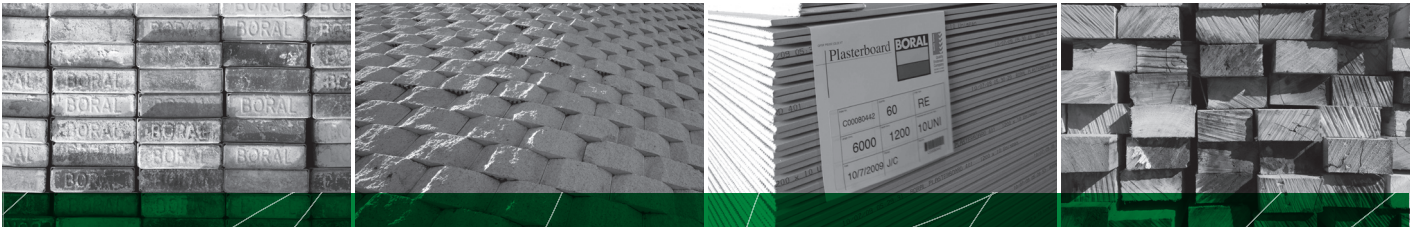


Boral



In response to the market downturn,
we are focused on lifting performance in the short-term
and better positioning Boral for the long-term



Boral Limited Financial Review 2009



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The Annual General Meeting of Boral Limited will be held at the City Recital Hall, Angel Place, Sydney on Wednesday 28 October 2009 at 10.30am.

Financial calendar*

Ex dividend share trading commences	24 August 2009
Record date for final dividend	28 August 2009
Final dividend payable	28 September 2009
Annual General Meeting	28 October 2009
Half year	31 December 2009
Half year profit announcement	10 February 2010
Ex dividend share trading commences	17 February 2010
Record date for interim dividend	23 February 2010
Interim dividend payable	23 March 2010
Year end	30 June 2010

* 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 ("Company") report on the consolidated entity, being the Company and its controlled entities ("Boral"), for the financial year ended 30 June 2009:

(1) Review of operations

A review of the operations of Boral during the year and the results of those operations are contained in the Chairman's Review and Managing Director's Review on pages 4 to 8 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 Chief Executive Officer and Managing Director, Mr Rodney T Pearse, announced his intention to retire at the end of 2009;
- the sale of Boral's 17.6% shareholding in Adelaide Brighton Limited (ABL) realising a profit of \$38.3 million (\$26.8 million after tax); and
- significant items having a net after tax impact of \$10.8 million. The favourable items comprise the profit on the sale of the ABL shares mentioned above and a \$64.3 million reduction in provisions as a result of the resolution of a number of long standing tax disputes in Australia and the USA. These amounts offset adverse items totalling \$80.4 million (\$63.4 million after tax) comprising impairment charges for goodwill in construction materials operations in the USA, write-downs for idle brick production assets in Australia and the USA and land and capitalised project costs in Australia and Asia, and an expense of \$27.2 million (\$16.9 million after tax) recognised in connection with an onerous contract relating to the purchase of fly ash in Florida.

(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:

- Boral's operations in future financial years; or
- the results of those operations in future financial years; or
- Boral's state of affairs in future financial years.

(5) Future developments and results

Other than matters referred to under the heading "Outlook" in the Managing Director's Review on page 7 of the Annual Review, the Directors have no comments to make on likely developments in Boral's operations in future financial years and the expected results of those operations.

(6) Environmental performance

Details of Boral's performance in relation to environmental regulation are set out under Environment on pages 18 to 23 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:

- the operations of Boral; and
- the financial position of Boral, and
- Boral's business strategies and its prospects for future financial years.

(8) Dividends paid or resolved to be paid

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 2008 was paid on 18 September 2008	99.6
The interim dividend of 7.5 cents per ordinary share (fully franked at the 30% corporate tax rate) for the year was paid on 3 April 2009	44.0

The Directors have resolved to pay a final dividend of 5.5 cents per ordinary share (fully franked at the 30% corporate tax rate) for the year. The dividend will be paid on 28 September 2009.

