

Boral



It's *not business as usual* at Boral



CONTENTS

Directors' Report 1

Income Statements 14

Balance Sheets 15

Statements of Recognised Income and Expense 16

Cash Flow Statements 17

Notes to the Financial Statements 18

- 1 Significant Accounting Policies
 - 2 Segments
 - 3 Profit for the Period
 - 4 Significant Items
 - 5 Income Tax Expense
 - 6 Dividends
 - 7 Earnings per Share
 - 8 Cash and Cash Equivalents
 - 9 Receivables
 - 10 Inventories
 - 11 Investments Accounted for using the Equity Method
 - 12 Other Financial Assets
 - 13 Property, Plant and Equipment
 - 14 Intangible Assets
 - 15 Other Assets
 - 16 Payables
 - 17 Interest Bearing Loans and Borrowings
 - 18 Current Tax Liabilities
 - 19 Deferred Tax Assets and Liabilities
 - 20 Provisions
 - 21 Issued Capital
 - 22 Reserves
 - 23 Retained Earnings
 - 24 Contingent Liabilities
 - 25 Commitments
 - 26 Employee Benefits
 - 27 Loans and Borrowings
 - 28 Financial Instruments
 - 29 Key Management Personnel Disclosures
 - 30 Auditors' Remuneration
 - 31 Acquisitions
 - 32 Controlled Entities
 - 33 Related Party Disclosures
 - 34 Notes to Cash Flow Statements
 - 35 Deed of Cross Guarantee
- Statutory Statements** 81-82
- Shareholder Information** 83-84
- Financial History** 85

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

Financial Calendar*

Ex dividend share trading commences 25 August 2008

Record date for final dividend 29 August 2008

Final dividend payable 18 September 2008

Annual General Meeting 24 October 2008

Half year 31 December 2008

Half year profit announcement 11 February 2009

Ex dividend share trading commences 23 February 2009*

Record date for interim dividend 27 February 2009*

Interim dividend payable 3 April 2009*

Year end 30 June 2009

* Timing of events is subject to change

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

BORAL LIMITED ABN 13 008 421 761

Directors' Report

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

(1) Review of Operations

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

(2) State of Affairs

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

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

(3) Principal Activities and Changes

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

(4) Events After End of Financial Year

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

- (a) Boral's operations in future financial years; or

(b) the results of those operations in future financial years; or

(c) Boral's state of affairs in future financial years.

(5) Future Developments and Results

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

(6) Environmental Performance

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

(7) Other Information

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

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

(8) Dividends Paid or Declared

Dividends paid to members during the year were:

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

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

(9) Names of Directors

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

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

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

(10) Options

Details of options that are granted over unissued shares of the Company, options that lapsed during the year and shares of the Company that were issued during the year as a result of the exercise of options are set out on page 2.

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

Tranche (xvii) was issued during the year pursuant to the Boral Senior Executive Option Plan. The number of options in that tranche granted to each of Mr R T Pearse, the Managing Director and Chief Executive Officer, and the executives named in the Remuneration Report in clause (19) as part of their emoluments for the year and certain other details of the terms of the options are set out in the Remuneration Report on page 13. The grant of options to Mr Pearse was approved by shareholders at the Company's Annual General Meeting held on 21 October 2004.

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

Directors' Report

(10) Options (continued)

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

The above mentioned options were held by 177 persons.

(11) Indemnities and Insurance for Officers and Auditors

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

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

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

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

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

E A Alexander

Amcor Limited from 1994 to October 2005
 CSL Limited from 1991 (current)
 DEXUS Funds Management Limited (the responsible entity for DEXUS Property Group which was formerly named DB RREEF Trust) from January 2005 (current)

J B Clark

AMP Limited from January 2008 (current)

E J Cloney

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

R L Every

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

R A Longes

Austbrokers Holdings Limited from November 2005 (current)

Lend Lease Corporation Limited from 1986 to November 2005
 Metcash Trading Limited from 2000 to January 2006
 Metcash Limited from April 2005 (current)
 Viridis Investment Management Limited from September 2005 to August 2007

K J Moss

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

R T Pearse

Nil

J R Williams

Origin Energy Limited from 2000 (current)

(13) Meetings of Directors

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

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

(13) Meetings of Directors (continued)

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

(14) Company Secretary

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

(15) Directors' Shareholdings

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

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

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

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

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

^aShares 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.

^bOptions and SARs held by Mr Pearse are:

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

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

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

Directors' 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 \$447,000. These services consisted of:

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

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

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

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

(18) Auditor's Independence Declaration

The auditor's independence declaration made under section 307C of the Corporations Act 2001 is set out on page 5 and forms part of this report.

(19) Remuneration Report

The Remuneration Report is set out on pages 6 to 13.

(20) Proceedings on behalf of the Company

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

(21) Rounding of Amounts

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

Signed in accordance with a resolution of the Directors.



Kenneth J Moss
Director



Rodney T Pearce
Director

Sydney, 4 September 2008



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

To: the Directors of Boral Limited

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

- (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

KPMG

A handwritten signature in black ink, which appears to read 'David Rogers'. The signature is written in a cursive, flowing style.

David Rogers
Partner

Sydney, 4 September 2008

Remuneration Report

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

The Remuneration Report:

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

(i) Remuneration Committee

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

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

(ii) Remuneration Policy

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

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

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

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

(iii) Executive Remuneration Structure

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

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

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

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

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

Short Term Incentive

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

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

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

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

Long Term Incentive

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

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

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

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

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

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

Exercise hurdle

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

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

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

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

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

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

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

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

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

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

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

Remuneration Report

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

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

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

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

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

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

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

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

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

(iv) Non-executive Directors' Remuneration

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

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

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

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

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

- Dividends in respect of shares notionally allocated to a non-executive Director may be distributed by the Trustee to that non-executive Director after receipt of those dividends, together with any franking credits which relate to them. In addition, the Trustee is entitled, if requested by a non-executive Director, to elect to participate in the Dividend Reinvestment Plan in respect of those shares notionally allocated to that non-executive Director.

- The Plan is required to hold the shares notionally allocated to a non-executive Director on trust for that non-executive Director for at least 10 years. Upon request, the Trustee will transfer all shares notionally allocated to a non-executive Director for not less than 10 years to that non-executive Director.

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

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

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

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

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

Non-executive Directors' Remuneration

The remuneration of the non-executive Directors is set out in the Key Management Personnel Remuneration table on page 11.

(v) CEO's Remuneration

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

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

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

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

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

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

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

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

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

Termination Events and Calculation of Payments

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

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

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

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

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

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

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

Remuneration Report

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

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

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

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

CEO's Remuneration

The remuneration of the CEO, Mr Pearse, is set out in the Key Management Personnel Remuneration table on page 11.

(vi) Executives' Remuneration

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

Termination

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

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

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

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

Executives' Remuneration

The remuneration of the most highly remunerated company executives and relevant group executives is set out in the Key Management Personnel Remuneration table on page 11.

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

In 2007, executive STIs were reviewed to market and were found to be below market median and not satisfying Boral's remuneration policy as set out on page 6. As a result, STI levels were increased for 2008. In addition to this, stronger financial performance against targets for most Australian divisions resulted in increased STI outcomes for executives.

Key Management Personnel Remuneration – 2008

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

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

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

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

Remuneration Report

(vii) Details of Long Term Incentives Granted as Remuneration

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

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

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

Options

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

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

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

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

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

Share Acquisition Rights

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

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

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

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

Income Statements

BORAL LIMITED AND CONTROLLED ENTITIES

for the year ended 30 June	Note	CONSOLIDATED		BORAL LIMITED	
		2008 \$ millions	2007 \$ millions	2008 \$ millions	2007 \$ millions
Revenue	3	5,198.5	4,909.0	229.1	236.3
Cost of sales		(3,426.5)	(3,056.5)	–	–
Distribution expenses		(798.6)	(804.0)	–	–
Selling and marketing expenses		(202.7)	(217.0)	–	–
Administrative expenses		(362.9)	(342.5)	(41.9)	(36.7)
		(4,790.7)	(4,420.0)	(41.9)	(36.7)
Other income	3	18.2	9.6	173.7	169.4
Other expenses	3	(31.9)	(2.8)	(35.3)	(40.1)
Share of net profit of associates and joint ventures	11	22.0	35.1	–	–
Profit before net financing costs and income tax expense		416.1	530.9	325.6	328.9
Financial income	3	8.7	6.3	193.2	150.8
Financial expenses	3	(120.6)	(116.8)	(184.3)	(160.4)
Net financing income/(costs)		(111.9)	(110.5)	8.9	(9.6)
Profit before income tax expense		304.2	420.4	334.5	319.3
Income tax expense	5	(62.0)	(122.3)	(5.0)	(27.1)
Net profit		242.2	298.1	329.5	292.2
Attributable to:					
Members of the parent entity		242.8	298.1	329.5	292.2
Minority interests		(0.6)	–	–	–
Net profit		242.2	298.1	329.5	292.2
Basic earnings per share – ordinary shares	7	40.7c	50.0c	–	–
Diluted earnings per share – ordinary shares	7	40.6c	49.9c	–	–

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

Balance Sheets

BORAL LIMITED AND CONTROLLED ENTITIES

as at 30 June	Note	CONSOLIDATED		BORAL LIMITED	
		2008 \$ millions	2007 \$ millions	2008 \$ millions	2007 \$ millions
CURRENT ASSETS					
Cash and cash equivalents	8	47.4	35.7	1.0	2.9
Receivables	9	881.7	799.9	6,158.3	5,996.1
Inventories	10	600.1	584.0	–	–
Other	15	41.6	31.4	1.1	1.0
TOTAL CURRENT ASSETS		1,570.8	1,451.0	6,160.4	6,000.0
NON-CURRENT ASSETS					
Receivables	9	39.8	37.5	–	–
Inventories	10	59.8	126.4	–	–
Investments accounted for using the equity method	11	298.2	388.8	–	–
Other financial assets	12	430.8	399.3	482.5	457.5
Property, plant and equipment	13	3,088.9	2,989.6	531.9	549.8
Intangible assets	14	326.1	340.3	1.6	–
Other	15	80.6	83.7	0.4	0.6
TOTAL NON-CURRENT ASSETS		4,324.2	4,365.6	1,016.4	1,007.9
TOTAL ASSETS		5,895.0	5,816.6	7,176.8	7,007.9
CURRENT LIABILITIES					
Payables	16	686.4	619.3	2,961.1	2,831.2
Interest bearing loans and borrowings	17	47.2	25.6	168.2	213.2
Current tax liabilities	18	96.9	81.3	52.5	47.2
Provisions	20	194.8	195.6	11.2	11.5
TOTAL CURRENT LIABILITIES		1,025.3	921.8	3,193.0	3,103.1
NON-CURRENT LIABILITIES					
Payables	16	81.0	67.8	63.6	45.0
Interest bearing loans and borrowings	17	1,515.3	1,492.4	873.8	901.8
Deferred tax liabilities	19	316.9	299.3	198.8	166.1
Provisions	20	46.9	48.0	3.3	3.8
TOTAL NON-CURRENT LIABILITIES		1,960.1	1,907.5	1,139.5	1,116.7
TOTAL LIABILITIES		2,985.4	2,829.3	4,332.5	4,219.8
NET ASSETS		2,909.6	2,987.3	2,844.3	2,788.1
EQUITY					
Issued capital	21	1,673.1	1,688.1	1,673.1	1,688.1
Reserves	22	113.0	148.1	179.7	168.5
Retained earnings	23	1,121.5	1,148.2	991.5	931.5
Total parent entity interest		2,907.6	2,984.4	2,844.3	2,788.1
Minority interests		2.0	2.9	–	–
TOTAL EQUITY		2,909.6	2,987.3	2,844.3	2,788.1

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

Statements of Recognised Income and Expense

BORAL LIMITED AND CONTROLLED ENTITIES

for the year ended 30 June	Note	CONSOLIDATED		BORAL LIMITED	
		2008 \$ millions	2007 \$ millions	2008 \$ millions	2007 \$ millions
Actuarial gain/(loss) on defined benefit plans, net of tax	26	(8.7)	3.5	(8.7)	3.3
Net exchange differences from translation of foreign operations taken to equity, net of tax	22	(56.5)	(22.4)	–	–
Fair value adjustment on cash flow hedges, net of tax	22	8.3	(0.1)	(1.9)	(0.9)
Fair value adjustment on available for sale financial assets, net of tax	22	6.0	83.8	6.0	83.8
Net income/(expense) recognised directly in equity		(50.9)	64.8	(4.6)	86.2
Net profit		242.2	298.1	329.5	292.2
Total recognised income and expense for the year		191.3	362.9	324.9	378.4
Total recognised income and expense for the year is attributable to:					
Members of the parent entity		191.9	362.9	324.9	378.4
Minority interests		(0.6)	–	–	–
Total recognised income and expense for the year		191.3	362.9	324.9	378.4

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

Cash Flow Statements

BORAL LIMITED AND CONTROLLED ENTITIES

for the year ended 30 June	Note	CONSOLIDATED		BORAL LIMITED	
		2008 \$ millions	2007 \$ millions	2008 \$ millions	2007 \$ millions
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		5,548.6	5,277.4	25.0	19.0
Payments to suppliers and employees		(4,881.6)	(4,642.5)	(27.0)	(24.1)
Dividends received		76.7	49.3	229.1	236.3
Interest received		6.2	6.3	193.2	150.7
Borrowing costs paid		(120.3)	(114.9)	(184.3)	(159.1)
Income taxes paid		(47.8)	(93.7)	(36.9)	(26.2)
NET CASH PROVIDED BY OPERATING ACTIVITIES	34	581.8	481.9	199.1	196.6
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(390.2)	(403.0)	(20.1)	(30.2)
Purchase of intangibles		(2.3)	(0.6)	(1.6)	–
Purchase of controlled entities and businesses (net of cash acquired)	31	(101.2)	(11.2)	–	–
Purchase of other investments		(2.3)	(3.3)	–	–
Loans to associates		(17.8)	(13.8)	–	–
Proceeds on disposal of controlled entities, businesses and non-current assets		33.9	19.5	2.2	3.3
NET CASH USED IN INVESTING ACTIVITIES		(479.9)	(412.4)	(19.5)	(26.9)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		1.5	11.7	1.5	11.7
Dividends paid (net of dividends reinvested under the Dividend Reinvestment Plan of \$41.4 million (2007: \$53.7 million))		(163.3)	(148.2)	(163.1)	(148.2)
Off-market share buy-back		(114.6)	–	(114.6)	–
Net movement in loans with controlled entities		–	–	101.4	(109.1)
Proceeds from borrowings		713.0	149.5	441.0	139.1
Repayment of borrowings		(495.1)	(139.6)	(405.6)	(139.6)
NET CASH USED IN FINANCING ACTIVITIES		(58.5)	(126.6)	(139.4)	(246.1)
NET CHANGE IN CASH AND CASH EQUIVALENTS					
Cash and cash equivalents at the beginning of the year		11.4	76.2	(190.1)	(113.7)
Effects of exchange rate fluctuations on the balances of cash and cash equivalents held in foreign currencies		(7.4)	(7.7)	–	–
Cash and cash equivalents at the end of the year	34	47.4	11.4	(149.9)	(190.1)

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

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

1. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial report of the Company for the year ended 30 June 2008 comprises the Company and its controlled entities (the Group).

The financial report was authorised for issue by the Directors on 4 September 2008.

A. Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The financial report of the Group and the Company comply with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Standards Board.

The financial report is presented in Australian dollars.

The financial report has been prepared on the basis of historical cost, except for derivative financial assets and financial instruments 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 a financial report 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 statement relate to the following areas:

Goodwill and intangibles:

Judgements are made with respect to identifying and valuing intangible assets on acquisitions of new business combinations. 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 for 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.

New accounting standards adopted:

The Group has adopted the following revised accounting standards which became applicable on 1 July 2007:

- *AASB 7 Financial Instruments: Disclosures;*
- *AASB 101 Presentation of Financial Statements (revised October 2006).*

The adoption of both of these standards has only affected the disclosure in these financial statements. There has been no effect on the income statement or the financial position of the Group.

Accounting standards not yet effective:

The Australian Accounting Standards Board (AASB) has issued additional standards and interpretations that are effective for periods commencing after the date of this financial report. The following standards have been identified as those which are relevant to the Group. These standards are available for early adoption at 30 June 2008, but have not yet been adopted by the Group:

- *AASB 8 Operating Segments and AASB 2007-3 consequential amendments to other accounting standards resulting from this issue* – applicable to annual reporting periods beginning on/or after 1 January 2009. This standard relates to disclosure only.

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

- *AASB 123 Borrowing Costs (revised) and AASB 2007-6 consequential amendments to other accounting standards resulting from this issue* – applicable to annual reporting periods beginning on/or after 1 January 2009. This standard will have no impact on the Group as the Group currently adopts the proposed changes of capitalising borrowing costs associated with qualifying assets.
- *AASB 101 Presentation of Financial Statements (revised September 2007) and AASB 2007-8 consequential amendments to other accounting standards resulting from this issue* – application to annual reporting periods beginning on/or after 1 January 2009. This standard relates to disclosure only.
- *AASB 3 Business Combinations (revised)* – applicable to annual reporting periods beginning on/or after 1 January 2009. The Group has not yet determined the impact of the revised standard on the Group's financial report.
- *AASB 127 Consolidated and Separate Financial Statements (revised)* – applicable to annual reporting periods beginning on/or after 1 January 2009. The Group has not yet determined the impact of the revised standard on the Group's financial report.

