



MEDIA RELEASE

Results announcement for the year ended 30 June 2002

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BORAL'S UNDERLYING PROFIT INCREASES BY 51% TO \$192M

Boral Limited today announced a net profit after tax and minorities of \$192.4 million for the year ended 30 June 2002, a 51% increase in underlying profit on prior year (the 2001 result included a net \$26 million profit from disposal of businesses).

Earnings per share for the year increased from 27 cents to 34 cents.

Sales revenue of \$3.5 billion was 6% above the prior year, driven by a cyclical recovery in Australian housing, resilience in the US housing market and continued growth in Asian markets.

The major features for the full year profit result were:

- A \$48 million improvement in Australian EBIT to \$228 million driven by volume uplifts in housing, pricing initiatives in construction materials in the second half and operational improvements.
- An \$18 million profit from Boral's 48% interest in the Asian Plasterboard joint venture, which was \$15 million above last year's result.
- Strong earnings of A\$110 million from US operations (up 10%).
- A 31% improvement in underlying EBIT to \$343.2 million; overall EBIT to sales margin improved to 9.8% compared with 8.0% in the prior year.
- \$7 million (9%) lower interest costs through lower interest rates and reduced debt.
- Average tax rate reduced from 34% to 31% due to lower Australian corporate tax rates and a favourable tax environment for the Asian Plasterboard JV.

Sales revenue for the June-2002 half year of \$1.8 billion was 8% above the June-2001 half. A strong second half profit after tax of \$100 million, in what is traditionally the weaker half of the year, was \$45 million ahead of the June half of FY2001. Second half EBIT to sales margin of 10.4% was a significant improvement on 6.7% for the June 2001 half-year.

Operational cashflows of \$392 million were 64% above the \$239 million reported last year. Operating cashflow more than covered capital and acquisition expenditure of \$302 million during the period. Surplus cashflow was used to reduce debt from \$983 million to \$881 million enabling gearing (D/E) to reduce to 45% from 53% at June 2001, which is comfortably within Boral's targeted gearing range of 40 to 60%.

A final dividend of 10.0 cents per share has been declared, 11% higher than the interim dividend and final dividend last year. The dividend will be 75% franked, an increase from the 35% franking level for the interim dividend. The dividend will be paid on 19 September 2002, 26 days earlier than last year.

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RESULTS AT A GLANCE

Year ending 30 June	2002	2001	% change
A\$ million			
Sales revenue	3,489	3,280	6
EBITDA*	531	451	18
EBIT*	343	262	31
Net interest	63	70	(9)
Profit before tax*	280	192	45
Profit on disposal of businesses	-	39	-
Tax	87	78	12
Profit after tax	192	153	25
Profit after tax (excluding profit on disposal of businesses)	192	127	51
Cash flow from operating activities	392	239	64
Gross assets	3,907	3,950	
Funds employed	2,831	2,837	
Liabilities	1,957	2,096	
Net debt	881	983	(10)
Growth & acquisition capital expenditure	183	191	
Stay-in-business capital expenditure	119	104	
Employees	11,829	11,593	2.0
Sales per employee, \$ million	0.29	0.28	4.2
Net tangible asset backing, \$ per share	3.02	2.89	4.5
EBITDA* margin on sales, %	15.2	13.8	10.1
EBIT* margin on sales, %	9.8	8.0	22.5
EBIT* return on funds employed, %	12.1	9.2	31.5
Return on equity, %	9.9	8.3	
Gearing (net debt:equity plus net debt), %	31	35	
Gearing (net debt:equity), %	45	53	
Interest cover, times	5.4	4.3	
Earnings per share, ¢	33.7	27.0	24.8
Dividend per share, ¢	19.0	18.0	

* excludes profit/(loss) on disposal and restructure of businesses.

MARKET CONDITIONS

The estimated total value of work done in Australian building and construction markets increased by more than 11% during the period due to an uplift in housing activity¹.