(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	Paul A Rayner
Robert L Every	J Roland Williams
Richard A Longes	

All of those persons, other than Mr Rayner and Ms Alexander, have been Directors at all times during and since the end of the year. Mr Rayner was appointed a Director on 5 September 2008 and has been a Director at all times since that date. Ms Alexander was a Director from 1 July 2008 to 24 October 2008, on which date she 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 as follows:

Directors' Report continued

Tranche	Grant date	Expiry date	Exercise price	Balance at	Options	Options	Shares issued	Options at end of year	
				beginning of year	issued during the year	lapsed 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	143,000	–	–	–	143,000	143,000
(xiii)	29/10/2003	29/10/2010	\$5.57	2,614,428	–	149,456	21,692	2,443,280	625,371
(xiv)	29/10/2004	29/10/2011	\$6.60	1,949,700	–	55,400	–	1,894,300	–
(xv)	31/10/2005	31/10/2012	\$7.70	3,195,000	–	81,000	–	3,114,000	–
(xvi)	06/11/2006	06/11/2013	\$7.32	4,580,900	–	94,900	–	4,486,000	–
(xvii)	06/11/2007	06/11/2014	\$6.83	5,938,700	–	84,300	–	5,854,400	–
				18,421,728		465,056	21,692	17,934,980	768,371

The options referred to above were held by 169 persons.

Since the end of the year, the Company has issued a further 77,500 ordinary shares at the price of \$4.12 each as a result of the exercise of options in Tranche (xii).

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

(11) Indemnities and insurance for officers and auditors

Under its Constitution, the Company indemnifies, to the extent permitted by law, each Director and Secretary of the Company against any liability (including the costs and expenses of defending actions for an actual or alleged liability) incurred by that person as an officer of the Company or a subsidiary of the Company. The Directors listed on page 30 of the Annual Review and the Company Secretary, Margaret Taylor, have the benefit of the indemnity in the Constitution.

In addition, each of the Directors who held office during the year has entered into a Deed of Indemnity, Insurance and Access with the Company, as approved by the Board, which provides for indemnification consistent with that provided under the Constitution.

No amount has been paid under any of these indemnities during the 2008/09 year or since then to the date of this Report.

(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 30 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 financial year and the period for which such directorships has been held are:

Brian Clark

AMP Limited from January 2008 (current)

John Cloney

QBE Insurance Group Limited from 1981 (current)

Bob Every

Iluka Resources Limited from March 2004 (current)

Sims Group Limited from October 2005 to November 2007

Wesfarmers Limited from February 2006 (current)

Richard Longes

Austbrokers Holdings Limited from November 2005 (current)

Metcash Limited from April 2005 (current)

Viridis Investment Management Limited from September 2005 to August 2007

Ken 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 to September 2008

Paul Rayner

British American Tobacco plc from January 2002 to April 2008

Centrica plc from September 2004 (current)

Qantas Airways Limited from 2008 (current)

Rodney Pearse

Nil

Roland Williams

Origin Energy Limited from 2000 (current)

Directors' Report continued

(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
Elizabeth Alexander	3	3	2	2	–	–
Brian Clark	11	11	–	–	6	5
John Cloney	11	8	–	–	6	6
Bob Every	11	11	–	–	6	6
Richard Longes	11	11	5	4	–	–
Kenneth Moss	11	11	–	–	6	6
Rodney Pearse	11	11	–	–	–	–
Paul Rayner	9	9	3	3	–	–
Roland Williams	11	10	5	5	–	–

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, Margaret Taylor, are set out on page 9 of the Annual Review.

(15) Directors' shareholdings

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

	Shares	Non-Executive Directors' Share Plan ^a	Options and Share Acquisition Rights (SARs)
Brian Clark	59,473	4,441	–
John Cloney	14,614	27,027	–
Bob Every	13,004	3,847	–
Richard Longes	13,994	8,453	–
Kenneth Moss	31,000	33,328	–
Rodney Pearse	4,103,555	–	b
Paul Rayner	6,179	1,491	–
Roland Williams	52,512	22,430	–

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

- Brian Clark, 40,096 shares are held by UBS Wealth Management Australia Nominees Pty Limited – <Brian & Sandra S/F A/C> and 18,037 shares are held by UBS Wealth Management Australia Nominees Pty Limited – JBC Investment Holdings Pty Ltd <Clark Family A/C>;
- John Cloney, 534 shares are held by Lizzey Investments Pty Limited and 12,500 shares are held by Cloney Superannuation Fund;
- Richard Longes, 10,000 shares are held by Gemnet Pty Limited for Richard Longes Superannuation Fund;
- Kenneth Moss, 31,000 shares are held by K J and G A Moss; and
- Rodney Pearse, 44,016 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.