The Group does not anticipate that adoption of these standards will have a material impact on its financial reports on initial adoption.

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

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 report from the date that

control commences until the date that control ceases.

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

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

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

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 and profit from 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 and distributions from controlled entities are recognised by the Company when they are declared by its controlled entities. Revenue from dividends from associates is recognised by the Company once the right to payment is established. Dividends received out of pre-acquisition reserves are eliminated against the carrying amount of the investment and not recognised in revenue.

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 substantially enacted at the balance

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

sheet date, and any adjustments to tax payable in respect to previous years.

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

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

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

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

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 statements 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. 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.

H. 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.

I. Functional Currency and Currency of Presentation

The Group's presentation currency is Australian dollars. The functional

currency is the principal currency in which subsidiaries and associates operate.

J. 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; 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 a separate component of equity. When a foreign operation is sold, a proportionate share of such exchange differences are recognised in the income statement as part of the gain or loss on sale.

K. Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less an 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

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

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.

L. 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.

M. 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.

N. 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.

O. 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.

P. Investments

Controlled entities: Investments in controlled entities are carried in Boral Limited's financial statements at the lower of cost and recoverable amount.

Associates: In Boral Limited's financial statements, investments in associated entities are carried at the lower of cost and recoverable amount.

Other companies: 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.

Q. 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.

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Leased plant and equipment:

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

Operating leases are not capitalised and lease costs are expensed.

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

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

	2008	2007
Buildings	1 – 10%	1 – 10%
Timber licences and mineral reserves	0 – 5%	0 – 5%
Plant and equipment	5 – 33.3%	5 – 33.3%

R. 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.

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 to annual leave, 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 twelve months are calculated using expected future increases in wage and salary rates, including related oncosts 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 term 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.

Upon the exercise of the share-based payments, the balance of the reserve relating to those payments is transferred to share capital.

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

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is applied, increases in the balance of provisions attributable to the passage of time are recognised as an interest expense.

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

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), and hedges of net investment in foreign operations.

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

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

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

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

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

equity is immediately transferred to the income statement.

Hedge of net investment in 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 do not qualify for hedge accounting are recognised immediately in the income statement.

V. 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 the Company, 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.

W. Comparative Figures

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

X. 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 report and Directors' Report have been rounded off to the nearest one hundred thousand dollars, unless otherwise stated.

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

2. SEGMENTS

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

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

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

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

Business segments

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

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

2. SEGMENTS (Continued)

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

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

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

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

Geographic segments

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

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

for the year ended 30 June	Note	CONSOLIDATED		BORAL LIMITED	
		2008 \$ millions	2007 \$ millions	2008 \$ millions	2007 \$ millions
3. PROFIT FOR THE PERIOD					
REVENUE					
Sale of goods		5,108.4	4,808.8	–	–
Rendering of services		70.2	80.3	–	–
		5,178.6	4,889.1	–	–
Other revenue					
Dividends from wholly owned controlled entities		–	–	207.2	216.0
Dividends from associated companies		–	–	2.0	0.4
Dividends from other parties		19.9	19.9	19.9	19.9
		5,198.5	4,909.0	229.1	236.3
OTHER INCOME					
Net profit on sale of assets		8.7	–	–	–
Net foreign exchange gain*		0.6	–	113.9	109.6
Other income		8.9	9.6	59.8	59.8
		18.2	9.6	173.7	169.4
* The net foreign exchange gain in respect of Boral Limited principally relates to long-term borrowings and forward rate agreements which on consolidation are taken to the foreign currency translation reserve.					
OTHER EXPENSES					
Significant item					
Write-down of Thailand construction materials goodwill	4	31.9	–	–	–
Net loss on sale of assets		–	2.3	–	1.3
Net foreign exchange loss		–	0.5	–	–
Other expenses		–	–	35.3	38.8
		31.9	2.8	35.3	40.1
NET FINANCING COSTS					
Interest income received or receivable from:					
Wholly owned controlled entities		–	–	191.3	149.4
Associated entities		1.8	0.3	–	–
Other parties (cash at bank and bank short-term deposits)		5.4	6.0	1.9	1.4
Unwinding of discount		1.5	–	–	–
		8.7	6.3	193.2	150.8
Interest expense paid or payable to:					
Wholly owned controlled entities		–	–	98.0	83.1
Other parties (bank overdrafts, bank loans and other loans)*		119.2	115.4	86.3	77.3
		119.2	115.4	184.3	160.4
Finance charges on capitalised leases		0.2	0.2	–	–
Unwinding of discount		1.2	1.2	–	–
		120.6	116.8	184.3	160.4
Net financing income/(costs)		(111.9)	(110.5)	8.9	(9.6)

* In addition, interest of \$8.9 million (2007: \$3.8 million) was paid to other parties and capitalised in respect of qualifying assets. The capitalisation rate used was 6.50% (2007: 6.43%).

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

for the year ended 30 June	CONSOLIDATED		BORAL LIMITED	
	2008 \$ millions	2007 \$ millions	2008 \$ millions	2007 \$ millions
3. PROFIT FOR THE PERIOD (Continued)				
DEPRECIATION AND AMORTISATION EXPENSES				
Land and buildings	10.6	9.2	0.9	0.8
Plant and equipment	222.2	211.9	34.9	37.3
Timber licences and mineral reserves	1.1	1.2	–	–
Leased assets capitalised	0.4	0.3	–	–
Other intangibles	5.9	8.8	–	–
	240.2	231.4	35.8	38.1
OTHER CHARGES				
Employee benefits expense*	1,060.0	1,028.3	27.9	22.2
Research and development costs expensed	1.1	0.8	–	–
Operating lease rental charges	99.6	93.8	5.0	4.5
Bad and doubtful debts expense including movements in allowance for impairment	12.0	5.8	–	–
* 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:				
Write-down of Thailand construction materials goodwill	31.9	–	–	–
Income tax expense	–	–	–	–
	31.9	–	–	–
Resolution of matters with Australian Tax Office (ATO) relating to the utilisation of tax losses and capital gains arising from the demerger in 2000 and progress on other outstanding taxation matters				
Income tax expense/(benefit)	(28.1)	–	(28.1)	–
	(28.1)	–	(28.1)	–
Net significant items	(3.8)	–	28.1	–

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

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

for the year ended 30 June	CONSOLIDATED		BORAL LIMITED	
	2008 \$ millions	2007 \$ millions	2008 \$ millions	2007 \$ millions
5. INCOME TAX EXPENSE				
(i) Income tax expense				
Current income tax expense/(benefit)	70.7	125.6	(30.0)	(8.1)
Deferred income tax expense/(benefit)	(5.4)	3.0	35.0	35.7
Over provision for tax in previous years	(3.3)	(6.3)	–	(0.5)
	62.0	122.3	5.0	27.1
(ii) Reconciliation of income tax expense to prima facie tax payable				
Income tax expense on profit:				
– at Australian tax rate 30% (2007: 30%)	91.3	126.1	100.4	95.8
– adjustment for difference between Australian and overseas tax rates	(1.4)	11.6	–	–
Income tax expense on pre-tax profit at standard rates	89.9	137.7	100.4	95.8
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:				
Tax losses not recognised	2.9	1.9	–	–
Non-deductible depreciation and amortisation	1.3	1.5	0.2	0.2
Capital gains/(losses) brought to account	1.5	0.3	(0.1)	–
Intercompany dividends from controlled entities	–	–	(62.2)	(64.8)
Share of associates' net profit and franked dividends	(13.7)	(12.1)	(0.6)	(0.1)
Franked dividends from other entities	(6.0)	(6.0)	(6.0)	(6.0)
Non-deductible write-down of Thailand construction materials goodwill	9.6	–	–	–
Other items	7.9	5.3	1.4	2.5
Significant item				
Resolution of matters with Australian Tax Office (ATO) relating to the utilisation of tax losses and capital gains arising from the demerger in 2000 and progress on other outstanding taxation matters				
Income tax expense/(benefit)	(28.1)	–	(28.1)	–
Income tax expense on profit	65.3	128.6	5.0	27.6
Over provision for tax in previous years	(3.3)	(6.3)	–	(0.5)
Income tax expense attributable to profit	62.0	122.3	5.0	27.1
(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	(3.7)	1.6	(3.7)	1.4
Net exchange differences taken to equity	29.7	36.6	–	–
Off-market share buy-back costs	(0.4)	–	(0.4)	–
Fair value adjustment on cash flow hedges	3.6	(0.1)	(0.8)	(0.4)
Fair value adjustment on available for sale financial assets	2.6	35.9	2.6	35.9
	31.8	74.0	(2.3)	36.9

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

6. DIVIDENDS

Dividends recognised by the Company and the Group are:

	Amount per share	Total amount \$ millions	Franked amount per share	Date of payment
2008				
2007 final – ordinary	17.0 cents	102.0	17.0 cents	18 September 2007
2008 interim – ordinary	17.0 cents	102.5	17.0 cents	19 March 2008
Total		204.5		
2007				
2006 final – ordinary	17.0 cents	100.4	17.0 cents	18 September 2006
2007 interim – ordinary	17.0 cents	101.5	17.0 cents	21 March 2007
Total		201.9		
Subsequent event				
Since the end of the financial year, the Directors declared the following dividend:				
2008 final – ordinary	17.0 cents	99.6	17.0 cents	18 September 2008

The financial effect of the final dividend for the year ended 30 June 2008 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 the Company as at 30 June 2008 is \$124.6 million (2007: \$67.5 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 \$42.7 million (2007: \$43.7 million).

Dividend Reinvestment Plan

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

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

7. 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	
	2008 \$ millions	2007 \$ millions
Earnings reconciliation		
Net profit before significant items and minority interests	246.0	298.1
Net loss attributable to minority interests	0.6	–
Net profit before significant items	246.6	298.1
Net significant items	(3.8)	–
Net profit attributable to members of the parent entity	242.8	298.1

	CONSOLIDATED	
	2008	2007
Weighted average number of ordinary shares used as the denominator		
Number for basic earnings per share	596,349,369	595,749,107
Effect of potential ordinary shares	1,688,363	1,961,823
Number for diluted earnings per share	598,037,732	597,710,930
Basic earnings per share – ordinary shares	40.7c	50.0c
Diluted earnings per share – ordinary shares	40.6c	49.9c
Basic earnings per share – ordinary shares (excluding significant items)	41.4c	50.0c
Diluted earnings per share – ordinary shares (excluding significant items)	41.2c	49.9c

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.

	CONSOLIDATED		BORAL LIMITED	
	2008 \$ millions	2007 \$ millions	2008 \$ millions	2007 \$ millions
8. CASH AND CASH EQUIVALENTS				
Cash at bank and on hand	22.4	7.8	1.0	2.9
Bank short term deposits	25.0	27.9	–	–
	47.4	35.7	1.0	2.9

The bank short term deposits mature within 30 days and pay interest at a weighted average interest rate of 6.3% (2007: 5.9%).

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

	CONSOLIDATED		BORAL LIMITED	
	2008 \$ millions	2007 \$ millions	2008 \$ millions	2007 \$ millions
9. RECEIVABLES				
CURRENT				
Trade receivables	743.3	688.2	–	–
Associated entities	62.0	39.7	–	–
	805.3	727.9	–	–
Less: Allowance for impairment	(16.6)	(14.0)	–	–
	788.7	713.9	–	–
Wholly owned controlled entities	–	–	6,149.8	5,976.9
Other receivables*	99.0	92.1	8.5	19.2
Less: Allowance for impairment	(6.0)	(6.1)	–	–
	93.0	86.0	8.5	19.2
	881.7	799.9	6,158.3	5,996.1
<p>The Group requires all customers to pay in accordance with agreed payment terms. Included in the Group's trade receivables are debtors with a carrying value of \$130.4 million (2007: \$150.0 million) which are past due but not impaired. These relate to a number of debtors with no significant change in credit quality or history of default. The ageing analysis is as follows:</p>				
Trade receivables – past due 0-60 days	113.3	129.5	–	–
Trade receivables – past due > 60 days	17.1	20.5	–	–
Allowance for impairment				
<p>An allowance for impairment of trade receivables is raised when there is objective evidence that an individual receivable is impaired. Indicators of impairment would include significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments.</p>				
<p>The movement in the allowance for impairment in respect to trade receivables during the year was as follows:</p>				
Balance at the beginning of the year	(14.0)	(17.0)	–	–
Amounts written off during the year	8.2	8.3	–	–
Increase recognised in income statement	(12.0)	(5.8)	–	–
Net foreign currency exchange differences	1.2	0.5	–	–
Balance at the end of the year	(16.6)	(14.0)	–	–
NON-CURRENT				
Loans to associated entities	71.0	67.2	–	–
Less: Allowance for impairment	(37.4)	(37.4)	–	–
	33.6	29.8	–	–
Other receivables*	6.2	7.7	–	–
	39.8	37.5	–	–

* Other receivables includes reinsurance recoveries of \$3.0 million (2007: \$11.6 million) in respect of claims receivable by the controlled entity Boral Insurance Pty Ltd. Provisions for claims payable of \$5.2 million (2007: \$15.3 million) are included as a liability in the balance sheet.

No amounts owing by associates or included in other receivables were past due as at 30 June 2008.

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

	CONSOLIDATED		BORAL LIMITED	
	2008 \$ millions	2007 \$ millions	2008 \$ millions	2007 \$ millions
10. INVENTORIES				
CURRENT				
Raw materials and stores	177.7	177.3	-	-
Work in progress	71.0	70.0	-	-
Finished goods	329.3	320.6	-	-
Land development projects	22.1	16.1	-	-
	600.1	584.0	-	-
NON-CURRENT				
Land development projects	59.8	126.4	-	-
Land development projects comprises:				
Cost of acquisition	26.9	43.1	-	-
Development costs capitalised	55.0	99.4	-	-
	81.9	142.5	-	-

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Name	Principal activity	Country of incorporation	Balance date	OWNERSHIP INTEREST CONSOLIDATED		INVESTMENT CARRYING AMOUNT CONSOLIDATED	
				2008 %	2007 %	2008 \$ millions	2007 \$ millions
DETAILS OF INVESTMENTS IN ASSOCIATES ARE AS FOLLOWS:							
Caribbean Roof Tile Company Limited	Roof tiles	Trinidad	31-Dec	50	50	6.9	8.3
Flyash Australia Pty Ltd	Fly ash collection	Australia	30-Jun	50	50	2.6	2.4
Gypsum Resources Australia Pty Ltd	Gypsum mining	Australia	30-Jun	50	50	–	–
Highland Pine Products Pty Ltd	Timber	Australia	30-Jun	50	50	–	–
Lafarge Boral Gypsum in Asia Ltd	Plasterboard	Malaysia	31-Dec	50	50	201.9	250.4
MonierLifetile LLC	Roof tiles	USA	31-Dec	50	50	67.1	100.6
MonierLifetile S.R.L. de C.V.	Roof tiles	Mexico	31-Dec	50	50	2.7	2.0
Penrith Lakes Development Corporation Pty Ltd	Quarrying	Australia	30-Jun	40	40	–	–
Rondo Building Services Pty Ltd	Rollform system	Australia	30-Jun	50	50	4.1	10.1
South East Asphalt Pty Ltd	Asphalt	Australia	30-Jun	50	50	0.9	0.5
Sunstate Cement Ltd	Cement manufacturer	Australia	30-Jun	50	50	12.0	14.5
Tile Service Company LLC	Roof tiles	USA	31-Dec	50	50	–	–
US Tile LLC	Roof tiles	USA	31-Dec	50	50	–	–
TOTAL						298.2	388.8

CONSOLIDATED

2008 \$ millions 2007 \$ millions

SHARE OF POST-ACQUISITION RETAINED EARNINGS ATTRIBUTABLE TO ASSOCIATES:

Share of associates' retained earnings at the beginning of the year	156.8	169.1
Net foreign currency exchange differences	(15.0)	(18.0)
Share of associates' net profit	22.0	35.1
Dividends from associates	(56.8)	(29.4)
Share of associates' retained earnings at the end of the year	107.0	156.8

SHARE OF POST-ACQUISITION RESERVES ATTRIBUTABLE TO ASSOCIATES:

Share of associates' reserves at the beginning of the year	46.2	26.1
Share of associates' movement in reserves	(18.9)	20.1
Share of associates' reserves at the end of the year	27.3	46.2

MOVEMENTS IN CARRYING AMOUNT OF INVESTMENTS IN ASSOCIATES:

Carrying amount of investments in associates at the beginning of the year	388.8	418.4
Investments in associates during the year	2.3	3.3
Share of associates' net profit	22.0	35.1
Dividends from associates	(56.8)	(29.4)
Losses/(profits) from associates recognised against non-current receivables	2.5	(0.7)
Associate becoming controlled entity during the year	–	(9.2)
Share of associates' movement in currency reserve	(18.9)	20.1
Effect of exchange rate changes	(41.7)	(48.8)
Carrying amount of investments in associates at the end of the year	298.2	388.8