In Australia, the rapidity and extent of the recovery in the housing market, which drives approximately one third of Boral's revenues, was better than expected and was supported by a low interest rate environment and the Government's First Home Owners Grant. Housing approvals increased by a significant 42% compared with the prior year. This improvement however, has taken up to six months to flow through into housing activity, with the estimated value of work done in housing (as estimated by BIS Shrapnel) increasing by approximately 21% over the same period¹.

Difficulties in obtaining home warranty insurance delayed housing starts, particularly in NSW, which is Boral's largest Australian market.

The Australian non-dwelling construction market segment, which drives 15-20% of Boral's revenues, was 4% up year on year. Conversely, construction activity in the roads, highways, subdivision & bridges segment, which determines a further 15-20% of Boral's revenue, was approximately 5% below last year; there are however, positive indications of emerging major project work. Both the engineering & construction and non-dwelling markets remain at low levels compared with the FY1999 cycle peak.

Five years ago approximately 20% of Boral's revenues were from offshore operations. This year around 30-35% of total revenues were derived from the USA and Asia, if Boral's notional share of joint venture revenues is included.

In the USA, housing activity remained resilient despite uncertainties emerging after September 11 and a weak US economy. The decline in activity post-September 11 was offset by a milder winter compared with the severe winter in the prior year. This resulted in overall US housing starts being up 4% year-on-year.

Strong market growth in Asia continued during the period. New construction ahead of the FIFA World Cup in June 2002 boosted the strong underlying growth being experienced in South Korea but some sign of softening is being seen following the event. Conditions in Thailand were favourable with stronger housing likely to underpin activity. Indonesia also lifted albeit coming off very low levels following the 1997 "Asian crash". Market volumes in China grew in the period but the market remains a difficult one.

DELIVERING A PERFORM AND GROW STRATEGY

Boral's Strategic Intent as announced in October 1999, is *to be a value-driven, focused building and construction materials supplier, operating in Australia and increasingly offshore*. Our strategy is to lift the performance of Boral's portfolio of businesses and to grow around our leading reserve and market positions.

Performance enhancement

As a result of Performance Enhancement Programs (PEP), Boral achieved \$112 million of operational improvement and overhead cost savings during the period. These PEP cost savings more than offset inflationary business cost escalations during the year.

Compared with the prior year, average prices strengthened in timber, masonry, bricks (WA), quarries, cement and in bricks/tiles in the USA. However, during the period average pricing levels declined in Australian plasterboard, bricks (east coast) and roof tiles. Based on ABS

¹ Fourth quarter value of work done data is not yet available from Australian Bureau of Statistics.

published pricing data for pre-mix concrete, average selling prices on a year-on-year basis declined by 0.1%, yet increased 10.4% from the March-02 quarter to the June-02 quarter. Boral's pre-mix concrete selling prices reflect this trend and have increased by more than 10% from April 2002.

Following the divestment of the profitable upstream Windows lineals and extrusion operations in 2001, this year's result reflects a favourable \$10 million turnaround of the Windows fabrication business. This year, the business was profitable as a result of a lower asset base and overhead cost structure, a streamlined product range and reduced operational costs.

A considerable turnaround in performance in the Timber portfolio has also been achieved following divestment of the profitable Tasmanian timber business in 2000 and the Tumbarumba softwood mill in 2001. With significantly reduced assets, the profitability of all remaining business units – hardwoods, softwoods, plywood and residues – increased significantly during the period, particularly in the second half. Focused operational improvement programs, new product lines, further development of export markets, and strengthening of underlying domestic markets have established a sound base for the Timber business to move forward.

Rationalisation activities in Australia

Rationalisation programs and restructuring of capacity benefited Boral's businesses during the year. Production was managed to closely match demand and consequently inventory levels were held at last year's levels.

