owned businesses in Australia, the USA and Asia totalled 3.5 million tonnes of CO_2, which was in line with the prior year on a comparable basis. The increase in GHG emissions relative to the 3.2 million tonnes of CO_2 reported in FY2011 reflects the acquisition of Lafarge's 50% share in Boral Gypsum Asia as well as the acquisition of Wagners Construction Materials and Sunshine Coast Quarries.

Emissions from Boral's US operations were down by around 3% on a comparable basis, reflecting more efficient production, plant rationalisations and lower production in some businesses. In Australia, emissions were down 2%, with lower production in Building Products offset by additional emissions in Construction Materials from higher production in regional areas. In Asia, Boral's GHG emissions were up 16% on the prior year, reflecting plant expansions and increased production.

During FY2012, Boral incurred seven Penalty Infringement Notices (PINs) related to environmental contraventions in Australia (resulting in $10,750 in fines). Three PINs were issued in Queensland and three in New South Wales, all resulting from inadequate controls to prevent localised water contamination with fine solids. One infringement was issued in Western Australia due to a failure to have a level testing gauge on a cement silo. There were no infringements in the USA or Asia.

Water management

Boral's operations consume water for manufacturing and maintenance processes. Mains water is Boral's most significant water source, with a total of 3,500 million litres of mains water used in our wholly owned businesses in Australia, the USA and Asia in FY2012.

Mains water use increased by 1,370 million litres on the prior year largely due to the inclusion of Boral Gypsum Asia, now a wholly owned business, under Boral's management control. With plasterboard production being highly water-intensive, Boral's Camellia Plasterboard plant has been substituting some 4.5 million litres per month of mains water with recycled water supplied by Sydney Water, since October 2011.

Boral Timber and biodiversity

Boral's Environmental Policy includes a commitment to protect biodiversity. The majority of timber for Boral's Timber business is supplied by Forests NSW, which is certified to meet the Australian Forestry Standard (AFS), an independently audited forest management standard. All products made by Boral Timber are also certified to the AFS Australian Chain of Custody standard, which traces Boral's production back to its source of supply. This provides Boral's customers with certainty that its products come from legal and sustainable sources.

In 2011, Boral received some logs for its hardwood timber business from the Boambee State Forest, which is a mix of plantations and native regrowth forests. There has been selective timber harvesting in the Boambee State Forest every 10 years or so since the early 1900s, with 10% of the area subject to harvesting in 2011. Prior to harvesting, surveys were carried out in accordance with the Threatened Species Licence by NSW State Forest for a range of potential threatened species, including koalas. Harvesting is therefore selective within the harvestable area and ensures trees are retained for habitat of threatened species and forest regeneration.

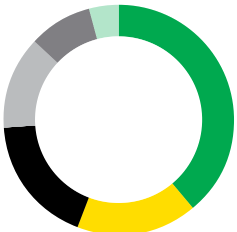
1 FY2011 GHG emissions data include 100% of BGA, Wagners and Sunshine Coast Quarries. FY2011 water data exclude 50% of BGA previously owned by Lafarge, Wagners and Sunshine Coast Quarries.

CASE STUDY

RECYCLING INNOVATION

Bricks, concrete and other demolition waste are used for landfill and specialised products, but typically much more is produced than can be recycled. Now, in what is believed to be a first in the Australian Capital Territory, Boral is sorting and crushing demolition wastes and blending them with virgin quarry material to create a revolutionary recycled road base that is stronger and more sustainable.

Boral's Australian GHG emissions



Calcination	39%
Electricity	17%
Coal	18%
Natural gas	13%
Diesel and liquid fuels	9%
Other	4%

At a glance

	FY2012	FY2011[1]
GHG emissions (million T CO_2e)		
Australia	2.9	3.0
USA	0.2	0.2
Asia	0.4	0.4[1]
Total	**3.5**	**3.6**
Mains water (million litres)	3,500	2,130
PINs		
Number	7	5
Fines	$10,750	$12,473

Community partnerships

Boral is making a valued and sustainable contribution to the communities in which it operates through its community partnership program.

This year we partnered with two additional charities: Redkite and Touched by Olivia Foundation, bringing our total number to seven key corporate partnerships.

A thorough selection process takes place to identify the most appropriate and meaningful partnerships for Boral. The organisations we partner with must be well-run, reputable and share similar values to Boral.

In FY2012, Boral contributed a total of $366,944 to its corporate Community Partnerships. In addition, a further $94,880 was donated to the Juvenile Diabetes Research Foundation (JDRF) including a $25,000 corporate donation with the remaining funds raised through employee fundraising efforts throughout Australia.

In addition to the Group's corporate partnerships, Boral's local businesses support 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.

Redkite

Redkite provides a range of essential support services to families dealing with cancer. Boral is the Supporting Partner of Redkite's Financial Assistance program, ensuring that the charity can continue to meet families' needs by assisting them with everyday expenses such as putting petrol in the car to get a child to treatment and buying groceries. More than 50 families across Australia have already been supported.

Touched by Olivia Foundation

Through this partnership Boral will help the Foundation realise its national strategy to create state-of-the-art inclusive playgrounds at 42 sites across Australia.

An all-abilities playground is one that at a minimum caters for vision, hearing and mobility impairment as well as spectrum disorders. These playgrounds allow children and parents of varying abilities and ages to play side-by-side on the same equipment, ensuring the integration of children and families with special needs.

Conservation Volunteers Australia (CVA)

Boral has been working with CVA for 24 years. Through a reconfigured partnership, we will now work with CVA to develop Biodiversity Classrooms in schools across Australia. Up to 45 practical conservation projects will be conducted on school grounds or close by selected schools in New South Wales, Victoria and south east Queensland. These may include creating vegetable or bush food gardens, maintaining rainforest habitat or creating frog-friendly environments.

Bangarra Dance Theatre

Boral and the Bangarra Dance Theatre celebrate 10 years in partnership this year. Bangarra is Australia's leading Indigenous dance group and an internationally acclaimed contemporary dance company. During the year over 300 Boral employees, customers and suppliers enjoyed Bangarra performances in regional centres and capital cities throughout Australia. Boral is the Sydney season sponsor and has also contributed towards the salary of a new trainee dancer for the Company.

Taronga Conservation Society

Boral has partnered with the Taronga Conservation Society Australia since 2003 and is currently the main sponsor of Youth at the Zoo (YATZ). Employees can access Zoo passes to visit Taronga and Western Plains Zoos, attend Boral's Family Day event and participate in the annual Boral YATZ Eco Fair. The Zoo's Twilight at Taronga Concert program is a unique customer hospitality opportunity for Boral with over 140 guests attending the 2012 concert series.

Juvenile Diabetes Research Foundation

Boral has supported the Juvenile Diabetes Research Foundation (JDRF) since 2001 and has contributed over $2.9 million in that time. A substantial percentage of this came from employee fundraising in Australia and the USA.

HomeAid

Boral continued its partnership, initially established in 2006, with HomeAid in the United States with contributions of cash and product to provide shelter for the homeless. Through this program Boral works with customers, showcases our products and engages employees.

Outward Bound

After nine years and the participation of over 100 Boral families we sent our final seven Boral families on Outward Bound Family Re-discovery Programs in New South Wales, Victoria and Western Australia in 2012.

Boral will now assist disadvantaged youth to experience Outward Bound through a contribution to the Australian Outward Bound Development Fund to assist Youth in Need. The first program was held in May in South East New South Wales and involved 100 high school students from Bega and the surrounding districts who could not otherwise have taken part in such a program.

Outward Bound's Building Resilient Families program is open to public enrolments if Boral employees wish to continue to participate.

Customers and Products

With excellence in sales and marketing remaining a key priority for Boral, our efforts to leverage sales effectiveness and customer relations across the Group are delivering solid results.

Collaboration

The roll-out of new Boral-wide branding and marketing standards has helped to support improved cross-divisional collaboration while the introduction of a single Customer Relationship Management system for all Australian businesses is enabling us to better understand and support our customers. The enhancements in collaboration and sales reporting have led to a significant increase in interdivisional sales leads.

Building capabilities

With each sales and marketing team being benchmarked against a set of defined Boral-wide capabilities, we have a robust process of continuous improvement in place as we work towards sector best performance.

Commercial focus

During the year, Boral's new Sales Leadership Program was launched, with all of our sales leaders to be trained in the key areas of Commercial Focus and Coaching.

Customer and product focus

Boral is playing an increasingly important role in the provision of more environmentally sustainable solutions, and is working hard to engage with key players and influence the way the industry works to deliver better outcomes.

We are doing this by developing "better products" and systems, which are designed in collaboration with our customers, driven by their needs and priorities. Boral's products are warrantied, environmentally certified where appropriate, and backed by excellent technical and support services.

With a focus on affordability, we are committed to delivering "unrivalled value" and helping our customers do more for less. Cutting waste and focusing on efficiency saves time and reduces costs, which is good for Boral and for our customers.

We have been "investing for growth" to develop the next generation of materials and technologies. In the USA, for example, we commenced commercial production of Boral Trim, an innovative product manufactured from fly ash and other recycled materials. This investment in innovation is essential to help understand future opportunities.

We are committed to developing "lifelong solutions" for our customers, including: helping customers to deliver better thermal performance and reduce household energy use; reducing waste through recycling; using certified timber from sustainably managed resources; using lifecycle inventory (LCI) data to develop lifecycle analysis (LCA) models; providing better thermally performing windows; and powering our trucks with compressed natural gas.

Our overarching service goal is to have "delighted customers". We have a reputation for successful long term customer relationships, which is underpinned by our actions of listening to customers and making it easy to do business with Boral. For example, our customised website makes product selection easier, our streamlined "one Boral" approach provides consistency and certainty for our customers, and our range of electronic services reduces administration costs and time.

HIGHLIGHTS

VISION HOUSE IN INNOVENTIONS

In the USA, Boral is partnering with Disney on the Vision House in Innoventions at the EPCOT Center in Florida. The house highlights major themes of sustainable innovation and features a variety of eco-conscious Boral building materials including BoralPure® Smog Eating Roof Tiles, Boral Bricks and Pavers, Boral Stone products and Boral TruExterior® Trim.

BORAL DESIGN AWARDS

The Boral Design Awards encourage architects and designers to submit design concepts that not only use Boral materials but encourage their use in a sustainable way. With around 100 entries received from professional designers and students, the 2012 Awards focused on "adaptable re-use" and providing sustainable, affordable and healthy inner city living.

AUSTRALIAN HEARING HUB

Boral is supplying product to the Australian Hearing Hub under construction at Macquarie University in New South Wales. This purpose-designed facility will bring together government, corporate and not-for-profit organisations to undertake research and implantations.

Boral has supplied plasterboard, concrete, bricks and masonry to the project. Over 10,000 sheets of Boral Firestop, Recessed Edge and Perforated Echo Stop plasterboard have been supplied to the project via our customer, Foxville, the plasterboard contractor for the site.

Boral's corporate values of Excellence, Integrity, Collaboration and Endurance are the essential principles that guide our decision making and actions. Our Code of Conduct requires employees to observe both the letter and the spirit of the law, adhere to high standards of business conduct and strive for best practice.

Our People

As at 30 June 2012, Boral had 14,740 full-time equivalent (FTE) employees and around 6,300 contractors working across its global operations. The number of FTE employees decreased by 4% on the prior year, reflecting the net impact of organisational changes and site closures in response to declining markets, the sale of the Indonesian construction materials business and the acquisition of the remaining 50% interest in Boral Gypsum Asia (BGA). In addition, there are approximately 890 FTE employees working in joint ventures. The majority of previously reported joint venture employees transferred to Boral upon BGA becoming a wholly owned subsidiary.

The average length of service of a Boral employee in Australia is approximately 8.1 years, which has marginally declined from 8.6 years in the prior year. For the USA, the average length of service has remained constant at 7.5 years. Asia's average length of service has increased to 6.4 years and reflects the integration of the Asian plasterboard businesses into Boral.

Employee turnover in Australia was 20% in FY2012, which is in line with the prior year. In the USA, staff turnover of 19% was higher than in the prior year. In Asia, we are currently rolling out Boral's human resources reporting system within the BGA businesses to facilitate reporting on employee turnover.

Diversity

Boral encourages gender diversity within the workforce. In 2012, Boral's diversity objectives focused on women's representation in key roles as well as continuing gender-specific programs covering training, paid parental leave and pay equity for women employees. Boral is applying its resources to recruitment and development activities aimed at improving our gender diversity.

Boral continues to actively support and promote its Indigenous employment strategy. Under the Indigenous Employment Plan, which the Company entered into in 2011 with the Department of Education, Employment and Workplace Relations (DEEWR), Boral has employed 42 Indigenous employees. The Group continues to achieve a high level of retention of its Indigenous employees, with 97% of those employed over the last three years still working in the Australian operations.

Training and development

An important part of Boral's people strategy is to ensure that our people have the right skills and capabilities to perform their jobs effectively and develop their careers. We provide a range of methods to train and develop our people, ranging from on-the-job training through to leadership development programs.

A principal tool in producing a framework for employee development is the annual Personal Development Process and mid year employee interview. The objective is to clearly identify performance expectations and map out plans to help employees achieve their maximum potential for their benefit and the benefit of Boral.

Our people

	FY2012	FY2011
FTE employees	14,740	15,227
JV employees	~890	~4,900
FTE contractors	~6,300	~5,600
Average length of service		
Australia	8.1 years	8.6 years
USA	7.5 years	7.5 years
Asia	6.4 years	5.0 years
Women in Boral	14%	13%
Women in management	9%	10%
Women on the Board	25%	25%

Health and Safety

Boral's safety target is to achieve zero harm in all of our workplaces. During the year, Boral continued its commitment towards this goal by implementing a new behaviour-based workplace improvement program in Australia and the USA, with Asia currently underway. A single safety system which standardises divisional systems is currently being rolled out across Boral's businesses in Australia.

Additional areas of focus for the Group during the year were: driver training and education for heavy and light vehicle drivers, a whole of business workplace health and safety audit system including peer audits, improving the existing workplace health and safety data management system, standardisation of personal protective equipment, and improving "3 Points of Contact" practices.

Boral's injury statistics for employees and contractors are aggregated and reported as a single metric for both lag and lead indicators. Current indicators include Lost Time Injury Frequency Rate (LTIFR), Percentage Hours Lost, Recordable Injury Frequency Rate (RIFR), Near Misses, and Hours Away on Rehabilitation or Transfer. These metrics are reported to the Board on a monthly basis and reviewed in detail at Board Health, Safety and Environment Committee meetings. Work continues on developing a suite of metrics to ensure workplace health and safety data are appropriately understood and acted on.

Performance

During FY2012, Boral's LTIFR for employees and contractors combined reduced to 1.8 from 2.0 in the prior year and represented a total of 86 lost time injuries. Percentage Hours Lost for employees and contractors combined reduced to 0.04 from 0.06.

The Group's overarching strategy is to continually reduce our LTIFR and Percentage Hours Lost. In FY2012 our LTIFR of 1.8 for employees and contractors combined represented an 11% improvement on the average of the prior three years, and is the lowest LTIFR that Boral has reported. The Percentage Hours Lost of 0.04 for employees and contractors combined represents a 20% improvement on the average of the last three years.

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. Four types of incidents made up more than 80% of injuries in Boral's Australian workplaces in FY2012. These were: muscular stress (28%), hit by moving objects (22%), hitting objects with part of the body (20%), and falls on same level (14%). Of the incidents that occurred during the year, the five areas of the body most affected were hands/fingers (21%), back/neck (18%), leg/knee (14%), arm/elbow/wrist (13%), and head/face/eyes (13%).

Actions continue to be taken to focus our OH&S efforts on the root causes of these types of incidents going forward. Consistent with the focus on driver training and education, vehicle incidents as a percentage of all incidents decreased significantly throughout the year, and consistent with the 3 Points of Contact intervention, falls from heights also decreased significantly over the year.

Employee health and wellbeing

Boral requires its employees to be fit for work and equipped with the required level of fitness to work safely. To ensure many of our employees are physically able to perform the demands of the job, pre-employment medical examinations as well as regular employment medical examinations for high-risk roles are conducted.

Boral continues to be committed to supporting the health and well-being of its employees. The BWell program, which has been available to Australian employees for almost 10 years, provides regular health assessments, wellbeing seminars and educational information on health issues for employees and their families.

CASE STUDY

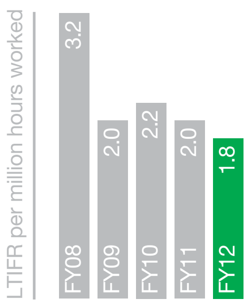
SETTING INDUSTRY STANDARDS FOR HEAVY VEHICLE DRIVERS

To reduce the number of heavy vehicle incidents across Boral's fleet, Boral is aiming to have all employed drivers qualified, or enrolled and undertaking, a Certificate III in Heavy Vehicle Driving by the end of FY2013, thereby setting industry standards. In addition, a program is in place to have 10% to 15% of heavy vehicle drivers Certificate IV qualified, and to train and assess drivers on an ongoing basis. Vehicle upgrades, such as isolation switches and auto tyre inflation, are also being made to reduce safety risks.

Mechanism of injury

Muscular stress	28%
Hit by moving objects	22%
Hitting objects with part of the body	20%
Falls	14%
Other	16%

Employee and contractor LTIFR



Financial Review

Andrew Poulter Chief Financial Officer

The 42% decline in Boral's net profit after tax reflects a synchronised downturn in the residential construction sectors in the United States and Australia and the impact of adverse weather in the Australian eastern states in the second half year. These factors were partially mitigated by actions taken to reduce brick and roof tile capacity and structural costs.

Revenue

Revenue from continuing operations at $4.7b increased 9% over the prior year and included the first time fully consolidated revenues for Boral Gypsum Asia and the Wagners and Sunshine Coast Quarries acquisitions. Normalising for the acquisitions, underlying Group sales revenues were level with the prior year. The discontinued operations comprise the Indonesia Construction Materials operations, which were sold on 31 March, and the Thailand Construction Materials and Australian east coast Masonry businesses which are classified as held for sale in the 30 June balance sheet.

Full year revenues were significantly impacted by three key factors: the increase in United States housing activity, the continued decline in the Australian residential sector and the acute wet weather experienced in the Australian eastern states in the second half year. The weather both suppressed housing starts and caused significant delays on infrastructure projects in Queensland and Victoria.

Australian Construction Materials reported a 9% increase in revenues over the prior year primarily due to the Wagners and Sunshine Coast Quarries acquisitions. Underlying revenues were broadly level with the prior year as weaker residential activity was offset by stronger infrastructure demand and the first time contribution from shipments to the three Curtis Island LNG projects in Queensland.

Cement revenues declined by 3% over the prior year as reduced demand from the residential sector was partly offset by an increase in intra industry cement sales. The closure of capacity in the New South Wales steel sector caused a material reduction in lime demand and the subsequent closure of the Galong lime plant.

Building Products bore the brunt of the continued weakening in Australian housing activity, with revenues falling by 15% over the prior year. This decline was most prevalent in the brick and roof tile sectors and resulted in the closure of the Darra 3 brick plant and the Carole Park tile plant in Queensland and the mothballing of three brick kilns in Western Australia and New South Wales.

Plasterboard Asia revenues were consolidated from 9 December 2011 following the acquisition of the Lafarge 50% stake in LBGA. Like-for-like revenues grew by 8% over the prior year due to the continued growth in most south-east Asia markets.

United States revenues increased by 16% due to the recovery in residential demand and the first time, full year consolidation of Cultured Stone revenues. After normalising for the latter, underlying revenues improved by 9% over the prior year, primarily due to increased brick and tile demand.

Income Statement

For the year ended 30 June	2012			2011		
$ million	Group	Discontinued operations	Continuing operations	Group	Discontinued operations	Continuing operations
Sales Revenue	**5,010.3**	**294.1**	**4,716.2**	4,710.5	364.8	4,345.7
EBITDA[1]	**473.0**	**12.0**	**461.0**	522.2	19.4	502.8
EBIT/(Loss)[1]	**199.6**	**(1.3)**	**200.9**	277.2	5.4	271.8
Interest	**(88.4)**	**(3.5)**	**(84.9)**	(63.7)	(4.0)	(59.7)
Income Tax Expense[1]	**(8.9)**	**0.7**	**(9.6)**	(40.4)	(0.4)	(40.0)
Non-Controlling Interests	**(1.1)**	**(0.3)**	**(0.8)**	2.3	(0.6)	2.9
Profit/(Loss) after tax[1]	**101.2**	**(4.4)**	**105.6**	175.4	0.4	175.0
Net Significant Items	**75.4**	**(28.7)**	**104.1**	(7.7)	(12.4)	4.7
Net Profit/(Loss) after tax	**176.6**	**(33.1)**	**209.7**	167.7	(12.0)	179.7
Earnings Per Share[1] (cents)	**13.6**			24.4		
Earnings Per Share (cents)	**23.8**			23.3		

1. Excluding significant items.

Earnings

Net profit after tax before significant items from continuing operations was $105.6m, a 40% reduction over the prior year, predominantly due to a $70.9m decline in earnings before interest and tax (EBIT), a $25.2m increase in interest expense and a $30.4m reduction in income tax expense.

EBIT from continuing operations at $200.9m was 26% below the prior year, primarily due to the weaker Australian residential market and the acute second half weather impact, partly offset by the first time fully consolidated results for Plasterboard Asia and a reduction in the losses from the United States.

Construction Materials, including Property Group, reported an EBIT of $173.9m, a 15% decrease over the prior year, as a result of weaker residential demand, an adverse sales mix towards lower margin metro infrastructure work and higher operating costs. Property earnings at $12m were $16m below the prior year; normalising for this impact, underlying Construction Materials EBIT declined by 8%. Second half EBIT, however, declined by 23% to $84.6m, reflecting the impact of adverse weather upon both sales and operating costs. Asphalt revenues were most adversely impacted by the east coast rain in the second half year, but still achieved a 10% increase to $783m over the prior year, reflecting the strength of road infrastructure activity and Queensland flood damage repairs.

The Cement division reported a 21% reduction in EBIT to $68.9m due to the change in sales mix to lower margin industry sales and the loss of the Galong lime volumes. Early action was taken to mitigate these losses by the closure and sale of the Galong plant. Cement pricing continues to be constrained by the strong Australian dollar, together with the under-recovery inflationary cost increases weakening EBIT margins to 16% versus 20% in the prior year.

The segmental half year EBIT comparisons show the impact of the two year decline in the Australian housing sector upon the Building Products division, which returned a $6.5m loss in the second half of 2012. The latter, however, included $7m of one-off costs relating to the Port Melbourne plasterboard plant upgrade, taking the underlying trading position to break-even. The division continues to reduce fixed costs through plant closures and mothballing and is on track to exceed its $10.0m overhead cost reduction target following the restructuring enabled by the divestment of the east coast Masonry business.

Segment Earnings

$ million	Six mths Dec 10 $m	Six mths Jun 11 $m	FY2011 $m	Six mths Dec 11 $m	Six mths Jun 12 $m	FY2012 $m
Construction Materials	92.6	111.3	203.9	**89.3**	**84.6**	**173.9**
Cement Division	50.6	36.3	86.9	**40.7**	**28.2**	**68.9**
Building Products	52.9	28.5	81.4	**26.2**	**(6.5)**	**19.7**
Plasterboard Asia	9.3	7.6	16.9	**12.4**	**28.5**	**40.9**
United States of America	(47.2)	(51.8)	(99.0)	**(51.5)**	**(32.2)**	**(83.7)**
Unallocated	(11.0)	(7.3)	(18.3)	**(12.4)**	**(6.4)**	**(18.8)**
Continuing operations	**147.2**	**124.6**	**271.8**	**104.7**	**96.2**	**200.9**
Discontinued operations	2.0	3.4	5.4	**3.9**	**(5.2)**	**(1.3)**
Group	**149.2**	**128.0**	**277.2**	**108.6**	**91.0**	**199.6**

Financial Review

The 2012 result includes the first time fully consolidated earnings from Plasterboard Asia; the $28.5m second half EBIT being added to the first half equity accounted net profit after tax of $10.1m and initial $2.3m consolidated EBIT, resulting in a reported segmental profit of $40.9m for the full year. Earnings are weighted towards the first half of the financial year due to religious and festive holidays and seasonal weather constraints in the second half year.