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

	CONSOLIDATED	
	2008 \$ millions	2007 \$ millions
11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)		
SUMMARY OF PERFORMANCE AND FINANCIAL POSITION OF ASSOCIATES:		
The Group's share of aggregate revenue, profits, assets and liabilities of associates are as follows:		
Share of associates' revenue	529.1	542.2
Share of associates' profit before income tax expense	39.7	50.2
Share of associates' income tax expense	(17.7)	(15.1)
Share of associates' net profit – equity accounted	22.0	35.1
Share of associates' net assets		
Current assets	204.6	201.4
Non-current assets	480.7	518.0
Total assets	685.3	719.4
Current liabilities	203.8	180.9
Non-current liabilities	183.3	149.7
Total liabilities	387.1	330.6
Net assets	298.2	388.8
SHARE OF ASSOCIATES' COMMITMENTS:		
Share of associates' capital expenditure commitments contracted but not provided for:		
Not later than one year	7.5	2.5
Later than one year but not later than five years	–	12.6
	7.5	15.1
Share of associates' operating lease commitments payable:		
Not later than one year	3.0	2.8
Later than one year but not later than five years	5.1	3.5
Later than five years	1.8	2.7
	9.9	9.0

12. OTHER FINANCIAL ASSETS

	CONSOLIDATED		BORAL LIMITED	
	2008 \$ millions	2007 \$ millions	2008 \$ millions	2007 \$ millions
NON-CURRENT				
Shares in controlled entities – at cost	–	–	24.6	24.6
Investment in partnerships – at cost	–	–	15.5	15.5
Listed shares – at fair value	404.4	395.7	404.4	395.7
Unlisted shares in associated entities – at cost	–	–	19.2	19.2
Derivative financial assets	26.4	3.6	18.8	2.5
	430.8	399.3	482.5	457.5

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

	CONSOLIDATED		BORAL LIMITED	
	2008 \$ millions	2007 \$ millions	2008 \$ millions	2007 \$ millions
13. PROPERTY, PLANT AND EQUIPMENT				
Land and buildings:				
At cost	1,079.8	1,000.6	109.9	109.2
At recoverable amount	10.1	10.1	–	–
Less: Accumulated depreciation and amortisation	(71.1)	(63.4)	(9.3)	(7.7)
	1,018.8	947.3	100.6	101.5
Timber licences and mineral reserves:				
At cost	82.2	74.8	38.9	38.9
Less: Accumulated amortisation	(4.9)	(3.7)	–	–
	77.3	71.1	38.9	38.9
Plant and equipment:				
At cost	4,199.9	4,066.3	809.8	795.3
Less: Accumulated depreciation	(2,208.1)	(2,096.9)	(417.4)	(385.9)
	1,991.8	1,969.4	392.4	409.4
Leased plant and equipment capitalised	1.9	2.8	–	–
Less: Accumulated amortisation	(0.9)	(1.0)	–	–
	1.0	1.8	–	–
	1,992.8	1,971.2	392.4	409.4
Total	3,088.9	2,989.6	531.9	549.8
RECONCILIATIONS				
Land and buildings:				
Balance at the beginning of the year	947.3	970.0	101.5	98.3
Additions	104.1	27.7	0.3	4.1
Disposals	(10.2)	(4.2)	(0.3)	(0.1)
Acquisitions of entities or operations	10.9	–	–	–
Transferred to land development projects	–	(12.6)	–	–
Depreciation expense	(10.6)	(9.2)	(0.9)	(0.8)
Net foreign currency exchange differences	(22.7)	(24.4)	–	–
Balance at the end of the year	1,018.8	947.3	100.6	101.5
Timber licences and mineral reserves:				
Balance at the beginning of the year	71.1	72.9	38.9	38.9
Additions	1.3	0.3	–	–
Disposals	(0.5)	–	–	–
Acquisitions of entities or operations	8.3	–	–	–
Depreciation expense	(1.1)	(1.2)	–	–
Net foreign currency exchange differences	(1.8)	(0.9)	–	–
Balance at the end of the year	77.3	71.1	38.9	38.9
Plant and equipment:				
Balance at the beginning of the year	1,971.2	1,865.2	409.4	425.1
Additions	284.8	375.0	19.8	26.1
Disposals	(14.5)	(12.3)	(1.9)	(4.5)
Acquisitions/(disposal) of entities or operations	24.3	(1.7)	–	–
Impairment of plant and equipment	(5.3)	–	–	–
Depreciation expense	(222.6)	(212.2)	(34.9)	(37.3)
Net foreign currency exchange differences	(45.1)	(42.8)	–	–
Balance at the end of the year	1,992.8	1,971.2	392.4	409.4

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

	CONSOLIDATED		BORAL LIMITED	
	2008 \$ millions	2007 \$ millions	2008 \$ millions	2007 \$ millions
14. INTANGIBLE ASSETS				
Goodwill	304.5	314.4	-	-
Other intangible assets	39.7	38.4	1.6	-
Less: Accumulated amortisation	(18.1)	(12.5)	-	-
	326.1	340.3	1.6	-
Goodwill				
Balance at the beginning of the year	314.4	321.2	-	-
Acquisitions of entities or operations	48.4	14.8	-	-
Write-down of Thailand construction materials goodwill	(31.9)	-	-	-
Disposal of entities or operations	-	(1.1)	-	-
Net foreign currency exchange differences	(26.4)	(20.5)	-	-
Balance at the end of the year	304.5	314.4	-	-

IMPAIRMENT TESTS FOR GOODWILL

Goodwill is allocated to the Group's Cash Generating Units (CGUs) identified according to region and business segment.

KEY ASSUMPTIONS USED FOR VALUE IN USE CALCULATIONS

The recoverable amount of a CGU is determined based on value in use calculations. These calculations use pre-tax cash flow projections based on financial budgets and plans approved by management covering a five year period. Cash flows beyond the five year period are extrapolated using growth rates up to 3.5%, that do not exceed the long term average growth rate for the business in which the CGU operates and is consistent with forecasts included in industry reports.

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 recoverable amount of CGUs exceeds their carrying value as at 30 June 2008. Management believes that any reasonable change in the key assumptions on which the estimates are based would not cause the aggregate carrying amount to exceed the recoverable amount of these CGUs.

WRITE-DOWN OF GOODWILL

At 30 June 2008, the Group has written down \$31.9 million (2007: Nil) of goodwill applicable to the Thailand construction materials operations following a review of this business. This charge takes into account the deterioration in current performance and the challenging market conditions experienced in the Thailand construction materials markets. The write-down was calculated on a value in use basis utilising a pre-tax discount rate of 12.1% (2007: 12.3%).

A segment summary level of the goodwill allocation is presented below:

	CONSOLIDATED	
	2008 \$ millions	2007 \$ millions
Building products – Australia	42.8	42.6
Construction materials – Australia	93.1	92.6
United States of America	168.6	144.0
Construction materials – Asia	-	35.2
	304.5	314.4

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

	CONSOLIDATED		BORAL LIMITED	
	2008 \$ millions	2007 \$ millions	2008 \$ millions	2007 \$ millions
14. INTANGIBLE ASSETS (Continued)				
Other intangible assets				
Balance at the beginning of the year	25.9	31.7	–	–
Additions	2.3	0.6	1.6	–
Acquisitions of entities or operations	1.5	1.8	–	–
Impairment of software	(1.8)	–	–	–
Amortisation expense	(5.9)	(8.8)	–	–
Net foreign currency exchange differences	(0.4)	0.6	–	–
Balance at the end of the year	21.6	25.9	1.6	–

OTHER INTANGIBLE ASSETS

Other intangible assets relate predominantly to software development and are amortised at rates around 20%. Amortisation expense is included in "depreciation and amortisation" as disclosed in note 3.

15. OTHER ASSETS

CURRENT

Deferred expenses	76.1	56.3	0.1	0.1
Less: Accumulated amortisation	(59.6)	(46.3)	–	–
	16.5	10.0	0.1	0.1
Prepayments	25.1	21.4	1.0	0.9
	41.6	31.4	1.1	1.0

NON-CURRENT

Deferred expenses	80.6	83.7	0.4	0.6
	80.6	83.7	0.4	0.6

AMORTISATION RATES

Current 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%.

16. PAYABLES

CURRENT

Trade creditors	678.8	612.2	56.9	27.1
Due to wholly owned controlled entities	–	–	2,904.2	2,804.1
Due to associated entities	7.6	7.1	–	–
	686.4	619.3	2,961.1	2,831.2

NON-CURRENT

Deferred income	17.4	19.0	–	–
Derivative financial liabilities	63.6	48.8	63.6	45.0
	81.0	67.8	63.6	45.0

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

	CONSOLIDATED		BORAL LIMITED	
	2008 \$ millions	2007 \$ millions	2008 \$ millions	2007 \$ millions
17. INTEREST BEARING LOANS AND BORROWINGS				
CURRENT				
Bank overdrafts – unsecured	–	24.3	150.9	193.0
Bank loans – unsecured	2.9	0.2	17.3	20.2
Other loans – unsecured	43.5	–	–	–
Finance lease liabilities	0.8	1.1	–	–
	47.2	25.6	168.2	213.2
NON-CURRENT				
Other loans – secured	0.2	0.4	–	–
Bank loans – unsecured	50.0	–	–	–
Other loans – unsecured	1,465.0	1,491.4	873.8	901.8
Finance lease liabilities	0.1	0.6	–	–
	1,515.3	1,492.4	873.8	901.8

For more information about the Group's and Company's financing arrangements, refer note 27.

18. CURRENT TAX LIABILITIES

Current tax liability	96.9	81.3	52.5	47.2
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The current tax liability of the Company includes the income tax payable by all members of the tax consolidated group.

19. DEFERRED TAX ASSETS AND LIABILITIES

RECOGNISED DEFERRED TAX BALANCES

Receivables	4.4	3.7	–	–
Inventories	(38.5)	(45.6)	–	–
Other financial assets	(71.2)	(68.6)	(71.2)	(68.6)
Property, plant and equipment	(169.2)	(179.9)	(34.1)	(36.0)
Intangible assets	(15.4)	(13.2)	–	–
Payables	6.3	(3.5)	–	(11.1)
Interest bearing loans and borrowings	(3.1)	1.1	(2.8)	(0.1)
Provisions	96.8	86.8	12.6	9.3
Other	(32.6)	(32.5)	0.8	(2.6)
Unrealised foreign exchange	(105.5)	(59.9)	(104.1)	(57.0)
Tax losses carried forward	11.1	12.3	–	–
	(316.9)	(299.3)	(198.8)	(166.1)

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

	CONSOLIDATED		BORAL LIMITED	
	2008 \$ millions	2007 \$ millions	2008 \$ millions	2007 \$ millions
19. DEFERRED TAX ASSETS AND LIABILITIES (Continued)				
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*	60.5	76.9	10.3	19.2

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

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

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

Tax jurisdiction	Expiry date	CONSOLIDATED		BORAL LIMITED	
		2008 \$ millions	2007 \$ millions	2008 \$ millions	2007 \$ millions
Australia*	No restriction	34.4	64.0	34.4	64.0
Germany	No restriction	64.6	57.5	–	–
Singapore	No restriction	1.5	1.5	–	–
New Zealand	No restriction	–	0.3	–	–
United Kingdom*	No restriction	48.1	54.8	–	–
United States of America	30 June 2010	42.3	47.9	–	–

* Capital losses.

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

19. DEFERRED TAX ASSETS AND LIABILITIES (Continued) MOVEMENT IN TEMPORARY DIFFERENCES DURING THE YEAR

as at 30 June 2008	CONSOLIDATED				
	Balance 1 July 2007 \$ millions	Recognised in income \$ millions	Recognised in equity \$ millions	Other movements \$ millions	Balance 30 June 2008 \$ millions
Receivables	3.7	0.7	–	–	4.4
Inventories	(45.6)	7.1	–	–	(38.5)
Other financial assets	(68.6)	–	(2.6)	–	(71.2)
Property, plant and equipment	(179.9)	1.8	–	8.9	(169.2)
Intangible assets	(13.2)	(5.0)	–	2.8	(15.4)
Payables	(3.5)	8.9	–	0.9	6.3
Interest bearing loans and borrowings	1.1	(0.6)	(3.6)	–	(3.1)
Provisions	86.8	12.4	–	(2.4)	96.8
Other	(32.5)	(4.3)	4.1	0.1	(32.6)
Unrealised foreign exchange	(59.9)	(15.9)	(29.7)	–	(105.5)
Tax losses carried forward	12.3	0.3	–	(1.5)	11.1
	(299.3)	5.4	(31.8)	8.8	(316.9)

as at 30 June 2008	BORAL LIMITED				
	Balance 1 July 2007 \$ millions	Recognised in income \$ millions	Recognised in equity \$ millions	Other movements \$ millions	Balance 30 June 2008 \$ millions
Other financial assets	(68.6)	–	(2.6)	–	(71.2)
Property, plant and equipment	(36.0)	1.9	–	–	(34.1)
Payables	(11.1)	11.1	–	–	–
Interest bearing loans and borrowings	(0.1)	(3.5)	0.8	–	(2.8)
Provisions	9.3	3.3	–	–	12.6
Other	(2.6)	(0.7)	4.1	–	0.8
Unrealised foreign exchange	(57.0)	(47.1)	–	–	(104.1)
	(166.1)	(35.0)	2.3	–	(198.8)

as at 30 June 2007	CONSOLIDATED				
	Balance 1 July 2006 \$ millions	Recognised in income \$ millions	Recognised in equity \$ millions	Other movements \$ millions	Balance 30 June 2007 \$ millions
Receivables	4.2	(0.5)	–	–	3.7
Inventories	(44.7)	(1.0)	–	0.1	(45.6)
Other financial assets	(32.7)	–	(35.9)	–	(68.6)
Property, plant and equipment	(183.9)	(4.9)	–	8.9	(179.9)
Intangible assets	(13.6)	(1.4)	–	1.8	(13.2)
Payables	6.4	(9.9)	–	–	(3.5)
Interest bearing loans and borrowings	0.9	0.1	0.1	–	1.1
Provisions	88.8	0.9	–	(2.9)	86.8
Other	(26.8)	(3.2)	(1.6)	(0.9)	(32.5)
Unrealised foreign exchange	(40.2)	16.9	(36.6)	–	(59.9)
Tax losses carried forward	14.0	–	–	(1.7)	12.3
	(227.6)	(3.0)	(74.0)	5.3	(299.3)

as at 30 June 2007	BORAL LIMITED				
	Balance 1 July 2006 \$ millions	Recognised in income \$ millions	Recognised in equity \$ millions	Other movements \$ millions	Balance 30 June 2007 \$ millions
Other financial assets	(32.7)	–	(35.9)	–	(68.6)
Property, plant and equipment	(28.0)	(8.0)	–	–	(36.0)
Payables	(1.9)	(9.2)	–	–	(11.1)
Interest bearing loans and borrowings	(1.3)	0.8	0.4	–	(0.1)
Provisions	7.7	1.6	–	–	9.3
Other	3.2	(4.4)	(1.4)	–	(2.6)
Unrealised foreign exchange	(40.5)	(16.5)	–	–	(57.0)
	(93.5)	(35.7)	(36.9)	–	(166.1)

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

	CONSOLIDATED		BORAL LIMITED	
	2008 \$ millions	2007 \$ millions	2008 \$ millions	2007 \$ millions
20. PROVISIONS				
CURRENT				
Employee benefits	165.1	155.1	10.0	8.2
Rationalisation and restructuring	0.4	4.4	–	–
Claims	8.8	17.2	–	2.0
Restoration and environmental rehabilitation	14.7	14.5	–	–
Other	5.8	4.4	1.2	1.3
	194.8	195.6	11.2	11.5
NON-CURRENT				
Employee benefits	14.5	11.4	0.3	0.3
Claims	3.8	7.3	–	–
Restoration and environmental rehabilitation	26.1	25.2	–	–
Other	2.5	4.1	3.0	3.5
	46.9	48.0	3.3	3.8

RATIONALISATION AND RESTRUCTURING

Provisions for 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 entity, including insurance, legal and other claims. Where recoveries are expected in respect of such claims these are included in other receivables.

Provision for claims includes the liability for outstanding claims of \$5.2 million (2007: \$15.3 million) incurred by the controlled entity Boral Insurance Pty Limited. Reinsurance recoveries of \$3.0 million (2007: \$11.6 million) in respect of such claims are included in other receivables in the balance sheet.

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.