Directors' Report continued

a Shares in the Company allocated to the Director's account in the Non-Executive Directors' Share Plan. Directors will only be entitled to a transfer of the shares in accordance with the terms and conditions of the Plan. Details of the shares allocated to non-executive Directors during the financial year are set out below:

	Number of shares allocated ¹
Elizabeth Alexander	9,490
Brian Clark	3,278
John Cloney	3,441
Robert Every	3,278
Richard Longes	3,278
Kenneth Moss	16,899
Paul Rayner	1,491
Roland Williams	3,279

¹ Shares were allocated in two tranches – one tranche on 20 August 2008 (at a price of \$6.00) and the other tranche on 17 February 2009 (at a price of \$3.08).

b Options and SARs held by Mr Pearse are:

Number of Options	Expiry date	Exercise price
308,000	29 October 2010	\$5.57
350,000	29 October 2011	\$6.60
939,800	31 October 2012	\$7.70
2,083,300	06 November 2013	\$7.32
2,694,000	06 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 vest only to the extent to which the performance hurdle, which is measured by comparing the TSR of the Company to the TSR of the companies comprising the S&P/ASX 100 during the vesting period, is satisfied.

(16) No officers are former auditors

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

(17) Non-audit services

Amounts paid or payable to Boral's auditor, KPMG, for non-audit services provided during the year by KPMG totalled \$420,000. These services consisted of:

Taxation compliance/advisory services in Australia	\$74,000
Taxation compliance/advisory services/assurance related services in jurisdictions other than in Australia	\$189,000
Assurance related services	\$157,000

Fees for audit and audit related services during the year totalled \$1,969,000. In accordance with advice from the Company's Audit Committee, Directors are satisfied that the provision of the above non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. Also in accordance with advice from the Audit Committee, Directors are satisfied that the provision of those non-audit services, during the year, by the auditor did not compromise the auditor independence requirements of the *Corporations Act 2001* because:

- Directors are not aware of any reason to question the auditor's independence declaration under section 307C of the *Corporations Act 2001*;
- the 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 22 and forms part of this report.

(20) Proceedings on behalf of the Company

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

Directors' Report continued



(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, 11 September 2009

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 2009, 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

David Rogers, PARTNER

Sydney, 11 September 2009

Remuneration Report

Message from the Board

During the year, the Board undertook a fundamental review of Boral's remuneration policies and practices. The review included an independent assessment commissioned by the Remuneration Committee and was carried out with input from Ernst & Young over a five month period.

Shareholder concerns that were expressed at the 2008 Annual General Meeting about Boral's remuneration practices were considered as part of the review, together with feedback obtained through a comprehensive stakeholder engagement program undertaken subsequent to the Annual General Meeting.

The stakeholder engagement program involved members of the Remuneration Committee, other Directors of the Board and members of management meeting with representatives of retail and institutional investors and governance advisory firms. This process allowed a broad range of views to be taken into consideration by the Board in setting the standards against which to move forward.

The Board is grateful for the input received from Boral's shareholders. Your input is important to us and has helped to shape our decision-making.

We have worked to balance the needs and expectations of our stakeholders with the need to remunerate our people appropriately in a competitive marketplace. Our remuneration policies and practices are focused on linking performance and reward while taking into consideration the particular challenges that face companies, such as Boral, in cyclical industries.

We have modified the format of this year's Remuneration Report to communicate better our approach to remuneration, the changes that have been made as part of the review and the 2009 remuneration outcomes.

We commend Boral's 2009 Remuneration Report to you.

Yours sincerely,



Ken Moss
Chairman of the Board



Brian Clark
Chairman of the Remuneration Committee

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Remuneration Report continued

2009 Remuneration in Brief

The Board is committed to clear and transparent disclosure of the Company's remuneration arrangements. This remuneration snapshot sets out the key details regarding director and senior executive remuneration for 2009 for shareholders. The full Remuneration Report provides greater detail regarding the remuneration structures, decisions and outcomes for Boral in 2009.