The Plasterboard Asia division is performing close to the acquisition assumptions, although the second half EBIT was adversely impacted by the delay in the commissioning of the Shandong plant in China and a short term loss in Korean market share due to pricing issues.

The United States reduced EBIT losses by 15% to ($83.7m) primarily due to the improvement in housing sector demand, where brick revenues increased by 12% over the prior year, broadly in line with the 11% increase in single family housing starts in the brick states. Likewise, roof tile revenues grew by 14% as a result of a 17% increase in single family housing starts in the tile states. Second half EBIT losses, however, reduced to $32.2m as a result of the increase in housing construction activity; the second half year taking benefit from the customary increase in spring sales.

Brick capacity was further optimised during the year, reducing the permanent manufacturing base to 12 plants and 1.3 billion standard brick equivalents versus 24 plants and 1.9 billion capacity at the peak of the last cycle. The Cultured Stone operations continue to make good progress in terms of both increased sales revenues supported by the Boral bricks distribution channels and lower production costs through the adoption of LEAN manufacturing.

While the United States operations are projected to break even at around 950,000 housing starts, the break-even for Cultured Stone is projected at circa 850,000 starts as a result of the recent improvement in production efficiencies together with the ongoing automation of the Chester plant.

The Group reported net profit after tax of $176.6m after recognising $75.4m of significant items after tax, which are summarised in the table below. Underlying net profit after tax of $101.2m declined by 42% over the prior year.

Four significant item profits were recognised during the year.

The first is a $158.1m gain upon the revaluation of Boral's existing 50% shareholding in Plasterboard Asia (formerly LBGA) following the purchase of the remaining 50% from Lafarge SA.

The second is $26.4m with regard to the remeasurement of the Cultured Stone purchase price. Upon acquisition of the initial 50% of Cultured Stone in December 2010, a liability was raised for the purchase of the remaining 50% at a multiple of 2013 calendar year earnings. Due to the delay in the recovery of the United States housing market, this multiple will not now be met and the purchase obligation has been reduced to the minimum contractual obligation of US$45m.

The third is a $34.2m gain upon the divestment of the Indonesia Construction Materials business which was sold in March 2012.

A further $6.0m gain was recognised upon the beneficial settlement of an onerous take or pay contract in the United States which had been provided for in full in the 2009 accounts.

Offsetting these significant item profits were one-off costs of $28.8m relating to the legal, advisory and transaction costs, including stamp duty, of the three acquisitions made in the first half year and restructuring costs of $38.2m in the United States and $134.1m in Australia.

The United States costs relate to the closure of two brick plants and the impairment of goodwill on the Construction Materials businesses in Denver and Oklahoma. The Australian costs are made up of the impairment of the east coast Masonry operations held for sale at 30 June 2012, the redundancy costs associated with the restructuring of the Clay and Concrete and Corporate operations and the impairment of the Galong lime plant which was closed in October 2011.

Reconciliation of Underlying FY2012 Results to Reported Results

$ million	EBIT	Interest	Tax	Non-controlling interests	Profit after tax
Underlying results	**199.6**	**(88.4)**	**(8.9)**	**(1.1)**	**101.2**
Significant items					
Gain on fair value of initial LBGA shareholding	158.1				158.1
Acquisition and integration expenditure	(28.8)				(28.8)
Restructure and reshaping in Australia	(134.1)				(134.1)
Restructure and reshaping in USA	(38.2)				(38.2)
Settlement of USA fly ash contractual obligation	6.0				6.0
Remeasurement of Cultured Stone purchase price	26.4				26.4
Gain on sale of Indonesian Construction Materials	34.2				34.2
Tax			51.8		51.8
Total significant items	**23.6**		**51.8**		**75.4**
Reported results	**223.2**	**(88.4)**	**42.9**	**(1.1)**	**176.6**

Cash Flow and Borrowings

Operating cash flow was $133m versus $351m in the prior year. This reduction was due to an $89m increase in tax and interest payments; the prior year took benefit from a one-off $50m tax refund. Interest expense increased due to the additional borrowings required to fund the three acquisitions made during the first half year.

Cash outflows relating to the payment of acquisition and restructuring costs increased by $64m to $91m. These cash outflows related to the plant closures and restructuring in the Building Products division, acquisition costs including stamp duty and the successful termination of a take or pay contract in the United States.

Free cash flow showed a net outflow of $852m due to a $68m increase in capital expenditure and the $701m acquisition investment for Lafarge's 50% shareholding in LBGA and the Wagners and Sunshine Coast Quarry businesses in Queensland. Proceeds from divestments increased to $130m, predominantly from the divestment of the Indonesia Construction Materials business and the Galong lime plant.

Capital expenditure of $414m included $192m of stay-in-business expenditure, representing 70% of depreciation. Growth expenditure included the New South Wales Peppertree aggregates quarry, now midway through construction; the completion of the Port Melbourne plasterboard plant upgrade; the investment in mobile concrete plants for the three Curtis Island LNG projects; and fixed and mobile asphalt plant investments.

Net debt increased by $1,013m to $1,518m from $505m at June 2011 due to the planned acquisition and capital expenditure investments made during the year. Gearing, net debt to net debt plus equity, increased to 30.8% versus 13.8% in the prior year; the latter was abnormally low due to the positive cash balances held following the July 2010 equity raising. Gearing is, however, still toward the lower end of the 28% to 37% range reported over the prior 10 years.

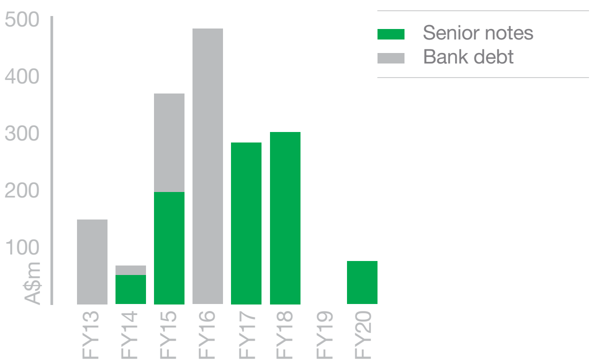
The Group continues to focus on debt reduction through the management of working capital, principally finished goods inventories and the divestment of non-core businesses and properties.

In November 2011, the Group secured an additional $500m four year syndicated debt facility with its existing banking group, increasing its syndicated banking facilities to $1.2b. The Group continues to operate comfortably within its banking covenants.

The Group's debt profile continues to be well placed, with the weighted average debt maturity at just under four years. In May this year, $152.5m of US Private Placement debt matured and was replaced with less expensive, short term US$ debt drawn down from our syndicated Australian facilities. The weighted average cost of debt was reduced to 6.8% versus 7.3% in the prior year.

Earnings per share, before significant items, decreased to 13.6 cents from 24.4 cents; the final dividend of 3.5 cents per share brought the full year dividend to 11.0 cents per share versus 14.5 cents in FY2011.

Debt maturity profile



Board of Directors

Together, the Board members have a broad range of financial and other skills, extensive experience and knowledge necessary to oversee Boral's business.

BOB EVERY
Non-executive Chairman
Age 67

Dr Bob Every (AO) 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. In 2012, he was appointed an Officer of the Order of Australia for his distinguished service to business, particularly through leadership roles in the Australian steel industry, as an advocate for corporate social responsibility, and to the community as a contributor to educational, charitable and cultural organisations.

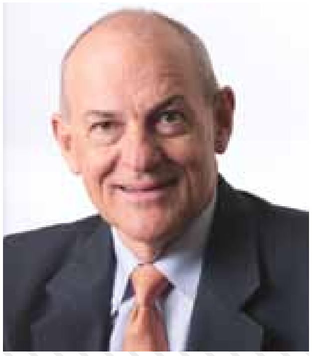
Dr Every is a member of the Remuneration & Nomination Committee and of the Health, Safety & Environment Committee.

CATHERINE BRENNER
Non-executive Director
Age 41

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

Ms Brenner is a member of the Takeovers Panel and a Trustee of the Sydney Opera House Trust. She has extensive experience in corporate finance and capital markets, previously holding the position of Managing Director, Investment Banking of ABN Amro Australia. She 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 and of the Remuneration & Nomination Committee.



BRIAN CLARK
Non-executive Director
Age 63

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 57

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 67

Richard Longes joined the Boral Board in 2004. He is the Chairman of Austbrokers Holdings Limited and a Director of Investec Bank (Australia) Limited and Voyages Indigenous Tourism Australia Pty Ltd. He was previously a Director of Metcash Limited, 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 63

John Marlay joined the Boral Board in December 2009. He is a Director of Incitec Pivot Limited, Chairman of Cardno Limited, a Director of Alesco Corporation Limited and a member of the board of the Climate Change Authority (a Government Statutory Authority). 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 58

Paul Rayner joined the Boral Board in 2008. He is a Director of Qantas Airways Limited, Chairman of Treasury Wine Estates Limited and a Director of 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 Executive Director-Finance and Administration of Rothmans Holdings Limited and 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 FY2012, Boral's governance arrangements were consistent with the Corporate Governance Principles and Recommendations published 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/article/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.

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 that appropriate resources are available;
- approving the Company's financial statements and annual budget, and monitoring financial performance against the 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; and
- monitoring the effectiveness of systems in place for keeping the market informed, including shareholder and community relations.

Non-executive Directors spend approximately 35 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 concrete operations at Artarmon in Northern Sydney and Boral's Waurn Ponds cement plant in Victoria. The Directors also undertook a tour of the Group's (now wholly owned) plasterboard operations in Thailand and China. The Board also undertook a tour of certain of the Group's brick and stone plants in the United States.

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, until 22 May 2012, also included one executive Director, being 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 36 and 37 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 FY2012, Mark Selway stepped down from the Board (in May 2012).

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	3 November 2011
Paul Rayner	2008	3 November 2011
John Marlay	2009	4 November 2010
Catherine Brenner	2010	4 November 2010
Eileen Doyle	2010	4 November 2010

Details of the number of meetings attended by each Director are set out on page 48 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 a Health, Safety & Environment Committee. The qualifications of each Committee member are set out on pages 36 and 37, and the number of meetings they attended during the reporting period is set out on page 48 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), Principle 7 (Health, Safety & Environment 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; and
- 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 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. The Board is also looking to maintain gender diversity in its membership. Currently two of the seven non-executive Directors on the Boral Board are women.

As part of the appointment process, 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

The appointment of Directors follows a process during which the full Board assesses the necessary and desirable competencies of potential candidates and considers 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 Board does not regard nominations for re-election as being automatic but rather as 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 performance of Directors standing for re-election in the absence of those Directors. Each Director's suitability for re-election is considered on a case-by-case basis, having regard to individual performance. Tenure is just one of the many factors that the Board takes into account when assessing the independence and ongoing contribution of a Director.

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 Committees took place in FY2012 in accordance with the process described above.

Conflicts of Interest
In accordance with Boral's Constitution and the *Corporations Act 2001* (Cth) *(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*, 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.

The Code and related guidelines and policies 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.

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.

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.

Diversity at Boral

Boral is committed to fostering an inclusive workplace which embraces diversity and recognises that a diverse workplace can:

- produce better business outcomes by leveraging the unique experiences of people with diverse backgrounds; and
- improve employee engagement and retention by fostering a culture that promotes personal achievement and is based on fair and equitable treatment of all employees, irrespective of their individual backgrounds.

The Board, in conjunction with management, is responsible for establishing policy and objectives aimed at improving diversity within Boral's workforce (in particular, gender diversity).

Boral's Diversity Policy is available on Boral's website.

Diversity at Boral is underpinned by the following principles:

- recruiting and promoting on merit;
- remunerating on a non-discriminatory basis;
- ensuring that development activities are available to all on a non-discriminatory basis; and
- striving to increase the proportion of women in the organisation, particularly in executive and senior management roles.

As part of Boral's commitment to gender diversity, the Board has set the following measurable objectives:

- Establish monitoring and reporting mechanisms to track, by gender, pay levels, selection, retention and promotion trends across the business.
- Review the means by which Boral recruits graduates, and set appropriate targets for female graduate intake for each of the next five years, with progress to be reviewed and tracked on an annual basis and the necessary actions to achieve those targets to be identified and implemented.
- Achieve increased female participation in the Boral Leadership Development Program and the Boral Emerging Leaders Program.
- Incorporate diversity-related KPIs as part of each senior manager's Personal Development Process, and track progress against those objectives as part of their annual performance appraisal.
- Establish partnership/sponsorship/membership with an external body promoting a women's leadership initiative or female participation in the construction and building materials sector.

Progress toward achieving these objectives is summarised in the following table:

Measurable Objective	Progress
Reporting Mechanisms	A six monthly reporting process has been developed and is in place to monitor, track and report on key diversity measures. Reports are prepared for each Australian division and used by divisional management as input for the Group's performance management process. A process to gather diversity data for the USA and Asia has been put in place.
Graduate Recruitment	The graduate program has undergone revision and a two-year structured program is under development for the FY2013 intake, which will set intake targets for female graduates by discipline and otherwise focus on attracting female graduates.
Leadership Programs	Female participation in key leadership programs is increasing in the three key leadership programs. Female participation in FY2012 was as follows: • Frontline Leadership Development Program – 29% • Emerging Leaders Program – 25% • Leadership Development Program – 18% Diversity was included in the curriculum of all leadership programs.
Diversity-related KPIs	One of the key attributes of the Group's performance management process relates to leadership in the area of the promotion of gender diversity. Personal objectives for managers in relation to gender diversity have been developed as part of the FY2013 performance management process.
Partnership with external body	Boral is a member of the Diversity Council and will be taking a more active role in utilising the Council's resources and expertise.

Management is responsible for implementing initiatives throughout the businesses to achieve the Group's diversity objectives, and more generally to reinforce Boral's commitment to fostering an inclusive and supportive workplace in accordance with the principles outlined in the Diversity Policy.

In terms of the Group's profile, currently two of the seven non-executive Directors on the Boral Board are women. Approximately 9% of employees in senior management positions are women, including the Group General Counsel and Company Secretary, the Group Finance Manager, the CFO of Boral's USA operations and the Regional General Manager of Boral Construction Materials' SA operations. Overall 14% of the Boral workforce are women.

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

The Committee met five times during FY2012.

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* 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.

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*. In accordance with this requirement, there was a change in audit partner in the second half of FY2011.

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 50.

Internal audit

During FY2012, the internal audit function has been 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 Group General Counsel and Company Secretary are responsible for determining whether or not information is required to be disclosed to the ASX.

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 activities.

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 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.

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.

Corporate Governance Statement

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 (through the Audit Committee) on the effectiveness of the management of the material business risks faced by Boral during FY2012.

Risk management matters are analysed and discussed by the Board at least twice yearly 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 at every Board meeting and certified by Treasury management and the Audit Committee twice yearly;
- material 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 Boral'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 Boral's material business risks.

Health, Safety & Environment Committee

The Board has also established a Health, Safety & Environment Committee which comprises three independent non-executive Directors.

The members of the Committee are:

Eileen Doyle (Chairman)
Bob Every
John Marlay

The Committee held its first meeting on 15 August 2011 and met on four occasions during FY2012.

The Committee's responsibilities include the review and monitoring of:

- the effectiveness of the Group's policies, systems and governance structure for identifying and managing health, safety and environment risks which are material to the Group;
- the policies and systems within the Group for ensuring compliance with applicable legal and regulatory requirements associated with health, safety and environment matters;
- the performance of the Group, assessed by reference to agreed targets and measures, in relation to health, safety and environment matters, including the impact on employees, third parties and the reputation of the Group;
- the output of the Group's audit performance in relation to health, safety and environment matters;
- the adequacy of the Group's systems for reporting actual or potential accidents, breaches and significant incidents, and review of investigations and remedial actions in respect of any significant incident; and
- the Group's reports which are prepared and lodged in compliance with its statutory obligations concerning the environment.

The Health, Safety & Environment Committee Charter is available on Boral's website.

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* for FY2012. 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.

Principle 8: Remunerate fairly and responsibly

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

The members of the Committee are:

Brian Clark (Chairman)
Bob Every
John Marlay
Catherine Brenner (from 1 March 2012)

The Committee met on six occasions during FY2012.

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

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.

Remuneration of non-executive Directors
The remuneration of the non-executive Directors is fixed. The non-executive Directors 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 64.

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 2012:

(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 7 of the Annual Report.

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

- The acquisition of Lafarge's 50% interest in the joint venture Lafarge Boral Gypsum in Asia Sdn Bhd (LBGA) was completed for consideration of €429m (A$598m) on an enterprise value basis. After adjusting for net debt and non-controlling interests, the acquisition equity value is €380m (A$531m).
- On 22 May 2012, Mark Selway stepped down as Chief Executive and Managing Director, and Ross Batstone was appointed Chief Executive Officer.
- The Group reported net profit after tax of $176.6m after recognising a net significant gain of $75.4m as detailed in Note 4 to the financial statements.

(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:

- the Company announced on 10 September 2012 the appointment of Mr Mike Kane as Chief Executive Officer and Managing Director of the Company, effective 1 October 2012.

(5) Future developments and results
Other than matters referred to in the Chief Executive's Review on pages 6 and 7 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 27 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 7.0 cents per ordinary share (fully franked at the 30% corporate tax rate) for the year ended 30 June 2011 was paid on 27 September 2011	51.1
the interim dividend of 7.5 cents per ordinary share (fully franked at the 30% corporate tax rate) for FY2012 was paid on 5 April 2012	55.8

The Directors have resolved to pay a final dividend of 3.5 cents per ordinary share (fully franked at the 30% corporate tax rate) for FY2012. The dividend will be paid on 28 September 2012.

(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

Ms Brenner, Dr Clark, Dr Doyle, Dr Every, Mr Longes, Mr Marlay and Mr Rayner have been Directors at all times during and since the end of the year. Mr Selway was a Director from 1 July 2011 to 22 May 2012, on which date he stepped down from the Board.

(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 exerciseable
			Number	Number	Number	Number	Number	Number
29/10/2004	29/10/2011	$6.55	1,536,700	–	1,536,700	–	–	–
31/10/2005	31/10/2012	$7.65	2,552,700	–	73,400	–	2,479,300	–
06/11/2006	06/11/2013	$7.27	3,823,900	–	103,500	–	3,720,400	1,902,700
06/11/2007	06/11/2014	$6.78	4,989,800	–	173,600	–	4,816,200	4,239,552
			12,903,100	**–**	**1,887,200**	**–**	**11,015,900**	**6,142,252**

The options referred to above were held by 112 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.

(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 (Cth) (Corporations Act)*.

During the year, Boral paid premiums in respect of Directors' and Officers' Liability and Legal Expenses insurance contracts for the year ended 30 June 2012 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 2013. 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 36 to 37 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 October 2005 to September 2010

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 to August 2012

John Marlay
Incitec Pivot Limited from December 2006 (current)

Cardno Limited from November 2011 (current)

Alesco Corporation Limited from November 2011 (current)

Paul Rayner
Centrica plc from September 2004 (current)

Qantas Airways Limited from July 2008 (current)

Treasury Wine Estates Limited from May 2011 (current)

(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		Health, Safety & Environmental Committee	
	Meetings held while a Director	Meetings attended	Meetings held while a member	Meetings attended	Meetings held while a member	Meetings attended	Meetings held while a member	Meetings attended
Catherine Brenner	15	15	5	5	1	1	–	–
Brian Clark	15	15	–	–	6	6	–	–
Eileen Doyle	15	15	5	5	–	–	4	4
Bob Every	15	15	–	–	6	6	4	4
Richard Longes	15	13*	5	5	–	–	–	–
John Marlay	15	15	–	–	6	6	4	4
Mark Selway	13	13					–	–
Paul Rayner	15	15	5	5	–	–	–	–

* **The two Board Meetings that Mr Longes was unable to attend were unscheduled meetings.**

Bob Every is not a member of the Audit Committee but attended all of the meetings held by that Committee from 1 July 2011 to 30 June 2012.

(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, and is a Fellow of the Institute of Chartered Secretaries.

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.

(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 the date of this report (or, in the case of Mark Selway, 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	5,195	–	–	–
Brian Clark	69,217	5,329	–	–
Eileen Doyle	7,032	–	–	–
Bob Every	65,605	4,616	–	–
Richard Longes	18,197	10,144	–	–
John Marlay	4,969	–	–	–
Paul Rayner	27,399	1,790	–	–
Mark Selway	11,290	–	–	1,506,039[c]

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

- Brian Clark, 45,654 shares are held by MCG Wealth Management Australia Nominees Pty Limited – <Brian & Sandra S/F A/C> and 21,827 shares are held by MCG Wealth Management Australia Nominees Pty Limited – JBC Investment Holdings Pty Ltd <Clark Family A/C>;
- Eileen Doyle, 5,750 shares are held by Mr SE Doyle and Dr EJ Doyle for the S&E Doyle Super Fund 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, 1,069 shares are held by The Marlay Superannuation Fund; and
- Paul Rayner, 26,098 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.

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 FY2012.

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 are as follows:

Number of SARs	Expiry Date
431,034	1 January 2017
303,819	12 November 2017
771,186	1 September 2018

Additional information regarding Mr Selway's SARs is set out under the heading "Implications of Mr Selway leaving Boral" on page 58 of the Remuneration Report.

(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 $937,000. These services consisted of:

Taxation compliance in Australia	$86,000
Taxation compliance/due diligence related services in jurisdictions other than in Australia	$292,000
Australian due diligence and other services	$559,000

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*.

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* because:

- Directors are not aware of any reason to question the auditor's independence declaration under section 307C of the *Corporations Act*;
- the nature of the non-audit services provided is not inconsistent with the requirements of the *Corporations Act*; 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.

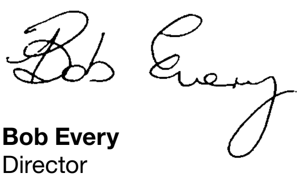
(18) Auditor's Independence Declaration
The auditor's independence declaration made under section 307C of the *Corporations Act* is set out on page 50 of the Annual Report and forms part of this Report.

(19) Remuneration Report
The Remuneration Report is set out on pages 51 to 64 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* 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

Paul Rayner
Director

Sydney, 11 September 2012

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 2012 there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Greg Boydell
Partner

Sydney, 11 September 2012

2012 Remuneration Report

The Board's ongoing commitment is to ensure that Boral's remuneration strategy and practices are properly aligned with the creation of short and long term shareholder value while at the same time appropriately attracting, motivating, rewarding and retaining executives.

Boral's remuneration policies and practices have been designed to focus executives on implementing business strategy and rewarding outcomes that address the specific challenges that face companies operating in cyclical industries like the building and construction sector.

During the year, the Board continued to seek advice from PwC, its external remuneration adviser. PwC has assisted with reviews and benchmarking of the Company's Chief Executive Officer's remuneration and non-executive Director remuneration.

2012 Remuneration in Brief

The Board remains committed to clear and transparent disclosure of the Company's remuneration arrangements. This remuneration snapshot sets out in brief the key details regarding Director and senior executive remuneration for FY2012. The full Remuneration Report provides greater detail.