During the period the closure of Boral's brick plant at Traralgon in Victoria was announced. This followed the closure of the Moorebank brick plant in NSW, announced last year. Production from these two plants is progressively being transferred to Boral's plants at Bringelly and Badgery's Creek in NSW and to Thomastown in Victoria resulting in more effective kiln utilisation rates and higher plant efficiencies. Capacity upgrades at Bringelly and Badgery's Creek are being undertaken to ensure Boral retains the same level of overall brick production capacity.

Toll crushing arrangements for Pioneer's quarry products at Emu Plains in NSW commenced during the period allowing Boral's Emu Plains crushing plant to be used more efficiently and at a lower cost.

As part of the Greystanes redevelopment project, Boral's construction materials businesses are undertaking a number of restructuring and rationalisation initiatives.

Relocation of Boral Transport's bulk cement powder distribution depot and workshop has commenced, which will significantly improve the logistics of bulk cement distribution from production facilities in the Southern Highlands. Boral's Recycling business is being relocated to Widemere, where a purpose built facility will produce quality, specified materials for re-use in the construction materials markets.

Three Sydney asphalt plants located at Seven Hills, Greystanes and St Peters are being rationalised into one high capacity, cost efficient plant at Enfield in Sydney's central west. This new location will allow increased production of recycled materials and cost-effective rail supply of aggregate from our Dunmore quarry on the South Coast to service the broader Sydney market.

Boral's office facility at Greystanes is being demolished as part of the redevelopment of the site. Boral has leased a new purpose-built facility within the Greystanes Estate allowing centralisation of Boral's Sydney-based construction materials, cement, shared services and business systems personnel.

Growth

Since July 1999, approximately \$425 million has been spent on acquisition and growth projects in Australia, the USA and Asia. During FY2002 \$183 million was spent on growth projects and acquisitions. These initiatives have been value-adding and in line with Boral's strategic intent.

Bolt-on acquisitions

Boral is continuing to pursue new bolt-on acquisitions to leverage strong market positions and core capabilities. Recent acquisitions delivered better than expected results during the period.

In September 2001, the acquisition of Concrete in NSW was completed with the first ten months' contribution exceeding expectations; Boral also acquired Compton Park Quarry, a 970-hectare site with over 100 million tonnes of hard rock reserves which is located in the NSW Southern Highlands and complements Boral's very strong aggregates position in and around Sydney.

The Concrete acquisition followed the acquisition of the Alsafe concrete business in Victoria in FY2001, which contributed a full year result in FY2002.

In July 2002, Boral announced its third "bolt-on" acquisition in Australian concrete since demerger with the acquisition of a 50% stake in Go-Crete. Go-Crete has 5% market share in the Western Australia concrete market and also has a leading position in the WA pre-cast panel market.

The acquisition of 71% of Siam Gypsum through the Asian Plasterboard joint venture was finalised in August 2001 and has contributed a stronger than expected first year profit.

In the USA, MonierLifetile (50% owned by Boral) completed the acquisition of a concrete tile business in Kansas City in August 2001; this operation has performed well during the period.

Asian Plasterboard growth

Boral's Asian Plasterboard joint venture business with Lafarge delivered a strong profit uplift in the first half which continued into the June 2002 half. Boral's full year result of \$18 million was \$15 million above last year's result.

The features of the Asian Plasterboard result were:

- Improved returns from South Korea;
- Full year contribution from the 71% acquisition of Siam Gypsum Industries in Thailand;
- Improved results in China following consolidation and rationalisation of activities in Shanghai: this business achieved a small positive EBITDA outcome for the year;
- The relocation of a 30 million m² plant from Shanghai to Seoul, which has now commenced production;
- Construction of a small, low-cost plant at Chongqing in China;
- Stronger volumes in Indonesia and Malaysia and improved prices in Indonesia;
- Lower interest expenses due to low interest rates and lower debt levels.

Boral's plasterboard sales volumes in Asia also benefited from underlying demand growth arising from the substitution of alternative building materials by plasterboard.

Boral's shareholding in the Asian Plasterboard joint venture with Lafarge increased from 43% to 48% during the period and will increase to 50% by 30 June 2003.