A number of key actions occurred during the year which have had a significant impact on Boral's remuneration structure and outcomes for 2009, and will continue to do so in 2010 and future years. In particular:

- a comprehensive review of Boral's executive remuneration structure was undertaken in response to concerns expressed by shareholders at the 2008 Annual General Meeting;
- as a result of this review a number of changes were made to Boral's remuneration policy and practices;
- the economic instability in 2008/09 impacted financial performance and reinforced the need for the Board to strike a balance between motivating and rewarding executives, and exercising appropriate restraint. The Board has made a number of tough remuneration decisions in consultation with management aimed at preserving shareholder value in this difficult economic climate; and
- the announcement of Mr Rod Pearse's retirement as Chief Executive Officer (CEO) with effect from 31 December 2009. The Board expects to announce a successor to Mr Pearse prior to the Annual General Meeting on 28 October 2009.

Each of these changes is highlighted below, and is discussed in detail in the full Remuneration Report.

Remuneration review and restraint

Following the 2008 Annual General Meeting, the Board commenced its review of Boral's executive remuneration strategy and structure with the assistance of independent advisers Ernst & Young. This review process included extensive consultation with stakeholders, including representatives of retail and institutional investors and governance advisory firms.

The aim of the review was to ensure that Boral's remuneration structure adheres to good governance standards and reflects the industry and markets within which Boral operates.

A number of recommendations were proposed to more closely align Boral's remuneration arrangements with the expectations of shareholders and corporate governance bodies. Recommendations that have been endorsed by the Board include:

- adopting a revised comparator group for benchmarking the CEO's remuneration package which includes companies of similar size and industry to Boral;
- developing a CEO contract which reflects current best practice in terms of employment arrangements and remuneration structure;
- significantly reducing the number of re-test opportunities under the long term incentive (LTI) plan so that each grant of rights or options will only be available for vesting on three dates (reflecting performance periods of three, five and seven years); and
- adopting a stricter change of control provision in the LTI plan which only allows for waiver of the service condition where more than 50% of the Company's shares are acquired. Vesting will only occur where the performance hurdle has been met.

In addition, specific remuneration initiatives were implemented during the course of the year in response to shareholder concerns and the difficult economic conditions impacting Boral's profitability. These demonstrate restraint in executive remuneration and include:

- a salary "freeze" for the CEO, Management Committee and other senior executives from 1 September 2008 (when the 2007/08 adjustments took effect) to September 2010;
- the CEO and Management Committee volunteering to forgo short term incentive (STI) entitlements for the 2008/09 financial year – despite their contractual entitlement to receive an STI award; and
- a "freeze" on Directors' fees from July 2008 to July 2010.

These actions demonstrate the Board's and management's commitment to exercising restraint on remuneration in challenging conditions, and to lead by example.

Remuneration Report continued

CEO and Board transition

On 25 June 2009, Mr Rod Pearse announced he will be retiring on 31 December 2009 after 10 years as CEO and 15 years with Boral.

Details of Mr Pearse's retirement arrangements are set out in the full Remuneration Report. Shareholders approved the payment of termination benefits to Mr Pearse at the 2004 Annual General Meeting. Mr Pearse has elected to limit his STI entitlement for the 2009/10 year by forgoing the component of his STI related to his financial objective (which accounts for 67% of this incentive). This will also reduce his approved end of term restraint payment to a level significantly lower than would be his likely entitlement under his contract.

The remuneration arrangements for the new CEO will differ from those in place for Mr Pearse, both as a result of recommendations made through the remuneration review and in light of developments in corporate governance and market practice since the Company entered into the service agreement with Mr Pearse in 2004. Remuneration arrangements for the new CEO will be disclosed when an appointment is made.

To ensure stability during the CEO transition period, it is intended that Dr Ken Moss will continue as Boral's Chairman until May 2010 subject to his re-election. Dr Bob Every has been appointed Deputy Chair and will assume the role of Chairman when Dr Moss retires.