RECONCILIATIONS

	CONSOLIDATED		BORAL LIMITED	
	2008 \$ millions	2007 \$ millions	2008 \$ millions	2007 \$ millions
Dividend – current				
Balance at the beginning of the year	–	–	–	–
Provisions made during the year:				
Final dividend	102.0	100.4	102.0	100.4
Interim dividend	102.5	101.5	102.5	101.5
Payments made during the period	(204.5)	(201.9)	(204.5)	(201.9)
Balance at the end of the year	–	–	–	–
Rationalisation and restructuring – current				
Balance at the beginning of the year	4.4	4.6	–	–
Provisions made/(released) during the year	(4.0)	(0.2)	–	–
Balance at the end of the year	0.4	4.4	–	–

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

	CONSOLIDATED		BORAL LIMITED	
	2008 \$ millions	2007 \$ millions	2008 \$ millions	2007 \$ millions
20. PROVISIONS (Continued)				
RECONCILIATIONS (Continued)				
Claims – current				
Balance at the beginning of the year	17.2	17.4	2.0	3.4
Provisions made/(released) during the year*	(6.2)	0.4	(2.0)	(0.7)
Payments made during the period	(4.9)	(2.0)	–	(0.7)
Transfer from non-current provisions	2.9	1.6	–	–
Net foreign currency exchange differences	(0.2)	(0.2)	–	–
Balance at the end of the year	8.8	17.2	–	2.0
Claims – non-current				
Balance at the beginning of the year	7.3	11.4	–	–
Provisions released during the year*	(0.6)	(2.5)	–	–
Transfer to current provisions	(2.9)	(1.6)	–	–
Balance at the end of the year	3.8	7.3	–	–
* The movement in claims includes an \$8.6 million reduction (2007: \$2.7 million) in respect of outstanding insurance claims against which there was a corresponding adjustment in other receivables.				
Restoration and environmental rehabilitation – current				
Balance at the beginning of the year	14.5	16.7	–	–
Provisions made during the year	1.2	0.6	–	–
Payments made during the period	(0.3)	(2.1)	–	–
Net foreign currency exchange differences	(0.7)	(0.7)	–	–
Balance at the end of the year	14.7	14.5	–	–
Restoration and environmental rehabilitation – non-current				
Balance at the beginning of the year	25.2	24.7	–	–
Provisions released during the year	(0.3)	(0.7)	–	–
Unwind of discount	1.2	1.2	–	–
Balance at the end of the year	26.1	25.2	–	–
Other – current				
Balance at the beginning of the year	4.4	3.3	1.3	1.3
Provisions made during the year	1.9	1.6	–	–
Payments made during the period	(0.5)	(0.5)	(0.1)	–
Balance at the end of the year	5.8	4.4	1.2	1.3
Other – non-current				
Balance at the beginning of year	4.1	–	3.5	–
Provisions made/(released) during the year	(0.3)	1.1	0.6	0.5
Payments made during the period	(1.3)	(0.2)	(1.1)	(0.2)
Provisions transferred in	–	3.2	–	3.2
Balance at the end of the year	2.5	4.1	3.0	3.5

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

	CONSOLIDATED		BORAL LIMITED	
	2008 \$ millions	2007 \$ millions	2008 \$ millions	2007 \$ millions
21. ISSUED CAPITAL				
ISSUED AND PAID-UP CAPITAL				
585,735,263 (2007: 599,407,033) ordinary shares, fully paid	1,673.1	1,688.1	1,673.1	1,688.1
MOVEMENTS IN ORDINARY SHARE CAPITAL				
Balance at the beginning of the year	1,688.1	1,622.7	1,688.1	1,622.7
6,067,169 (2007: 7,316,365) shares issued under the dividend reinvestment plan	41.4	53.7	41.4	53.7
280,950 (2007: 2,276,432) shares issued upon the exercise of executive options	1.5	11.7	1.5	11.7
20,019,889 (2007: Nil) off-market share buy-back	(57.9)	–	(57.9)	–
Balance at the end of the year	1,673.1	1,688.1	1,673.1	1,688.1

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

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

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

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

	CONSOLIDATED		BORAL LIMITED	
	2008 \$ millions	2007 \$ millions	2008 \$ millions	2007 \$ millions
22. RESERVES				
Foreign currency translation reserve	(76.2)	(19.7)	–	–
Hedging reserve – cash flow hedges	5.8	(2.5)	(3.7)	(1.8)
Fair value reserve	166.0	160.0	166.0	160.0
Share-based payments reserve	17.4	10.3	17.4	10.3
	113.0	148.1	179.7	168.5
RECONCILIATIONS				
Foreign currency translation reserve				
Balance at the beginning of the year	(19.7)	2.7	–	–
Net loss on translation of assets and liabilities of overseas entities	(126.7)	(107.5)	–	–
Net gain on translation of long-term borrowings and foreign currency forward contracts net of tax expense \$29.7 million (2007: \$36.6 million)	70.2	85.1	–	–
Balance at the end of the year	(76.2)	(19.7)	–	–
Hedging reserve				
Balance at the beginning of the year	(2.5)	(2.4)	(1.8)	(0.9)
Transferred to interest expense	5.1	(1.4)	5.1	(1.4)
Transferred to initial carrying amount of hedged item	1.7	2.1	(0.7)	(5.0)
Gains/(losses) taken directly to equity	5.1	(0.9)	(7.1)	5.1
Tax (expense)/benefit	(3.6)	0.1	0.8	0.4
Balance at the end of the year	5.8	(2.5)	(3.7)	(1.8)
Fair value reserve				
Balance at the beginning of the year	160.0	76.2	160.0	76.2
Changes in fair value	8.6	119.7	8.6	119.7
Tax expense	(2.6)	(35.9)	(2.6)	(35.9)
Balance at the end of the year	166.0	160.0	166.0	160.0
Share-based payments reserve				
Balance at the beginning of the year	10.3	5.4	10.3	5.4
Option/rights expense	7.1	4.9	7.1	4.9
Balance at the end of the year	17.4	10.3	17.4	10.3

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.

Fair value reserve

The fair value reserve reflects the cumulative changes in fair value of investments classified as available for sale financial instruments until the investment is sold or derecognised.

Share-based payments reserves

The share-based payments reserve is used to recognise the fair value of options and rights issued but not exercised.

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

	CONSOLIDATED		BORAL LIMITED	
	2008 \$ millions	2007 \$ millions	2008 \$ millions	2007 \$ millions
23. RETAINED EARNINGS				
Retained earnings at the beginning of the year	1,148.2	1,048.5	931.5	837.9
Net profit attributable to members of the parent entity	242.8	298.1	329.5	292.2
Dividends recognised during the year	(204.5)	(201.9)	(204.5)	(201.9)
Dividend component of off-market share buy-back	(56.3)	–	(56.3)	–
Actuarial gain/(loss) on defined benefit plans, net of tax	(8.7)	3.5	(8.7)	3.3
Retained earnings at the end of the year	1,121.5	1,148.2	991.5	931.5

24. CONTINGENT LIABILITIES

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

Unsecured contingent liabilities:

Bank guarantees	8.1	16.6	8.1	7.2
Other items	1.2	1.2	–	–
	9.3	17.8	8.1	7.2

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

24. CONTINGENT LIABILITIES (Continued)

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. The Company has entered into an approved deed of indemnity for the cross-guarantee of liabilities with those controlled entities identified in note 32.

The consolidated income statement and consolidated balance sheet, comprising the Company 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 2008 are set out in note 35.

	CONSOLIDATED		BORAL LIMITED	
	2008 \$ millions	2007 \$ millions	2008 \$ millions	2007 \$ millions

25. COMMITMENTS

CAPITAL EXPENDITURE COMMITMENTS

Contracted but not provided for are payable as follows:

Not later than one year	24.8	109.3	-	-
Later than one year but not later than five years	3.4	1.2	-	-
	28.2	110.5	-	-

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	0.8	1.2	-	-
Later than one year but not later than five years	0.2	0.6	-	-
Later than five years	-	0.1	-	-
	1.0	1.9	-	-
Less: Future finance charges and executory costs	(0.1)	(0.2)	-	-
	0.9	1.7	-	-

The consolidated entity leases plant and equipment under finance leases expiring from one to two years.

OPERATING LEASES

Lease commitments in respect of operating leases are payable as follows:

Not later than one year	81.3	75.2	2.6	2.6
Later than one year but not later than five years	157.3	147.3	10.2	9.7
Later than five years	69.3	54.2	5.5	8.1
	307.9	276.7	18.3	20.4

The Group leases property, equipment and vehicles under operating leases expiring from one to fifteen 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.

26. EMPLOYEE BENEFITS

EMPLOYEE SHARE PLAN

Offers under the Boral Employee Share Plan (ESP) entitle employees to apply for a fixed number of Boral Limited shares not exceeding 500. Permanent Australian and US employees of the Group are eligible to participate.

The price for ESP shares is determined by the Directors. The shares can be paid for by cash or an interest free loan. Subject to the ESP rules and provided the loan has been repaid in full, the shares may be sold by the employee upon the earlier of three years after acquisition or cessation of his/her employment.

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

26. EMPLOYEE BENEFITS (Continued)

BORAL SENIOR EXECUTIVE OPTION PLAN

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

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 in tranche (xvii) were issued during the year based on the average Boral closing share price for the five trading days following the Annual General Meeting.

The options issued during the year were each valued at \$1.16 using a Monte Carlo simulation option-pricing formula. The value of options awarded has been independently determined at grant date after considering the likelihood of meeting performance hurdles. Options are granted for \$Nil consideration and carry no dividend or voting rights. The exercise period commences after the third anniversary of the date of grant and finishes on the seventh anniversary of the grant.

The following represents the inputs to the pricing model used in estimating fair value:

	2008	2007
Grant date share price	\$6.77	\$7.40
Risk free rate	6.61%	5.86% to 5.95%
Dividend yield	4.99%	4.72%
Volatility factor	23%	23%

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 effects the Boral total shareholder return (TSR). The performance of the TSR of Boral Limited compared to the TSR of a reference group of companies from time to time comprising the ASX Top 100 determines 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 Issued	Vested and exercisable
				Number	Number	Number	Number	Number	Number
Consolidated and Company – 2008									
(xii)	4/11/2002	4/11/2009	\$4.12	215,800	–	–	72,800	143,000	143,000
(xiii)	29/10/2003	29/10/2010	\$5.57	2,876,808	–	54,230	208,150	2,614,428	733,748
(xiv)	29/10/2004	29/10/2011	\$6.60	2,053,100	–	103,400	–	1,949,700	–
(xv)	31/10/2005	31/10/2012	\$7.70	3,305,500	–	110,500	–	3,195,000	–
(xvi)	6/11/2006	6/11/2013	\$7.32	4,717,900	–	137,000	–	4,580,900	–
(xvii)	6/11/2007	6/11/2014	\$6.83	–	5,938,700	–	–	5,938,700	–
				13,169,108	5,938,700	405,130	280,950	18,421,728	876,748

Consolidated and Company – 2007

(xi)	6/11/2001	6/11/2006	\$3.35	156,100	–	–	156,100	–	–
(xii)	4/11/2002	4/11/2009	\$4.12	680,900	–	–	465,100	215,800	215,800
(xiii)	29/10/2003	29/10/2010	\$5.57	4,662,300	–	130,260	1,655,232	2,876,808	978,954
(xiv)	29/10/2004	29/10/2011	\$6.60	2,099,500	–	46,400	–	2,053,100	–
(xv)	31/10/2005	31/10/2012	\$7.70	3,353,100	–	47,600	–	3,305,500	–
(xvi)	6/11/2006	6/11/2013	\$7.32	–	4,717,900	–	–	4,717,900	–
				10,951,900	4,717,900	224,260	2,276,432	13,169,108	1,194,754

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

26. EMPLOYEE BENEFITS (Continued)

BORAL SENIOR EXECUTIVE OPTION PLAN (Continued)

Details of options exercised during the financial year and number of shares issued to employees on the exercise of options were as follows:

Tranche	Proceeds \$'000	Number of shares issued	Fair value per share	Fair value aggregate \$'000
Consolidated and Company – 2008				
(xii)	300	72,800	\$6.82	496
(xiii)	1,159	208,150	\$6.90	1,436
	1,459	280,950		1,932
Consolidated and Company – 2007				
(xi)	523	156,100	\$7.19	1,122
(xii)	1,916	465,100	\$7.43	3,456
(xiii)	9,220	1,655,232	\$8.59	14,218
	11,659	2,276,432		18,796

BORAL SENIOR EXECUTIVE PERFORMANCE SHARE PLAN

Share acquisition rights (SARs) were introduced in October 2004 to provide an alternative Long Term Incentive (LTI) to options. SARs are granted to executives under the Performance Share Plan following similar principles to those of the Option Plan. SARs can be granted in lieu of options, with the number granted calculated in the same way, i.e. based on a percentage of fixed remuneration and the fair market value of a SAR.

The SARs issued during the year were each valued at \$4.46 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:

	2008	2007
Grant date share price	\$6.77	\$7.40
Risk free rate	6.61%	5.86% to 5.95%
Dividend yield	4.99%	4.72%
Volatility factor	23%	23%

Set out below are summaries of share acquisition rights 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 Issued	Vested and Exercisable
				Number	Number	Number	Number	Number	Number
Consolidated and Company – 2008									
(i)	29/10/2004	29/10/2011	\$0.00	576,557	–	27,721	–	548,836	–
(ii)	31/10/2005	31/10/2012	\$0.00	868,931	–	29,077	–	839,854	–
(iii)	6/11/2006	6/11/2013	\$0.00	719,944	–	37,524	–	682,420	–
(iv)	6/11/2007	6/11/2014	\$0.00	–	843,925	–	–	843,925	–
				2,165,432	843,925	94,322	–	2,915,035	–
Consolidated and Company – 2007									
(i)	29/10/2004	29/10/2011	\$0.00	588,998	–	12,441	–	576,557	–
(ii)	31/10/2005	31/10/2012	\$0.00	881,439	–	12,508	–	868,931	–
(iii)	6/11/2006	6/11/2013	\$0.00	–	719,944	–	–	719,944	–
				1,470,437	719,944	24,949	–	2,165,432	–

During the year ended 30 June 2008, the consolidated entity recognised an expense of \$7.1 million (2007: \$4.9 million) in relation to share-based payments. Boral Limited \$4.7 million (2007: \$2.4 million).

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

26. EMPLOYEE BENEFITS (Continued)

SUPERANNUATION

At 30 June 2008, 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 section and an accumulation section.

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 and Company make contributions to defined contribution plans. The amount recognised as an expense for the year ended 30 June 2008 was \$46.5 million (2007: \$42.6 million), Boral Limited \$1.5 million (2007: \$1.4 million).

The following sets out details in respect of the defined benefit section only.

The amounts recognised in the balance sheet are determined as follows:

	CONSOLIDATED		BORAL LIMITED	
	2008 \$ millions	2007 \$ millions	2008 \$ millions	2007 \$ millions
Net asset for defined benefit obligation at the beginning of the year	12.0	4.1	12.9	6.4
Expense recognised in the income statement	(2.2)	(2.5)	(1.6)	(1.8)
Actuarial gains/(losses) recognised in retained earnings	(12.4)	5.1	(12.4)	4.7
Employer contributions	4.6	5.2	4.4	3.6
Net foreign currency exchange differences	0.2	0.1	–	–
Net asset for defined benefit obligation at the end of the year	2.2	12.0	3.3	12.9

The accrued benefits, fund assets and vested benefits have been determined based on amounts calculated by the actuary projected forward to 30 June 2008.

Contributions to the Boral Super sub-plan and the Boral Industries Inc. plan have been based on actuarial advice. Taking into account these contribution levels, and based on the actuarial assessments and the market values of assets after meeting liabilities, funds are expected to be available to satisfy all benefits that become vested under each of the major plans in the event of:

- (i) termination of the plan;
- (ii) voluntary termination of the employment of each employee on the initiative of that employee; or
- (iii) compulsory termination of the employment of each employee by an entity in the Group.

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

26. EMPLOYEE BENEFITS (Continued) SUPERANNUATION (Continued)

	CONSOLIDATED		BORAL LIMITED	
	2008 \$ millions	2007 \$ millions	2008 \$ millions	2007 \$ millions
Reconciliation of the net asset recognised in the balance sheet				
Defined benefit obligation	(79.1)	(79.2)	(68.2)	(67.0)
Fair value of plan assets	81.3	91.2	71.5	79.9
Net asset	2.2	12.0	3.3	12.9
Movements in the present value of the defined benefit obligation				
Present value of defined benefit obligation at the beginning of the year	79.2	79.5	67.0	66.8
Current service cost	5.4	4.7	4.7	4.0
Interest cost	3.7	3.9	3.0	3.1
Contributions by plan participants	0.4	0.3	0.4	0.3
Actuarial losses	0.4	1.1	0.8	0.6
Benefits paid	(8.5)	(8.7)	(7.7)	(7.8)
Net foreign currency exchange differences	(1.5)	(1.6)	–	–
Present value of defined benefit obligation at the end of the year	79.1	79.2	68.2	67.0
Movements in the fair value of plan assets				
Fair value of plan assets at the beginning of the year	91.2	83.6	79.9	73.2
Expected return on plan assets	6.9	6.1	6.1	5.3
Actuarial gains/(losses)	(12.0)	6.3	(11.6)	5.3
Employer contributions	4.6	5.2	4.4	3.6
Contributions by plan participants	0.4	0.3	0.4	0.3
Benefits paid	(8.5)	(8.7)	(7.7)	(7.8)
Net foreign currency exchange differences	(1.3)	(1.6)	–	–
Fair value of plan assets at the end of the year	81.3	91.2	71.5	79.9
Expense recognised in the income statement				
Current service cost	5.4	4.7	4.7	4.0
Interest cost	3.7	3.9	3.0	3.1
Expected return on plan assets	(6.9)	(6.1)	(6.1)	(5.3)
Defined benefit superannuation expense	2.2	2.5	1.6	1.8
Cumulative amounts recognised in equity before tax				
Balance at beginning of the year	10.0	4.4	13.0	8.3
Actuarial gains/(losses)	(12.4)	5.1	(12.4)	4.7
Net foreign currency exchange differences	0.4	0.5	–	–
Cumulative actuarial gains/(losses)	(2.0)	10.0	0.6	13.0
Actual return on plan assets	(5.1)	12.3	(5.5)	10.6

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

26. 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	
	2008	2007	2008	2007
Equity securities	69.3%	69.6%	58.6%	67.1%
Debt securities	24.7%	23.5%	27.9%	20.1%
Property securities	4.9%	5.3%	0.0%	0.0%
Other securities	1.1%	1.6%	13.5%	12.8%

There are no amounts included in the fair value of plan assets relating to the Company's own financial instruments, or any property occupied by, or other assets used by, the Company or the Group.