Plant upgrades & capacity expansions

Blue Circle Southern Cement's newly completed Marulan Lime kiln upgrade was completed in February 2001 and operated to full capacity during the period to meet demand in Australia's growing lime market.

Blue Circle is currently de-bottlenecking its Victorian cement works at Waurn Ponds, by increasing cement grinding capacity by 80,000 tonnes pa at a cost of \$16 million; this increased capacity is expected to come on line in the March 2003 quarter.

Construction and commissioning of a new concrete plant at Deer Park on the site of Boral's Deer Park quarry in Melbourne, was completed in the first half of the year. During the second half, the new plant was running to full capacity. In addition, Boral's North Melbourne concrete plant was upgraded during the year to significantly increase capacity to service strong demand from the Melbourne inner city market.

In Timber, compensation funding of \$22.5 million, which is to be re-invested by December 2005, was granted to Boral from the Federal and NSW Governments as part of Boral's Exit Assistance claim; in this context, a \$6 million upgrade was completed at the Koolkhan timber mill during the period. Whilst further opportunities to invest in growth in hardwoods exist, we are currently waiting for confirmation of resource security from the NSW Government before we commit further funding to this part of the business.

Commissioning of the \$25 million upgrade of the softwood mill at Oberon (50/50 JV with Carter Holt Harvey) was finalised at the end of 2001; the mill now has advanced technologies and is an extremely cost efficient operation.

In the USA, Boral's new \$20 million clay paver plant in Augusta commenced production during the period. MonierLifetile (50% owned by Boral) completed construction of a new plant in Mexico, which was fully operational by December 2001 but is still operating at low utilisation levels. Construction by MonierLifetile of a new \$20 million concrete tile plant in Colorado also commenced during the period and is due for completion by November 2002.

A \$12 million upgrade of the US Clay Tile plant in California was completed during the year resulting in increased production capacity and improved plant efficiency.

Quarry End Use

In its second year of operation, the Quarry End Use (QEU) business unit delivered a strong result of \$28 million predominantly from the Greystanes Development. Boral is adding financial and environmental value and has created a business unit that will provide a revenue stream well beyond the next ten years. Further QEU projects will come on line over the next two years including the Penrith Lakes Development (Boral has a 40% shareholding) and Boral's former Moorebank brick site. Boral is also reviewing other sites for future development opportunities.

In August 2002, Boral announced the formation of a partnership with Delfin Lend Lease to develop the 104-hectares of residential lands as part of the Greystanes redevelopment program. This strategic partnership will draw on the marketing and development expertise of Delfin to deliver an estimated \$300 million whole of project revenue stream over the next five years.

The process to rezone the Penrith Lakes site has commenced and we anticipate that rezoning approvals for the residential development of the current quarry sites will be completed within the next year. We anticipate that the project will commence generating revenues within two years of rezoning and will continue for approximately 10 years.

During the year we gained consent to landfill the three clay pits at Moorebank. This landfill operation will allow the site's old clay quarry to be filled with clean material over approximately five years. Application to rezone the 102-hectare site to accommodate approximately 1,000 dwellings has been made and, once approved, development activity is expected to commence in late 2003 and to continue over a six-year period.

PERFORMANCE AGAINST OUR FINANCIAL OBJECTIVES

Boral has previously announced its financial objectives and is focused on them. Boral's financial objectives are to:

- Exceed the weighted average cost of capital (WACC) on a sustainable basis through the building cycle.
- Deliver better financial returns than the competition in comparable markets.
- Deliver superior total shareholder returns.

Exceeding WACC – sound capital and balance sheet management

The 2002 full year returns exceeded Boral's weighted average cost of capital. Return on funds employed for the period was 12.1%. This result supports Boral's goal of exceeding the weighted average cost of capital on a sustainable basis through the building cycle.