Remuneration outcomes for CEO and senior executives

Details of the CEO and Management Committee remuneration, prepared in accordance with statutory obligations and accounting standards, are contained on page 21 of the Remuneration Report.

The table below sets out the cash and other benefits actually received by the CEO and Management Committee in the 2008/09 financial year.

In particular, the table below highlights:

- the decision by the CEO and Management Committee to forgo their STI entitlements for the 2008/09 financial year; and
- the fact that no value was derived in 2008/09 through the exercising of options or vesting of rights.

The cash and other benefits actually received by the CEO and Management Committee in 2008/09 are substantially lower than the amounts shown in the remuneration table on page 21 of the Remuneration Report. This is because the

full remuneration table includes amounts in respect of a number of benefits which did not deliver value to executives in 2008/09. For example, it includes accounting values for current and prior years' LTI grants which have not been and may never be realised as they are dependent on the market-based performance hurdles being met. Similarly, the full remuneration table includes a number of benefits in relation to the current CEO which have been expensed in the 2008/09 year according to accounting standards, including additional amortisation charges for share-based payments brought forward and an accrual for the end of service payment.

The cash and other benefits of \$3,018,300 actually received by the CEO in 2008/09 are 40% lower than that received in 2007/08.

A\$'000s	Fixed	STI	LTI	Other ^a	Total
Rod Pearse	2,958.3	0	0	60.0	3,018.3
John Douglas	822.7	0	0	32.5	855.2
Mike Beardsell (from 9 April 2009)	142.0	0	0	6.6	148.6
Warren Davison (from 9 April 2009)	114.7	0	0	1.9	116.6
Nick Clark (from 1 February 2009)	227.9	0	0	3.7	231.6
Ross Batstone	735.6	0	0	29.5	765.1
Bryan Tisher	605.0	0	0	9.9	614.9
Emery Severin	894.6	0	0	648.3	1,542.9
Ken Barton	801.4	0	0	32.1	833.5
Margaret Taylor (from 17 November 2008)	312.5	0	0	16.9	329.4
Robin Town	544.0	0	0	26.8	570.8
Andrew Warburton	481.7	0	0	26.8	508.5

^a Other includes parking, long service leave accruals and expatriate costs.

Remuneration Report continued

1 Introduction

The Directors of Boral Limited present the Remuneration Report for the Company and its controlled entities for the year ended 30 June 2009. This Remuneration Report forms part of the Directors' Report and has been audited in accordance with the Corporations Act 2001.

The Remuneration Report sets out remuneration information for the Company's non-executive Directors, CEO and Management Committee, who are the key people accountable for planning, directing and controlling the affairs of the Company and its controlled entities. They include the five highest remunerated executives of the Company and Group for the 2008/09 financial year.

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

Non-executive Directors	
Ken Moss	Chairman
Bob Every	Deputy Chairman
Brian Clark	Director
John Cloney	Director
Richard Longes	Director
Paul Rayner	Director
Roland Williams	Director

Management Committee (including Chief Executive Officer)

Rod Pearse	CEO and Managing Director
John Douglas	EGM Australian Construction Materials
Mike Beardsell	EGM Cement
Warren Davison	EGM Construction Related Businesses
Nick Clark	EGM Clay & Concrete Products
Ross Batstone	EGM Plasterboard
Bryan Tisher	EGM Timber
Emery Severin	President Boral Industries USA
Ken Barton	Chief Financial Officer
Margaret Taylor	General Counsel & Company Secretary
Robin Town	GM Human Resources
Andrew Warburton	GM Corporate Development

During the 2008/09 year, the Remuneration Committee comprised four independent non-executive Directors – John Cloney (Committee Chairman), Ken Moss, Brian Clark and Bob Every. On 27 July 2009, Dr Brian Clark was appointed Chairman of the Remuneration Committee.

2 Key Issues and Changes for 2009

Remuneration Outcomes in an Economic Downturn

In response to the sustained economic downturn and shareholder concerns, the Board and management made a number of significant remuneration decisions during the year to protect shareholder value.

The CEO led by example in prioritising shareholder interests by volunteering to forgo his STI and electing to take a salary freeze. Non-executive Directors have also elected a fee freeze for 2009/10. The Management Committee also agreed to forgo their entitlement to STI and to take a salary freeze.