Total employer contributions expected to be paid by the Group for the year ending 30 June 2009 are \$3.5 million (Boral Limited: \$3.3 million).

	BORAL SUPER SUB-PLAN		BORAL INDUSTRIES INC PLAN	
	2008	2007	2008	2007
Principal actuarial assumptions				
Discount rate	5.6%	5.4%	5.8%	6.0%
Expected rate of return on plan assets	8.0%	8.0%	8.0%	7.5%
Expected salary increase rate	5.0%	5.0%	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			
	2008 \$ millions	2007 \$ millions	2006 \$ millions	2005 \$ millions
Present value of defined benefit obligation	(79.1)	(79.2)	(79.5)	(75.0)
Fair value of plan assets	81.3	91.2	83.6	71.9
Net asset/(liability)	2.2	12.0	4.1	(3.1)
Experience adjustments on plan assets – gain/(loss)	(12.0)	6.3	5.1	(0.4)
Experience adjustments on plan liabilities – gain/(loss)	0.4	1.1	0.2	0.1
	BORAL LIMITED			
	2008 \$ millions	2007 \$ millions	2006 \$ millions	2005 \$ millions
Present value of defined benefit obligation	(68.2)	(67.0)	(66.8)	(65.7)
Fair value of plan assets	71.5	79.9	73.2	62.7
Net asset/(liability)	3.3	12.9	6.4	(3.0)
Experience adjustments on plan assets – gain/(loss)	(11.6)	5.3	5.6	–
Experience adjustments on plan liabilities – gain/(loss)	0.8	0.6	(2.7)	–

The Group and the Company have used the AASB 1.20A exemption and disclosed amounts under AASB 1.20A(p) above for each annual reporting period prospectively from the transition date.

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

27. LOANS AND BORROWINGS

TERM AND DEBT REPAYMENT SCHEDULE

Terms and conditions of outstanding loans were as follows:

CONSOLIDATED							
				30 June 2008		30 June 2007	
	Currency	Effective interest rate	Year of maturity	Carrying amount \$ millions	Fair value \$ millions	Carrying amount \$ millions	Fair value \$ millions
CURRENT							
US senior notes – unsecured	USD	6.62%	2009	43.5	44.4	–	–
Bank loans – unsecured	THB	3.70%	2008	2.5	2.5	–	–
Bank loans – unsecured	AUD	7.52%	2008	0.4	0.4	0.2	0.2
Finance lease liabilities	AUD	6.84%	2009	0.8	0.8	1.1	1.1
Bank overdrafts – unsecured	AUD			–	–	24.3	24.3
				47.2	48.1	25.6	25.6
NON-CURRENT							
US senior notes – unsecured	USD	6.46%	2012–20	1,086.8	1,104.0	806.6	809.1
US commercial paper – unsecured	USD	2.90%	2009	131.4	131.4	389.1	389.1
AUD notes – unsecured	AUD	8.24%	2009	246.6	246.7	295.5	295.5
Bank loans – unsecured	THB	3.60%	2010	50.0	50.0	–	–
Other loans – unsecured	AUD	7.45%	2011	0.2	0.2	0.2	0.2
Other loans – secured	AUD		2009	0.2	0.2	0.4	0.4
Finance lease liabilities	AUD	7.00%	2009–10	0.1	0.1	0.6	0.6
				1,515.3	1,532.6	1,492.4	1,494.9
TOTAL				1,562.5	1,580.7	1,518.0	1,520.5

BORAL LIMITED							
				30 June 2008		30 June 2007	
	Currency	Effective interest rate	Year of maturity	Carrying amount \$ millions	Fair value \$ millions	Carrying amount \$ millions	Fair value \$ millions
CURRENT							
Bank loans – unsecured	USD	2.99%	2009	17.0	17.0	20.2	20.2
Bank loans – unsecured	AUD	7.52%	2008	0.3	0.3	–	–
Bank overdrafts – unsecured	AUD	11.63%	2008	150.9	150.9	193.0	193.0
				168.2	168.2	213.2	213.2
NON-CURRENT							
US senior notes – unsecured	USD	6.45%	2017–18	495.8	496.3	217.2	224.1
US commercial paper – unsecured	USD	2.90%	2009	131.4	131.4	389.1	389.1
AUD notes – unsecured	AUD	8.24%	2009	246.6	246.7	295.5	295.5
				873.8	874.4	901.8	908.7
TOTAL				1,042.0	1,042.6	1,115.0	1,121.9

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

27. LOANS AND BORROWINGS (Continued)

US SENIOR NOTES – UNSECURED

The Group: Three separate placements for US\$300 million (equivalent A\$317 million), US\$400 million (equivalent A\$414 million) and US\$382.2 million (equivalent A\$399 million) were undertaken in 2002, 2005 and 2008 respectively with financial institutions in the North American Private Placement market. The notes are structured in eight tranches for amounts of US\$42 million, US\$152.5 million, US\$52 million, US\$53.5 million, US\$200 million, US\$200 million, US\$306 million and US\$76.2 million that mature in one, four, six, seven, nine (by two tranches), 10 and 12 years. Fixed coupon interest rates of 6.62%, 6.91%, 7.01%, 7.11%, 5.42%, 5.52%, 7.12% and 7.22% per annum respectively apply to the eight tranches.

The Company: A placement for US\$200 million (equivalent A\$206 million) and US\$276 million (equivalent A\$289 million) was undertaken in 2005 and 2008 with financial institutions in the North American Private Placement market. The notes mature in nine and 10 years respectively. A Fixed coupon interest rate of 5.52% and 7.12% per annum respectively applies to the notes.

US COMMERCIAL PAPER – UNSECURED (a)

The Group and the Company: US\$1,000 million (equivalent A\$1,036 million) is available to be accessed through two non-underwritten facilities; a US\$500 million limit applies to each facility where Boral Limited and Boral International Holdings Inc. are the issuers under each facility. Issuance is conducted through a two dealer arrangement. Commercial paper is issued for periods not exceeding 365 days from the date of issue, with the applicable interest rate benchmark being agreed to between the investor and the issuer at the date notes are purchased by investors.

AUD NOTES – UNSECURED (a)

The Group and the Company: Australian dollar domestic note program – A\$500 million non-underwritten facility whereby issuance by Boral Limited is conducted through a panel of four dealers. Notes can be issued for periods not exceeding 365 days from the date of issue with the applicable interest rate benchmark being referenced to the Bank Bill Swap Rate (BBSW).

(a) US commercial paper and AUD notes are supported by a US\$600 million committed standby facility that matures on 4 August 2009. Accounting classification of paper/notes issued under these facilities occurs according to the maturity date applicable to the committed standby support facility. Accordingly, issuances outstanding under these facilities were classified as non-current debt at 30 June 2008.

AUD MEDIUM TERM NOTES – UNSECURED

The Group and the Company: Australian dollar domestic medium term note program – A\$500 million non-underwritten facility whereby issuance is conducted through a panel comprising four placement agents. Medium term notes when issued will be for maturities of not less than 365 days where no restriction applies concerning the maximum issue period. The applicable interest rate can either be fixed or variable which is determined between the issuer and investor at the date notes are purchased by investors.

BANK FACILITIES

MULTICURRENCY NOTE ISSUANCE FACILITY

The Group and the Company: Multicurrency note issuance facility – a committed US\$600 million (equivalent A\$621 million) note issuance facility; its primary purpose being both to provide committed backup support for issuance of AUD/USD commercial paper by the Company and liquidity for general corporate purposes. The maturity date for this facility is 4 August 2009 where the interest rate depending on the currency of denomination is referenced to BBSW or LIBOR.

CASH ADVANCE FACILITY

The Group and the Company: A committed line of credit for an amount equivalent A\$17 million (total A\$34 million) is available each to Boral Limited and PT Boral Indonesia. The facility supports financing requirements related to Boral's operating activities located in Indonesia. A term of the cash advance facility is that outstanding borrowings are set-off against a deposit lodged with the lender having an equivalent amount to the outstanding loan balance.

BI-LATERAL LOAN FACILITIES

The Group and the Company: Committed US\$250 million (equivalent A\$259 million) and THB1,600 million credit facilities are available to Boral Limited and Boral Concrete (Thailand) Limited/Boral Quarry Products (Thailand) Limited respectively. The primary purpose of the US\$250 million facility is to provide committed back-up support for issuance of AUD/USD commercial paper, liquidity and funding for general corporate purposes whilst the THB facility provides Boral's Thailand operations with funding for general corporate purposes. At 30 June 2008, the US\$250 million facility was undrawn and the THB1,600 million facility was fully drawn. The maturity dates for these facilities are 17 September 2008 and 30 August 2010 respectively.

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

27. LOANS AND BORROWINGS (Continued)

BANK OVERDRAFT, LEASE LIABILITIES AND OTHER

The Group: The consolidated entity operates unsecured bank overdraft facility arrangements in Australia, USA and Asia that have combined limits of A\$31 million. The facilities within Australia are conducted on a set-off basis and all facilities are subject to variable rates of interest determined by the lending bank's benchmark interest rate. All facilities are subject to annual review where repayment can occur on demand by the lending bank. Finance leases within Australia are subject to lease terms of various maturities.

The Company: Boral Limited operates an unsecured bank overdraft facility arrangement in Australia that has a limit of A\$250 million. The facility is conducted on a set-off basis with other controlled entities and has a net \$6 million limit. The facility is subject to variable rates of interest determined by the lending bank's benchmark interest rate and is subject to annual review where repayment can occur on demand by the lending bank.

In each of the above named facilities, both the Group and the Company had complied with the respective borrowing covenants throughout the year ended 30 June 2008.

28. FINANCIAL INSTRUMENTS

FINANCIAL RISK MANAGEMENT

The Group's business activities are exposed to a variety of financial risks, including those related to credit, liquidity, foreign currency, interest rate and commodity price risks. Boral utilises derivative instruments to manage the identified financial risks. The Group does not use derivative or financial instruments for trading or speculative purposes.

Boral's Treasury provides technical assistance to the operating divisions, coordinates access to financial markets and manages financial risks related to Boral's operating divisions. The use of financial derivatives is controlled by policies approved by Boral's Board of Directors. The policies provide specific direction in relation to financial risk management, including foreign currency, interest rates, commodity price, credit, financial instruments and liquidity management.

FAIR VALUE

Certain estimates and judgements were required to develop the fair value amount. The fair value amounts shown below are not necessarily indicative of the amounts that the Group would realise upon disposition 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.

Foreign currency contracts, foreign currency options, 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 parameters that accurately reflect their term to maturity.

Cash, deposits, loans and receivables, payables and short term borrowings

The carrying value of these financial instruments approximate fair value given their short term duration.

Long term borrowings

The present value of expected cash flows has been adopted to determine fair value using interest rates derived from market parameters 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 all customers requiring credit over a certain amount.

Credit risk relating to derivative contracts is minimised through using internationally recognised financial intermediaries; the exposure limit applicable to each respective counterparty is determined by reference to the credit rating assigned by the international rating agencies to the respective counterparty. The policy of the Group generally requires that financial transactions are only entered into with institutions having been assigned a long-term credit rating from the international credit rating agencies that is A-/A3 or greater. Credit exposures relating to financial derivatives are represented by an adjustment to profit on the respective contract, subject to the counterparties performing as contracted.

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

28. FINANCIAL INSTRUMENTS (Continued)

CREDIT RISK (Continued)

Exposure to 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 2008 \$ millions	Fair value 2008 \$ millions	Carrying amount 2007 \$ millions	Fair value 2007 \$ millions
Equity securities available for sale	404.4	404.4	395.7	395.7
Loans to/receivables from associates	95.6	95.6	69.5	69.5
Trade and other receivables	825.9	825.9	767.9	767.9
Receivables from wholly owned controlled entities	–	–	–	–
Cash and cash equivalents	47.4	47.4	35.7	35.7
	1,373.3	1,373.3	1,268.8	1,268.8

	BORAL LIMITED			
	Carrying amount 2008 \$ millions	Fair value 2008 \$ millions	Carrying amount 2007 \$ millions	Fair value 2007 \$ millions
Equity securities available for sale	404.4	404.4	395.7	395.7
Loans to/receivables from associates	–	–	–	–
Trade and other receivables	8.5	8.5	19.2	19.2
Receivables from wholly owned controlled entities	6,149.8	6,149.8	5,976.9	5,976.9
Cash and cash equivalents	1.0	1.0	2.9	2.9
	6,563.7	6,563.7	6,394.7	6,394.7

The following table indicates maximum credit exposure, the periods in which the cash flows associated with derivative financial assets are expected to occur and the impact on profit or loss:

30 June 2008	CONSOLIDATED							
	Carrying amount \$ millions	Fair value \$ millions	Contractual cash flows \$ millions	6 months or less \$ millions	6–12 months \$ millions	1–2 years \$ millions	2–5 years \$ millions	More than 5 years \$ millions
Derivative financial assets								
Interest rate swaps designated as fair value hedges	6.4	6.4	7.0	1.1	1.3	2.2	2.4	–
Interest rate swaps designated as cash flow hedges	1.1	1.1	1.1	0.7	0.3	0.1	–	–
Cross currency swaps designated as fair value hedges	0.3	0.3	(0.7)	–	4.4	(0.9)	(2.2)	(2.0)
Commodity swaps/options designated as cash flow hedges	18.2	18.2	16.3	13.7	2.2	0.4	–	–
Foreign exchange options designated as cash flow hedges	0.1	0.1	–	–	–	–	–	–
Interest rate options not designated as hedges for accounting purposes	0.3	0.3	–	–	–	–	–	–
	26.4	26.4	23.7	15.5	8.2	1.8	0.2	(2.0)

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

28. FINANCIAL INSTRUMENTS (Continued)

CREDIT RISK (Continued)

Exposure to credit risk (Continued)

30 June 2008	BORAL LIMITED							
	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								
Interest rate swaps designated as cash flow hedges	1.1	1.1	1.1	0.7	0.3	0.1	-	-
Cross currency swaps designated as fair value hedges	0.3	0.3	(0.7)	-	4.4	(0.9)	(2.2)	(2.0)
Commodity swaps/options designated as cash flow hedges	17.0	17.0	15.3	12.7	2.2	0.4	-	-
Foreign exchange options designated as cash flow hedges	0.1	0.1	-	-	-	-	-	-
Interest rate options not designated as hedges for accounting purposes	0.3	0.3	-	-	-	-	-	-
	18.8	18.8	15.7	13.4	6.9	(0.4)	(2.2)	(2.0)

30 June 2007	CONSOLIDATED							
	Carrying amount \$ millions	Fair value \$ millions	Contractual cash flows \$ millions	6 months or less \$ millions	6-12 months \$ millions	1-2 years \$ millions	2-5 years \$ millions	More than 5 years \$ millions
Derivative financial assets								
Interest rate swaps designated as fair value hedges	1.1	1.1	1.5	0.2	0.3	0.4	0.6	-
Interest rate swaps/options designated as cash flow hedges	2.1	2.1	2.3	0.6	0.8	0.7	0.2	-
Commodity swaps/options designated as cash flow hedges	0.4	0.4	0.4	0.2	0.1	0.1	-	-
	3.6	3.6	4.2	1.0	1.2	1.2	0.8	-

30 June 2007	BORAL LIMITED							
	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								
Interest rate swaps/options designated as cash flow hedges	2.1	2.1	2.3	0.6	0.8	0.7	0.2	-
Commodity swaps/options designated as cash flow hedges	0.4	0.4	0.4	0.2	0.1	0.1	-	-
	2.5	2.5	2.7	0.8	0.9	0.8	0.2	-

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

28. FINANCIAL INSTRUMENTS (Continued)

LIQUIDITY RISK

Policies have been implemented by the Group that have the purpose of limiting its exposure to liquidity risk. The result of this policy is that a significant proportion of external borrowings have maturities that are greater than five years. The Group and the Company also maintain committed bank lines of credit which have a primary purpose of providing committed standby support to the issuance of AUD and USD denominated commercial paper respectively together with providing general liquidity support. The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