Particular events and actions that impacted Boral's remuneration structure and outcomes for FY2012 were:

- The performance conditions for the Short Term Incentive (STI) were refined to focus wholly on earnings before interest and tax (EBIT);
- Difficult economic conditions in Australia and the USA resulted in a decline in the Company's financial outcome relative to last year with many businesses' lower than budget performance resulting in a marked reduction in STI awards across the Group;
- The transition to a new Chief Executive, Ross Batstone, has resulted in higher than expected remuneration costs for the outgoing Chief Executive, Mark Selway, including termination payments and expensing of long term incentives that remain afoot (and will only vest if existing performance hurdles are satisfied); and
- A review of the structure of non-executive Director remuneration including Chairman and Committee Chairman fees.

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

Refined performance conditions for the Short Term Incentive Plan

In FY2011, Boral realigned the STI performance measures to focus entirely on earnings before interest and tax (EBIT) and working capital performance. As foreshadowed in last year's report, the Company adopted EBIT as the sole STI performance measure for the FY2012 year. The focus on EBIT is considered appropriate in light of the current difficult market conditions facing Boral, particularly in the USA and Australia. The linking of EBIT to STI will result in a stronger alignment between executive STI rewards and shareholder value. Performance against non-financial measures such as safety, manufacturing excellence and sales and marketing excellence continues to be strongly managed through the Company's performance management process.

Financial performance and the STI outcome

For FY2012, Group EBIT (before significant items) of $199.6m was lower than the previous year's EBIT by 28% and was below the internal budgeted level. As a consequence, STI levels for FY2012 are 52% lower (on average) than those in the previous year. Only one member of the senior executive team received an STI award for FY2012. This was for the USA business where, despite a very difficult housing market, financial results exceeded budgeted expectations which required significant improvement over the prior year.

Chief Executive Officer transition

In May 2012, the Board announced that Mark Selway would step down from his role as Chief Executive. Mark remained in employment until 31 July 2012 to assist with the transition to Ross Batstone as the incoming Chief Executive. Ross Batstone was appointed Chief Executive Officer on a flexible one year contract pending the appointment of a permanent CEO. Ross has been with the Boral Group for over 20 years and most recently was Divisional Managing Director of the Building Products Division. The terms of Mr Batstone's remuneration are set out on page 57 of this report.

Ross Batstone's immediate priorities are to continue the current strategic initiatives of Boral including LEAN Manufacturing, Sales and Marketing Excellence and continued integration of Boral Gypsum Asia.

The Board carried out an international search to identify candidates for the role of Managing Director and CEO. Internal and external candidates were considered. Mr Mike Kane, currently President and CEO of Boral USA, was appointed to the role and will commence on 1 October 2012. Sufficient flexibility was built into Mr Batstone's contract to allow for a smooth CEO transition.

In line with Mark Selway's employment contract, details of which were announced to the market in September 2009, Mark received a termination payment equal to 12 months' fixed remuneration. Mr Selway's 12 month rolling contract entitled him to retain rights granted under the terms of Boral's Long Term Incentive (LTI) plan. The outstanding expense of these rights has been brought forward as required under accounting standards and expensed in the FY2012 financial statements. Whether Mr Selway derives any value from these rights will depend on the extent to which Boral's market-based relative TSR hurdle is met on the test dates during the remaining terms of the grants.

2012 Remuneration Report

Non-executive Director remuneration

After taking advice from its external remuneration adviser, the Board made minor changes to the structure of non-executive Directors' fees which involved setting the Chairman's fees as a multiple of the base Director's fee (in line with market practice). The base Directors' fees which had not been increased since 1 July 2008 were increased by 5.7% on 1 November 2011.

The Board has decided not to apply any fee increase for FY2013.

Remuneration outcomes for Chief Executive and senior executives

Details of the remuneration of the Chief Executive and senior executives, prepared in accordance with statutory obligations and accounting standards, are contained on page 63 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 FY2012.

The amounts disclosed in the table, while not in accordance with accounting standards, are considered relevant in explaining the actual remuneration received by executives during the year. The table has been subject to audit.

The STI awards made for FY2012 reflect achievement of the 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 FY2012 are lower than the amounts shown in the remuneration table on page 63 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 FY2012. 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. The table below includes the value of any LTI grants which actually vested to executives in FY2012.

A$'000s	Fixed	STI	LTI[a]	Other[b]	Total
Ross Batstone	946.0	0.0	35.7	33.1	**1,014.8**
Mike Beardsell	673.9	0.0	7.0	30.1	**711.0**
Mike Kane	528.7	196.4	0.0	30.3	**755.4**
Andrew Poulter	781.2	0.0	0.0	12.7	**793.9**
Murray Read	742.5	0.0	15.3	10.9	**768.7**
Former Executive					
Mark Selway	1,876.9	0.0	0.0	1,930.6	**3,807.5**

a For rights, the LTI value represents the value of rights vested during the year calculated using the market price of Boral shares on the date of vesting. For options, the exercise price exceeded the market price of Boral shares on the exercise date and no options were exercised.
b Other includes parking and long service leave accruals and a termination payment for Mark Selway.

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 2012. This Remuneration Report forms part of the Directors' Report and has been audited in accordance with the *Corporations Act 2001*.

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. The people in these positions during the year ended 30 June 2012 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 (July 2011 to May 2012)
Ross Batstone	Chief Executive (May 2012 to June 2012), previously 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

Business reorganisation and executive changes

Boral's portfolio of businesses was reorganised following the appointment of Ross Batstone as Chief Executive Officer. These organisational changes took effect from 1 July 2012 and are detailed in the Annual Report.

Bryan Tisher was appointed Divisional Managing Director of the Building Products Division. The Construction Related Businesses ceased as a Division and its component businesses were allocated across other divisions; Windows into the Building Products Division and Concrete Placing into the Cement Division. Boral Gypsum Asia (BGA) has become a separate Division led by Frederic de Rougemont. The Company continues to focus on key strategic initiatives such as LEAN manufacturing, innovation, collaboration, sales and marketing excellence and integration of BGA. The result of these changes is simplification of reporting structure and a more logical alignment of businesses.

Remuneration governance

The Remuneration & Nomination Committee of the Board makes recommendations for approval by the full Board on remuneration arrangements for the non-executive Directors, the Chief Executive Officer and senior executives. This includes recommendations relating to directors' fees, annual executive remuneration reviews, short and long term incentives structure and grants, STI measures and targets and LTI measures and targets. The Committee also advises the Board on remuneration policies and practices for Boral generally.

The Committee seeks advice from external specialist remuneration advisers as well as from management.

The Committee comprises four independent non-executive Directors: Brian Clark (Committee Chairman), Catherine Brenner, Bob Every and John Marlay. Catherine Brenner joined the Committee on 1 March 2012.

A Management Remuneration Committee reviews remuneration matters for all Boral employees and provides advice and makes recommendations to the Remuneration & Nomination Committee.

The Board Committee typically meets quarterly while the Management Committee meets monthly.

During FY2012, the Board adopted a protocol governing the engagement of remuneration consultants and the provision of "remuneration recommendations" (that is, recommendations relating to the remuneration of Key Management Personnel (KMP)). The purpose of this protocol is to ensure that recommendations provided by consultants are made free from influence by the KMP to whom the recommendations relate.

The protocol provides that before Boral enters into a contract to engage a consultant to provide remuneration recommendations, the proposed consultant must be approved by the Remuneration & Nomination Committee of the Board or the non-executive Directors. The remuneration consultant must report directly to the Board Committee or the non-executive Directors. If a consultant makes a recommendation concerning the remuneration of the KMP, the recommendation must be provided directly to the Board Committee or the non-executive Directors.

During FY2012, the non-executive Directors appointed PwC as Boral's external remuneration adviser. During FY2012, PwC provided advice on non-executive director remuneration and CEO remuneration including market data and current practices. PwC made no "remuneration recommendations" (that is, recommendations relating to the remuneration of KMP) to the Board.

PwC also calculated the fair market valuation for the 2011 grant of rights under the Company's LTI Plan.

Senior Executive Remuneration

Remuneration strategy

The Board has established a remuneration strategy that supports and drives the achievement of Boral's strategic objectives and 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 shareholders' interests.

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.

Building something great – the strategic building blocks for growth

1 Laying the foundations

Review and respond, creating a strong platform for growth

2 Reinforcing the core

Focus and improve assets where Boral can be market leader

3 Investing for growth

Expand and invest, through acquisition and innovation worldwide

4 Sector best performance

Realise Sector Best Performance and market leading returns

Boral's remuneration strategy

Attract and retain high calibre executives

- reward competitively in the markets in which Boral operates
- provide a balance of fixed and "at risk" remuneration

Align executive rewards with Boral's performance

- assess rewards against objective financial measures
- make short term and long term components of remuneration "at risk" based on performance

Remuneration components

Fixed Annual Remuneration

- provides "predictable" base level of reward
- set at market median (for local geographic market) using external benchmark data
- varies based on employee's experience, skills and performance
- consideration given to both external and internal relativities

Short Term Incentive

- entirely focused on financial outcomes
- financial targets linked to objective measures at Group, division, and business unit level, such as budgeted profit and improvements in working capital management

Long Term Incentive

- delivered in equity to align executives with shareholder interests
- tested three times after three, five and seven years – reflecting the typical building cycle
- no value unless returns to shareholders exceed market median
- full vesting when Boral achieves top quartile performance

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 objectives and behaviour in accordance with Boral's values.

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

Long Term Incentives (LTI): Reward senior executives for delivering performance over the duration of the Boral business cycle on the basis of Relative TSR versus a peer group. This LTI structure provides a retention element, equity exposure and alignment with shareholder reward.

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.

Benchmarking remuneration

The primary reference for remuneration benchmarking is 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 where there are 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.

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[1, 2]	50%	50%	0%
Senior executives[3]	50–54%	22–25%	24–26%

1 The Chief Executive has no long term component for FY2013 due to his anticipated retirement in July 2013.
2 The mix for M Selway was 33.3%, 33.3% and 33.3%.
3 Senior executive percentages vary between individuals.

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 as well as market data from PwC is used to determine remuneration midpoint levels of fixed remuneration for senior executives and managers.

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 6% of Boral employees participated in the STI plan in FY2012.

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.

Senior Executive Remuneration

If the Chief Executive, Ross Batstone, 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. Stretch outcomes require results which significantly exceed budget, and are only achieved in exceptional circumstances.

The STI performance conditions were modified for FY2011 to be wholly focused on the achievement of key financial measures, earnings before interest and tax (EBIT) and working capital performance. As foreshadowed in last year's report, in FY2012 EBIT was the sole financial measure. The Board considers that financial measures link directly to the creation of shareholder value and the strategic direction of the Company. 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 EBIT targets that were established as part of the Group annual budget process.

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 at the Board's discretion. Note that only rights have been granted since November 2007.

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. The LTI grant percentage for senior executives is 45–50% of the executive's FAR.

The Chief Executive, Ross Batstone, will not participate in the LTI grant for 2012. Mr Batstone has received grants under the LTI plans in prior years in respect of other senior executive roles he has held. The Company granted Ross Batstone 135,135 Share Acquisition Rights (SAR) on 1 September 2011 as a retention incentive, in recognition of his additional responsibilities as Divisional Managing Director of Boral Building Products in establishing a new Asian Plasterboard Division. The grant was made on terms and conditions determined by the Board and linked to service hurdles to be tested on 31 December 2012.

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. PwC 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.

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. Boral does not pay dividends on any unvested rights or options.

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 pro-rata 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 LTI Plan Rules allow for lapsing of unvested and vested options and rights and forfeiture of shares in the event of fraud, dishonesty or breach of obligations. The Board may exercise its discretion to allow all or some unvested rights and options to vest if a change of control event occurs. The Board would have regard for the performance of the Company during the vesting period up to the date of a change of control event. A change of control event includes a takeover bid being served on the Company, a Board recommendation that shareholders accept a takeover bid, a takeover bid that becomes unconditional, a Court approved scheme of arrangement or other corporate action.

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 delivery of shareholder return across the business cycle. 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 percentages 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 FY2012 will not be measured until FY2015.

Employment contract details

Chief Executive remuneration structure and contract terms

Mr Ross Batstone was appointed to the Chief Executive role on 22 May 2012. His 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 Batstone's fixed and variable remuneration has been established taking into account the nature of Mr Batstone's role as Chief Executive while a global search has been conducted for a new Chief Executive Officer. The elements of his remuneration were 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 Mr Batstone's contract is for a fixed period until his intended retirement on 1 July 2013 allowing sufficient flexibility for a smooth CEO transition.

Senior Executive Remuneration

Mr Batstone's FAR is $1,500,000 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 for FY2013 are focused on achievement of financial outcomes as well as business improvement outcomes. If Mr Batstone's employment ends due to his retirement on 1 July 2013, he will be entitled to an STI for the year ending 30 June 2013, conditional upon achievement of the applicable performance measures.

Mr Batstone's remuneration as Chief Executive Officer will not include any grant under the Company's LTI Plan. Mr Batstone has received grants under the LTI Plan in the form of options and share rights in prior years in respect of other senior roles he has held in the Company. Details of these prior grants are set out in the report on page 61. The Board has determined that no portion of the rights granted to Mr Batstone in 2010 or 2011 under the LTI Plan will lapse on his retirement, but rather will remain on foot for their full term. They will vest in due course only if the applicable performance hurdles are met on the relevant test dates.

If Mr Batstone's employment is terminated by reason of illness or death prior to 1 July 2013, Mr Batstone will receive a separation payment equal to nine months' FAR. In such circumstances, Mr Batstone will not be entitled to any STI in respect of FY2013, i.e. the STI is not pro-rated.

Appointment of new Chief Executive

On 10 September 2012, the Company announced the appointment of Mr Mike Kane as Chief Executive Officer and Managing Director of Boral Limited. Mr Kane has been President and CEO of Boral USA since 1 March 2010 and will take up his new position on 1 October 2012.

The terms of his employment as CEO of Boral Limited were released on 10 September 2012.

Implications of Mr Selway leaving Boral

Mr Selway stood down from the role of Chief Executive Officer on 22 May 2012 and remained in employment until 31 July 2012 to assist with the transition arrangements. At 22 May 2012 he ceased to be classified as one of Boral's key management personnel. On termination Mr Selway was entitled to receive a separation payment equal to one year's FAR in accordance with his contract which was a 12 month rolling contract. This separation payment was inclusive of any payment in lieu of notice to which he was entitled. Mr Selway did not receive a restraint payment as part of any post-employment arrangements nor did he receive any STI for FY2012 or FY2013.

At the 2009 Annual General Meeting, shareholders approved an initial grant of share rights to Mr Selway equivalent to 100% of his FAR. At the 2010 Annual General Meeting, shareholders approved a grant of share rights to Mr Selway equivalent to 50% of his FAR and a grant of share rights for 2011 and 2012 equivalent to 100% of Mr Selway's FAR. Mr Selway will not be eligible for the grant of share rights in 2012. Following Mr Selway's termination of employment his unvested share rights remain on foot, in accordance with the terms of the grant and the terms of Mr Selway's contract of employment. These rights will vest only if the applicable performance hurdles are met on the relevant test dates.

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.

Senior executives' entitlement to unvested options and rights is dealt with under the LTI Plan rules and the specific terms of grant (as outlined earlier in this report).

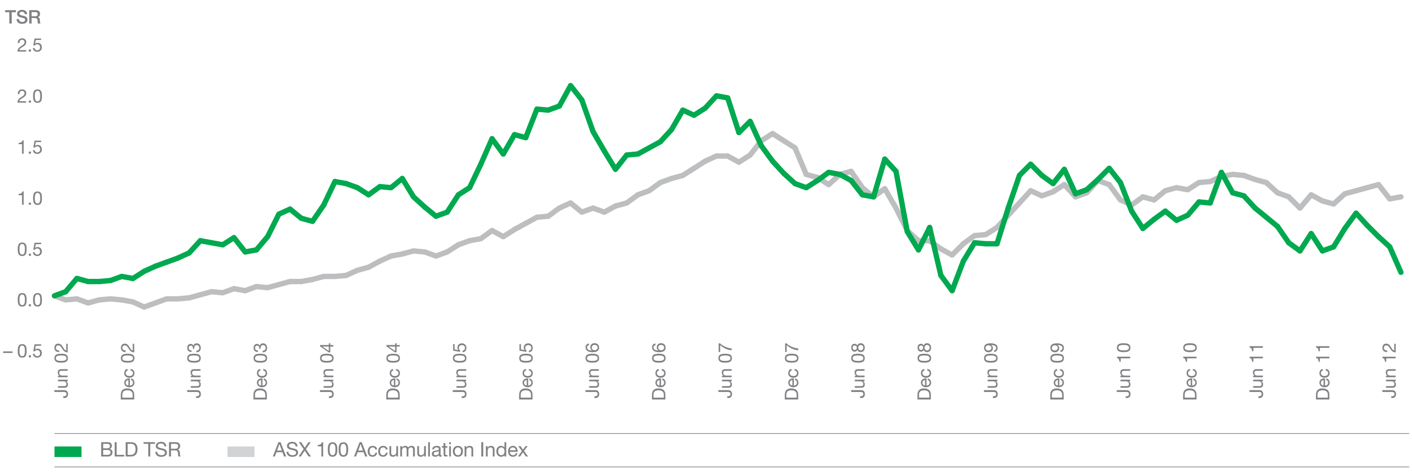
Company Performance and Remuneration Outcomes

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 2012, Boral has achieved an annual TSR of 2.1%, which is lower than that of the companies in the ASX 100 over the same period (as represented by the ASX 100 Accumulation Index).

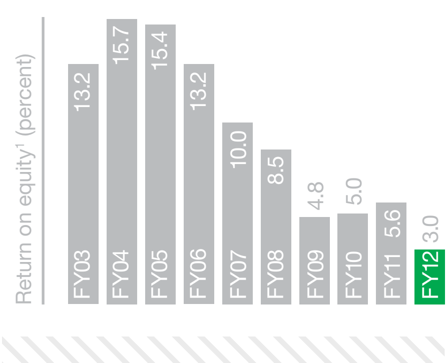
BLD TSR vs ASX 100 Accumulation Index
10 years to 30 June 2012



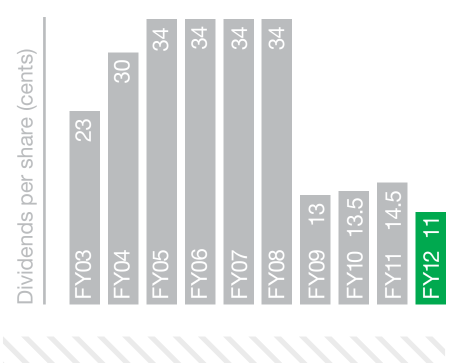
The effect of the business cycle is demonstrated in the charts below, which reflect the Company's earnings per share, return on equity and full year dividends since FY2003. The year on year change from 2011 to 2012 is shown in percentage terms below.

EARNINGS PER SHARE[1] ↓44%

RETURN ON EQUITY[1] ↓46%



DIVIDENDS PER SHARE ↓24%



1 Excludes financial impact of significant items.

Company Performance and Remuneration Outcomes

Short term performance – FY2012

Boral's sales revenue of $5.0b was 6% ahead of the prior year. Excluding the consolidated revenue of Boral's Asian Plasterboard business (BGA) from 9 December 2011, Group revenues of $4.7b were broadly steady. Price gains across Boral's Australian businesses, contributions from acquisitions and increased volumes in the USA offset volume declines across most businesses in Australia.

Earnings before interest and tax of $200m (before significant items) decreased by 28% during the year. Severe declines in the Australian residential market in the second half together with weather-related delays resulted in a significant fall in Building Products' sales volumes, an increase in the cost of production and a less favourable sales mix.

Profit after tax (before significant items) of $101m decreased by 42% on the prior year. Boral's net profit after tax, after significant items, of $177m was 5% higher than last year.

Depreciation and amortisation increased by $28m to $273m and net interest expense increased by $25m to $88m, reflecting increased borrowings used to fund acquisitions and growth capital expenditure. The full year tax charge was much lower than last year. Earnings per share (before significant items) for the year decreased to 13.6c compared with 24.4c last year.

Shareholder returns have reduced in FY2012. Boral's remuneration strategy of linking executive reward to shareholder return has meant that executives' short term incentives were also significantly lower than the prior year – down by 52%. Only one senior executive, Mike Kane – President Boral Industries USA, received an incentive payment due to a higher than budget EBIT outcome.

Short Term Incentive vested/forfeited

	2012			2011		
	Cash bonus A$'000s	% vested	% forfeited	Cash bonus A$'000s	% vested	% forfeited
Executives						
Ross Batstone	**0.0**	**0**	**100**	0.0	0	100
Mike Beardsell	**0.0**	**0**	**100**	143.8	28	72
Mike Kane	**196.4**	**42**	**58**	220.4	49	51
Andrew Poulter	**0.0**	**0**	**100**	34.1	5	95
Murray Read	**0.0**	**0**	**100**	145.8	23	77
Former Executive						
Mark Selway	**0.0**	**0**	**100**	182.0	7	93
Total	**196.4**			726.1		

Long term performance

Boral's LTI grant in September 2011 was awarded in the form of 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.

Boral's relative TSR performance for the 2004 LTI grant reached the 52nd percentile of the ASX 100 companies, allowing partial vesting of rights and options during the year. Rights have vested; however, no value has been derived from options granted as the share price is well under the exercise price. The 2005, 2006 and 2007 grants did not improve their relative TSR performance during the year. The 2008 grant reached its first test date during the year; however, the relative TSR performance was below the 50th percentile. Therefore, in FY2012, there was no further vesting for these grants.

The relative TSR performance and the vesting level for each LTI grant since October 2004 are set out in the table below. Note that the 2004, 2006 and 2007 grants have reached or exceeded the minimum level required for vesting; however, the relative TSR performance of the 2005 and 2008 grants are yet to reach the 50th percentile. The 2009, 2010 and 2011 grants have not yet reached a measurement date.

The LTI grants from October 2005 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 2012.

Grant date	Expiry date	Option exercise price	Mix of options/rights	Relative TSR performance	Vesting level
Oct 04	Oct 11	$6.55	50% options 50% rights	52%	54%
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	28%	0%
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
Sept 11	Sept 18	N/A	100% rights	1st test date Sept 2014	N/A

Long Term Incentives granted and movement during the year

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

		Balance at 1 July 2011	Granted during the year as remuneration[a]	Value of grant[b]	Exercised/ vested during the year	Value of options and rights exercised/ vested[d]	Lapsed/ cancelled during the year[c]	Value of options and rights lapsed/ cancelled[e]	Balance at 30 June 2012
		Number	Number	$	Number	$	Number	$	Number
Executives									
Ross Batstone	Options	297,500	–	–	–	–	(56,800)	56,800	**240,700**
	Rights	352,382	321,978	940,950	(8,218)	35,745	(7,000)	26,110	**659,142**
Mike Beardsell	Options	113,100	–	–	–	–	(11,100)	11,100	**102,000**
	Rights	182,746	129,280	305,100	(1,607)	6,990	(1,369)	5,106	**309,050**
Mike Kane	Options	–	–	–	–	–	–	–	**–**
	Rights	78,717	102,285	241,392	–	–	–	–	**181,002**
Andrew Poulter	Options	–	–	–	–	–	–	–	**–**
	Rights	21,701	166,504	392,950	–	–	–	–	**188,205**
Murray Read	Options	123,200	–	–	–	–	(24,200)	24,200	**99,000**
	Rights	202,935	158,263	373,500	(3,507)	15,254	(2,988)	11,145	**354,703**
Former Executive									
Mark Selway	Options	–	–	–	–	–	–	–	**–**
	Rights	734,853	771,186	1,820,000	–	–	–	–	**1,506,039**

a No options were granted to senior executives during the year. Rights were granted to senior executives on 1 September 2011, with the earliest vesting date on 1 September 2014 and the last vesting date (expiry date) of the rights on 1 September 2018.

b The fair value of rights granted on 1 September 2011, calculated using a Monte Carlo simulation analysis, is $2.36 per right. The fair value of 135,135 rights granted to Ross Batstone, as a retention incentive, on 1 September 2011 is $3.70 per right.

c One fully paid ordinary share was allocated in respect of each right that vested.

d Calculated per right as the market price of Boral shares on the date of vesting. No exercise price is payable In respect of rights that vest. While there were also options that vested during the year, no options were exercised by senior executives because the exercise price exceeded the market price for Boral shares.