Additional measures were taken for other senior executives and salaried staff. These actions reflect the commitment of the Board and of management to exercising appropriate restraint in the market downturn.

The increase in fixed remuneration for the CEO and Management Committee in this year's Remuneration Report reflects the annual salary review that took place in September 2008. This occurred prior to the 2008 Annual General Meeting and prior to the full extent of the market downturn being known. The salary and non-executive director fee freezes will result in no general increases occurring between September 2008 and July 2010.

Changes	Who is affected?	Comment
Freeze fixed remuneration	Current CEO Management Committee Non-executive Directors Other executives	There will be no increase in fees/fixed remuneration for the 2009/10 financial year for: <ul style="list-style-type: none"> • Non-executive Directors; • the CEO; • Management Committee members; • other senior executives (approximately 140). Fixed remuneration increases for other salaried employees in Australia and the USA (approximately 4,500 people) will be capped at 2.5% in the 2009/10 year.
STI forgone for 2008/09	CEO Management Committee	CEO and all members of the Management Committee have agreed to forgo their STI entitlements for 2008/09.

Remuneration Report continued

CEO Remuneration Structure and Contract Terms

On 25 June 2009, Boral's CEO, Mr Rod Pearse, indicated he will retire on 31 December 2009 at the end of his current contract. His current five year contract followed his initial five year contract as CEO and Managing Director which commenced in January 2000.

The current CEO's contract was put in place in 2004 with several major elements approved by shareholders at the 2004 AGM. It remains in place until 31 December 2009.

Contract terms and conditions for the new CEO will be outlined in an announcement to the ASX when an appointment is made.

In setting contract terms for a new CEO, the Board has taken into account the views expressed by shareholders, governance bodies and other stakeholders.

A new benchmark comparator group has been established against which to set and review the CEO's fixed and variable remuneration. This comparator group is more closely aligned to Boral's current market position, being selected from companies within a range of Boral's market capitalisation.

The duration of the CEO's contract has been carefully considered by the Board. It is considered that a more contemporary approach is required and accordingly a rolling 12 month contract will be adopted for the new CEO which provides increased flexibility compared to the five year fixed contract in place for the current CEO.

The Board has also considered the issue of termination payments. In particular, the Board recognised that the 15 month non-compete payment that forms part of the current CEO's post-employment arrangements is not consistent with current expectations regarding termination arrangements (even though it was approved by shareholders at the 2004 AGM).

Accordingly, the new CEO will not receive a restraint payment as part of any post-employment arrangements. Termination entitlements, will vary depending on the circumstances in which termination occurs and will be set having regard to current market practice and expectations.

Changes	Who is affected?	Comment
Benchmark group for setting/reviewing remuneration	New CEO	The group includes companies from the Industrials and Materials sectors of the ASX 200 with a 12 month moving average market capitalisation between 33% and 300% of Boral's market capitalisation and with annual revenue between 33% and 300% of Boral's revenue.
Remuneration mix	New CEO	A revised mix of remuneration for the new CEO will include: <ul style="list-style-type: none"> • lower fixed remuneration than that which applies for the current CEO; • maximum STI potential set at a lower level than applies to the current CEO; and • LTI component will be set at a higher level than applies to the current CEO.
Contract duration	New CEO	Contract will be based on a rolling 12 month contract to provide greater flexibility to respond to market trends and changes in community and shareholder expectations.
Termination entitlements	New CEO	Termination entitlements will vary based on circumstances surrounding termination. Any separation payment will be limited to 12 months of fixed remuneration (inclusive of any payment in lieu of notice).

Remuneration Report continued

2 Key issues and changes for 2009 (continued)

Implications of current CEO retiring

Mr Pearse's contract includes a condition which entitles him to a payment at the end of his five year contract as compensation for agreeing not to compete with Boral for a period of 15 months from 31 December 2009. This was approved by shareholders at the 2004 AGM.

This condition will be satisfied by making payments progressively to Mr Pearse during the 15 month period based on his Total Annual Reward, ie Fixed Annual Reward and Short Term Incentive. It will be paid quarterly in arrears.