Capital expenditure during the period totalled \$302 million. Stay-in-business (SIB) capital expenditure of \$119 million was held to our target of 70% of depreciation during the period. Whilst plant and equipment is generally in good shape, the level of SIB capital expenditure will increase to depreciation levels in FY2003.

Boral's gearing (net debt to equity) reduced from 55% at 31 December 2001 to 45% at 30 June 2002. Gearing remains comfortably within the target range of 40% to 60%. Interest cover increased from 4.3 times to 5.4 times year on year.

US\$300 million of US long-term debt with average 11.6 year tenure, was cost effectively issued during the second half of the year to enhance Boral's funding flexibility.

Better returns than our competitors

Boral continues to perform and grow around its strong reserve positions and #1 or #2 market positions in Australia, Asia and the USA. Boral continued to outperform competitors in Australian construction materials, in the US brick market and in plasterboard in Asia.

In Building Products in Australia, Boral's returns are below acceptable levels but substantive initiatives are being undertaken to significantly improve returns and to close the gap with the competition.

Improved shareholder returns

A final dividend of 10.0 cents per share has been declared, which will be 75% franked. This is an increase from the 2001 final and 2002 interim dividends which were both 9.0 cent dividends with 35% franking. Boral returned an attractive dividend yield, averaging 5.4% (before franking) for the year ended June 2002. The increased dividend and franking level effectively provides a 28% increase in the dividend for most shareholders.

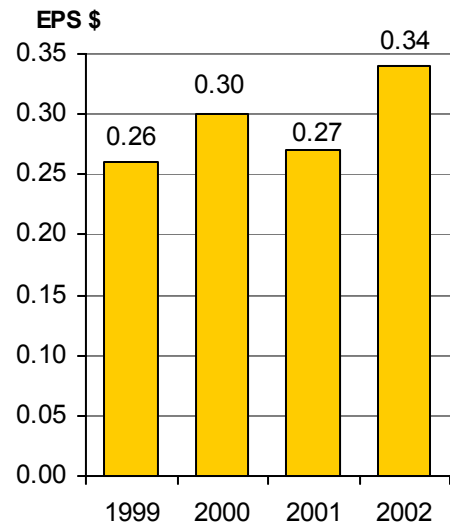
Dividends for the full year totalled \$109 million, resulting in a payout ratio of 57% from after tax income of \$192 million.

Capital returns for shareholders have also improved. Boral's share price has increased by 64% since the demerger (February 2000) to 30 June 2002, compared with a 2% increase in the ASX100 over the same period. Over the past year, Boral's share price has increased by 31% versus the ASX100, which has decreased by 6%.

Since the demerger, Boral has delivered superior shareholder returns. The combined capital shareprice appreciation, dividend yield and franking benefits for Boral's shareholders, has resulted in an annualised TSR of 32% ranking the stock in the top quartile of the top ASX100 group of Australian listed companies.

Earnings per share for the year ended 30 June 2002 was 33.7 cents. EPS has improved by an average of 9% pa over the past three years, compared to the demerger year.

The final dividend will be paid on 19 September, 26 days earlier than last year. Boral will continue to offer a Dividend Reinvestment Plan for shareholders. To minimise EPS dilution, Boral intends to complete an on market buy-back equivalent to DRP share issuance.



CORPORATE GOVERNANCE

KPMG, Boral's external auditors, have advised that they propose to issue an unqualified audit opinion on Boral's financial report. As a corporate governance matter, full assurances about the accuracy and integrity of the Company's accounts have been provided by senior management and the Board is satisfied as to the reliability and quality of Boral's financial reporting.

Boral's internal audit function, which is outsourced to PricewaterhouseCoopers, provides further assurance to the Board of the adequacy of internal controls within Boral.