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

Company Performance and Remuneration Outcomes

The number of options and rights included in the balance at 30 June 2012 for the Chief Executive and the senior executives is as set out below:

		Year of grant							
		2005	2006	2007	2008	2009	2010	2011	Balance at 30 June 2012
Executives									
Ross Batstone	Options	71,700	74,900	94,100	–	–	–	–	**240,700**
	Rights	18,849	10,232	3,427	74,624	82,463	147,569	321,978	**659,142**
Mike Beardsell	Options	25,500	34,100	42,400	–	–	–	–	**102,000**
	Rights	6,714	4,655	1,545	29,654	38,530	98,672	129,280	**309,050**
Mike Kane	Options	–	–	–	–	–	–	–	**–**
	Rights	–	–	–	–	–	78,717	102,285	**181,002**
Andrew Poulter	Options	–	–	–	–	–	–	–	**–**
	Rights	–	–	–	–	–	21,701	166,504	**188,205**
Murray Read	Options	27,300	29,300	42,400	–	–	–	–	**99,000**
	Rights	7,175	4,008	1,544	29,538	29,175	125,000	158,263	**354,703**
Former Executive									
Mark Selway	Options	–	–	–	–	–	–	–	**–**
	Rights	–	–	–	–	431,034	303,819	771,186	**1,506,039**

The unvested options and 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 the date of vesting while the maximum value of unvested options is the sale price of Boral shares at the date of exercise less the applicable exercise price.

Executive Remuneration Table

The following executive remuneration table has been prepared in accordance with the appropriate accounting standards and has been audited. It differs from the actual remuneration table in the earlier "Remuneration in brief" section in that LTI payments in the earlier table reflect the value of rights that actually vested during the year while the "share-based payments" below reflect the fair market value of LTI grants made calculated in accordance with the accounting standard. These values align with the amounts expensed in Boral's financial statements.

		Short term			Post employ-ment	Termination benefit	Share-based payments[a]		Other long term	Total
A$'000s		Cash salary	Short Term Incentive	Non-monetary benefits[b]	Super-annuation		Options	Rights		
Executives										
Ross Batstone[c]	**2012**	**818.9**	**0.0**	**19.4**	**127.1**	**0.0**	**28.9**	**953.5**[d]	**13.7**	**1,961.5**
Chief Executive (from 22 May 2012)	2011	729.3	0.0	19.0	120.7	0.0	48.5	224.8	12.1	1,154.4
Mike Beardsell	**2012**	**658.1**	**0.0**	**19.1**	**15.8**	**0.0**	**13.1**	**173.9**	**11.0**	**891.0**
Divisional Managing Director, Boral Cement	2011	634.6	143.8	19.0	15.2	0.0	21.3	110.6	10.6	955.1
Mike Kane	**2012**	**462.1**	**196.4**	**30.3**	**66.6**	**0.0**	**0.0**	**85.5**	**0.0**	**840.9**
President, Boral Industries USA	2011	440.9	220.4	37.1	74.2	0.0	0.0	28.7	0.0	801.3
Andrew Poulter	**2012**	**765.4**	**0.0**	**0.0**	**15.8**	**0.0**	**0.0**	**77.8**	**12.7**	**871.7**
Chief Financial Officer	2011	741.0	34.1	0.0	15.2	0.0	0.0	7.9	12.4	810.6
Murray Read	**2012**	**642.5**	**0.0**	**0.2**	**100.0**	**0.0**	**12.6**	**192.3**	**10.7**	**958.3**
Divisional Managing Director, Construction Materials	2011	625.2	145.8	0.0	94.8	0.0	20.2	111.4	10.4	1,007.8
Former Executive										
Mark Selway	**2012**	**1,861.1**	**0.0**	**11.3**	**15.8**	**1,888.3**[e]	**0.0**	**3,541.5**[f]	**31.0**	**7,349.0**
Chief Executive (from 1 July 2011 to 22 May 2012)	2011	1,793.1	182.0	0.0	15.2	0.0	0.0	460.8	29.9	2,481.0
Total	**2012**	**5,208.1**	**196.4**	**80.3**	**341.1**	**1,888.3**	**54.6**	**5,024.5**	**79.1**	**12,872.4**
Total	2011	4,964.1	726.1	75.1	335.3	0.0	90.0	944.2	75.4	7,210.2

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.
c Ross Batstone was Divisional Managing Director of the Building Products Division before being appointed as Chief Executive Officer on 22 May 2012.
d Includes an expense for Mr Batstone for rights of $332,384 that would normally have been amortised over future years.
e This amount constitutes a separation payment equal to one year's FAR which was paid to Mr Selway upon his termination and is within the termination benefits cap.
f Includes an expense for Mr Selway for rights of $2,714,204 that would normally have been amortised over future years. Mr Selway's unvested share rights remain intact and will only vest if the applicable performance hurdles are met on the relevant test dates.

Former executive Mark Selway stood down from the Chief Executive's role on 22 May 2012. At that date he ceased to be classified as one of Boral's Key Management Personnel; however, he remained in employment until 31 July 2012.

Proportion of remuneration which consists of options/rights is Ross Batstone 50%, Mike Beardsell 21%, Mike Kane 10%, Andrew Poulter 9%, Murray Read 21% and Mark Selway 48%.

Proportion of remuneration that is performance-based is Ross Batstone 50%, Mike Beardsell 21%, Mike Kane 34%, Andrew Poulter 9%, Murray Read 21% and Mark Selway 48%.

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 $1,550,000 per annum was approved at the Company's Annual General Meeting in November 2011.

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 PwC regarding non-executive Directors' remuneration.

The Board determined that an increase of 5.7% in non-executive Directors' base remuneration and Committee member fees should occur on 1 November 2011. The last increase in Directors' fees took place on 1 July 2008. The Chairman's fee and the Committee Chairman's fee structure were also altered. The Chairman's fee, including Committee fees, was set at three times the base remuneration of a Director (previously it was 2.75 times the base remuneration of a Director plus Committee fees) and the Committee Chairman's fee was set at two times the base Committee fee. The establishment of the HSE Committee resulted in additional fees of $39,600 in FY2012.

The Board has also determined that no increase in non-executive Directors' fees or Committee fees will occur for FY2013.

The current remuneration of non-executive Directors is:

Position	Base remuneration	Committee fees	Total remuneration
Chairman	$390,000	$0	$390,000
Committee Chairman	$130,000	$28,540	$158,540
Director	$130,000	$14,270	$144,270

The total annual non-executive Director remuneration for the current Board of seven non-executive Directors for FY2012 was $1,299,905 including superannuation.

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

Non-executive Directors' total remuneration

	2012			2011		
A$'000s	Short term Board and Committee fees[a]	Post employment superannuation	Total remuneration	Short term Board and Committee fees	Post employment superannuation	Total remuneration
Directors						
Catherine Brenner[b]	**134.3**	**12.1**	**146.4**	99.6	9.0	108.6
Brian Clark	**140.8**	**12.7**	**153.5**	131.4	11.8	143.2
Eileen Doyle	**153.6**	**13.8**	**167.4**	125.2	11.3	136.5
Robert Every, Chairman	**366.0**	**15.8**	**381.8**	336.6	15.2	351.8
Richard Longes	**130.0**	**11.7**	**141.7**	125.2	11.3	136.5
John Marlay	**142.8**	**12.9**	**155.7**	125.2	11.3	136.5
Paul Rayner	**140.8**	**12.6**	**153.4**	131.4	11.8	143.2
Total	**1,208.3**	**91.6**	**1,299.9**	1,074.6	81.7	1,156.3

a The Health, Safety and Environment Committee was constituted with effect from 1 July 2011.
b Catherine Brenner was appointed on 15 September 2010.

Roland Williams was a Director for part of 2011 with a total remuneration of $47,600.

No share-based payments were made to non-executive Directors during 2011 or 2012.

Financial Statements

Notes to the Financial Statements

Income Statement

Boral Limited and Controlled Entities

For the year ended 30 June	Note	CONSOLIDATED 2012 $ millions	2011 $ millions
Continuing operations			
Revenue	3	**4,716.2**	4,345.7
Cost of sales		**(3,425.4)**	(3,063.8)
Selling and distribution expenses		**(812.6)**	(770.6)
Administrative expenses		**(331.0)**	(322.5)
		(4,569.0)	(4,156.9)
Other income	3	**207.5**	75.5
Other expenses	3	**(119.3)**	(60.6)
Share of net profit of associates	12	**30.8**	42.0
Profit before net financing costs and income tax expense		**266.2**	245.7
Financial income	3	**14.6**	23.6
Financial expenses	3	**(99.5)**	(83.3)
Net financing costs		**(84.9)**	(59.7)
Profit before income tax expense		**181.3**	186.0
Income tax benefit/(expense)	6	**29.2**	(9.2)
Profit from continuing operations		**210.5**	176.8
Discontinued operations			
Loss from discontinued operations (net of income tax)	5	**(32.8)**	(11.4)
Net profit		**177.7**	165.4
Attributable to:			
Members of the parent entity		**176.6**	167.7
Non-controlling interests		**1.1**	(2.3)
Net profit		**177.7**	165.4
Basic earnings per share	8	**23.8c**	23.3c
Diluted earnings per share	8	**23.6c**	23.2c
Continuing operations			
Basic earnings per share	8	**28.2c**	25.0c
Diluted earnings per share	8	**28.0c**	24.9c

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 2012 $ millions	 2011 $ millions
Net profit		**177.7**	165.4
Other comprehensive income			
Actuarial gain/(loss) on defined benefit plans	27	**(9.8)**	2.8
Net exchange differences from translation of foreign operations taken to equity		**(4.4)**	(31.1)
Foreign currency translation reserve transferred to net profit on recognition of LBGA as a subsidiary	24	**30.5**	–
Foreign currency translation reserve transferred to net profit on disposal of controlled entities	24	**18.6**	–
Fair value adjustment on cash flow hedges	24	**(4.2)**	1.0
Income tax relating to other comprehensive income		**5.5**	(29.7)
Total comprehensive income		**213.9**	108.4
Total comprehensive income is attributable to:			
Members of the parent entity		**210.7**	113.7
Non-controlling interests		**3.2**	(5.3)
Total comprehensive income		**213.9**	108.4

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 2012 $ millions	2011 $ millions
CURRENT ASSETS			
Cash and cash equivalents	9	**205.7**	561.2
Receivables	10	**809.6**	784.1
Inventories	11	**656.1**	596.1
Other financial assets	13	**0.2**	7.5
Other	16	**69.0**	85.6
Assets classified as held for sale	5	**62.9**	–
TOTAL CURRENT ASSETS		**1,803.5**	2,034.5
NON-CURRENT ASSETS			
Receivables	10	**17.8**	10.3
Inventories	11	**104.9**	93.5
Investments accounted for using the equity method	12	**36.6**	240.2
Property, plant and equipment	14	**3,566.7**	2,894.9
Intangible assets	15	**820.1**	255.9
Deferred tax assets	21	**101.2**	88.2
Other	16	**48.3**	50.5
TOTAL NON-CURRENT ASSETS		**4,695.6**	3,633.5
TOTAL ASSETS		**6,499.1**	5,668.0
CURRENT LIABILITIES			
Payables	17	**732.2**	702.8
Loans and borrowings	18	**148.3**	163.4
Other financial liabilities	19	**7.1**	7.5
Current tax liabilities	20	**22.8**	123.8
Provisions	22	**187.8**	218.6
Liabilities classified as held for sale	5	**44.6**	–
TOTAL CURRENT LIABILITIES		**1,142.8**	1,216.1
NON-CURRENT LIABILITIES			
Payables	17	**10.9**	12.5
Loans and borrowings	18	**1,575.1**	903.2
Other financial liabilities	19	**72.4**	112.2
Deferred tax liabilities	21	**182.5**	161.1
Provisions	22	**112.0**	106.5
TOTAL NON-CURRENT LIABILITIES		**1,952.9**	1,295.5
TOTAL LIABILITIES		**3,095.7**	2,511.6
NET ASSETS		**3,403.4**	3,156.4
EQUITY			
Issued capital	23	**2,368.4**	2,261.3
Reserves	24	**(109.2)**	(159.5)
Retained earnings		**1,069.9**	1,007.0
Total parent entity interest		**3,329.1**	3,108.8
Non-controlling interests		**74.3**	47.6
TOTAL EQUITY		**3,403.4**	3,156.4

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

For the year ended 30 June 2012	CONSOLIDATED Issued capital $ millions	Reserves $ millions	Retained earnings $ millions	Total parent entity interest $ millions	Non-controlling interests $ millions	Total equity $ millions
Balance at 1 July 2011	**2,261.3**	**(159.5)**	**1,007.0**	**3,108.8**	**47.6**	**3,156.4**
Net profit	**–**	**–**	**176.6**	**176.6**	**1.1**	**177.7**
Other comprehensive income						
Translation of net assets of overseas controlled entities	**–**	**(1.5)**	**–**	**(1.5)**	**2.1**	**0.6**
Translation of long-term borrowings and foreign currency forward contracts	**–**	**(5.0)**	**–**	**(5.0)**	**–**	**(5.0)**
Foreign currency translation reserve transferred to net profit on recognition of LBGA as a subsidiary	**–**	**30.5**	**–**	**30.5**	**–**	**30.5**
Foreign currency translation reserve transferred to net profit on disposal of controlled entities	**–**	**18.6**	**–**	**18.6**	**–**	**18.6**
Fair value adjustment on cash flow hedges	**–**	**(4.2)**	**–**	**(4.2)**	**–**	**(4.2)**
Actuarial gain/(loss) on defined benefit plans	**–**	**–**	**(9.8)**	**(9.8)**	**–**	**(9.8)**
Income tax relating to other comprehensive income	**–**	**2.5**	**3.0**	**5.5**	**–**	**5.5**
Total comprehensive income	**–**	**40.9**	**169.8**	**210.7**	**3.2**	**213.9**
Transactions with owners in their capacity as owners						
Shares issued under the Dividend Reinvestment Plan	**106.9**	**–**	**–**	**106.9**	**–**	**106.9**
Shares issued on vesting of rights	**0.2**	**(0.2)**	**–**	**–**	**–**	**–**
Dividends paid	**–**	**–**	**(106.9)**	**(106.9)**	**(1.0)**	**(107.9)**
Purchase of employee compensation shares	**–**	**(1.0)**	**–**	**(1.0)**	**–**	**(1.0)**
Share-based payments	**–**	**10.6**	**–**	**10.6**	**–**	**10.6**
Non-controlling interest acquired	**–**	**–**	**–**	**–**	**22.8**	**22.8**
Purchase of non-controlling interest	**–**	**–**	**–**	**–**	**(0.8)**	**(0.8)**
Non-controlling interest disposed	**–**	**–**	**–**	**–**	**(2.9)**	**(2.9)**
Contributions by non-controlling interests	**–**	**–**	**–**	**–**	**5.4**	**5.4**
Total transactions with owners in their capacity as owners	**107.1**	**9.4**	**(106.9)**	**9.6**	**23.5**	**33.1**
Balance at 30 June 2012	**2,368.4**	**(109.2)**	**1,069.9**	**3,329.1**	**74.3**	**3,403.4**

For the year ended 30 June 2011	CONSOLIDATED Issued capital $ millions	Reserves $ millions	Retained earnings $ millions	Total parent entity interest $ millions	Non-controlling interests $ millions	Total equity $ millions
Balance at 1 July 2010	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 net assets of overseas controlled entities	–	(123.0)	–	(123.0)	(3.0)	(126.0)
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/(loss) on defined benefit plans	–	–	2.8	2.8	–	2.8
Income tax relating to other comprehensive income	–	(28.8)	(0.9)	(29.7)	–	(29.7)
Total comprehensive income	–	(55.9)	169.6	113.7	(5.3)	108.4
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 acquired	–	–	–	–	44.3	44.3
Contributions by non-controlling interests	–	–	–	–	6.0	6.0
Total transactions with owners in their capacity as owners	537.3	(64.7)	(101.0)	371.6	50.3	421.9
Balance at 30 June 2011	2,261.3	(159.5)	1,007.0	3,108.8	47.6	3,156.4

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 2012 $ millions	 2011 $ millions
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**5,426.0**	5,084.3
Payments to suppliers and employees		**(5,069.4)**	(4,669.6)
		356.6	414.7
Dividends received		**22.1**	27.7
Interest received		**15.1**	41.1
Borrowing costs paid		**(99.7)**	(84.7)
Income taxes paid		**(69.7)**	(21.5)
Acquisition costs, restructure costs and legal settlements paid	35	**(91.1)**	(26.6)
NET CASH PROVIDED BY OPERATING ACTIVITIES	35	**133.3**	350.7
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(408.8)**	(345.0)
Purchase of intangibles		**(5.6)**	(0.8)
Purchase of controlled entities and businesses (net of cash acquired)	32	**(700.5)**	(146.0)
Purchase of non-controlling interest		**(0.8)**	–
Loans to associates		**0.4**	3.2
Insurance proceeds applied to asset disposal		**–**	33.4
Proceeds on disposal of non-current assets		**64.3**	25.4
Proceeds on disposals of controlled entities and businesses	5	**65.3**	48.1
NET CASH USED IN INVESTING ACTIVITIES		**(985.7)**	(381.7)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**52.1**	–
Proceeds from capital raising		**–**	479.8
Purchase of employee compensation shares		**(1.0)**	(3.4)
Dividends paid (net of dividends reinvested under the Dividend Reinvestment Plan of $54.8 million (2011: $53.1 million))		**(52.1)**	(47.9)
Dividends paid to non-controlling interests		**(1.0)**	–
Contributions by non-controlling interests		**5.4**	6.0
Proceeds from borrowings		**630.9**	146.3
Repayment of borrowings		**(162.2)**	(136.6)
NET CASH PROVIDED BY FINANCING ACTIVITIES		**472.1**	444.2
NET CHANGE IN CASH AND CASH EQUIVALENTS		**(380.3)**	413.2
Cash and cash equivalents at the beginning of the year		**561.2**	157.0
Effects of exchange rate fluctuations on the balances of cash and cash equivalents held in foreign currencies		**0.6**	(9.0)
Cash and cash equivalents at the end of the year	35	**181.5**	561.2

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

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 2012 comprise Boral Limited and its controlled entities (the "Group").

The financial statements were authorised for issue by the Directors on 11 September 2012.

The Group is a for-profit entity and is primarily involved in the manufacturing and supply of building and construction materials in Australia, Asia and the United States of America.

A. Basis of preparation

The financial statements are 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.

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 accounting standards: Several new accounting standards have been published that are not mandatory for this reporting period. These are not expected to have a significant impact on the Group's financial statements. The impact of changes for accounting standards AASB 9 *Financial instruments* (2010), AASB 10 *Consolidated Financial Statements* and AASB 11 *Joint Arrangements* are still being fully assessed. However, initial assessments indicate that there will be no significant impact on the Group's financial statements.

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.

1. Significant accounting policies (continued)

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.

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.

1. Significant accounting policies (continued)

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 standalone 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.

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 is 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.

1. Significant accounting policies (continued)

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.

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.

1. Significant accounting policies (continued)

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:

	2012	2011
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.

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 employees' 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

1. Significant accounting policies (continued)

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.

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), or 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.

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	– Australian cement operations and concrete placing.
Boral Building Products	– Australian plasterboard, bricks, timber products, roof tiles, masonry and windows.
Plasterboard Asia*	– Asian plasterboard (Boral Gypsum Asia).
United States of America	– Bricks, roof tiles, fly ash, concrete, quarries, masonry and cultured stone.
Discontinued Operations	– Asian construction materials, east coast masonry and roofing Queensland. (2011: includes scaffolding and precast panels).
Unallocated	– Non-trading operations and unallocated corporate costs.

* The results from Boral Gypsum Asia were equity accounted until 9 December 2011.

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	
	2012 $ millions	2011 $ millions
Reconciliations of reportable segment revenues and profits		
External revenue	**5,010.3**	4,710.5
Less revenue from discontinued operations	**(294.1)**	(364.8)
Revenue from continuing operations	**4,716.2**	4,345.7
Profit before tax		
Profit before net financing costs and income tax expense from reportable segments	**223.2**	234.4
Adjusted for:		
(Profit)/loss from discontinued operations	**1.3**	(5.4)
Significant items applicable to discontinued operations	**41.7**	16.7
Profit before net financing costs and income tax expense from continuing operations	**266.2**	245.7
Net financing costs – continuing operations	**(84.9)**	(59.7)
Profit before tax from continuing operations	**181.3**	186.0

2. Segments (continued)

	TOTAL REVENUE		INTERNAL REVENUE		EXTERNAL REVENUE	
	2012 $ millions	2011 $ millions	2012 $ millions	2011 $ millions	2012 $ millions	2011 $ millions
Boral Construction Materials	**2,620.2**	2,420.2	**148.3**	144.8	**2,471.9**	2,275.4
Cement Division	**628.4**	634.9	**198.6**	192.7	**429.8**	442.2
Boral Building Products	**1,015.0**	1,200.9	**2.8**	4.0	**1,012.2**	1,196.9
Plasterboard Asia	**303.6**	–	**–**	–	**303.6**	–
United States of America	**499.4**	431.2	**0.7**	–	**498.7**	431.2
Discontinued Operations	**295.7**	369.2	**1.6**	4.4	**294.1**	364.8
	5,362.3	5,056.4	**352.0**	345.9	**5,010.3**	4,710.5

	OPERATING PROFIT (EXCLUDING ASSOCIATES)		EQUITY ACCOUNTED RESULTS OF ASSOCIATES		PROFIT BEFORE NET FINANCING COSTS AND INCOME TAX EXPENSE	
	2012 $ millions	2011 $ millions	2012 $ millions	2011 $ millions	2012 $ millions	2011 $ millions
Boral Construction Materials	**172.6**	201.0	**1.3**	2.9	**173.9**	203.9
Cement Division	**57.5**	73.6	**11.4**	13.3	**68.9**	86.9
Boral Building Products	**11.0**	71.5	**8.7**	9.9	**19.7**	81.4
Plasterboard Asia	**30.8**	–	**10.1**	16.9	**40.9**	16.9
United States of America	**(83.0)**	(98.0)	**(0.7)**	(1.0)	**(83.7)**	(99.0)
Discontinued Operations	**(1.3)**	5.4	**–**	–	**(1.3)**	5.4
Unallocated	**(18.8)**	(18.3)	**–**	–	**(18.8)**	(18.3)
	168.8	235.2	**30.8**	42.0	**199.6**	277.2
Significant items (refer to note 4)	**23.6**	(42.8)	**–**	–	**23.6**	(42.8)
	192.4	192.4	**30.8**	42.0	**223.2**	234.4

	SEGMENT ASSETS (EXCLUDING INVESTMENTS IN ASSOCIATES)		EQUITY ACCOUNTED INVESTMENTS IN ASSOCIATES		TOTAL ASSETS	
	2012 $ millions	2011 $ millions	2012 $ millions	2011 $ millions	2012 $ millions	2011 $ millions
Boral Construction Materials	**2,170.1**	1,800.0	**0.8**	0.8	**2,170.9**	1,800.8
Cement Division	**643.2**	716.0	**19.4**	20.5	**662.6**	736.5
Boral Building Products	**1,264.9**	1,220.8	**12.7**	13.0	**1,277.6**	1,233.8
Plasterboard Asia	**1,147.3**	–	**–**	201.8	**1,147.3**	201.8
United States of America	**829.1**	828.8	**3.7**	4.1	**832.8**	832.9
Discontinued Operations	**62.9**	189.3	**–**	–	**62.9**	189.3
Unallocated	**38.1**	23.5	**–**	–	**38.1**	23.5
	6,155.6	4,778.4	**36.6**	240.2	**6,192.2**	5,018.6
Cash and cash equivalents	**205.7**	561.2	**–**	–	**205.7**	561.2
Tax assets	**101.2**	88.2	**–**	–	**101.2**	88.2
	6,462.5	5,427.8	**36.6**	240.2	**6,499.1**	5,668.0

2. Segments (continued)

	LIABILITIES		ACQUISITION OF SEGMENT ASSETS*		DEPRECIATION AND AMORTISATION	
	2012 $ millions	2011 $ millions	2012 $ millions	2011 $ millions	2012 $ millions	2011 $ millions
Boral Construction Materials	**414.4**	416.7	**194.9**	160.0	**105.0**	90.4
Cement Division	**92.4**	103.4	**46.6**	44.3	**49.0**	47.3
Boral Building Products	**202.7**	212.5	**105.3**	73.5	**51.7**	50.5
Plasterboard Asia	**109.1**	–	**19.9**	–	**11.3**	–
United States of America	**117.4**	139.4	**30.8**	43.3	**42.4**	41.9
Discontinued Operations	**44.6**	58.6	**11.0**	23.8	**13.3**	14.0
Unallocated	**186.4**	229.5	**5.9**	0.9	**0.7**	0.9
	1,167.0	1,160.1	**414.4**	345.8	**273.4**	245.0
Loans and borrowings	**1,723.4**	1,066.6	**–**	–	**–**	–
Tax liabilities	**205.3**	284.9	**–**	–	**–**	–
	3,095.7	2,511.6	**414.4**	345.8	**273.4**	245.0

* Excludes amounts attributable to the acquisition of controlled entities and businesses as detailed in note 32.