30 June 2008	CONSOLIDATED						
	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 commercial paper – unsecured	131.4	(135.3)	(1.9)	(1.9)	(131.5)	–	–
US senior notes – unsecured	1,130.3	(1,701.7)	(36.2)	(79.8)	(69.6)	(355.8)	(1,160.3)
Bank loans – unsecured	52.9	(57.4)	(3.8)	(0.9)	(1.8)	(50.9)	–
AUD notes – unsecured	246.6	(269.6)	(10.3)	(10.3)	(249.0)	–	–
Bank overdrafts – unsecured	–	–	–	–	–	–	–
Other loans – unsecured	0.2	(0.2)	–	–	–	(0.2)	–
Other loans – secured	0.2	(0.2)	–	–	(0.2)	–	–
Finance lease liabilities	0.9	(0.9)	(0.8)	–	(0.1)	–	–
Trade and other payables	686.4	(686.4)	(686.4)	–	–	–	–
Derivative financial liabilities							
Foreign exchange contracts designated as cash flow hedges	2.6	(2.6)	(2.4)	(0.2)	–	–	–
Commodity swaps designated as cash flow hedges	–	–	–	–	–	–	–
Interest rate swaps designated as cash flow hedges	3.2	(3.2)	(1.1)	(1.0)	(1.0)	(0.1)	–
Cross currency swaps designated as cash flow hedges	8.5	(15.4)	(0.5)	(5.0)	(0.7)	(1.9)	(7.3)
Cross currency swaps designated as fair value hedges	49.3	(119.3)	(3.6)	(5.2)	(9.8)	(23.9)	(76.8)
	2,312.5	(2,992.2)	(747.0)	(104.3)	(463.7)	(432.8)	(1,244.4)

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

28. FINANCIAL INSTRUMENTS (Continued)

LIQUIDITY RISK (Continued)

30 June 2008	BORAL LIMITED						
	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 commercial paper – unsecured	131.4	(135.3)	(1.9)	(1.9)	(131.5)	–	–
US senior notes – unsecured	495.8	(799.8)	(15.9)	(15.9)	(31.8)	(95.4)	(640.8)
Bank loans – unsecured	17.3	(17.9)	(0.6)	(17.3)	–	–	–
AUD notes – unsecured	246.6	(269.6)	(10.3)	(10.3)	(249.0)	–	–
Bank overdrafts – unsecured	150.9	(150.9)	(150.9)	–	–	–	–
Finance lease liabilities	–	–	–	–	–	–	–
Trade and other payables	56.9	(56.9)	(56.9)	–	–	–	–
Payables to wholly owned controlled entities	2,904.2	(2,904.2)	(2,904.2)	–	–	–	–
Derivative financial liabilities							
Foreign exchange contracts designated as cash flow hedges	2.6	(2.6)	(2.4)	(0.2)	–	–	–
Commodity swaps designated as cash flow hedges	–	–	–	–	–	–	–
Interest rate swaps designated as cash flow hedges	3.2	(3.2)	(1.1)	(1.0)	(1.0)	(0.1)	–
Cross currency swaps designated as cash flow hedges	8.5	(15.4)	(0.5)	(5.0)	(0.7)	(1.9)	(7.3)
Cross currency swaps designated as fair value hedges	49.3	(119.3)	(3.6)	(5.2)	(9.8)	(23.9)	(76.8)
	4,066.7	(4,475.1)	(3,148.3)	(56.8)	(423.8)	(121.3)	(724.9)

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

28. FINANCIAL INSTRUMENTS (Continued)

LIQUIDITY RISK (Continued)

30 June 2007	CONSOLIDATED						
	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 commercial paper – unsecured	389.1	(412.7)	(10.6)	(10.6)	(391.5)	–	–
US senior notes – unsecured	806.6	(1,198.8)	(25.1)	(25.1)	(99.6)	(320.1)	(728.9)
Bank loans – unsecured	0.2	(0.2)	(0.1)	(0.1)	–	–	–
AUD notes – unsecured	295.5	(317.2)	(9.6)	(9.6)	(298.0)	–	–
Bank overdrafts – unsecured	24.3	(24.3)	(24.3)	–	–	–	–
Finance lease liabilities	1.7	(1.8)	(1.2)	–	(0.6)	–	–
Other loans – unsecured	0.2	(0.2)	–	–	(0.2)	–	–
Other loans – secured	0.4	(0.4)	–	–	(0.4)	–	–
Trade and other payables	619.3	(619.3)	(619.3)	–	–	–	–
Derivative financial liabilities							
Foreign exchange contracts designated as cash flow hedges	1.7	(1.7)	(1.4)	(0.2)	(0.1)	–	–
Commodity swaps designated as cash flow hedges	0.2	(0.2)	(1.5)	1.1	0.2	–	–
Interest rate swaps designated as cash flow hedges	0.1	(0.1)	(0.1)	–	–	–	–
Cross currency swaps designated as cash flow hedges	11.7	(21.9)	(0.9)	(5.9)	(2.9)	(1.8)	(10.4)
Cross currency swaps designated as fair value hedges	35.1	(70.7)	(1.3)	2.6	(4.3)	(19.8)	(47.9)
	2,186.1	(2,669.5)	(695.4)	(47.8)	(797.4)	(341.7)	(787.2)

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

28. FINANCIAL INSTRUMENTS (Continued)

LIQUIDITY RISK (Continued)

30 June 2007	BORAL LIMITED						
	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 commercial paper – unsecured	389.1	(412.7)	(10.6)	(10.6)	(391.5)	–	–
US senior notes – unsecured	217.2	(365.2)	(6.5)	(6.5)	(13.0)	(39.0)	(300.2)
Bank loans – unsecured	20.2	(21.0)	(0.1)	(0.1)	(20.8)	–	–
AUD notes – unsecured	295.5	(317.2)	(9.6)	(9.6)	(298.0)	–	–
Bank overdrafts – unsecured	193.0	(193.0)	(193.0)	–	–	–	–
Trade and other payables	27.1	(27.1)	(27.1)	–	–	–	–
Payables to wholly owned controlled entities	2,804.1	(2,804.1)	(2,804.1)	–	–	–	–
Derivative financial liabilities							
Foreign exchange contracts designated as cash flow hedges	1.7	(1.7)	(1.4)	(0.2)	(0.1)	–	–
Commodity swaps designated as cash flow hedges	(3.6)	2.7	1.0	1.5	0.2	–	–
Interest rate swaps designated as cash flow hedges	0.1	(0.1)	(0.1)	–	–	–	–
Cross currency swaps designated as cash flow hedges	11.7	(21.9)	(0.9)	(5.9)	(2.9)	(1.8)	(10.4)
Cross currency swaps designated as fair value hedges	35.1	(70.7)	(1.3)	2.6	(4.3)	(19.8)	(47.9)
	3,991.2	(4,232.0)	(3,053.7)	(28.8)	(730.4)	(60.6)	(358.5)

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 generating maximum returns to shareholders by the adoption of an appropriate capital structure.

The Group has a stated ratio of net debt to shareholder funds of between 40% and 70%. As at 30 June 2008 the Group was within this range.

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.

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

28. FINANCIAL INSTRUMENTS (Continued)

MARKET RISK

Currency risk

The Group and the Company are exposed to foreign currency risk. This occurs as a result of firstly, purchases of materials, some plant and equipment and the sale of products denominated in foreign currencies, secondly, the translation of its investment in overseas domiciled operations and thirdly, interest expense related to certain foreign currency denominated borrowings.

The Group and the Company adopt a policy that ensures 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 and the Company use forward foreign exchange contracts to assist with hedging foreign exchange risk. Most of the forward exchange contracts have maturities of less than one year following the balance sheet date. Where necessary and in compliance with policy parameters, forward exchange contracts can be rolled over at maturity.

Foreign currency exposure

The Group and the Company utilise external foreign currency denominated borrowings for the purpose of hedging the Group's net investment in overseas domiciled assets and overseas denominated interest payments, purchases and sales contracts. The carrying amounts of external loans designated for the purpose of net investment hedges was A\$394 million at 30 June 2008 (2007: A\$359 million).

The ineffective portion of both cash flow hedges and fair value hedges transferred to income statement was A\$0.4 million in 2008 (2007: A\$0.3 million).

The Group's exposure to foreign currency risk at balance date was as follows, based on notional amounts:

Currency	CONSOLIDATED						
	USD	Euro	GBP	NZD	THB	IDR	CAD
	Equivalent to A\$ millions						
30 June 2008							
Balance sheet							
Net investment in overseas domiciled Boral subsidiaries	339.2	2.1	(2.5)	4.3	(10.8)	48.9	-
Foreign currency borrowings	(627.2)	-	-	-	-	-	-
Forward exchange contracts	33.7	-	-	-	-	-	-
Cross currency swaps	233.1	-	-	-	-	-	-
	(21.2)	2.1	(2.5)	4.3	(10.8)	48.9	-
Overseas denominated interest payments, purchase and sale contracts							
Estimated forecast interest payments and purchases	(90.9)	(2.2)	(0.6)	-	-	-	(0.7)
Forward exchange contracts	45.8	2.2	0.6	-	-	-	0.7
	(45.1)	-	-	-	-	-	-

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

28. FINANCIAL INSTRUMENTS (Continued)

MARKET RISK (Continued)

Foreign currency exposure (Continued)

Currency	CONSOLIDATED						
	USD	Euro	GBP	NZD	THB	IDR	CAD
Equivalent to A\$ millions							
30 June 2007							
Balance sheet							
Net investment in overseas domiciled Boral subsidiaries	374.3	1.8	(2.5)	1.8	36.6	51.3	–
Foreign currency borrowings	(606.2)	–	–	–	–	–	–
Forward exchange contracts	–	–	–	–	–	–	–
Cross currency swaps	247.5	–	–	–	–	–	–
	15.6	1.8	(2.5)	1.8	36.6	51.3	–
Overseas denominated interest payments, purchase and sale contracts							
Estimated forecast interest payments and purchases	(60.4)	(3.0)	(0.6)	–	–	–	(6.6)
Forward exchange contracts	23.0	3.0	0.6	–	–	–	6.6
	(37.4)	–	–	–	–	–	–

Hedging activities are undertaken by the Company on behalf of the Group.

Currency	BORAL LIMITED						
	USD	Euro	GBP	NZD	THB	IDR	CAD
Equivalent to A\$ millions							
30 June 2008							
Balance sheet							
Foreign currency borrowings (a)	(882.8)	(48.5)	(110.6)	(17.2)	–	–	–
Forward exchange contracts	33.7	–	–	–	–	–	–
Cross currency swaps	233.1	–	–	–	–	–	–
	(616.0)	(48.5)	(110.6)	(17.2)	–	–	–
Overseas denominated interest payments, purchase and sale contracts							
Estimated forecast interest payments and purchases	(4.7)	–	–	–	–	–	–
Forward exchange contracts (b)	45.8	2.2	0.6	–	–	–	0.7
	41.1	2.2	0.6	–	–	–	0.7

(a) Included in the Company's foreign currency external denominated borrowings is a committed bank line of credit for an amount equivalent A\$17 million. A facility of an equivalent amount is available and utilised by PT Boral Indonesia. The facility supports financing requirements related to the Group's operating activities located in Indonesia. A term of the cash advance facility is that outstanding borrowings are set-off against a deposit lodged with the lender having an equivalent amount to the combined outstanding loan balances.

(b) The Company enters into forward exchange contracts on behalf of the Group.

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

28. FINANCIAL INSTRUMENTS (Continued)

MARKET RISK (Continued)

Foreign currency exposure (Continued)

Currency	BORAL LIMITED					
	USD	Euro	GBP	NZD	IDR	CAD
	Equivalent to A\$ millions					
30 June 2007						
Balance sheet						
Foreign currency borrowings (a)	(932.5)	(46.5)	(120.1)	(21.4)	–	–
Cross currency swaps	247.5	–	–	–	–	–
	(685.0)	(46.5)	(120.1)	(21.4)	–	–
Overseas denominated interest payments, purchase and sale contracts						
Estimated forecast interest payments and purchases	(15.1)	–	–	–	–	–
Forward exchange contracts (b)	23.0	3.0	0.6	–	–	6.6
	7.9	3.0	0.6	–	–	6.6

Sensitivity

At 30 June 2008, had the Australian dollar weakened/strengthened by 10% against the respective foreign currencies where all other variables remain constant, the Group pre-tax change to earnings would be a (loss)/gain respectively of around equivalent A\$2.3 million (2007: equivalent A\$0.3 million) and equity would have increased/decreased respectively by around equivalent A\$8.5 million (2007: equivalent A\$14.0 million).

The following exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2008	2007	2008	2007
USD	0.9051	0.7916	0.9651	0.8500
Euro	0.6105	0.6028	0.6106	0.6321
GBP	0.4506	0.4068	0.4836	0.4247
NZD	1.1775	1.1416	1.2621	1.1029
THB	28.3500	27.9293	32.3400	29.3400
IDR	8,355	7,184	8,898	7,688

INTEREST RATE RISK

The Group and the Company adopt a policy that ensures between 30% and 70% of its net borrowings are subject to interest rates based on fixed rates greater than 12 months in duration. Implementation of interest rate derivative instruments allows the consolidated entity 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 to achieve a level of fixed interest rate borrowings consistent with the 30% to 70% level of fixed interest rate borrowings.

For the Group and the Company, interest rate swaps, denominated in Australian dollars and US dollars and cross currency swaps denominated in Australian and US dollars have been transacted to assist with achieving an appropriate mix of fixed and floating interest rate borrowings within the Group. The interest rate derivative instruments mature progressively over the next nine years where the duration applicable to the interest rate and cross currency swaps is consistent with maturities applicable to the underlying borrowings.

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

28. FINANCIAL INSTRUMENTS (Continued)

INTEREST RATE RISK (Continued)

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

	CONSOLIDATED		BORAL LIMITED	
	2008	2007	2008	2007
	Carrying amount		Carrying amount	
	\$ millions	\$ millions	\$ millions	\$ millions
Fixed rate instruments				
US senior notes – unsecured	1,130.3	806.6	495.8	217.2
Bank loans – unsecured	0.4	0.2	0.3	–
Other loans – unsecured	0.2	0.2	–	–
Other loans – secured	0.2	0.4	–	–
Finance lease liabilities	0.9	1.7	–	–
	1,132.0	809.1	496.1	217.2
Variable rate instruments				
US commercial paper – unsecured	131.4	389.1	131.4	389.1
AUD notes – unsecured	246.6	295.5	246.6	295.5
Bank loans – unsecured	52.5	–	17.0	20.2
Bank overdraft – unsecured	–	24.3	150.9	193.0
	430.5	708.9	545.9	897.8
	1,562.5	1,518.0	1,042.0	1,115.0
Interest rate derivatives				
Pay fixed interest rate derivatives				
Pay fixed against A\$ bank bills	(1.1)	(1.6)	(1.1)	(1.6)
Pay fixed against US\$ LIBOR	3.2	(0.2)	3.2	(0.2)
Cross currency swap pay fixed against US\$ LIBOR	8.5	11.8	8.5	11.8
	10.6	10.0	10.6	10.0
Pay variable interest rate derivatives				
Pay floating against US\$ LIBOR	(6.4)	(1.1)	–	–
Cross currency swap pay floating US\$ LIBOR	49.0	35.1	49.0	35.1
	42.6	34.0	49.0	35.1

Sensitivity

At 30 June 2008, if interest rates had changed by +/- 1% p.a. from the year end rates with all other variables held constant, the Group pre-tax profit for the year would have been A\$0.6 million higher/lower (2007: A\$0.3 million) and the change in equity would have been A\$2.5 million (2007: A\$2.2 million) mainly as a result of a higher interest cost applying to variable rate borrowings and interest rate derivatives.

INTEREST RATE USED FOR DETERMINING FAIR VALUE

Where appropriate, the Group uses BBSW, LIBOR and Treasury Bond yield curves as of 30 June 2008 plus an adequate credit spread to discount financial instruments. The interest rates used are as follows:

	2008 % p.a.	2007 % p.a.
Derivatives	2.46 – 8.21	5.28 – 6.95
Interest bearing loans and borrowings	2.90 – 8.24	5.32 – 6.86
Finance leases	6.00 – 9.77	5.08 – 9.77

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

28. FINANCIAL INSTRUMENTS (Continued)

COMMODITY PRICE RISK

The Group and the Company are 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 and the Company adopt a policy that seeks to hedge at least 50% of the price risk exposure covering the forthcoming six months purchases where the underlying commodity purchases exceed an annualised amount of equivalent A\$10 million. The Company enters into fixed price hedge contracts on behalf of the Group.

The Group uses fixed price forward and option contracts to assist with hedging commodity price risk. All of the fixed price forward and option contracts have maturities of less than two years following the balance sheet date.

Commodities hedging activities

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

	2008 \$ millions	2007 \$ millions
Singapore gasoil 0.5%	60.2	34.5
Natural gas (NYMEX)	7.0	41.9
Aluminium – LME	5.8	5.1

Details of balance sheet carrying value of instruments hedging commodities price risk:

Assets

Commodity swaps designated as cash flow hedges	12.4	0.4
Commodity options designated as cash flow hedges	5.8	–

Liabilities

Commodity swaps designated as cash flow hedges	–	(0.2)
	18.2	0.2

Sensitivity

At 30 June 2008, if commodity prices had changed by +/- 10% from the year end prices with all other variables held constant, the Group pre-tax earnings for the year would have increased/decreased by around A\$1.0 million (2007: A\$0.1 million) and the change in equity would have been A\$7.2 million (2007: A\$7.8 million).