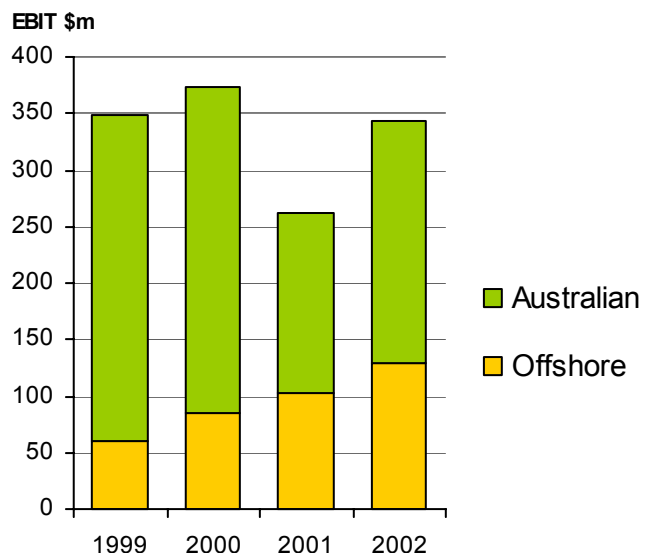
SAFETY AND SUSTAINABLE DEVELOPMENT FOCUS

Following significant improvement in the prior year, Boral's safety performance was sustained during the year ended June 2002, with the frequency of employee lost time injuries (per million work hours) maintained at an average of 4. The Company is strongly committed to further improving its safety performance.

During the year, Boral successfully rolled out a Sustainability Self Diagnostic Tool to determine the status of its businesses and to establish sustainability improvement targets and plans. A base level against which to monitor, measure and target performance of key environmental and social improvement programs has now been established.

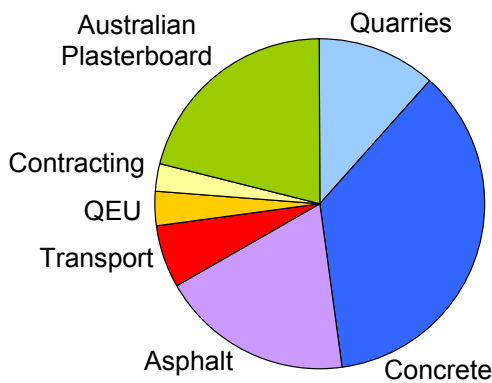
OPERATIONS REVIEW

The growing importance of overseas operations has led to the separate reporting of Asia from the Australian Building Products and Construction Materials segments. The Asia reporting segment includes results for Plasterboard Asia and Indonesian Concrete and Quarries. The Building Products and Construction Materials reporting segments consist of Australian operations only.



Construction Materials, Australia

Share of 2002 Revenue



** Cement division includes Blue Circle Southern Cement, concrete placement & scaffolding

Year ended 30 June	2002	2001	% change
Sales revenue, \$m	1,640	1,523	7.7
EBITDA, \$m	237	208	13.6
EBIT, \$m	143	114	25.2
Divisional cashflow, \$m	149	151	(1.4)
Capital expenditure*, \$m	162	71	
Funds employed, \$m	1,400	1,348	
EBITDA return on sales, %	14.4	13.7	
EBIT return on sales, %	8.7	7.5	
EBIT return on funds employed, %	10.2	8.5	
Employees	4,762	4,607	
Revenue per employee, \$m	0.344	0.331	

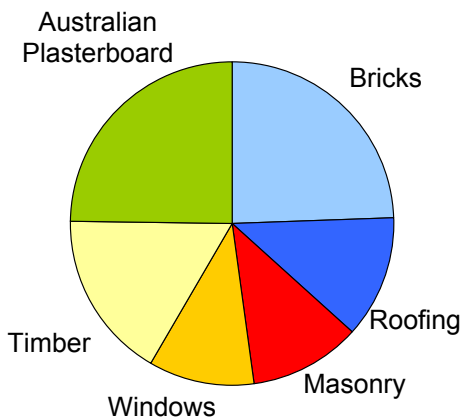
* Including acquisitions

Whilst volumes driven by the infrastructure and non-dwelling market segments remained depressed during the period, Boral's Construction Materials businesses in Australia benefited from the upturn in the housing sector in the second half. Construction Materials reported an EBIT of \$143m for the full year, 25% up on the prior corresponding period, on revenues of \$1,640m (up 8% on the prior year).