Geographical information
For the year ended 30 June 2012, the Group's trading revenue from external customers in Australia amounted to $3,913.9 million (2011: $3,914.5 million), with $303.6 million (2011: Nil) from the Plasterboard Asia operations, $498.7 million (2011: $431.2 million) relating to operations in the USA and $294.1 million (2011: $364.8 million) relating to discontinued operations. The Group's non-current assets (excluding deferred tax assets and other financial assets) in Australia amounted to $3,467.4 million (2011: $2,624.8 million), with $499.2 million (2011: $269.3 million) in Asia and $627.8 million (2011: $651.2 million) in the USA.

3. Profit for the period

		CONSOLIDATED	
For the year ended 30 June	Note	2012 $ millions	2011 $ millions
REVENUE FROM CONTINUING OPERATIONS			
Sale of goods		**4,627.6**	4,282.8
Rendering of services		**88.6**	62.9
Revenue from continuing operations		**4,716.2**	4,345.7
OTHER INCOME FROM CONTINUING OPERATIONS			
Significant items	4	**184.5**	33.4
Net profit on sale of assets		**15.0**	25.8
Other income		**8.0**	16.3
Other income from continuing operations		**207.5**	75.5
OTHER EXPENSES FROM CONTINUING OPERATIONS			
Significant items	4	**119.2**	59.5
Net foreign exchange loss		**0.1**	1.1
Other expenses from continuing operations		**119.3**	60.6
DEPRECIATION AND AMORTISATION EXPENSES			
Land and buildings		**18.2**	18.4
Plant and equipment		**250.2**	223.2
Timber licences and mineral reserves		**1.6**	1.5
Other intangibles		**3.4**	1.9
		273.4	245.0
Less depreciation and amortisation expenses from discontinued operations		**(13.3)**	(14.0)
		260.1	231.0

3. Profit for the period (continued)

For the year ended 30 June	CONSOLIDATED 2012 $ millions	2011 $ millions
NET FINANCING COSTS		
Interest income received or receivable from:		
Associated entities	**0.6**	0.9
Other parties (cash at bank and bank short-term deposits)	**14.0**	22.7
	14.6	23.6
Interest expense paid or payable to:		
Other parties (bank overdrafts, bank loans and other loans)*	**95.9**	79.2
Unwinding of discount	**3.6**	4.1
	99.5	83.3
Net financing costs from continuing operations	**(84.9)**	(59.7)

* In addition, interest of $4.1 million (2011: $0.4 million) was paid to other parties and capitalised in respect of qualifying assets. The capitalisation rate used was 6.0% (2011: 6.0%).

OTHER CHARGES		
Employee benefits expense*	**1,091.7**	1,056.1
Operating lease rental charges	**119.6**	118.4
Bad and doubtful debts expense	**4.7**	8.3

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

4. Significant items

Net profit includes the following items whose disclosure is relevant in explaining the financial performance of the Group:

For the year ended 30 June	Note	CONSOLIDATED 2012 $ millions	2011 $ millions
Continuing operations			
Gain on fair value remeasurement of initial LBGA shareholding	(i)	**158.1**	–
Gain on fair value of purchase price commitment for Cultured Stone	(ii)	**26.4**	–
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		**–**	19.6
Acquisition and integration costs	(iii)	**(28.8)**	(9.3)
Impairment of assets, businesses and restructuring costs			
Goodwill		**(20.0)**	–
Property, plant and equipment		**(38.7)**	(28.9)
Inventory		**(11.6)**	(1.2)
Restructure and closure costs		**(23.8)**	(6.3)
	(iv)	**(94.1)**	(36.4)
Loss on sale of Best Block business – USA		**(2.3)**	–
Resolution of onerous fly ash contract – USA		**6.0**	–
Summary of significant items from continuing operations			
Profit/(loss) before tax		**65.3**	(26.1)
Income tax benefit		**38.8**	12.8
Income tax benefit – amended returns		**–**	18.0
Net significant items from continuing operations		**104.1**	4.7
Discontinued operations			
Gain on disposal of Indonesian Construction Materials businesses		**34.2**	–
Profit on sale of Masonry North Queensland business		**3.4**	–
Impairment of assets, businesses and restructuring costs			
Property, plant and equipment		**(37.2)**	(9.9)
Inventory		**(15.0)**	(2.4)
Restructure and closure costs		**(27.1)**	(4.4)
	(v)	**(79.3)**	(16.7)
Summary of significant items from discontinued operations			
Loss before tax		**(41.7)**	(16.7)
Income tax benefit		**13.0**	4.3
Net significant items from discontinued operations		**(28.7)**	(12.4)
Summary of significant items			
Profit/(loss) before tax		**23.6**	(42.8)
Income tax benefit		**51.8**	17.1
Income tax benefit – amended returns		**–**	18.0
Net significant items		**75.4**	(7.7)

4. Significant items (continued)

2012 Significant items

(i) Gain on fair value remeasurement of initial LBGA shareholding

On 9 December 2011, the Group acquired the remaining 50% shareholding in Lafarge Boral Gypsum in Asia Sdn Bhd (LBGA). On acquisition of the remaining 50% interest in LBGA, this initial investment was remeasured to fair value in accordance with Australian Accounting Standard AASB 3 *Business Combinations*, which resulted in a gain to the Group. The gain is net of the derecognition of the foreign currency reserve of $30.5 million associated with this initial investment.

(ii) Gain on fair value of purchase price commitment for Cultured Stone

The present value of the future purchase price commitment in respect of the remaining 50% interest in the USA Cultured Stone business has been remeasured to fair value as at 30 June 2012, based on current and expected operating results, resulting in a gain of $26.4 million.

(iii) Acquisition and integration costs

During the year, the Group incurred costs (including stamp duty), associated with the acquisition and integration of the Asian Plasterboard operations, Wagners' Construction Material concrete and quarry assets, and Sunshine Coast Quarries' concrete assets and quarries (refer note 32). The acquisition costs are included in other expenses in the Income Statement for the period.

(iv) Impairment of assets, businesses and restructuring costs – continuing operations

Deterioration in returns from a number of businesses resulted in a reassessment of long-term manufacturing capacity requirements in both Australia and the USA.

In the USA, this resulted in a charge of $15.9 million in respect of two USA brick plants and in light of ongoing depressed trading conditions in the USA construction materials markets in Oklahoma and Denver, the goodwill associated with the USA construction materials businesses was reassessed, resulting in a $20.0 million impairment charge reflecting lower margins and increased competition.

In Australia, this resulted in a charge of $37.0 million in respect of the Galong lime plant that was closed and subsequently sold during the year and $21.2 million of restructure costs, predominantly redundancies associated with closing manufacturing capacity in the Australian Building Products businesses of $13.8 million, together with Corporate restructure costs of $7.4 million.

(v) Impairment of assets, businesses and restructuring costs – discontinued operations

On 28 February 2012, the Group announced the closure of its Roofing manufacturing and distribution operations in Queensland following a review of the long-term financial performance and low industry capacity utilisation. In addition, the Group announced that it proposed to divest its East Coast Masonry business and focus the Australian Building Products division on those areas with market leadership positions in high growth markets. This resulted in impairment of assets of $52.2 million together with closure and restructure costs of $27.1 million.

2011 Significant items

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.

Manufacturing capacity rationalisation and impairment of assets

In 2011, 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.

Tax benefit

In 2011, the Group received amended assessments from the Australian Taxation Office, resulting in the recognition of benefits relating predominantly to research and development activity.

Summary of significant items before interest and tax

	CONSOLIDATED	
	2012 $ millions	2011 $ millions
Boral Construction Materials	**–**	(4.6)
Cement Division	**(37.0)**	–
Boral Building Products	**(13.8)**	(3.9)
Plasterboard Asia	**158.1**	–
United States of America	**(5.8)**	(8.3)
Discontinued Operations	**(41.7)**	(16.7)
Unallocated	**(36.2)**	(9.3)
	23.6	(42.8)

5. Discontinued operations and assets held for sale

During the year, the Group sold its Indonesian Construction Materials business and its North Queensland masonry business. The Group also undertook an active program to divest its Thailand Construction Materials and east coast masonry operations and closed its Roofing Queensland businesses, resulting in the businesses being classified as "Held for Sale" at 30 June 2012. The results for the current and comparative periods have been reclassified to "Discontinued".

The comparatives include the discontinued operations relating to Scaffolding and Panels businesses.

	Note	CONSOLIDATED 2012 $ millions	2011 $ millions
Results of discontinued operations			
Revenue		**294.1**	364.8
Expenses		**(295.4)**	(363.3)
		(1.3)	1.5
Impairment of assets, businesses and restructuring costs	4	**(79.3)**	(16.7)
Gain on sale of discontinued operations	4	**37.6**	3.9
Profit/(loss) before net financing costs and income tax expense		**(43.0)**	(11.3)
Net financing costs		**(3.5)**	(4.0)
Profit/(loss) before income tax expense		**(46.5)**	(15.3)
Income tax (expense)/benefit	6	**13.7**	3.9
Net profit/(loss)		**(32.8)**	(11.4)
Attributable to:			
Members of the parent entity		**(33.1)**	(12.0)
Non-controlling interest		**0.3**	0.6
Net profit/(loss)		**(32.8)**	(11.4)
Basic and diluted earnings/(loss) per share		**(4.4c)**	(1.6c)
Cash flows from/(used in) discontinued operations			
Net cash from/(used in) operating activities		**12.5**	16.4
Net cash from/(used in) investing activities		**54.1**	24.8
Net cash from/(used in) discontinued operations		**66.6**	41.2
Assets and liabilities classified as held for sale			
Property, plant and equipment		**15.1**	–
Intangible assets		**0.9**	–
Inventories		**11.2**	–
Trade and other receivables		**32.3**	–
Other assets		**3.4**	–
Assets classified as held for sale		**62.9**	–
Payables		**18.8**	–
Provisions		**25.8**	–
Liabilities classified as held for sale		**44.6**	–
Net assets		**18.3**	–

5. Discontinued operations and assets held for sale (continued)

	CONSOLIDATED	
	2012 $ millions	2011 $ millions
Effect of disposal on the financial position of the Group		
Consideration	**97.2**	48.1
Property, plant and equipment	**(35.3)**	(33.6)
Intangible assets	**–**	(8.2)
Inventories	**(7.6)**	(7.6)
Trade and other receivables	**(20.2)**	(12.5)
Other assets	**(10.8)**	(0.4)
Deferred taxes	**(0.9)**	(0.2)
Payables	**17.5**	12.4
Provisions	**13.4**	5.9
Net assets disposed	**(43.9)**	(44.2)
Foreign currency translation reserve transferred to net profit on disposal of controlled entities	**(18.6)**	–
Non-controlling interest	**2.9**	–
Gain on disposal of discontinued operations before income tax expense	**37.6**	3.9
Consideration	**97.2**	48.1
Less: Deferred consideration to be received	**(31.9)**	–
Consideration (net of disposal costs)	**65.3**	48.1

6. Income tax expense

For the year ended 30 June	Note	CONSOLIDATED 2012 $ millions	2011 $ millions
(i) Income tax expense			
Current income tax expense/(benefit)		**(31.7)**	49.5
Deferred income tax expense/(benefit)		**(3.8)**	(40.6)
Over provision for tax in previous years		**(7.4)**	(3.6)
Income tax expense/(benefit) attributable to profit		**(42.9)**	5.3
(ii) Reconciliation of income tax expense to prima facie tax			
Income tax expense/(benefit) on profit:			
– at Australian tax rate 30% (2011: 30%)		**40.4**	51.2
– adjustment for difference between Australian and overseas tax rates		**(9.3)**	(11.7)
Income tax expense/(benefit) on pre-tax profit at standard rates		**31.1**	39.5
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:			
Tax losses not recognised		**2.7**	1.0
Non-deductible depreciation and amortisation		**1.5**	2.1
Capital gains/(losses) brought to account		**(5.8)**	(5.2)
Non-assessable fair value gains		**(56.6)**	–
Share of associates' net profit and franked dividends (excluding significant items)		**(9.2)**	(12.7)
Other items		**0.8**	2.2
Income tax benefit – amended returns	4	**–**	(18.0)
Income tax expense/(benefit) on profit		**(35.5)**	8.9
Over provision for tax in previous years		**(7.4)**	(3.6)
Income tax expense/(benefit) attributable to profit		**(42.9)**	5.3
Income tax expense/(benefit) from continuing operations			
Income tax expense/(benefit) excluding significant items		**9.6**	40.0
Income tax expense/(benefit) relating to significant items	4	**(38.8)**	(30.8)
		(29.2)	9.2
Income tax expense/(benefit) from discontinued operations			
Income tax expense/(benefit) excluding significant items		**(0.7)**	0.4
Income tax expense/(benefit) relating to significant items	4	**(13.0)**	(4.3)
	5	**(13.7)**	(3.9)
		(42.9)	5.3
(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		**(3.0)**	0.9
Net exchange differences taken to equity		**(1.5)**	28.5
Fair value adjustment on cash flow hedges		**(1.0)**	0.3
Recognised in comprehensive income		**(5.5)**	29.7
Share issue expenses		**–**	(3.6)
Recognised directly in equity		**(5.5)**	26.1

7. Dividends

Dividends recognised by the Group are:

	Amount per share	Total amount $ millions	Franked amount per share	Date of payment
2012				
2011 final – ordinary	**7.0 cents**	**51.1**	**7.0 cents**	**27 September 2011**
2012 interim – ordinary	**7.5 cents**	**55.8**	**7.5 cents**	**5 April 2012**
Total		**106.9**		
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		

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

2012 final – ordinary	**3.5 cents**	**26.6**	**3.5 cents**	**28 September 2012**

The financial effect of the final dividend for the year ended 30 June 2012 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 2012 is $70.8 million (2011: $124.4 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 $11.4 million (2011: $21.9 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 3 September 2012.

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	
	2012 $ millions	2011 $ millions
Earnings reconciliation		
Net profit before significant items and non-controlling interests	**102.3**	173.1
Loss/(profit) attributable to non-controlling interests	**(1.1)**	2.3
Net profit excluding significant items	**101.2**	175.4
Net significant items	**75.4**	(7.7)
Net profit attributable to members of the parent entity	**176.6**	167.7
Earnings reconciliation – continuing operations		
Net profit before significant items and non-controlling interests	**106.4**	172.1
Loss/(profit) attributable to non-controlling interests	**(0.8)**	2.9
Net profit excluding significant items	**105.6**	175.0
Net significant items	**104.1**	4.7
Net profit attributable to members of the parent entity – continuing operations	**209.7**	179.7

	CONSOLIDATED	
	2012	2011
Weighted average number of ordinary shares used as the denominator		
Number for basic earnings per share	**743,487,487**	718,726,833
Effect of potential ordinary shares	**6,101,791**	4,069,322
Number for diluted earnings per share	**749,589,278**	722,796,155
Basic earnings per share	**23.8c**	23.3c
Diluted earnings per share	**23.6c**	23.2c
Basic earnings per share (excluding significant items)	**13.6c**	24.4c
Diluted earnings per share (excluding significant items)	**13.5c**	24.3c
Basic earnings per share (continuing operations)	**28.2c**	25.0c
Diluted earnings per share (continuing operations)	**28.0c**	24.9c

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.

9. Cash and cash equivalents

	CONSOLIDATED	
	2012 $ millions	2011 $ millions
Cash at bank and on hand	**106.9**	127.0
Bank short-term deposits	**98.8**	434.2
	205.7	561.2

The bank short-term deposits mature within 90 days and pay interest at a weighted average interest rate of 3.47% (2011: 5.25%).

10. Receivables

	CONSOLIDATED	
	2012 $ millions	2011 $ millions
Current		
Trade receivables	**706.1**	720.5
Associated entities	**19.5**	27.6
	725.6	748.1
Less: Allowance for impairment	**(12.8)**	(18.9)
	712.8	729.2
Other receivables	**100.2**	58.4
Less: Allowance for impairment	**(3.4)**	(3.5)
	96.8	54.9
	809.6	784.1

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 $78.3 million (2011: $112.3 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:

	2012 $ millions	2011 $ millions
Trade receivables – past due 0–60 days	**73.3**	98.4
Trade receivables – past due > 60 days	**5.0**	13.9

Allowance for impairment

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.

The movement in the allowance for impairment in respect to trade receivables during the year was as follows:

	2012 $ millions	2011 $ millions
Balance at the beginning of the year	**(18.9)**	(23.5)
Amounts written off during the year	**7.9**	10.1
Increase recognised in income statement	**(4.7)**	(8.3)
Acquisitions of entities or operations	**(3.5)**	–
Disposals of entities or operations	**2.7**	–
Transferred to assets held for sale	**4.0**	–
Net foreign currency exchange differences	**(0.3)**	2.8
Balance at the end of the year	**(12.8)**	(18.9)
Non-current		
Loans to associated entities	**8.3**	0.6
Other receivables	**9.5**	9.7
	17.8	10.3

No amounts owing by associates or included in other receivables were past due as at 30 June 2012.

11. Inventories

	CONSOLIDATED	
	2012 $ millions	2011 $ millions
Current		
Raw materials and consumable stores	**186.5**	176.8
Work in progress	**62.3**	57.6
Finished goods	**390.3**	346.3
Land development projects	**17.0**	15.4
	656.1	596.1
Non-current		
Land development projects	**104.9**	93.5
Land development projects comprises:		
Cost of acquisition	**21.6**	23.4
Development costs capitalised	**100.3**	85.5
	121.9	108.9

12. Investments accounted for using the equity method

				CONSOLIDATED			
				OWNERSHIP INTEREST		INVESTMENT CARRYING AMOUNT	
Name	Principal activity	Country of incorporation	Balance date	2012 %	2011 %	2012 $ millions	2011 $ 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	**3.7**	4.1
Flyash Australia Pty Ltd	Fly ash collection	Australia	31-Dec	**50**	50	**2.9**	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	**–**	201.8
Penrith Lakes Development Corporation Ltd	Quarrying	Australia	30-Jun	**40**	40	**–**	–
Rondo Building Services Pty Ltd	Rollform systems	Australia	30-Jun	**50**	50	**12.7**	13.0
South East Asphalt Pty Ltd	Asphalt	Australia	30-Jun	**50**	50	**0.8**	0.8
Sunstate Cement Ltd	Cement manufacturer	Australia	30-Jun	**50**	50	**16.5**	17.9
US Tile LLC	Roof tiles	USA	31-Dec	**50**	50	**–**	–
TOTAL						**36.6**	240.2

* Lafarge Boral Gypsum in Asia Sdn Bhd became a controlled entity during the year.

	CONSOLIDATED	
	2012 $ millions	2011 $ millions
Movements in carrying value of associates		
Balance at the beginning of the year	**240.2**	294.1
Associates becoming controlled entities during the year	**(209.9)**	(36.2)
Share of associates' net profit	**30.8**	42.0
Dividends from associates	**(22.1)**	(27.7)
Results from associates recognised against non-current receivables/provisions	**(0.6)**	(2.9)
Share of associates' movement in currency reserve	**(13.4)**	18.0
Effect of exchange rate and other changes	**11.6**	(47.1)
Balance at the end of the year	**36.6**	240.2

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.

12. Investments accounted for using the equity method (continued)

	CONSOLIDATED	
	2012 $ millions	2011 $ millions
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	**301.2**	429.4
Share of associates' profit before income tax expense	**44.1**	60.3
Share of associates' income tax expense	**(12.4)**	(15.8)
Share of associates' non-controlling interest	**(0.9)**	(2.5)
Share of associates' net profit – equity accounted	**30.8**	42.0

* Results from Lafarge Boral Gypsum in Asia Sdn Bhd were equity accounted until 9 December 2011 when the entity became a controlled entity.