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

29. 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:

NON-EXECUTIVE DIRECTORS

E A Alexander	Non-Executive Director
J B Clark	Non-Executive Director
E J Cloney	Non-Executive Director
R L Every	Non-Executive Director
R A Longes	Non-Executive Director
K J Moss	Chairman
M R Rayner	Non-Executive Director
J R Williams	Non-Executive Director

EXECUTIVE DIRECTOR

R T Pearse	CEO and Managing Director
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All of those persons, other than Messrs Every and Rayner, have been Directors at all times during and since the end of the year.

Dr Every was appointed a Director on 7 September 2007.

Mr Rayner was a Director from 1 July 2007 to 29 October 2007 on which date he retired from the Board.

EXECUTIVES

Name	Position
J M Douglas	Executive General Manager – Australian Construction Materials Division
P J Jobe	Executive General Manager – Cement Division
K A Mitchelhill	Executive General Manager – Clay & Concrete Products Division
W R Batstone	Executive General Manager – Plasterboard Division
B M Tisher	Executive General Manager – Timber Division
E S Severin	President Boral Industries – USA
K M Barton	Chief Financial Officer
M B Scobie	General Manager – Corporate Services and Company Secretary
R J Town	General Manager – Human Resources
A I Warburton	General Manager – Corporate Development

KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensation included in “employee benefit expense” in note 3 is as follows:

	CONSOLIDATED		BORAL LIMITED	
	2008 \$	2007 \$	2008 \$	2007 \$
Short-term employee benefits	14,332,596	10,698,804	8,243,759	5,382,750
Post-employment benefits	950,285	882,860	694,966	631,026
Long-term employee benefits	135,786	126,625	71,181	60,314
Share-based payments	3,008,816	2,156,195	2,189,885	1,449,770
	18,427,483	13,864,484	11,199,791	7,523,860

June 2007 comparatives include key management personnel for that year.

INDIVIDUAL DIRECTORS' AND EXECUTIVE COMPENSATION DISCLOSURES

Information regarding individual Directors' and executive 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.

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

29. 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 clause 19 of the Directors' Report.

(ii) Option holdings

The number of options (being executive options) over ordinary shares in the Company held during the financial year by each Director of the Company and each of the key management personnel of the Group are set out below:

	Balance at 1 July 2007	Granted during the year as remuneration	Exercised during the year	Lapsed/cancelled during the year	Balance at 30 June 2008	Vested and exercisable at 30 June 2008
30 June 2008	Number	Number	Number	Number	Number	Number
Directors of Boral Limited						
R T Pearse	3,681,100	2,694,000	–	–	6,375,100	14,000
Executives						
J M Douglas	200,152	103,100	–	–	303,252	1,066
P J Jobe	291,540	108,400	–	–	399,940	2,920
K A Mitchelhill	261,980	97,200	–	–	359,180	2,340
W R Batstone	331,900	94,100	(74,530)	–	351,470	–
B M Tisher	228,500	69,300	–	(41,300)	256,500	49,880
E S Severin	482,500	138,700	–	–	621,200	103,588
K M Barton	292,800	97,200	–	–	390,000	57,130
M B Scobie	201,576	67,600	–	–	269,176	6,072
R J Town	203,900	60,700	(43,384)	–	221,216	–
A I Warburton	76,900	35,100	–	–	112,000	1,634
	Balance at 1 July 2006	Granted during the year as remuneration	Exercised during the year	Lapsed/cancelled during the year	Balance at 30 June 2007	Vested and exercisable at 30 June 2007
30 June 2007	Number	Number	Number	Number	Number	Number
Directors of Boral Limited						
R T Pearse	1,989,800	2,083,300	(392,000)	–	3,681,100	14,000
Executives						
J M Douglas	150,900	79,100	(29,848)	–	200,152	1,066
P J Jobe	435,600	88,200	(232,260)	–	291,540	2,920
K A Mitchelhill	249,600	77,900	(65,520)	–	261,980	2,340
W R Batstone	257,000	74,900	–	–	331,900	74,530
B M Tisher	176,700	51,800	–	–	228,500	49,880
P J Boyd*	292,300	62,400	(140,500)	–	214,200	19,996
E S Severin	365,500	117,000	–	–	482,500	103,588
K M Barton	215,600	77,200	–	–	292,800	57,130
M B Scobie	198,900	55,300	(52,624)	–	201,576	6,072
R J Town	155,600	48,300	–	–	203,900	43,384
A I Warburton	75,300	21,600	(20,000)	–	76,900	1,634

* P J Boyd ceased employment with the Group effective 5 March 2007.

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

29. KEY MANAGEMENT PERSONNEL DISCLOSURES (Continued)

EQUITY INSTRUMENTS (Continued)

(ii) Option holdings (Continued)

Shares provided on exercise of options

During the year the following shares were issued on the exercise of options granted as compensation:

	30 June 2008			30 June 2007		
	Date option granted	Number of shares	Paid per share \$	Date option granted	Number of shares	Paid per share \$
Directors of Boral Limited						
R T Pearse	–	–	–	29 Oct 03	392,000	\$5.57
Executives						
J M Douglas	–	–	–	29 Oct 03	29,848	\$5.57
P J Jobe	–	–	–	4 Nov 02	150,500	\$4.12
P J Jobe	–	–	–	29 Oct 03	81,760	\$5.57
K A Mitchelhill	–	–	–	29 Oct 03	65,520	\$5.57
W R Batstone	29 Oct 03	74,530	\$5.57	–	–	–
B M Tisher	–	–	–	–	–	–
P J Boyd	–	–	–	6 Nov 01	22,300	\$3.35
P J Boyd	–	–	–	4 Nov 02	88,200	\$4.12
P J Boyd	–	–	–	29 Oct 03	30,000	\$5.57
E S Severin	–	–	–	–	–	–
K M Barton	–	–	–	–	–	–
M B Scobie	–	–	–	29 Oct 03	52,624	\$5.57
R J Town	29 Oct 03	43,384	\$5.57	–	–	–
A I Warburton	–	–	–	29 Oct 03	20,000	\$5.57

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

29. KEY MANAGEMENT PERSONNEL DISCLOSURES (Continued)

EQUITY INSTRUMENTS (Continued)

(iii) Share Acquisition Rights

The number of Share Acquisition Rights (SAR) in the Company held during the financial year by each Director of the Company and each of the key management personnel of the Group are set out below:

	Balance at 1 July 2007 Number	SAR granted during the year Number	Exercised during the year Number	Lapsed/ cancelled during the year Number	Balance at 30 June 2008 Number	SAR vested at 30 June 2008 Number
30 June 2008						
Director of Boral Limited						
R T Pearse	367,036	–	–	–	367,036	–
Executives						
J M Douglas	47,410	26,825	–	–	74,235	–
P J Jobe	60,936	28,185	–	–	89,121	–
K A Mitchelhill	56,463	25,269	–	–	81,732	–
W R Batstone	54,532	24,481	–	–	79,013	–
B M Tisher	38,232	18,012	–	(11,080)	45,164	–
E S Severin	81,528	36,082	–	–	117,610	–
K M Barton	52,119	25,269	–	–	77,388	–
M B Scobie	41,016	17,579	–	–	58,595	–
R J Town	34,631	15,788	–	–	50,419	–
A I Warburton	15,980	9,119	–	–	25,099	–
30 June 2007						
Director of Boral Limited						
R T Pearse	367,036	–	–	–	367,036	–
Executives						
J M Douglas	25,787	21,623	–	–	47,410	–
P J Jobe	36,839	24,097	–	–	60,936	–
K A Mitchelhill	35,179	21,284	–	–	56,463	–
W R Batstone	34,067	20,465	–	–	54,532	–
B M Tisher	24,066	14,166	–	–	38,232	–
P J Boyd	25,325	17,066	–	–	42,391	–
E S Severin	49,543	31,985	–	–	81,528	–
K M Barton	31,019	21,100	–	–	52,119	–
M B Scobie	25,901	15,115	–	–	41,016	–
R J Town	21,433	13,198	–	–	34,631	–
A I Warburton	10,076	5,904	–	–	15,980	–

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

29. KEY MANAGEMENT PERSONNEL DISCLOSURES (Continued)

EQUITY INSTRUMENTS (Continued)

(iv) Share holdings

The number of shares held in the Company during the financial year by each Director of the Company and each of the key management personnel of the Group, including their personally related entities, are set out below:

	Balance at 1 July 2007 Number	Received during the year on the exercise of options Number	Allocation in Non Executive Directors' Share Plan ^a Number	Other changes during the year Number	Balance at 30 June 2008 Number
30 June 2008					
Directors of Boral Limited					
E A Alexander	20,198	–	6,819	791	27,808
J B Clark	11,965	–	1,163	44,114	57,242
E J Cloney	36,100	–	1,942	73	38,115
R L Every	–	–	569	13,004	13,573
R A Longes	16,310	–	1,850	394	18,554
K J Moss	31,780	–	5,649	10,000	47,429
M R Rayner ^b	48,056	–	827	–	48,883
J R Williams	62,576	–	1,850	3,247	67,673
R T Pearse	3,903,301	–	–	197,877	4,101,178

^a Directors will only be entitled to a transfer of the shares in accordance with the terms and conditions of the plan.

^b Mr Rayner retired from the Board on 29 October 2007.

	Balance at 1 July 2006 Number	Received during the year on the exercise of options Number	Allocation in Non Executive Directors' Share Plan ^a Number	Other changes during the year Number	Balance at 30 June 2007 Number
30 June 2007					
Directors of Boral Limited					
E A Alexander	17,952	–	1,560	686	20,198
J B Clark	–	–	–	11,965	11,965
E J Cloney	34,476	–	1,560	64	36,100
R A Longes	14,559	–	1,487	264	16,310
K J Moss	27,955	–	3,825	–	31,780
M R Rayner	46,569	–	1,487	–	48,056
J R Williams	38,843	–	1,487	22,246	62,576
R T Pearse	3,509,556	392,000	–	1,745	3,903,301

^a Directors will only be entitled to a transfer of the shares in accordance with the terms and conditions of the plan.

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

29. KEY MANAGEMENT PERSONNEL DISCLOSURES (Continued)

EQUITY INSTRUMENTS (Continued)

(iv) Share holdings (Continued)

30 June 2008	Balance at 1 July 2007 Number	Received during the year on the exercise of options Number	Other changes during the year Number	Balance at 30 June 2008 Number
Executives				
J M Douglas	126,032	–	–	126,032
P J Jobe	145,154	–	176,500	321,654
K A Mitchelhill	160,500	–	–	160,500
W R Batstone	685,691	74,530	–	760,221
B M Tisher	420,147	–	(80,608)	339,539
E S Severin	239,700	–	–	239,700
K M Barton	204,712	–	59	204,771
M B Scobie	12,367	–	–	12,367
R J Town	187,856	43,384	–	231,240
A I Warburton	22,150	–	16,000	38,150

30 June 2007	Balance at 1 July 2006 Number	Received during the year on the exercise of options Number	Other changes during the year Number	Balance at 30 June 2007 Number
Executives				
J M Douglas	96,184	29,848	–	126,032
P J Jobe	63,394	232,260	(150,500)	145,154
K A Mitchelhill	166,500	65,520	(71,520)	160,500
W R Batstone	685,691	–	–	685,691
B M Tisher	499,655	–	(79,508)	420,147
P J Boyd	63,260	140,500	(55,000)	148,760
E S Severin	239,700	–	–	239,700
K M Barton	204,661	–	51	204,712
M B Scobie	12,367	52,624	(52,624)	12,367
R J Town	187,856	–	–	187,856
A I Warburton	2,150	20,000	–	22,150

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

	CONSOLIDATED		BORAL LIMITED	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
30. AUDITORS' REMUNERATION				
Audit services:				
KPMG Australia – audit and review of financial reports	1,390	1,262	285	204
Overseas KPMG firms – audit and review of financial reports	500	418	–	–
KPMG Australia – other regulatory audits and advice	–	9	–	3
	1,890	1,689	285	207
Other services:				
KPMG Australia – other assurance services	97	77	32	52
KPMG Australia – taxation services	90	133	–	–
Overseas KPMG firms – other assurance services	6	–	–	–
Overseas KPMG firms – acquisition services	55	114	–	–
Overseas KPMG firms – taxation services	199	246	–	–
	447	570	32	52
	2,337	2,259	317	259

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

31. ACQUISITIONS

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

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

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

Assets and liabilities acquired are as follows:

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

	CONSOLIDATED		BORAL LIMITED	
	2008 \$ millions	2007 \$ millions	2008 \$ millions	2007 \$ millions
Total purchase consideration	<u>101.2</u>	11.2	–	–

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

32. CONTROLLED ENTITIES

	Country of incorporation	BENEFICIAL OWNERSHIP BY		BENEFICIAL OWNERSHIP BY	
		Consolidated Entity 2008 %	Boral Limited 2008 %	Consolidated Entity 2007 %	Boral Limited 2007 %
The financial statements of the following entities have been consolidated to determine the results of the consolidated entity.					
Boral Limited	Australia				
Erinbrook Pty Ltd (in liquidation)	Australia	100	100	100	100
Hi-Quality Concrete Industries Pty Ltd (in liquidation)	Australia	100	100	100	100
Blue Circle Southern Cement Ltd > *	Australia	100	100	100	100
Trisamba Pty Ltd (in liquidation)	Australia	100		100	
Mainland Cement Pty Ltd (in liquidation)	Australia	100		100	
Barnu Pty Ltd *	Australia	100		100	
Boral Building Materials Pty Ltd > *	Australia	100	100	100	100
Boral International Pty Ltd > *	Australia	100		100	
Pt Jaya Readymix	Indonesia	90		90	
PT Pion Quarry Nusantara	Indonesia	100		100	
PT Boral Pipe and Precast Indonesia **	Indonesia	100		100	
PT Boral Indonesia	Indonesia	100		100	
MJI (Thailand) Ltd	Thailand	100		100	
Boral Concrete (Thailand) Ltd	Thailand	100		100	
Boral Quarry Products (Thailand) Ltd	Thailand	100		100	
Ratchiburi Enterprise Company Ltd	Thailand	100		100	
Boral International Holdings Inc.	USA	100		100	
Boral Asia Pacific Pte Ltd	Singapore	100		100	
Boral Building Services Pte Ltd	Singapore	100		100	
Boral Construction Materials LLC	USA	100		100	
Ready Mixed Concrete Company	USA	100		100	
Boral Best Block LLC	USA	100		100	
Sprat-Platte Ranch Co. LLLP	USA	100		100	
Aggregate Investments LLC	USA	100		100	
BCM Oklahoma LLC ***	USA	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	
United States Tile Co.	USA	100		100	
Boral Tile LLC	USA	100		100	
Boral Bricks Inc.	USA	100		100	
Boral Bricks Holdings Inc.	USA	100		100	
Boral Bricks of Texas LP	USA	100		100	
Savannah Classics LLC ****	USA	–		66.7	
Boral Benefits Management Inc.	USA	89.47		89.47	
Boral Composites Inc.	USA	100		100	
Boral Material Technologies Inc.	USA	100		100	
WAC Holdings Inc. ****	USA	–		100	
BMT Holdings Inc.	USA	100		100	
Boral Material Technologies of Texas LP	USA	100		100	
Boral (UK) Ltd	UK	100		100	
Boral Investments Ltd	Jersey	100		100	
Boral Investments BV	Netherlands	100		100	
Boral Industrie GmbH	Germany	100		100	
Boral Keramik Wand Und Boden GmbH	Germany	100		100	