Construction Materials' EBIT included a \$28m profit from QEU operations (compared with \$24m in FY01), together with ten months of better than expected earnings from the newly acquired Concrete operation, growth in BCSC's lime markets and improved pricing in cement and quarries. EBIT to sales margin increased to 8.7% compared with 7.5% in the prior year.

Building Products, Australia

Share of 2002 Revenue



Year ended 30 June	2002	2001	% change
Sales revenue, \$m	999	955	4.6
EBITDA, \$m	128	110	16.3
EBIT, \$m	85	65	30.2
Divisional cashflow, \$m	93	55	67.1
Capital expenditure*, \$m	33	52	
Funds employed, \$m	811	841	
EBITDA return on sales, %	12.8	11.5	
EBIT return on sales, %	8.5	6.9	
EBIT return on funds employed, %	10.5	7.8	
Employees	3,691	3,692	
Revenue per employee, \$m	0.271	0.259	

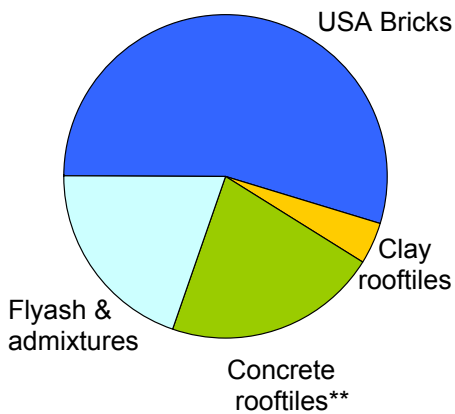
* Including acquisitions

Building Products in Australia delivered a full year EBIT of \$85 million, which was 30% above last year, on revenues of \$999 million, which were 5% above last year. Second half EBIT for Building Products, Australia of \$49.0 million was 153% ahead of the June 2001 half-year result.

Building Products' result was adversely impacted by the loss of profits following the divestment of the Windows lineal and extrusion operations, Tasmanian Woodchips, and Tumberumba Softwood mill in the prior year. However, this was more than offset by a strong turnaround in Australian housing activity benefiting Timber, Plasterboard and Clay & Concrete Products. The Windows fabrication business delivered a significant performance turnaround during the year. EBIT to sales margin increased to 8.5% from 6.9% in the prior year.

USA

Share of 2002 Revenue



****Boral's share of revenues from the MonierLifetile concrete tile JV do not appear in Boral's consolidated accounts. Boral's profits from this business are equity accounted.**

Year ended 30 June	2002	2001	% change
US\$			
Sales revenue, US\$m	416	402	3.5
EBITDA, US\$m	81	76	6.6
EBIT, US\$m	57	53	9.0
A\$			
Sales revenue, \$m	793	756	4.8
EBITDA, \$m	155	144	8.1
EBIT, \$m	110	99	10.5
Divisional cashflow, \$m	85	69	23.7
Capital expenditure*, \$m	60	59	
Funds employed, \$m	716	761	
EBITDA return on sales, %	19.6	19.0	
EBIT return on sales, %	13.8	13.1	
EBIT return on funds employed, %	15.3	13.0	
Employees	2,232	2,305	
Revenue per employee, \$m	0.355	0.328	

* Including acquisitions

Boral's USA operations delivered its sixth consecutive year of profit growth contributing a full year EBIT of US\$57 million, which was 9% ahead of last year. In Australian dollar terms, USA

EBIT was 10.5% up at \$110 million including a \$2 million favourable exchange rate impact. US Bricks delivered a strong result despite economic uncertainty, with steady volumes and improved prices coming through in resilient market conditions. There was a strong focus on capital and restructuring in US Tile, MonierLifetile and flyash operations during the year. Despite improved pricing in roof tiles and operational improvements in flyash and MonierLifetile, a volume decline in roof tiles of around 5% and one-off restructuring costs offset some of the positive gains. EBIT to sales margin improved to 13.8% compared with 13.1% in the prior year.