Share of associates' net assets		
Current assets	**55.3**	158.6
Non-current assets	**89.1**	333.1
Total assets	**144.4**	491.7
Current liabilities	**47.2**	109.6
Non-current liabilities	**60.6**	141.9
Total liabilities	**107.8**	251.5
Net assets	**36.6**	240.2
Share of associates' commitments		
Share of associates' capital expenditure commitments contracted but not provided for:		
Not later than one year	**0.1**	1.3
Share of associates' operating lease commitments payable:		
Not later than one year	**3.7**	3.8
Later than one year but not later than five years	**9.4**	9.6
Later than five years	**4.5**	6.8
	17.6	20.2

13. Other financial assets

	CONSOLIDATED	
	2012 $ millions	2011 $ millions
Current		
Derivative financial assets	**0.2**	7.5

14. Property, plant and equipment

	CONSOLIDATED 2012 $ millions	2011 $ millions
Land and buildings		
At cost	**1,377.5**	1,170.8
Less: Accumulated depreciation, amortisation and impairment	**(146.3)**	(134.9)
	1,231.2	1,035.9
Timber licences and mineral reserves		
At cost	**150.3**	93.7
Less: Accumulated amortisation and impairment	**(14.6)**	(19.3)
	135.7	74.4
Plant and equipment		
At cost	**4,607.9**	4,258.5
Less: Accumulated depreciation and impairment	**(2,408.2)**	(2,475.3)
	2,199.7	1,783.2
Leased plant and equipment capitalised	**0.5**	1.6
Less: Accumulated amortisation	**(0.4)**	(0.2)
	0.1	1.4
	2,199.8	1,784.6
Total	**3,566.7**	2,894.9
Reconciliations		
Land and buildings		
Balance at the beginning of the year	**1,035.9**	1,009.9
Additions	**4.3**	20.4
Disposals	**(11.1)**	(9.6)
Acquisitions of entities or operations	**202.8**	70.9
Disposals of entities or operations	**(0.3)**	–
Transferred from other property, plant and equipment	**43.6**	33.8
Impairment disclosed as significant items	**(27.3)**	(16.7)
Transferred to assets held for sale	**(9.9)**	–
Transfer (to)/from other assets or liabilities	**–**	(1.2)
Depreciation expense	**(18.2)**	(18.4)
Net foreign currency exchange differences	**11.4**	(53.2)
Balance at the end of the year	**1,231.2**	1,035.9
Timber licences and mineral reserves		
Balance at the beginning of the year	**74.4**	81.0
Disposals	**(6.2)**	–
Acquisitions of entities or operations	**67.6**	–
Transferred from other property, plant and equipment	**0.4**	–
Amortisation expense	**(1.6)**	(1.5)
Net foreign currency exchange differences	**1.1**	(5.1)
Balance at the end of the year	**135.7**	74.4

14. Property, plant and equipment (continued)

	CONSOLIDATED	
	2012 $ millions	2011 $ millions
Plant and equipment		
Balance at the beginning of the year	**1,784.6**	1,694.2
Additions	**404.5**	324.6
Disposals	**(31.7)**	(9.4)
Acquisitions of entities or operations	**410.1**	137.6
Disposals of entities or operations	**(35.0)**	–
Transferred to other property, plant and equipment	**(44.0)**	(33.8)
Impairment disclosed as significant items	**(48.6)**	(31.7)
Transferred to assets held for sale	**(5.2)**	–
Transfer (to)/from other assets or liabilities	**0.8**	1.0
Depreciation expense	**(250.2)**	(223.2)
Net foreign currency exchange differences	**14.5**	(74.7)
Balance at the end of the year	**2,199.8**	1,784.6

15. Intangible assets

	CONSOLIDATED	
	2012 $ millions	2011 $ millions
Goodwill	**797.3**	243.7
Other intangible assets	**54.6**	40.8
Less: Accumulated amortisation	**(31.8)**	(28.6)
	820.1	255.9
Reconciliation of movements in goodwill		
Balance at the beginning of the year	**243.7**	275.0
Acquisitions of entities or operations	**572.3**	1.8
Impairment disclosed as significant items	**(20.0)**	–
Goodwill disposed	**(4.1)**	–
Net foreign currency exchange differences	**5.4**	(33.1)
Balance at the end of the year	**797.3**	243.7

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 geographical span 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. 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; and
- plasterboard demand, plasterboard intensity and economic activity in the Asian plasterboard business.

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 2012. A reduction in long term forecast concrete demand would reduce the recoverable amount of the US construction materials businesses to below their carrying value. Management believes no other reasonable changes in the key assumptions on which the estimates are based below would cause the aggregate carrying amount to exceed the recoverable amount of these CGUs.

Segment summary of goodwill

	CONSOLIDATED	
	2012 $ millions	2011 $ millions
Boral Construction Materials	**67.9**	67.9
Cement Division	**2.3**	2.3
Boral Building Products	**45.2**	45.2
Plasterboard Asia	**571.2**	–
United States of America	**110.7**	128.3
	797.3	243.7

15. Intangible assets (continued)

	CONSOLIDATED	
	2012 $ millions	2011 $ millions
Reconciliation of movements in other intangible assets		
Balance at the beginning of the year	**12.2**	2.6
Additions	**5.6**	0.8
Acquisitions of entities or operations	**6.6**	11.4
Amortisation expense	**(3.4)**	(1.9)
Transferred to assets held for sale	**(0.9)**	–
Transfer from other assets	**1.0**	–
Net foreign currency exchange differences	**1.7**	(0.7)
Balance at the end of the year	**22.8**	12.2

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.

16. Other assets

	CONSOLIDATED	
	2012 $ millions	2011 $ millions
Current		
Deferred expenses	**116.7**	145.0
Less: Accumulated amortisation	**(84.7)**	(106.4)
	32.0	38.6
Deposits and prepayments	**37.0**	47.0
	69.0	85.6
Non-current		
Deferred expenses	**48.3**	50.5

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%.

17. Payables

	CONSOLIDATED	
	2012 $ millions	2011 $ millions
Current		
Trade creditors	**726.6**	697.8
Due to associated entities	**5.6**	5.0
	732.2	702.8
Non-current		
Deferred income	**10.9**	12.5

18. Loans and borrowings

	2012 $ millions	2011 $ millions
Current		
Bank overdrafts – unsecured	**24.2**	–
Bank loans – unsecured	**120.6**	16.4
Other loans – unsecured	**3.2**	146.8
Finance lease liabilities	**0.3**	0.2
	148.3	163.4
Non-current		
Bank loans – unsecured	**668.5**	49.2
Other loans – unsecured	**906.0**	854.0
Finance lease liabilities	**0.6**	–
	1,575.1	903.2

For more information about the Group's financing arrangements, refer to note 28.

19. Other financial liabilities

	2012 $ millions	2011 $ millions
Current		
Derivative financial liabilities	**7.1**	7.5
Non-current		
Derivative financial liabilities	**29.6**	48.3
Future purchase liability – Cultured Stone	**42.8**	63.9
	72.4	112.2

20. Current tax liabilities

	2012 $ millions	2011 $ millions
Current		
Current tax liability	**22.8**	123.8

21. Deferred tax assets and liabilities

	CONSOLIDATED 2012 $ millions	2011 $ millions
Recognised deferred tax balances		
Deferred tax asset	**101.2**	88.2
Deferred tax liability	**(182.5)**	(161.1)
	(81.3)	(72.9)
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*	**93.0**	47.9

* 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; and

(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 2012 $ millions	2011 $ millions
Australia*	No restriction	**32.5**	53.9
China	31 Dec 2012–31 Dec 2016	**11.1**	–
Germany	No restriction	**44.8**	50.0
India	31 Mar 2012–31 Mar 2019	**11.5**	–
Singapore	No restriction	**–**	1.8
Thailand	30 Jun 2013–30 Jun 2017	**4.3**	18.0
United Kingdom*	No restriction	**35.8**	34.9
United States of America*	30 Jun 2016	**6.3**	6.0
United States of America	30 Jun 2029–30 Jun 2032	**133.4**	–
Vietnam	31 Dec 2012–31 Dec 2014	**2.1**	–

* Unbooked capital losses.

21. Deferred tax assets and liabilities (continued)

Movement in temporary differences during the year

As at 30 June 2012	CONSOLIDATED 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	**5.8**	**(0.5)**	**–**	**0.1**	**5.4**
Inventories	**(32.6)**	**4.6**	**–**	**–**	**(28.0)**
Property, plant and equipment	**(144.9)**	**11.7**	**–**	**(24.2)**	**(157.4)**
Intangible assets	**(21.8)**	**8.6**	**–**	**(1.1)**	**(14.3)**
Payables	**5.4**	**(1.5)**	**–**	**–**	**3.9**
Loans and borrowings	**0.2**	**(0.5)**	**1.0**	**(0.5)**	**0.2**
Provisions	**108.1**	**(13.4)**	**–**	**0.3**	**95.0**
Other	**(22.3)**	**(4.6)**	**3.0**	**(0.2)**	**(24.1)**
Unrealised foreign exchange	**(107.1)**	**(5.2)**	**1.5**	**(0.4)**	**(111.2)**
Tax losses carried forward	**136.3**	**4.6**	**–**	**8.3**	**149.2**
	(72.9)	**3.8**	**5.5**	**(17.7)**	**(81.3)**

As at 30 June 2011	CONSOLIDATED 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)

22. Provisions

	CONSOLIDATED 2012 $ millions	2011 $ millions
Current		
Employee benefits	**137.7**	153.4
Rationalisation and restructuring	**7.7**	9.0
Claims	**9.4**	7.9
Restoration and environmental rehabilitation	**23.3**	33.2
Other	**9.7**	15.1
	187.8	218.6
Non-current		
Employee benefits	**38.5**	20.4
Claims	**3.7**	3.7
Restoration and environmental rehabilitation	**44.3**	40.8
Other	**25.5**	41.6
	112.0	106.5

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.

Reconciliations

	CONSOLIDATED 2012 $ millions	2011 $ millions
Rationalisation and restructuring – current		
Balance at the beginning of the year	**9.0**	14.1
Provisions made during the year	**9.2**	5.4
Transfer to liabilities held for sale	**(4.2)**	–
Payments made during the year	**(6.3)**	(10.5)
Balance at the end of the year	**7.7**	9.0

22. Provisions (continued)

	CONSOLIDATED 2012 $ millions	2011 $ millions
Reconciliations (continued)		
Claims – current		
Balance at the beginning of the year	**7.9**	5.0
Provisions made during the year	**2.3**	5.2
Remeasurement of provision	**–**	0.2
Increase through acquisition of entity	**–**	0.5
Payments made during the year	**(0.9)**	(2.6)
Net foreign currency exchange differences	**0.1**	(0.4)
Balance at the end of the year	**9.4**	7.9
Claims – non-current		
Balance at the beginning of the year	**3.7**	2.4
Provisions made/(released) during the year	**–**	0.1
Increase through acquisition of entity	**–**	1.5
Net foreign currency exchange differences	**–**	(0.3)
Balance at the end of the year	**3.7**	3.7
Restoration and environmental rehabilitation – current		
Balance at the beginning of the year	**33.2**	34.9
Provisions made during the year	**4.0**	7.8
Transfer to liabilities held for sale	**(3.3)**	–
Payments made during the year	**(10.6)**	(8.7)
Net foreign currency exchange differences	**–**	(0.8)
Balance at the end of the year	**23.3**	33.2
Restoration and environmental rehabilitation – non-current		
Balance at the beginning of the year	**40.8**	33.6
Provisions made during the year	**2.1**	5.7
Unwind of discount	**1.4**	1.5
Balance at the end of the year	**44.3**	40.8
Other – current		
Balance at the beginning of the year	**15.1**	15.9
Provisions made during the year	**18.7**	3.3
Transfer to liabilities held for sale	**(13.7)**	–
Payments made during the year	**(22.3)**	(10.1)
Transfer from non-current provisions	**11.5**	8.9
Net foreign currency exchange differences	**0.4**	(2.9)
Balance at the end of the year	**9.7**	15.1
Other – non-current		
Balance at the beginning of the year	**41.6**	44.7
Provisions (released)/made during the year	**(5.3)**	11.0
Unwind of discount	**–**	1.5
Payments made during the year	**(0.4)**	(0.2)
Transfer to current provisions	**(11.5)**	(8.9)
Transferred (to)/from investments accounted for using the equity method	**0.4**	(2.6)
Net foreign currency exchange differences	**0.7**	(3.9)
Balance at the end of the year	**25.5**	41.6

23. Issued capital

	CONSOLIDATED 2012 $ millions	2011 $ millions
Issued and paid up capital		
758,572,140 (2011: 729,925,990) ordinary shares, fully paid	**2,368.4**	2,261.3
Movements in ordinary issued capital		
Balance at the beginning of the year	**2,261.3**	1,724.0
14,626,401 (2011: 10,899,457) shares issued under the Dividend Reinvestment Plan	**54.8**	53.1
13,971,102 (2011: Nil) shares issued under the Dividend Reinvestment Plan underwriting agreement	**52.1**	–
48,647 (2011: 172,916) shares issued on vesting of rights	**0.2**	0.8
Nil (2011: 119,900,619) 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	**2,368.4**	2,261.3

During the prior 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.

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.

	2012	2011
Movements in employee compensation shares		
Balance at the beginning of the year	**–**	–
228,625 (2011: 670,873) shares vested and transferred from share-based payments reserve	**1.0**	3.4
228,625 (2011: 670,873) shares purchased on-market	**(1.0)**	(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.

24. Reserves

	CONSOLIDATED 2012 $ millions	2011 $ millions
Foreign currency translation reserve	**(87.5)**	(131.6)
Hedging reserve – cash flow hedges	**(3.6)**	(0.4)
Other reserve	**(66.3)**	(66.3)
Share-based payments reserve	**48.2**	38.8
	(109.2)	(159.5)
Reconciliations		
Foreign currency translation reserve		
Balance at the beginning of the year	**(131.6)**	(75.0)
Net loss on translation of assets and liabilities of overseas entities	**(1.5)**	(123.0)
Foreign currency translation reserve transferred to net profit on recognition of LBGA as a subsidiary	**30.5**	–
Foreign currency translation reserve transferred to net profit on disposal of controlled entities	**18.6**	–
Net gain on translation of long-term borrowings and foreign currency forward contracts net of tax benefit/(expense) $1.5 million (2011: ($28.5 million))	**(3.5)**	66.4
Balance at the end of the year	**(87.5)**	(131.6)
Hedging reserve		
Balance at the beginning of the year	**(0.4)**	(1.1)
Transferred to the income statement	**1.2**	0.2
Transferred to initial carrying amount of hedged item	**0.1**	2.8
Gains/(losses) taken directly to equity	**(5.5)**	(2.0)
Tax benefit/(expense)	**1.0**	(0.3)
Balance at the end of the year	**(3.6)**	(0.4)
Other reserve		
Balance at the beginning of the year	**(66.3)**	–
Cultured Stone acquisition	**–**	(66.3)
Balance at the end of the year	**(66.3)**	(66.3)
Share-based payments reserve		
Balance at the beginning of the year	**38.8**	37.2
Option/rights expense	**10.6**	5.8
Purchase of employee compensation shares	**(1.0)**	(3.4)
Transfer to share capital on vesting of rights	**(0.2)**	(0.8)
Balance at the end of the year	**48.2**	38.8

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 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.

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.

	CONSOLIDATED	
	2012 $ millions	2011 $ millions
Unsecured contingent liabilities:		
Bank guarantees	**5.6**	3.9
Other items	**1.6**	1.6
	7.2	5.5

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 2012, are set out in note 37.

26. Commitments

	CONSOLIDATED	
	2012 $ millions	2011 $ millions
Capital expenditure commitments		
Contracted but not provided for are payable as follows:		
Not later than one year	**129.1**	32.6
Later than one year but not later than five years	**26.7**	–
	155.8	32.6
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	**0.3**	0.2
Later than one year but not later than five years	**0.7**	–
	1.0	0.2
Less: Future finance charges and executory costs	**(0.1)**	–
	0.9	0.2
Operating leases		
Lease commitments in respect of operating leases are payable as follows:		
Not later than one year	**91.9**	83.2
Later than one year but not later than five years	**187.8**	168.2
Later than five years	**55.4**	30.5
	335.1	281.9

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	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 – 2012									
(xiv)	**29/10/2004**	**29/10/2011**	**$6.55**	**1,536,700**	**–**	**(1,536,700)**	**–**	**–**	**–**
(xv)	**31/10/2005**	**31/10/2012**	**$7.65**	**2,552,700**	**–**	**(73,400)**	**–**	**2,479,300**	**–**
(xvi)	**6/11/2006**	**6/11/2013**	**$7.27**	**3,823,900**	**–**	**(103,500)**	**–**	**3,720,400**	**1,902,700**
(xvii)	**6/11/2007**	**6/11/2014**	**$6.78**	**4,989,800**	**–**	**(173,600)**	**–**	**4,816,200**	**4,239,552**
				12,903,100	**–**	**(1,887,200)**	**–**	**11,015,900**	**6,142,252**
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

* In the prior year, 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 2011, which resulted in a five cent reduction in the exercise price.

There were no options exercised or shares issued to employees on the exercise of options during the financial year or in the preceding financial year.

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, i.e. 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 $2.36 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:

	2012	2011
Grant date share price	**$3.70**	$4.30
Risk-free rate	**4.01–4.28%**	5.26%
Dividend yield	**4.39%**	3.67%
Volatility factor	**30%**	30%

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 – 2012									
(i)	**29/10/2004**	**29/10/2011**	**$0.00**	**438,121**	**–**	**(160,849)**	**(277,272)**	**–**	**–**
(ii)	**31/10/2005**	**31/10/2012**	**$0.00**	**671,039**	**–**	**(19,295)**	**–**	**651,744**	**–**
(iii)	**6/11/2006**	**6/11/2013**	**$0.00**	**237,776**	**–**	**(14,151)**	**–**	**223,625**	**–**
(iv)	**6/11/2007**	**6/11/2014**	**$0.00**	**83,594**	**–**	**(6,317)**	**–**	**77,277**	**–**
(v)	**3/11/2008**	**3/11/2015**	**$0.00**	**1,586,280**	**–**	**(112,269)**	**–**	**1,474,011**	**–**
(vi)	**5/11/2009**	**5/11/2016**	**$0.00**	**2,176,056**	**–**	**(102,022)**	**–**	**2,074,034**	**–**
(vii)	**12/11/2010**	**12/11/2017**	**$0.00**	**2,994,226**	**–**	**(152,450)**	**–**	**2,841,776**	**–**
(viii)	**1/9/2011**	**1/9/2018**	**$0.00**	**–**	**4,680,635**	**(158,485)**	**–**	**4,522,150**	**–**
(ix)	**1/9/2011**	**31/12/2012***	**$0.00**	**–**	**135,135**	**–**	**–**	**135,135**	**–**
				8,187,092	**4,815,770**	**(725,838)**	**(277,272)**	**11,999,752**	**–**
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	–

* The Company granted Ross Batstone 135,135 SARs on 1 September 2011 as a retention incentive, in recognition of his additional responsibilities as Divisional Managing Director of Boral Building Products in establishing a new Asian Plasterboard Division. The grant was made on terms and conditions determined by the Board and linked to service hurdles to be tested on 31 December 2012.

In the prior year, 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 2012, the consolidated entity recognised an expense of $10.6 million (2011: $5.8 million) in relation to share-based payments.

27. Employee benefits (continued)

Superannuation

At 30 June 2012, 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 2012 was $47.9 million (2011: $46.5 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	
	2012 $ millions	2011 $ millions
Net liability for defined benefit obligation at the beginning of the year	**(7.3)**	(13.4)
Expense recognised in the income statement	**(4.7)**	(2.6)
Actuarial gains/(losses) recognised in retained earnings	**(9.8)**	2.8
Employer contributions	**4.7**	5.5
Net foreign currency exchange differences	**(0.1)**	0.4
Net liability for defined benefit obligation at the end of the year	**(17.2)**	(7.3)

The accrued benefits, fund assets and vested benefits have been determined based on amounts calculated by the actuary projected forward to 30 June 2012.

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.

27. Employee benefits (continued)

Superannuation (continued)

	CONSOLIDATED	
	2012 $ millions	2011 $ millions
Reconciliation of the net asset recognised in the balance sheet		
Defined benefit obligation	**(76.6)**	(73.0)
Fair value of plan assets	**59.4**	65.7
Net liability	**(17.2)**	(7.3)
Movements in the present value of the defined benefit obligation		
Balance at the beginning of the year	**73.0**	82.5
Current service cost	**5.0**	3.9
Interest cost	**2.6**	3.0
Contributions by plan participants	**0.2**	0.3
Actuarial (gains)/losses	**8.8**	(0.7)
Benefits paid	**(13.6)**	(13.2)
Net foreign currency exchange differences	**0.6**	(2.8)
Balance at the end of the year	**76.6**	73.0
Movements in the fair value of plan assets		
Balance at the beginning of the year	**65.7**	69.1
Expected return on plan assets	**2.9**	4.3
Actuarial gains/(losses)	**(1.0)**	2.1
Employer contributions	**4.7**	5.5
Contributions by plan participants	**0.2**	0.3
Benefits paid	**(13.6)**	(13.2)
Net foreign currency exchange differences	**0.5**	(2.4)
Balance at the end of the year	**59.4**	65.7
Expense recognised in the income statement		
Current service cost	**5.0**	3.9
Interest cost	**2.6**	3.0
Expected return on plan assets	**(2.9)**	(4.3)
Defined benefit superannuation expense	**4.7**	2.6
Cumulative amounts recognised in equity before tax		
Balance at beginning of the year	**(22.1)**	(26.4)
Actuarial gains/(losses)	**(9.8)**	2.8
Net foreign currency exchange differences	**(0.3)**	1.5
Cumulative actuarial losses	**(32.2)**	(22.1)
Actual return on plan assets	**1.9**	6.4

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	
	2012	2011	2012	2011
Equity securities	**–**	66.7%	**10.9%**	62.4%
Debt securities	**100.0%**	29.1%	**89.1%**	37.6%
Property securities	**–**	4.2%	**–**	–
Other securities	**–**	–	**–**	–

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 2013 are $4.7 million.

	BORAL SUPER SUB-PLAN		BORAL INDUSTRIES INC. PLAN	
	2012	2011	2012	2011
Principal actuarial assumptions at the balance sheet date				
Discount rate	**2.7%**	4.3%	**5.3%**	5.3%
Expected rate of return on plan assets	**2.7%**	4.5%	**6.0%**	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				
	2012 $ millions	2011 $ millions	2010 $ millions	2009 $ millions	2008 $ millions
Present value of defined benefit obligation	**(76.6)**	(73.0)	(82.5)	(83.8)	(79.1)
Fair value of plan assets	**59.4**	65.7	69.1	67.3	81.3
Net asset/(liability)	**(17.2)**	(7.3)	(13.4)	(16.5)	2.2
Experience adjustments on plan assets – gain/(loss)	**(1.0)**	2.1	4.4	(20.4)	(12.0)
Experience adjustments on plan liabilities – gain/(loss)	**(8.8)**	0.7	(6.0)	(2.2)	(0.4)

28. Loans and borrowings

TERM AND DEBT REPAYMENT SCHEDULE

Terms and conditions of outstanding loans were as follows:

				CONSOLIDATED			
				30 June 2012		30 June 2011	
	Currency	Effective interest rate 2012	Calendar year of maturity	Carrying amount $ millions	Fair value $ millions	Carrying amount $ millions	Fair value $ millions
Current							
Bank overdrafts – BGA* – unsecured	Multi	6.13%	2012–2013	**24.2**	**24.2**	–	–
US senior notes – unsecured	USD	6.35%	2012	**2.8**	**2.8**	146.4	149.5
Bank loans – unsecured	USD	1.44%	2012	**9.8**	**9.8**	9.3	9.3
Bank loans – unsecured	THB	5.25%	2012	**50.1**	**50.1**	7.1	7.1
Bank loans – BGA* – unsecured	Multi	3.94%	2012–2013	**60.7**	**60.7**	–	–
Other loans – unsecured[1]	AUD	–	2013	**0.4**	**0.4**	0.4	0.4
Finance lease liabilities	Multi	8.75%	2012–2013	**0.3**	**0.3**	0.2	0.2
				148.3	**148.3**	163.4	166.5
Non-current							
US senior notes – unsecured	USD	6.35%	2014–2020	**905.7**	**1,003.5**	853.3	916.2
Syndicated term credit facility – unsecured	USD	2.39%	2015	**150.0**	**150.0**	–	–
Syndicated loan facility – unsecured	AUD	5.51%	2015	**461.3**	**461.3**	–	–
Bank loans – unsecured	THB	–	–	**–**	**–**	49.2	49.3
Bank loans – BGA* – unsecured	Multi	6.24%	2013–2016	**57.2**	**57.4**	–	–
Other loans – unsecured[1]	AUD	–	2014	**0.3**	**0.3**	0.7	0.7
Finance lease liabilities	Multi	9.04%	2013–2017	**0.6**	**0.6**	–	–
				1,575.1	**1,673.1**	903.2	966.2
Total				**1,723.4**	**1,821.4**	1,066.6	1,132.7

* BGA – Boral Gypsum Asia.

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	52.0	05/2002	7.01%	05/2014	51.1
Boral USA	200.0	05/2005	5.42%	05/2015	196.6
Boral USA	53.5	05/2002	7.11%	05/2017	52.6
Boral USA	30.0	04/2008	7.12%	04/2018	29.5
Boral USA	76.2	04/2008	7.22%	04/2020	74.9
Boral Limited	200.0	05/2005	5.52%	05/2017	229.2
Boral Limited	276.0	04/2008	7.12%	04/2018	274.6
Total	**887.7**				**908.5**

BANK FACILITIES

Syndicated term credit facility

A committed US$195 million and A$500 million (aggregate equivalent A$692 million) syndicated term credit facility was established on 14 February 2011 for general corporate purposes. The maturity date of the facility is 13 February 2015.