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

32. CONTROLLED ENTITIES (Continued)

The financial statements of the following entities have been consolidated to determine the results of the consolidated entity.	Country of incorporation	BENEFICIAL OWNERSHIP BY		BENEFICIAL OWNERSHIP BY	
		Consolidated Entity 2008 %	Boral Limited 2008 %	Consolidated Entity 2007 %	Boral Limited 2007 %
Boral Mecklenburger Ziegel GmbH	Germany	100		100	
Boral Industries Ltd	NZ	100		100	
Boral Building Products (NZ) Ltd	NZ	100		100	
Boral Australian Gypsum Ltd > *	Australia	100		100	
Waratah Gypsum Pty Ltd (in liquidation)	Australia	100		100	
Boral Plaster Fixing Pty Ltd *	Australia	100		100	
Lympike Pty Ltd * <	Australia	100		100	
Boral Investments Pty Ltd > *	Australia	100	100	100	100
Boral Construction Materials Ltd > *	Australia	100		100	
Boral Resources (WA) Ltd > *	Australia	100		100	
Boral Contracting Pty Ltd *	Australia	100		100	
Go Crete Pty Ltd > * <	Australia	100		100	
Boral Resources (Vic) Pty Ltd > *	Australia	100		100	
Bayview Quarries Pty Ltd *	Australia	100		100	
Miners Rest Quarries Pty Ltd (in liquidation)	Australia	100		100	
Boral Resources (Qld) Pty Ltd > *	Australia	100		100	
Ramsay Dredging Co Pty Ltd (in liquidation)	Australia	100		100	
Australian Chemical Company Pty Ltd (in liquidation)	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	
Giroto Precast Pty Ltd	Australia	80		80	
Boral Construction Materials Group Ltd > *	Australia	100		100	
Concrite Pty Ltd > *	Australia	100		100	
Concrite Holdings Pty Ltd (in liquidation)	Australia	100		100	
Contest Pty Ltd (in liquidation)	Australia	100		100	
Citywide Ready Mixed Concrete Pty Ltd (in liquidation)	Australia	100		100	
Boral Resources (SA) Ltd > *	Australia	100		100	
Bitumax Pty Ltd > *	Australia	100		100	
Road Surfaces Group Pty Ltd > *	Australia	100		100	
Boral Formwork and Scaffolding Pty Ltd > *	Australia	100		100	
Alsafe Premix Concrete Pty Ltd > *	Australia	100		100	
Boral Transport Ltd > *	Australia	100		100	
Leo N. Dunn & Sons Pty Ltd * <	Australia	100		100	
Haxton Haulage Pty Ltd (in liquidation)	Australia	100		100	
Boral Corporate Services Pty Ltd	Australia	100		100	
Bitupave Ltd > *	Australia	100		100	
Boral Resources (Country) Pty Ltd > *	Australia	100		100	
BR Tiles Pty Ltd (in liquidation)	Australia	100		100	
MLOP Pty Ltd (in liquidation)	Australia	100		100	
BEC Pty Ltd (in liquidation)	Australia	100		100	

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

32. CONTROLLED ENTITIES (Continued)

The financial statements of the following entities have been consolidated to determine the results of the consolidated entity.	Country of incorporation	BENEFICIAL OWNERSHIP BY		BENEFICIAL OWNERSHIP BY	
		Consolidated Entity 2008 %	Boral Limited 2008 %	Consolidated Entity 2007 %	Boral Limited 2007 %
Bayview Pty Ltd *	Australia	100		100	
Dandenong Quarries Pty Ltd *	Australia	100		100	
Mavis Properties Pty Ltd (in liquidation)	Australia	100		100	
Mount Lyell Investments Ltd (in liquidation)	Australia	100		100	
Boral Insurance Pty Ltd	Australia	100		100	
Boral Johns Perry Ltd (in liquidation)	Australia	100		100	
Boral Concrete Products Pty Ltd (in liquidation)	Australia	100		100	
Oberon Softwood Holdings Pty Ltd > *	Australia	100		100	
Allen Taylor & Company Ltd > *	Australia	100		100	
Duncan's Holding Ltd > *	Australia	100		100	
Duncan's (Eden) Pty Ltd (in liquidation)	Australia	100		100	
Hérons Creek Timber Mills Pty Ltd (in liquidation)	Australia	100		100	
SPC Timber Ltd (in liquidation)	Australia	100		100	
Brandon Timbers Pty Ltd (in liquidation)	Australia	100		100	
Standard Properties Pty Ltd (in liquidation)	Australia	100		100	
Boral Timber Tasmania Ltd (in liquidation)	Australia	100		100	
Boral Mills Ltd (in liquidation)	Australia	100		100	
Timber Industries Ltd (in liquidation)	Australia	100		100	
Wagga Wagga Holdings Pty Ltd (in liquidation)	Australia	100		100	
Hardy's Properties Pty Ltd (in liquidation)	Australia	100		100	
Hardy's Pty Ltd (in liquidation)	Australia	100		100	
Boral Bricks Pty Ltd > *	Australia	100		100	
Boral Bricks (NSW) Pty Ltd (in liquidation)	Australia	100		100	
Boral Masonry Ltd > *	Australia	100		100	
Boral Hollystone Masonry (South Aust) Pty Ltd > *	Australia	100		100	
EPM Concrete Pty Ltd (in liquidation)	Australia	100		100	
Boral Montoro Pty Ltd > *	Australia	100		100	
Boral Windows Systems Ltd > *	Australia	100		100	
Wunderlich Windows Pty Ltd (in liquidation)	Australia	100		100	
Dowell Australia Ltd (in liquidation)	Australia	100		100	
Boral Windows Pty Ltd (in liquidation)	Australia	100		100	
Sawmillers Exports Pty Ltd > *	Australia	100		100	
Boral Shared Business Services Pty Ltd > *	Australia	100		100	
Boral Building Products Ltd > *	Australia	100		100	
Midland Brick Company Pty Ltd > *	Australia	100		100	
Boral B Products Pty Ltd (in liquidation)	Australia	100		100	
Boral Bricks (Vic) Ltd (in liquidation)	Australia	100		100	

> Granted relief by the Australian Securities and Investments Commission from specified accounting requirements in accordance with Class Order (refer note 35).

* Entered into cross guarantee with Boral Limited (refer note 35).

< New entrant to the cross guarantee with Boral Limited during the year (refer note 35).

** Name changed from PT Rocla Persada Indonesia during the year.

*** Incorporated during the year.

**** Liquidated during the year.

All the shares held by Boral Limited in controlled entities are ordinary shares.

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

33. RELATED PARTY DISCLOSURES

CONTROLLED ENTITIES

Interests held in controlled entities are set out in note 32.

During the year, the Company entered into the following transactions with controlled entities of the Group:

- loans were advanced and repayments received on the intercompany accounts;
- interest was charged on certain intercompany loan account balances;
- management fees were received from controlled entities.

ASSOCIATED ENTITIES

Interests held in associated entities are set out in note 11. 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 COMPANY OR ITS CONTROLLED ENTITIES

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 Senior Executive Option Plan, the Senior Executive Performance Share Plan and the Non-Executive Directors' Share Plan;
- terms and conditions of employment;
- reimbursement of expenses;
- purchases of goods and services.

Ms E A Alexander is a Director of DEXUS Funds Management Limited. During the year, the Group entered transactions, on an arm's length basis, with DEXUS Group for a total price of \$157.7 million for the sale of land and completion of infrastructure works.

Dr R L Every is Deputy Chairman of Wesfarmers Limited. During the year, the Group supplied timber and other products to, and purchased products from, the Wesfarmers Limited Group on terms and conditions no more favourable than those available on an arm's length basis.

Dr K J Moss is Chairman of Centennial Coal Company Limited. During the year, controlled entities of Centennial Coal Company Limited supplied coal to the Group's Berrima and Maldon cement works on terms and conditions no more favourable than those available on an arm's length basis.

Mr R T Pearse is Chairman of Outward Bound Australia. During the year, Boral Limited made payments to Outward Bound Australia principally for the purchase of training courses on terms and conditions no more favourable than those available on an arm's length basis.

Dr J R Williams is a Director of Origin Energy Limited. During the year, the Group purchased energy supplies from controlled entities of Origin Energy Limited on terms and conditions no more favourable than those available on an arm's length basis.

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

	Note	CONSOLIDATED		BORAL LIMITED	
		2008 \$ millions	2007 \$ millions	2008 \$ millions	2007 \$ millions
34. NOTES TO CASH FLOW STATEMENTS					
(i) Cash includes cash on hand, at bank and short term deposits at call, net of outstanding bank overdrafts. Cash as at the end of the financial period as shown in the cash flow statements is reconciled to the related items in the balance sheet as follows:					
Cash and cash equivalents	8	47.4	35.7	1.0	2.9
Bank overdrafts	17	–	(24.3)	(150.9)	(193.0)
		47.4	11.4	(149.9)	(190.1)
(ii) Reconciliation of net profit to net cash provided by operating activities:					
Net profit		242.2	298.1	329.5	292.2
Adjustments to reconcile operating profit to net cash provided by operating activities:					
Depreciation and amortisation		240.2	231.4	35.8	38.1
Write-down of Thailand construction materials goodwill		31.9	–	–	–
Deferred expenditure written off		14.8	27.0	–	–
Transfers to/(from) provisions		2.6	7.0	(0.2)	(1.2)
(Decrease)/increase in deferred taxes		(6.4)	4.3	31.1	36.4
Loss/(gain) on sale of assets		(8.7)	2.3	–	1.3
Tax transfers/controlled entities		–	–	(66.8)	(34.7)
Impairment of other assets		7.1	–	–	–
Loss/(gain) on translation of long-term borrowings		–	–	(102.5)	(112.0)
Non-cash equity income		34.8	(5.7)	–	–
Net cash provided by operating activities before change in assets and liabilities		558.5	564.4	226.9	220.1
Changes in assets and liabilities net of effects from acquisitions/disposals					
– Receivables		(87.8)	(38.6)	(1.7)	(6.4)
– Inventories		39.9	(62.3)	–	–
– Payables		52.5	32.0	9.7	11.9
– Provisions		16.3	23.7	3.2	1.9
– Other		2.4	(37.3)	(39.0)	(30.9)
Net cash provided by operating activities		581.8	481.9	199.1	196.6
(iii) The following non-cash financing and investing activities have not been included in the cash flow statements:					
Dividends reinvested under the dividend reinvestment plan		41.4	53.7	41.4	53.7
(iv) Details of credit standby arrangements and loan facilities are included in note 27.					

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

35. DEED OF CROSS GUARANTEE

The following consolidated income statement and balance sheet comprises the Company and its controlled entities which are party to the Deed of Cross Guarantee (refer note 32), after eliminating all transactions between parties to the Deed.

	CONSOLIDATED	
	2008 \$ millions	2007 \$ millions
INCOME STATEMENT		
Profit before income tax expense	521.0	525.9
Income tax expense	(141.6)	(140.4)
Net profit	379.4	385.5
Retained earnings at the beginning of the year	1,137.1	950.2
Retained earnings of controlled entities added/removed from cross guarantee group	16.2	–
Total available for appropriation	1,532.7	1,335.7
Dividends recognised during the year	(260.8)	(201.9)
Actuarial gain/(loss) on defined benefit plans, net of tax	(8.7)	3.3
Retained earnings at the end of the year	1,263.2	1,137.1

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

35. DEED OF CROSS GUARANTEE (Continued)

	CONSOLIDATED	
	2008 \$ millions	2007 \$ millions
BALANCE SHEET		
CURRENT ASSETS		
Cash and cash equivalents	12.7	1.6
Receivables	754.5	645.1
Inventories	496.4	479.7
Other	36.6	15.7
TOTAL CURRENT ASSETS	1,300.2	1,142.1
NON-CURRENT ASSETS		
Receivables	67.1	61.3
Inventories	59.8	126.4
Investments accounted for using the equity method	228.4	286.7
Other financial assets	2,671.7	2,748.7
Property, plant and equipment	2,547.6	2,414.9
Intangible assets	151.1	156.4
Other	77.1	79.8
TOTAL NON-CURRENT ASSETS	5,802.8	5,874.2
TOTAL ASSETS	7,103.0	7,016.3
CURRENT LIABILITIES		
Payables	1,865.6	1,879.7
Interest bearing loans and borrowings	64.2	41.3
Current tax liabilities	108.4	44.4
Provisions	176.2	171.8
TOTAL CURRENT LIABILITIES	2,214.4	2,137.2
NON-CURRENT LIABILITIES		
Payables	81.0	63.7
Interest bearing loans and borrowings	1,381.2	1,490.4
Deferred tax liabilities	330.6	285.7
Provisions	43.8	39.9
TOTAL NON-CURRENT LIABILITIES	1,836.6	1,879.7
TOTAL LIABILITIES	4,051.0	4,016.9
NET ASSETS	3,052.0	2,999.4
EQUITY		
Issued capital	1,673.1	1,688.1
Reserves	115.7	174.2
Retained earnings	1,263.2	1,137.1
TOTAL EQUITY	3,052.0	2,999.4

Statutory Statements

BORAL LIMITED AND CONTROLLED ENTITIES

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Boral Limited (the "Company"):
 - (a) the financial statements and notes set out on pages 14 to 80 and the Remuneration Report in the Directors' Report, set out on pages 6 to 13, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's and the consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
 - (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1; and
 - (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. There are reasonable grounds to believe that the Company and the controlled entities identified in note 32 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company 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 Officer and Chief Financial Officer for the financial year ended 30 June 2008.

Signed in accordance with a resolution of the Directors:



Kenneth J Moss
Director



Rodney T Pearse
Director

Sydney, 4 September 2008

Statutory Statements

BORAL LIMITED AND CONTROLLED ENTITIES



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 balance sheets as at 30 June 2008, and the income statements, statements of recognised income and expense and cash flow statements for the year ended on that date, a description of significant accounting policies and other explanatory notes 1 to 35 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 and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1, the Directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report, comprising the financial statements and notes, complies 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 and fair presentation of the financial report 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 (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Company's and the Group's financial position and of their performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's opinion

In our opinion:

- (a) the financial report of Boral Limited is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's and the Group's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) 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 2008. The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

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

KPMG

KPMG

David Rogers
Partner

4 September 2008

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 queries to the share registry via email.

Internet
www.linkmarketservices.com.au

email
registrars@linkmarketservices.com.au

Online Services

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

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

Dividends

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

Dividend Reinvestment Plan (DRP)

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

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

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

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

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

Uncertificated Forms of Shareholding

Two forms of uncertificated holdings are available to Boral shareholders:

Issuer Sponsored Holdings:

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

Broker Sponsored Holdings (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. Broker sponsored (CHESS) shareholders requiring replacement holding statements should contact their controlling participant.

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

Annual Report Mailing List

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

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

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

Change of Address

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

Shareholder Information

BORAL LIMITED AND CONTROLLED ENTITIES

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

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

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

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

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

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

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

Share Trading and Price

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

Share Sale Facility

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

American Depositary Receipts

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

SHARE INFORMATION AS AT 28 AUGUST 2008

Substantial Shareholders

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

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

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

Distribution Schedule of Shareholders

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

Voting Rights - Ordinary Shares

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

On-Market Buy Back

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

Twenty Largest Shareholders

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

Financial History

BORAL LIMITED AND CONTROLLED ENTITIES

as at 30 June	2008	2007	2006	2005	2004	2003	2002	2001	Pro forma*	Pro forma*
	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions	2000	1999
									\$ millions	\$ millions
Revenue	5,199	4,909	4,767	4,305	4,150	3,831	3,489	3,280	4,012	3,914
Earnings before interest, tax, depreciation and amortisation (EBITDA) ¹	688	762	823	794	794	672	531	451	563	569
Depreciation and amortisation	240	231	209	191	195	194	188	189	203	216
Earnings before interest and tax ¹	448	531	614	603	600	478	343	262	360	353
Goodwill write-down	(32)	–	–	–	–	–	–	–	–	–
Profit/(loss) from disposal of businesses	–	–	–	–	–	–	–	39	(33)	–
Profit before interest and tax	416	531	614	603	600	478	343	301	327	353
Net financing costs	(112)	(111)	(98)	(71)	(66)	(68)	(63)	(70)	(90)	(120)
Profit before tax	304	420	516	532	534	410	280	232	238	233
Income tax expense ¹	(62)	(122)	(153)	(162)	(163)	(126)	(87)	(78)	(70)	(87)
Minority interests	1	–	–	(1)	(1)	(1)	–	–	–	3
Net profit attributable to members of Boral Limited	243	298	362	370	370	283	192	153	169	150
Total assets	5,895	5,817	5,587	5,001	4,511	4,038	3,915	3,950	3,873	4,172
Total liabilities	2,985	2,829	2,832	2,594	2,151	1,898	1,966	2,096	2,096	2,455
Net assets	2,910	2,987	2,755	2,407	2,360	2,140	1,950	1,855	1,777	1,717
Shareholders' funds	2,910	2,987	2,755	2,407	2,360	2,140	1,950	1,855	1,777	1,717
Dividends paid or declared	202	203	200	197	175	133	109	102	102	102
Statistics										
Dividend per ordinary share	34c	34c	34c	34c	30c	23c	19c	18c	18c	18c
Dividend payout ratio	83%	68%	55%	53%	47%	47%	57%	67%	61%	68%
Dividend cover	1.2	1.5	1.8	1.9	2.1	2.1	1.8	1.5	1.7	1.5
Earnings per ordinary share ¹	41.4c	50.0c	61.7c	63.4c	63.8c	49.1c	33.7c	27.0c	29.7c	26.3c
Return on equity ¹	8.5%	10.0%	13.2%	15.4%	15.7%	13.2%	9.9%	8.3%	9.5%	8.7%
EBIT to sales ¹	8.6%	10.8%	12.9%	14.0%	14.4%	12.5%	9.8%	8.0%	9.0%	9.0%
EBIT to funds employed ¹	10.1%	11.9%	14.2%	15.9%	18.2%	16.4%	12.1%	9.2%	13.2%	11.2%
Net interest cover (times) ¹	4.0	4.8	6.3	8.5	9.1	7.1	5.4	4.3	3.7	2.9
Gearing (net debt to equity)	52%	50%	57%	58%	40%	36%	45%	53%	54%	83%
Gearing (net debt to net debt plus equity)	34%	33%	36%	37%	28%	26%	31%	35%	35%	45%
Net tangible asset backing per share	\$4.41	\$4.41	\$4.07	\$3.57	\$3.65	\$3.27	\$3.02	\$2.89	\$2.78	\$2.62

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

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

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

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

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