Asia

Asian Plasterboard (joint venture with Lafarge) and Indonesian Concrete (Jaya Readymix)

Boral's share of revenues from the Asian Plasterboard joint venture do not appear in Boral's consolidated accounts. Boral's profits from this business are equity accounted.

Year ended 30 June	2002	2001	% change
Sales revenue, \$m	53	38	39
EBIT, \$m	20	4	405
Funds employed, \$m	192	145	
EBIT return on funds employed, %	10.2	2.7	

Results for Asia reflect full year benefits of the Asian restructuring program, which has moved it from a loss making position two years ago to a strong full year EBIT of \$20 million. Steady volume improvements in South Korea, Indonesia and Malaysia together with the full year benefits of the Siam Gypsum Industries acquisition in Thailand have contributed to this year's result. Consolidation and rationalisation of activities in Shanghai involving the relocation of the 30 million m² plant from Shanghai to Seoul and construction of a small, low-cost plant at Chongqing in China also contributed to the improved performance.

A strong foundation has been built for ongoing performance and growth in plasterboard in Asia.

Boral's Indonesian concrete business, which has approximately 30-35% of the pre-mix market, is benefiting from underlying market recovery.

OUTLOOK - FY2003

Housing approvals in Australia for the March quarter fell by 2.5% on the prior quarter and in the June 2002 quarter remained stronger than expected (dropping only by 0.5% on the March quarter). The six months to December 2002 should reflect a high level of activity flowing through from approvals. The June 2003 half is harder to forecast but we expect demand to reduce from current levels.

As expected, Australian non-dwellings and roads, highways & sub-divisions project activity should build during FY2003, driven by emerging large project work. This volume increase will largely benefit Boral's construction materials markets in Australia.

Overall revenues for Boral's Australian building products businesses are expected to be relatively flat during FY2003, with gradual increases in non-residential work and improved underlying performance offsetting weaker housing volumes in the second half. Australian Plasterboard prices are likely to be negatively affected by competitor and import pressures but this should be offset by operational improvements in Masonry, Bricks, Roofing and Timber.

FY2003 earnings for construction materials Australian businesses are expected to increase due to strengthened pricing and increased non-residential and infrastructure volumes in Australia; EBIT margins are expected to strengthen accordingly.

Quarry, concrete and cement price increases from early in the June 2002 quarter will have a full year impact in FY2003 for Boral's construction materials operations in Australia. Boral has also advised its customers of further price increases for cement, aggregates and pre-mix concrete to take effect in the December 2002 quarter.

Dependent upon timing of approvals, the Quarry End Use business unit should achieve similar profits in FY2003 to those reported for the past two years.

Asian profits are expected to remain strong. Further strengthening is possible due to increasing plasterboard penetration, underlying economic growth in Asia and plasterboard capacity increases in Korea. However, increased manufacturing overheads and possible price weakness associated with increased industry capacity in Korea could be negatives.

The outlook for the USA housing market is unclear in FY2003. Whilst we expect some softening in demand because of a weak economy and lower consumer confidence, we also expect residential demand to continue to show resilience in the current low interest rate environment. Boral's US earnings are expected to be favourably affected by underlying operational improvements in bricks, tiles and flyash operations.

There will be a continued focus on PEP/ operational improvements in all divisions and stay-in-business capital expenditure is expected to be around the level of depreciation for FY2003 (following three years of restraint at 70% or less of depreciation). There will be continued restraint on working capital levels.

Boral will have increased balance sheet flexibility for growth in FY2003 due to strong operational performance, conservative gearing and a stronger share price.

Boral's underlying profit performance in FY2003 is expected to exceed the FY2002 profit after tax of \$192.4 million.