28. Loans and borrowings (continued)

Syndicated loan facility
A committed A$500 million multi-currency syndicated loan facility was established on 24 November 2011 to provide liquidity for general corporate purposes. The maturity date of the facility is 23 November 2015.

Bi-lateral loan facilities
A committed THB1,600 million (equivalent A$50.1 million) credit facility is available to Boral Concrete (Thailand) Limited and Boral Concrete & Quarry Limited (formerly known as Boral Quarry Products (Thailand) Limited). The primary purpose of this facility is to provide Boral's Thailand operations with funding for general corporate purposes. The maturity date for this facility is 30 August 2012 with an extension to 28 February 2013 currently being negotiated.

Approximately US$192.5 million (equivalent A$189.2 million) of committed and uncommitted facilities from a number of banks in various currencies have been provided to Boral Gypsum Asia (BGA) and its subsidiaries for general corporate purposes.

Bank overdraft, lease liabilities and other
The Group operates unsecured bank overdraft facility arrangements in Australia and Asia that have combined limits of A$93.0 million. The facilities within Australia are conducted on a set-off basis. All facilities are subject to annual review where repayment can occur on demand by the lending bank. Finance leases within Australia and Asia 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 2012.

29. Financial instruments

FINANCIAL RISK MANAGEMENT
Boral's Treasury operates as a service centre, providing funding, risk management and specialist Treasury advice to the Group with the objective of ensuring Boral's strategic and operational objectives are met. The Group's business activities are exposed to a variety of financial risks, including credit, liquidity, foreign currency, interest rate and commodity price risks. Derivative instruments are used to manage these financial risks. The Group does not use derivative or financial instruments for trading or speculative purposes.

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.

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 cash at bank and derivative contracts is minimised by using financial counterparties that have a long-term credit rating greater than A–/A3 although allowance is given for up to 10% of total cash or A$20.0 million (whichever is lower) to be deposited with financial counterparties with a rating below A–/A3. Additionally, no more than 40% of Boral's total credit exposure is to be with any individual eligible counterparty.

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 2012 $ millions	Fair value 2012 $ millions	Carrying amount 2011 $ millions	Fair value 2011 $ millions
Loans to and receivables from associates	**27.8**	**27.8**	28.2	28.2
Trade and other receivables	**799.6**	**799.6**	766.2	766.2
Cash and cash equivalents	**205.7**	**205.7**	561.2	561.2
	1,033.1	**1,033.1**	1,355.6	1,355.6

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:

	CONSOLIDATED							
30 June 2012	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	**0.2**	**0.2**	**0.2**	**0.2**	**–**	**–**	**–**	**–**
	0.2	**0.2**	**0.2**	**0.2**	**–**	**–**	**–**	**–**

	CONSOLIDATED							
30 June 2011	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	–	–	–

29. Financial instruments (continued)

LIQUIDITY RISK

Liquidity risk is the risk that the Company has insufficient funds to meet its financial obligations when they fall due. It is also associated with planning for unforeseen events or business disruptions that may cause pressure on liquidity. The Group manages this risk by ensuring that: (i) Boral has a well spread debt maturity profile with a target of > 4 years; (ii) Short term debt (< 1 year) is not to exceed 20% of the sum of Total Debt plus Committed Undrawn Facilities > 1 year; (iii) Committed Facilities to Net Debt is > 1.5x. The following are the contractual maturities of financial liabilities, including estimated interest payments, but excluding the impact of netting agreements:

	CONSOLIDATED						
30 June 2012	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	**908.5**	**(1,156.3)**	**(27.9)**	**(27.9)**	**(106.7)**	**(580.5)**	**(413.3)**
Bank overdrafts – unsecured	**24.2**	**(25.0)**	**(5.0)**	**(20.0)**	**–**	**–**	**–**
Bank loans – unsecured	**789.1**	**(889.7)**	**(89.0)**	**(65.9)**	**(48.3)**	**(686.5)**	**–**
Other loans – unsecured	**0.7**	**(0.7)**	**(0.2)**	**(0.2)**	**(0.3)**	**–**	**–**
Finance lease liabilities	**0.9**	**(1.0)**	**(0.2)**	**(0.1)**	**(0.2)**	**(0.5)**	**–**
Future purchase liability – Cultured Stone	**42.8**	**(44.2)**	**–**	**–**	**(44.2)**	**–**	**–**
Trade and other payables	**732.2**	**(732.2)**	**(732.2)**	**–**	**–**	**–**	**–**
Derivative financial liabilities							
Foreign exchange contracts designated as cash flow hedges	**1.3**	**(1.3)**	**(1.1)**	**(0.2)**	**–**	**–**	**–**
Commodity swaps designated as cash flow hedges	**7.2**	**(7.4)**	**(4.1)**	**(2.2)**	**(1.1)**	**–**	**–**
Cross currency swaps designated as cash flow hedges	**3.2**	**(3.6)**	**(0.3)**	**(0.4)**	**(0.8)**	**(2.1)**	**–**
Cross currency swaps designated as fair value hedges	**23.3**	**(36.0)**	**0.5**	**1.3**	**2.7**	**(40.5)**	**–**
Interest rate swaps designated as cash flow hedges	**1.7**	**(1.7)**	**(0.2)**	**(0.4)**	**(0.7)**	**(0.4)**	**–**
	2,535.1	**(2,899.1)**	**(859.7)**	**(116.0)**	**(199.6)**	**(1,310.5)**	**(413.3)**

	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)

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 purchase of raw materials, interest expense related to non-AUD borrowings, imported plant and equipment, some export related receivables and the translation of its investment in overseas assets.

The Group adopts policies that ensure exposures to:

(a) 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;

(b) 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

(c) net investments, including net intercompany loans, in overseas domiciled investments are hedged, regulatory conditions and available hedge instruments permitting.

The Group uses forward exchange contracts to hedge foreign exchange risk. Most of the forward exchange 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.

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:

	CONSOLIDATED					
	USD	Euro	GBP	NZD	THB	Multi*
Currency	Equivalent to A$ millions					
30 June 2012						
Balance sheet						
Net investment in overseas domiciled Boral subsidiaries	**391.1**	**1.6**	**(1.7)**	**1.6**	**(17.3)**	**940.0**
Forward exchange contracts	**9.8**	**–**	**–**	**–**	**–**	**–**
Foreign currency borrowings	**(650.3)**	**–**	**–**	**–**	**–**	**–**
Cross currency swaps	**253.8**	**–**	**–**	**–**	**–**	**–**
	4.4	**1.6**	**(1.7)**	**1.6**	**(17.3)**	**940.0**

* Exposure relates to net assets of BGA, which are denominated in multiple currencies.

	CONSOLIDATED					
	USD	Euro	GBP	NZD	THB	IDR
Currency	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)

Based on notional amounts, the forward exchange contracts taken out to hedge foreign exchange risk at balance date were as follows:

	NOTIONAL AMOUNTS AUD		AVERAGE EXCHANGE RATE	
	2012 $ millions	2011 $ millions	2012	2011
US dollars				
Buy US dollars/sell Australian dollars				
One year or less	**14.6**	56.5	**0.9968**	1.0003
One year to two years	**–**	1.5	**–**	0.9469
Sell US dollars/buy Australian dollars				
One year or less	**21.2**	–	**1.0348**	–
Buy US dollars/sell MYR				
One year or less	**5.9**	–	**–**	–
Euros				
Buy Euros/sell Australian dollars				
One year or less	**6.4**	7.2	**0.7434**	0.6802
Buy Euros/sell US dollars				
One year or less	**–**	0.9	**–**	–
JPY				
Buy JPY/sell Australian dollars				
One year or less	**1.1**	–	**81.9100**	–
THB				
Sell US dollars/buy THB				
One year or less	**7.4**	–	**–**	–
Sell SGD/buy THB				
One year or less	**1.2**	–	**–**	–
KRW				
Buy US dollars/sell KRW				
One year or less	**6.7**	–	**–**	–
Sell US dollars/buy KRW				
One year or less	**10.0**	–	**–**	–

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 cash, payables and receivables were A$13.3 million at 30 June 2012 (2011: A$13.4 million). The related exchange gains/losses on foreign currency movements are taken primarily to the income statement.

Sensitivity

At 30 June 2012, 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$1.2 million (2011: equivalent A$1.1 million) and equity would have increased/decreased respectively by around equivalent A$97.6 million (2011: equivalent A$11.4 million).

The following significant exchange rates applied during the year:

	AVERAGE RATE		REPORTING DATE SPOT RATE	
	2012	2011	2012	2011
USD	**1.0347**	1.0002	**1.0175**	1.0728
Euro	**0.7742**	0.7272	**0.8075**	0.7404
GBP	**0.6529**	0.6276	**0.6496**	0.6667
NZD	**1.2752**	1.3064	**1.2739**	1.2953
THB	**31.9775**	30.3567	**32.3460**	32.9900
IDR	**9,286**	8,776	**9,481**	9,219

29. Financial instruments (continued)

INTEREST RATE RISK

The Group adopts a policy that ensures between 35% and 75% of its borrowings are subject to interest rates based on fixed rates greater than six 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 35% and 75% of borrowings.

Interest rate swaps denominated in AUD, USD and THB, and cross currency swaps denominated in AUD and USD, 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 five years. The duration applicable to the interest rate and cross currency swaps is consistent with maturities applicable to the underlying borrowings.

At the reporting date, the interest rate profile of the Group's interest bearing financial instruments was:

	CONSOLIDATED	
	2012 Carrying amount $ millions	2011 Carrying amount $ millions
Fixed rate instruments		
US senior notes – unsecured[1]	**908.5**	999.7
Other loans – unsecured	**0.7**	1.1
Finance lease liabilities	**0.9**	0.2
	910.1	1,001.0
Variable rate instruments		
Bank overdrafts – unsecured	**24.2**	–
Bank loans – unsecured[2]	**671.2**	65.6
Bank loans – BGA – unsecured[3]	**117.9**	–
	813.3	65.6
	1,723.4	1,066.6

1 US$225 million (equivalent A$253.8 million) fixed rate senior notes due May 2015 and May 2017 have been swapped to AUD floating rates via cross currency swaps.
2 A$200 million of floating rate debt drawn under the A$500 million syndicated term credit facility has been swapped to fixed rates via interest rate swaps.
3 US$20 million (equivalent A$19.7 million) and THB226 million (equivalent A$7.0 million) floating rate bank loans have been swapped to fixed rate via interest rate swaps.

	2012	2011
Interest rate derivatives		
Pay fixed interest rate derivatives		
Pay fixed against A$ BBSY	**0.7**	–
Pay fixed against US$ LIBOR	**1.0**	0.2
	1.7	0.2
Pay variable interest rate derivatives		
Pay floating against US$ LIBOR	**–**	(4.3)
Cross currency swap pay floating US$ LIBOR	**26.5**	51.9
	26.5	47.6

Sensitivity

At 30 June 2012, if interest rates had changed by +/– 1% p.a. from the year end rates with all other variables held constant, the Group's pre-tax profit for the year would have been A$0.3 million higher/lower (2011: A$0.4 million) and the change in equity would have been A$2.7 million (2011: A$0.1 million) mainly as a result of a higher interest cost applying to interest rate derivatives.

29. Financial instruments (continued)

INTEREST RATE RISK (continued)

INTEREST RATES USED FOR DETERMINING FAIR VALUE

Where appropriate, the Group uses BBSW, LIBOR and Treasury Bond yield curves as of 30 June 2012 plus an adequate credit spread to discount financial instruments. The interest rates used are as follows:

	2012 % pa	2011 % pa
Derivatives	**0.47–5.22**	0.25–5.69
Interest bearing loans and borrowings	**0.00–12.70**	0.00–7.22
Finance leases	**3.14–14.78**	9.31

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 commodity swaps to hedge commodity price risk. All of the commodity swaps have maturities of less than two years.

Commodities hedging activities

Notional value of commodity derivative instruments at year end is as follows:

	CONSOLIDATED	
	2012 $ millions	2011 $ millions
Singapore gasoil 0.5%	**68.7**	33.6
Natural gas (NYMEX)	**–**	0.9
Aluminium – LME	**–**	2.8
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	**(7.2)**	(0.1)
	(7.2)	3.1

The commodity swaps 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 2012 (2011: A$0.1 million).

Sensitivity

At 30 June 2012, 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 (2011: unchanged) and the change in equity would have been A$6.1 million (2011: A$3.9 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 (i.e. as prices) or indirectly (i.e. 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 (forward exchange contracts);
- financial liabilities, including derivatives used for hedging (forward exchange contracts, commodity swaps, interest rate 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 2012	**$ millions**	**$ millions**	**$ millions**	**$ millions**
Assets				
Derivatives used for hedging	**–**	**0.2**	**–**	**0.2**
Total assets	**–**	**0.2**	**–**	**0.2**
Liabilities				
Derivatives used for hedging	**–**	**36.7**	**–**	**36.7**
Total liabilities	**–**	**36.7**	**–**	**36.7**

	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

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	
Catherine Brenner	Non-Executive Director
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

Former Director
Mark Selway held the position of Chief Executive until 22 May 2012 on which date he stood down from the Board.

EXECUTIVES	
Ross Batstone*	Chief Executive (appointed 22 May 2012)
Mike Beardsell	Divisional Managing Director – Boral Cement
Mike Kane	President and CEO Boral USA
Andrew Poulter	Chief Financial Officer
Murray Read	Divisional Managing Director – Boral Construction Materials

* Ross Batstone held the position of Divisional Managing Director – Boral Building Products until 22 May 2012, on which date he was appointed as Chief Executive.

KEY MANAGEMENT PERSONNEL COMPENSATION
The key management personnel compensation included in "employee benefits expense" in note 3 is as follows:

	CONSOLIDATED	
	2012 $'000	2011 $'000
Short-term employee benefits	**6,693.1**	6,883.6
Post-employment benefits	**432.7**	420.9
Termination benefits	**1,888.3**	–
Share-based payments	**5,079.1**	1,034.2
Long-term employee benefits	**79.1**	75.4
	14,172.3	8,414.1

June 2011 comparatives include key management personnel for that year.

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.

30. Key management personnel disclosures (continued)

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 the end of the year
		Number	Number	Number	Number	Number	Number
Former Director							
Mark Selway[a]	**2012**	**–**	**–**	**–**	**–**	**–**	**–**
	2011	–	–	–	–	–	–
Current Executives							
Ross Batstone	**2012**	**297,500**	**–**	**–**	**(56,800)**	**240,700**	**118,376**
	2011	351,470	–	–	(53,970)	297,500	118,376
Mike Beardsell	**2012**	**113,100**	**–**	**–**	**(11,100)**	**102,000**	**53,514**
	2011	131,500	–	–	(18,400)	113,100	53,514
Mike Kane	**2012**	**–**	**–**	**–**	**–**	**–**	**–**
	2011	–	–	–	–	–	–
Andrew Poulter	**2012**	**–**	**–**	**–**	**–**	**–**	**–**
	2011	–	–	–	–	–	–
Murray Read	**2012**	**123,200**	**–**	**–**	**(24,200)**	**99,000**	**51,114**
	2011	146,400	–	–	(23,200)	123,200	51,114

a Option holding at the date of ceasing to be a Director.

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 (SARs) 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 the end of the year
		Number	Number	Number	Number	Number	Number
Former Director							
Mark Selway[a]	**2012**	**734,853**	**771,186**	**–**	**–**	**1,506,039**	**–**
	2011	431,034	303,819	–	–	734,853	–
Current Executives							
Ross Batstone	**2012**	**352,382**	**321,978**	**(8,218)**	**(7,000)**	**659,142**	**–**
	2011	236,100	147,569	(31,287)	–	352,382	–
Mike Beardsell	**2012**	**182,746**	**129,280**	**(1,607)**	**(1,369)**	**309,050**	**–**
	2011	98,218	98,672	(14,144)	–	182,746	–
Mike Kane	**2012**	**78,717**	**102,285**	**–**	**–**	**181,002**	**–**
	2011	–	78,717	–	–	78,717	–
Andrew Poulter	**2012**	**21,701**	**166,504**	**–**	**–**	**188,205**	**–**
	2011	–	21,701	–	–	21,701	–
Murray Read	**2012**	**202,935**	**158,263**	**(3,507)**	**(2,988)**	**354,703**	**–**
	2011	91,430	125,000	(13,495)	–	202,935	–

a Final rights holding at the date of ceasing to be a Director.

30. Key management personnel disclosures (continued)

EQUITY INSTRUMENTS (continued)

(iv) Shareholdings

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	**2012**	**5,000**	**–**	**–**	**195**	**5,195**
	2011	–	–	–	5,000	5,000
Brian Clark	**2012**	**71,937**	**–**	**–**	**2,609**	**74,546**
	2011	64,621	–	–	7,316	71,937
Eileen Doyle	**2012**	**1,234**	**–**	**–**	**48**	**1,282**
	2011	1,000	–	–	234	1,234
Robert Every	**2012**	**70,221**	**–**	**–**	**–**	**70,221**
	2011	41,851	–	–	28,370	70,221
Richard Longes	**2012**	**27,725**	**–**	**–**	**616**	**28,341**
	2011	22,735	–	–	4,990	27,725
John Marlay	**2012**	**4,781**	**–**	**–**	**188**	**4,969**
	2011	2,000	–	–	2,781	4,781
Paul Rayner	**2012**	**28,156**	**–**	**–**	**1,033**	**29,189**
	2011	10,345	–	–	17,811	28,156
Former Director						
Mark Selway[b]	**2012**	**21,864**	**–**	**–**	**(10,574)**	**11,290**
	2011	8,800	–	–	13,064	21,864

a Directors will only be entitled to a transfer of the shares in accordance with the terms and conditions of the plan.
b Shareholding at the date of ceasing to be a Director.

		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	**2012**	**705,677**	**8,218**	**–**	**713,895**
	2011	561,991	31,287	112,399	705,677
Mike Beardsell	**2012**	**86,966**	**1,607**	**–**	**88,573**
	2011	60,685	14,144	12,137	86,966
Mike Kane	**2012**	**–**	**–**	**–**	**–**
	2011	–	–	–	–
Andrew Poulter	**2012**	**10,000**	**–**	**186**	**10,186**
	2011	–	–	10,000	10,000
Murray Read	**2012**	**231,289**	**3,507**	**(20,000)**	**214,796**
	2011	181,495	13,495	36,299	231,289

31. Auditors' remuneration

	CONSOLIDATED 2012 $'000	CONSOLIDATED 2011 $'000
Audit services:		
KPMG Australia – audit and review of financial reports	**1,431**	1,428
KPMG Overseas firms – audit and review of financial reports	**539**	445
KPMG Australia – other assurance services	**103**	90
Other auditors – audit and review of financial reports	**649**	–
	2,722	1,963
Other services:		
KPMG Australia – taxation services	**86**	115
KPMG Australia – due diligence	**513**	530
KPMG Australia – advisory	**35**	–
KPMG Australia – other	**11**	8
KPMG Overseas firms – due diligence	**130**	1,127
KPMG Overseas firms – taxation services	**162**	95
	937	1,875
	3,659	3,838

32. Acquisition/disposal of controlled entities

The following controlled entities were acquired or disposed of during the financial year ended 30 June 2012:

Entities acquired

	CONSOLIDATED 2012 $ millions
Lafarge Boral Gypsum in Asia Sdn Bhd	**531.4**
Wagners – concrete and quarry	**166.2**
Sunshine Coast quarries	**83.0**
Less: Net cash acquired	**(62.8)**
Less: Cash paid – deposit in prior year	**(17.3)**
Total purchase consideration	**700.5**

Acquisition-related costs in respect of these acquisitions of $28.8 million are included in other expenses in the Income Statement for the current year.

(i) Lafarge Boral Gypsum in Asia Sdn Bhd acquisition
During August 2011, 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). The acquisition was completed on 9 December 2011 and the results have been consolidated into the Group's financial report from that date. The acquisition positions Boral as the pre-eminent producer of plasterboard and related internal lining solutions products in the Asia Pacific Region. The business has subsequently been renamed Boral Gypsum Asia (BGA).

For the period from 1 July 2011 to 9 December 2011 and throughout the prior year, the Group held an initial 50% shareholding in LBGA that was recorded as an equity accounted investment. On acquisition of the remaining 50% interest in LBGA, this initial investment was remeasured to fair value in accordance with Australian Accounting Standards.

32. Acquisition/disposal of controlled entities (continued)

(i) Lafarge Boral Gypsum in Asia Sdn Bhd acquisition (continued)

	$ millions
Fair value of equity accounted investment as at acquisition date	398.6
Less:	
Carrying value of equity accounted investment as at acquisition date	(210.0)
Translation reserve on equity accounted investment as at acquisition date	(30.5)
Gain on remeasurement to fair value	**158.1**

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

	$ millions
Purchase consideration	
Cash paid – purchase price	531.4
Equity accounted investment at fair value	398.6
Non-controlling interest	22.8
Less: Fair value of net identifiable assets acquired	(380.5)
Goodwill on acquisition	572.3

Assets and liabilities acquired are as follows:

	Acquiree's carrying amount $ millions	Fair value $ millions
CURRENT ASSETS		
Cash and cash equivalents	93.6	93.6
Receivables	67.9	67.9
Inventories	42.4	42.4
Other assets	2.2	2.2
NON-CURRENT ASSETS		
Receivables	4.4	4.4
Property, plant and equipment	387.1	436.2
Intangible assets	1.3	6.6
Deferred tax assets	2.1	2.1
Other	0.4	0.4
CURRENT LIABILITIES		
Bank overdraft	(30.8)	(30.8)
Payables	(96.5)	(96.4)
Loans and borrowings	(15.5)	(15.5)
Current tax liabilities	(5.0)	(5.0)
Provisions	(6.0)	(6.0)
NON-CURRENT LIABILITIES		
Loans and borrowings	(86.9)	(86.9)
Deferred tax liabilities	(10.4)	(26.7)
Provisions	(7.1)	(7.1)
Other	(0.9)	(0.9)
Net identifiable assets acquired	342.3	380.5

The amounts recognised on acquisition above represent provisional assessment of the fair values of assets and liabilities acquired.

During the period from acquisition to 30 June 2012, BGA has contributed to the Group, revenue of $303.6 million and earnings before interest and tax of $30.8 million. Had the investment taken place on 1 July 2011, the Group would have consolidated 100% of the revenue and results of BGA resulting in revenues of $559.2 million and earnings before interest and tax of $62.6 million, and not recognised equity income of $10.1 million.

32. Acquisition/disposal of controlled entities (continued)

(ii) Wagners' construction materials concrete and quarry assets
On 8 December 2011, the Group acquired certain construction materials assets of the Wagners Group. This acquisition includes 5 quarries and 19 concrete plants located throughout the Darling Downs, South East Queensland and Townsville regions and enables the Group to expand its construction materials activities in the Queensland market.

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

	$ millions
Purchase consideration	
Cash paid – deposit in prior year	**17.3**
Cash paid – in current period	**148.9**
Total purchase consideration	**166.2**
Fair value of net identifiable assets acquired	
Inventories	**4.1**
Property, plant and equipment	**162.5**
Other assets	**0.3**
Provisions	**(0.7)**
Total fair value of net identifiable assets acquired	**166.2**

During the period from acquisition to 30 June 2012, the Wagners business contributed revenue of $46.2 million and earnings before interest and tax of $1.0 million. The Group considers it impractical to determine the impact on the Group's revenues or results had this business acquisition taken place at 1 July 2011, as the entity's accounting policies were not consistent with those adopted by the Group.

(iii) Sunshine Coast Quarries acquisition
On 31 October 2011, the Group acquired 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. This acquisition enhances the Group's construction materials position in Queensland by securing long-term high quality quarry reserves.

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

	$ millions
Purchase consideration	
Cash paid – purchase price	**83.0**
Total purchase consideration	**83.0**
Fair value of net identifiable assets acquired	
Inventories	**1.4**
Property, plant and equipment	**81.8**
Other liabilities	**(0.1)**
Provisions	**(0.1)**
Total fair value of net identifiable assets acquired	**83.0**

The acquisition contributed revenue of $18.3 million and earnings before interest and tax of $1.4 million. The Group considers it impractical to determine the impact on the Group's revenues or results had this business acquisition taken place at 1 July 2011, as the entity's accounting policies were not consistent with those adopted by the Group.

32. Acquisition/disposal of controlled entities (continued)

Entities disposed

	Date of disposal
Indonesian Construction Materials	Mar 2012
Pt Jaya Readymix	
PT Boral Pipe and Precast Indonesia	
PT Boral Indonesia	
Boral Best Block LLC	Jun 2012

Entities deregistered

			Date of loss of control
Boral Building Services Pte Ltd			Aug 2011
Boral Asia Pacific Pte Ltd			Nov 2011
United States Tile Co.			Apr 2012
Boral Tile LLC			Apr 2012
Boral Benefits Management Inc.			Jun 2012
Boral Bricks of Texas LP	merged into	Boral Bricks Holdings Inc.	Jun 2012
Boral Bricks Holdings Inc.	merged into	Boral Bricks Inc.	Jun 2012
Boral Material Technologies of Texas LP	merged into	BMT Holdings Inc.	Jun 2012
BMT Holdings Inc.	merged into	Boral Material Technologies Inc.	Jun 2012

Name changes during the financial period

MonierLifetile LLC	to	Boral Roofing LLC
MonierLifetile S.R.L. de C.V.	to	Boral Roofing de Mexico S. de R.L. de C.V.
Boral Quarry Products (Thailand) Ltd	to	Boral Concrete & Quarry Limited
Lafarge Boral Gypsum in Asia Sdn Bhd	to	Boral Gypsum Asia Sdn Bhd
Lafarge Gypsum in Asia Limited	to	BGA Holdings Limited
Lafarge Gypsum (Shanghai) Co Ltd	to	Boral Plasterboard (Shanghai) Co Ltd
Lafarge Gypsum (Chengdu) Co Ltd	to	Boral Gypsum (Chengdu) Co Ltd
Lafarge Boral Gypsum India Private Ltd	to	Boral Gypsum India Private Ltd
Lafarge Boral Gypsum Vietnam Co Ltd	to	Boral Gypsum Vietnam Co Ltd
Lafarge Prestia Co Ltd	to	Boral Prestia Co Ltd
Lafarge Plasterboard System Co Ltd	to	Boral Plasterboard System Co Ltd
Lafarge Gypsum Korea Co Ltd	to	Boral Gypsum Korea Co Ltd
West Gypsum (Chongqing) Co Ltd	to	Boral Gypsum (Chongqing) Co Ltd
Lafarge Plasterboard System (Shanghai) Co Ltd	to	Boral Gypsum (Shanghai) Co Ltd
Lafarge Gypsum (Shandong) Co Ltd	to	Boral Gypsum (Shandong) Co Ltd
Lafarge Boral Management Services Shanghai Ltd	to	Boral Management Services (Shanghai) Co Ltd

32. Acquisition/disposal of controlled entities (continued)

The following controlled entities were acquired or disposed of during the financial year ended 30 June 2011:

Entities acquired

	2011 $ 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

Entities disposed

	Date of disposal
Boral Formwork and Scaffolding Pty Ltd	Sep 2010

Entities deregistered

	Date of loss of control
Leo N. Dunn & Sons Pty Ltd (in liquidation)	Feb 2011
Concrite Holdings Pty Ltd (in liquidation)	Feb 2011

Name changes during the financial period

Blue Circle Southern Cement Ltd	to	Boral Cement Limited
Girotto 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

33. Controlled entities

The financial statements of the following entities have been consolidated to determine the results of the consolidated entity.

		Beneficial ownership by	
	Country of incorporation	Consolidated entity 2012 %	Consolidated entity 2011 %
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
PT Pion Quarry Nusantara	Indonesia	**100**	100
PT Boral Pipe and Precast Indonesia ****	Indonesia	**–**	100
PT Boral Indonesia ****	Indonesia	**–**	100
MJI (Thailand) Ltd	Thailand	**100**	100
Boral Concrete (Thailand) Ltd	Thailand	**100**	100
Boral Concrete & Quarry Limited	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
Boral Building Services Pte Ltd **	Singapore	**–**	100
Boral Construction Materials LLC	USA	**100**	100
Ready Mixed Concrete Company	USA	**100**	100
Boral Best Block LLC ****	USA	**–**	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
Boral Roofing LLC	USA	**100**	100
Boral Roofing de Mexico S. de R.L. de C.V.	Mexico	**100**	100
E.U.M. Teja de Concreto Servicio Compania S.R.L. de C.V.	Mexico	**100**	100
Tile Service Company LLC	USA	**100**	100
United States Tile Co. **	USA	**–**	100
Boral Tile LLC **	USA	**–**	100
Boral Bricks Inc.	USA	**100**	100
Boral Bricks Holdings Inc. **	USA	**–**	100
Boral Bricks of Texas LP **	USA	**–**	100
Boral Benefits Management Inc. **	USA	**–**	89.47
Dennis Brick Distributors	USA	**50**	50

33. Controlled entities (continued)

	Country of incorporation	Beneficial ownership by Consolidated entity 2012 %	Beneficial ownership by Consolidated entity 2011 %
Boral Composites Inc.	USA	**100**	100
Boral Material Technologies Inc.	USA	**100**	100
BMT Holdings Inc. **	USA	**–**	100
Boral Material Technologies of Texas LP **	USA	**–**	100
Boral Stone LLC	USA	**100**	100
Boral Stone Products LLC	USA	**50**	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 Klinker 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 Gypsum Asia Sdn Bhd ***	Malaysia	**100**	–
Boral Management Services Shanghai Co Ltd ***	China	**100**	–
Boral Building Materials (Malaysia) Sdn Bhd ***	Malaysia	**100**	–
Boral Plasterboard (Malaysia) Sdn Bhd ***	Malaysia	**100**	–
Boral Plasterboard (Marketing) Sdn Bhd ***	Malaysia	**100**	–
Siam Gypsum Industry Co Ltd ***	Thailand	**71**	–
Siam Gypsum Industry (Saraburi) Co Ltd ***	Thailand	**71**	–
Siam Gypsum Industry (Songkla) Co Ltd ***	Thailand	**71**	–
Siam Gypsum Industry Development Co Ltd ***	Thailand	**71**	–
Gypsum Business Limited ***	Thailand	**100**	–
Boonyavajara Mining Co Ltd ***	Thailand	**100**	–
Boral Prestia Co Ltd ***	Thailand	**100**	–
Boral Middle East FZE ***	UAE	**100**	–
Boral Middle East (Dubai) LLC ***	UAE	**49**	–
PT Petrojaya Boral Plasterboard ***	Indonesia	**100**	–
BGA Holdings Limited ***	Labuan	**100**	–
China Plasterboard Corporation ***	British Virgin Islands	**100**	–
Boral Plasterboard (Shanghai) Co Ltd ***	China	**96.8**	–
Boral Gypsum (Chongqing) Co Ltd ***	China	**100**	–
Boral Gypsum (Chengdu) Co Ltd ***	China	**100**	–
Boral Gypsum (Shanghai) Co Ltd ***	China	**100**	–
Boral Gypsum (Shandong) Co Ltd ***	China	**100**	–
Boral Gypsum India Private Ltd ***	India	**100**	–
LBGA Trading (Singapore) Pte Ltd ***	Singapore	**60**	–
Boral Gypsum Korea Co Ltd ***	South Korea	**100**	–
South Korean Plasterboard Corporation ***	Labuan	**100**	–
Boral Plasterboard System Co Ltd ***	South Korea	**100**	–
Siamsum Corporation ***	Labuan	**100**	–

33. Controlled entities (continued)

	Country of incorporation	Beneficial ownership by Consolidated entity 2012 %	Beneficial ownership by Consolidated entity 2011 %
Boral Gypsum Vietnam Co Ltd ***	Vietnam	**100**	–
Boral Plasterboard Philippines Inc ***	Philippines	**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
Concrete Pty Ltd > *	Australia	**100**	100
Boral Resources (SA) Ltd > *	Australia	**100**	100
Bitumax Pty Ltd > *	Australia	**100**	100
Road Surfaces Group Pty Ltd > *	Australia	**100**	100
Alsafe Premix Concrete Pty Ltd > *	Australia	**100**	100
Boral Transport Ltd > *	Australia	**100**	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 Holdings Ltd > *	Australia	**100**	100
Boral Bricks Pty Ltd > *	Australia	**100**	100

33. Controlled entities (continued)

		Beneficial ownership by	
	Country of incorporation	Consolidated entity 2012 %	Consolidated entity 2011 %
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.

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:

- the receipt of dividends from Boral Limited;
- participation in the Boral Long Term Incentive Plan;
- terms and conditions of employment;
- reimbursement of expenses; and
- 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.

35. Notes to cash flow statement

	Note	CONSOLIDATED 2012 $ millions	2011 $ millions
(i) Reconciliation of cash and cash equivalents: Cash includes cash on hand, at bank and short-term deposits at call, net of outstanding bank overdrafts. Cash as at the end of the 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	**205.7**	561.2
Bank overdrafts	18	**(24.2)**	–
		181.5	561.2
(ii) Reconciliation of net profit to net cash provided by operating activities:			
Net profit		**177.7**	165.4
Adjustments for non-cash items:			
Depreciation and amortisation		**273.4**	245.0
Discount unwinding		**3.6**	4.1
Gain on sale of assets		**(50.3)**	(30.0)
Fair value adjustment		**(184.5)**	–
Impairment of assets, businesses and demolition costs		**196.2**	73.9
Net insurance proceeds		**–**	(33.4)
Share-based payment expense		**10.6**	5.8
Non-cash equity income		**(8.7)**	(14.3)
Net cash provided by operating activities before change in assets and liabilities		**418.0**	416.5
Changes in assets and liabilities net of effects from acquisitions/disposals			
– Receivables		**16.9**	(39.9)
– Inventories		**(56.1)**	(33.5)
– Payables		**(35.6)**	58.9
– Provisions		**(82.3)**	(42.6)
– Current and deferred taxes		**(112.6)**	(16.2)
– Other		**(15.0)**	7.5
Net cash provided by operating activities		**133.3**	350.7
(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		**54.8**	53.1
(iv) Acquisition costs, restructure costs and legal settlements paid			
During the year, the Group incurred costs associated with:			
Acquisition and integration costs		**(35.3)**	(4.8)
Restructure and business closure costs		**(36.9)**	(21.8)
Legal settlements and associated costs		**(18.9)**	–
		(91.1)	(26.6)

(v) Details of credit standby arrangements and loan facilities are included in note 28.

Notes to the Financial Statements

Boral Limited and Controlled Entities

36. Parent entity disclosures

	BORAL LIMITED	
For the year ended 30 June	2012 $ millions	2011 $ millions
RESULT OF THE PARENT ENTITY		
Profit after tax	**1.1**	111.8
Other comprehensive income after tax	**(1.2)**	0.1
Total comprehensive income for the period	**(0.1)**	111.9
FINANCIAL POSITION OF PARENT ENTITY		
Current assets	**7,124.3**	6,858.2
Non-current assets	**505.4**	553.5
Total assets	**7,629.7**	7,411.7
Current liabilities	**3,073.1**	3,628.5
Non-current liabilities	**1,269.5**	505.6
Total liabilities	**4,342.6**	4,134.1
Net assets	**3,287.1**	3,277.6
Issued capital	**2,368.4**	2,261.3
Reserves	**51.0**	38.3
Retained earnings	**867.7**	978.0
Total equity	**3,287.1**	3,277.6
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	**5.2**	3.9

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 2012 (2011: 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	
	2012 $ millions	2011 $ millions
STATEMENT OF COMPREHENSIVE INCOME		
Continuing operations		
Revenue	**3,907.0**	3,907.3
Profit/(loss) before income tax expense	**(368.2)**	520.6
Income tax expense	**(37.4)**	(130.8)
Profit/(loss) from continuing operations	**(405.6)**	389.8
Discontinued operations		
Profit/(loss) from discontinued operations (net of income tax)	**(60.0)**	(15.7)
Net profit/(loss)	**(465.6)**	374.1
Other comprehensive income		
Actuarial gain on defined benefit plans	**(6.6)**	1.8
Exchange differences from translation of foreign operations taken to equity	**29.1**	(31.6)
Fair value adjustment on cash flow hedges	**(3.3)**	1.1
Income tax relating to components of other comprehensive income	**3.0**	(0.9)
Total comprehensive income	**(443.4)**	344.5
Attributable to:		
Members of the parent entity	**(443.4)**	344.5
Non-controlling interest	**–**	–
	(443.4)	344.5
Reconciliation of movements in retained earnings		
Balance at the beginning of the year	**1,639.9**	1,365.5
Net profit attributable to members of the parent entity	**(465.6)**	374.1
Dividends recognised during the year	**(106.9)**	(101.0)
Actuarial gains on defined benefit plans, net of tax	**(4.5)**	1.3
Balance at the end of the year	**1,062.9**	1,639.9

37. Deed of cross guarantee (continued)

	CONSOLIDATED	
	2012 $ millions	2011 $ millions
BALANCE SHEET		
CURRENT ASSETS		
Cash and cash equivalents	**50.1**	497.5
Receivables	**661.2**	680.3
Inventories	**483.7**	466.8
Other	**60.2**	77.7
Assets classified as held for sale	**32.8**	–
TOTAL CURRENT ASSETS	**1,288.0**	1,722.3
NON-CURRENT ASSETS		
Receivables	**8.7**	3.3
Inventories	**104.9**	93.5
Investments accounted for using the equity method	**42.7**	240.2
Other financial assets	**2,755.8**	2,289.0
Property, plant and equipment	**2,625.4**	2,350.3
Intangible assets	**118.4**	114.2
Other	**45.4**	46.7
TOTAL NON-CURRENT ASSETS	**5,701.3**	5,137.2
TOTAL ASSETS	**6,989.3**	6,859.5
CURRENT LIABILITIES		
Payables	**1,483.9**	1,360.6
Loans and borrowings	**0.4**	147.2
Current tax liabilities	**57.0**	121.5
Provisions	**176.4**	197.3
Liabilities classified as held for sale	**29.6**	–
TOTAL CURRENT LIABILITIES	**1,747.3**	1,826.6
NON-CURRENT LIABILITIES		
Payables	**46.3**	68.2
Loans and borrowings	**1,520.1**	854.0
Deferred tax liabilities	**160.6**	162.2
Provisions	**81.1**	81.4
TOTAL NON-CURRENT LIABILITIES	**1,808.1**	1,165.8
TOTAL LIABILITIES	**3,555.4**	2,992.4
NET ASSETS	**3,433.9**	3,867.1
EQUITY		
Issued capital	**2,368.4**	2,261.3
Reserves	**2.6**	(34.1)
Retained earnings	**1,062.9**	1,639.9
TOTAL EQUITY	**3,433.9**	3,867.1

Directors' Declaration

1. In the opinion of the Directors of Boral Limited:
   (a) the consolidated financial statements and notes set out on pages 66 to 134 and the Remuneration Report in the Directors' Report, set out on pages 51 to 64, 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 2012 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 2012.
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

Paul Rayner
Director

Sydney, 11 September 2012

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 2012, and consolidated income statement and 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 37 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 2012 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 2012. 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 2012, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

G Boydell

Greg Boydell
Partner

Sydney, 11 September 2012

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 2011/12 year of 3.5 cents per share will be paid by Boral on 28 September 2012. 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.

Dividend payments
As foreshadowed in Boral's 2011 Annual Report, Boral implemented direct credit as the preferred method for the payment of cash dividends, effective from the interim dividend paid on 5 April 2012.

For those shareholders with a registered address in Australia or New Zealand, dividend payments will only be made by direct credit to your nominated bank account (rather than by cheque posted to your registered address). To provide or update your bank account details, please contact the share registry or visit its website at www.linkmarketservices.com.au

For those shareholders without a registered address in Australia or New Zealand, if you wish your dividends to be paid directly to a bank, building society or credit union account in Australia or New Zealand, please contact the share registry or visit its 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.

Shareholders are also 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 (NSW)*.

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

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.

Shareholder Information

Boral Limited and Controlled Entities

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 24 August 2012

Substantial shareholders
National Australia Bank Limited, by a notice of change of interests of substantial holder dated 27 July 2012, advised that it and its associates were entitled to 46,017,069 ordinary shares.

Perpetual Limited, by a notice of initial substantial holder dated 29 June 2012, advised that it and its associates were entitled to 39,575,720 ordinary shares.

Commonwealth Bank of Australia, by a notice of change of interests of substantial holder dated 3 May 2012, advised that it and its associates were entitled to 88,514,055 ordinary shares.

Franklin Resources Inc., by a notice of change of interests of substantial holder dated 15 February 2012, advised that it and its associates were entitled to 49,647,610 ordinary shares.

Prudential plc, by a notice of change of interests of substantial holder dated 19 October 2011, advised that it and its associates were entitled to 44,427,035 ordinary shares.

Schroder Investment Management Australia Limited, by a notice of initial substantial holder released 1 September 2011, advised that it and its associates were entitled to 44,880,163 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 24 August 2012

Size of shareholding	Number of shareholders	% of ordinary shares
(a) in the categories –		
1–1,000	27,032	1.85
1,001–5,000	28,496	8.70
5,001–10,000	5,118	4.79
10,001–100,000	3,087	8.50
100,001 and over	129	76.16
	63,862	100.00
(b) holding less than a marketable parcel (146 shares)	2,109	0.02

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 24 August 2012

		Ordinary shares	% of ordinary shares
1	National Nominees Limited	144,250,952	19.02
2	J P Morgan Nominees Australia Limited	119,033,515	15.69
3	HSBC Custody Nominees (Australia) Limited	107,920,727	14.23
4	Citicorp Nominees Pty Limited	90,733,532	11.96
5	Cogent Nominees Pty Limited	28,015,864	3.69
6	RBC Dexia Investor Services Australia Nominees Pty Limited	24,816,718	3.27
7	BNP Paribas Nominees Pty Limited	7,464,463	0.98
8	Queensland Investment Corporation	4,628,821	0.61
9	Australian Foundation Investment Company Limited	4,008,492	0.53
10	The Senior Master of the Supreme Court (Common Fund No 3 A/C)	3,474,881	0.46
11	Argo Investments Limited	3,266,907	0.43
12	AMP Life Limited	2,946,232	0.39
13	UBS Wealth Management Australia Nominees Pty Limited	2,882,144	0.38
14	Equitas Nominees Pty Limited	2,450,738	0.32
15	ANZ Executors & Trustee Company Limited	1,977,340	0.26
16	Bond Street Custodians Limited	1,852,566	0.24
17	Milton Corporation Limited	1,627,462	0.21
18	Rodney Pearse	1,446,903	0.19
19	Invia Custodian Pty Limited	1,405,978	0.19
20	UBS Nominees Pty Ltd	1,322,618	0.17

Financial History

Boral Limited and Controlled Entities

30 June	2012 $millions	2011 $millions	2010 $millions	2009 $millions	2008 $millions	2007 $millions	2006 $millions	2005 $millions	2004 $millions	2003 $millions
Revenue	**5,010**	4,711	4,599	4,875	5,199	4,909	4,767	4,305	4,150	3,831
Earnings before interest, tax, depreciation and amortisation (EBITDA)[1]	**473**	522	505	539	688	762	823	794	794	672
Depreciation and amortisation	**273**	245	253	263	240	231	209	191	195	194
Earnings before interest and tax[1]	**200**	277	252	276	448	531	614	603	600	478
Net financing costs[1]	**(88)**	(64)	(97)	(127)	(112)	(111)	(98)	(71)	(66)	(68)
Profit before tax[1]	**111**	213	155	149	336	420	516	532	534	410
Income tax expense[1]	**(9)**	(40)	(22)	(17)	(90)	(122)	(153)	(162)	(163)	(126)
Non-controlling interests	**(1)**	2	(1)	–	1	–	–	(1)	(1)	(1)
Net profit after tax[1]	**101**	175	132	131	247	298	362	370	370	283
Significant items – net of tax	**75**	(8)	(222)	11	(4)	–	–	–	–	–
Net profit attributable to members of Boral Limited	**177**	168	(91)	142	243	298	362	370	370	283
Total assets	**6,499**	5,668	5,209	5,491	5,895	5,817	5,587	5,001	4,511	4,038
Total liabilities	**3,096**	2,512	2,583	2,738	2,985	2,829	2,832	2,594	2,151	1,898
Net assets	**3,403**	3,156	2,626	2,754	2,910	2,987	2,755	2,407	2,360	2,140
Shareholders' funds	**3,403**	3,156	2,626	2,754	2,910	2,987	2,755	2,407	2,360	2,140
Net debt	**1,518**	505	1,183	1,514	1,515	1,482	1,578	1,394	938	764
Funds employed	**4,921**	3,662	3,809	4,268	4,425	4,470	4,333	3,800	3,298	2,904
Dividends paid or declared	**82**	105	88	77	202	203	200	197	175	133
Statistics										
Dividend per ordinary share	**11.0c**	14.5c	13.5c	13c	34c	34c	34c	34c	30c	23c
Dividend payout ratio[1]	**81%**	60%	67%	59%	82%	68%	55%	53%	47%	47%
Dividend cover[1]	**1.2**	1.7	1.5	1.7	1.2	1.5	1.8	1.9	2.1	2.1
Earnings per ordinary share[1]	**13.6c**	24.4c	22.1c	22.2c	41.4c	50.0c	61.7c	63.4c	63.8c	49.1c
Return on equity[1]	**3.0%**	5.6%	5.0%	4.8%	8.5%	10.0%	13.2%	15.4%	15.7%	13.2%
EBIT to sales[1]	**4.0%**	5.9%	5.5%	5.7%	8.6%	10.8%	12.9%	14.0%	14.4%	12.5%
EBIT to funds employed[1]	**4.1%**	7.6%	6.6%	6.5%	10.1%	11.9%	14.2%	15.9%	18.2%	16.4%
Net interest cover (times)[1]	**2.3**	4.4	2.6	2.2	4.0	4.8	6.3	8.5	9.1	7.1
Gearing (net debt to equity)	**45%**	16%	45%	55%	52%	50%	57%	58%	40%	36%
Gearing (net debt to net debt plus equity)	**31%**	14%	31%	35%	34%	33%	36%	37%	28%	26%
Net tangible asset backing per share	**$3.31**	$3.91	$3.92	$4.12	$4.41	$4.41	$4.07	$3.57	$3.65	$3.27

1 Excludes the impact of significant items in 2012, 2011, 2010, 2009 and 2008.

Results for the years ended 2005 to 2012 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 1 November 2012 at 10.30am.

FINANCIAL CALENDAR

Ex dividend share trading commences	28 August 2012
Record date for final dividend	3 September 2012
Final dividend payable	28 September 2012
Annual General Meeting	1 November 2012
Half year end	31 December 2012
Half year profit announcement	13 February 2013*
Ex dividend share trading commences	19 February 2013*
Record date for interim dividend	25 February 2013*
Interim dividend payable	25 March 2013*
Year end	30 June 2013

* Timing of events is subject to change.

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