Mr Pearse has elected to limit his potential STI payment for the 2009/10 year by forgoing the component of his STI related to his financial objective (67% of the incentive) and applying a target outcome for non-financial objectives (33% of the incentive). This STI will be based on the level defined in the 2004 contract and not on the increased STI level approved by the Board in 2007. This STI value will also impact his restraint payment, limiting it to a significantly lower level than would be his likely entitlement under his contract.

Upon the announcement of Mr Pearse's retirement, an expense representing 4.5 years of service (or 90% of the total estimated restraint payment) was recognised. Accordingly, an amount of \$4,043,250 is shown in the Key Management Personnel

Remuneration table on page 21 under Post Employment Benefit.

Mr Pearse's announcement of his retirement has also necessitated the accelerated expensing of the residual unexpensed value of options and rights granted to him for years 2005 to 2007. The Key Management Personnel Remuneration table on page 21 includes an amount of \$2,602,920 for Share-based Payments for this accelerated expense.

As shown in the table on page 21, Mr Pearse's total remuneration for 2008/09 excluding these end of service costs which were approved by shareholders was \$4,865,400.

Any unexercised options and unvested rights at the time of Mr Pearse's retirement will continue to be subject to the performance hurdle until the normal expiry – seven years from date of grant. It is important to note that these unvested rights and options may never vest if Boral's TSR does not meet the hurdle rate. Options issued from 2005-2007 had exercise prices between \$6.83 and \$7.70. Therefore, to provide value to Mr Pearse, Boral's TSR needs to be in the top half of the ASX 100 comparator group and the share price needs to exceed the exercise price. If this occurs, Boral shareholders will also receive substantial benefit.

Long Term Incentive (LTI) Measures

Long term incentives deliver benefits to executives if the Company performs well. The Board has considered a range of performance measures for rights and options and has decided to retain relative total shareholder return (TSR) as the single performance measure. The comparator group for Boral's relative TSR hurdle is the ASX 100.

While the Board considered other performance measures, such as earnings per share growth and return on assets, these alternative measures present challenges regarding target setting in a cyclical industry.

Relative TSR is market-based, reflects share price growth and dividend payments and provides a direct link between shareholder return and executive reward.

The testing regularity of the LTI hurdle was reviewed to better reflect market practice. The Board has changed this from continuous testing during the three to seven year vesting period (subject to a 10 trading day minimum requirement) to testing at three specific test dates based on three, five and seven year performance periods using the volume weighted average share price during the 60 trading days prior to the test date to determine relative TSR performance. This applies to the LTI grant made in 2008 and to subsequent grants.

In addition, the rules for early vesting of LTIs upon a change of control of the Company were made stricter.

Changes	Who is affected?	Comment
Performance condition	All participants in LTI program	Relative TSR has been retained as the single performance measure and reduced testing opportunities align with market practice. The 2008 LTI grant and future grants include only three testing dates at which LTIs may vest (based on three, five and seven year performance periods). This retains the focus of ensuring executives are rewarded for delivering sustained returns to shareholders over the long-term, and more closely reflects market practice and the recommendations of governance bodies while still recognising that Boral operates in a cyclical industry.
Change of control treatment	All participants in LTI program	The change of control definition in the LTI Plan Rules has been made stricter, and is only activated when more than 50% of shares in the Company are acquired. A change of control will only result in waiver of the service condition attached to the LTI grants; the performance condition must still be satisfied for vesting to occur at the time of a change in control.

Remuneration Report continued

3 CEO and Senior Executive Remuneration

Remuneration Strategy

The Board has set a remuneration strategy that supports and drives the achievement of Boral’s strategic objectives. By establishing a remuneration structure that motivates and rewards executives for achieving targets linked to Boral’s business objectives, the Board is confident that its remuneration strategy focuses Boral’s people on creating superior shareholder wealth in line with the Company’s strategic intent.

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

Boral’s Strategic Business Objectives

Exceed the weighted average cost of capital (WACC) on a sustainable basis through the building cycle

Deliver better financial returns than the competition in comparable markets

Deliver superior total shareholder returns

Achieve superior returns in a sustainable way



Remuneration Components

Fixed Remuneration

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

Short Term Incentive

- set at market median for target performance with potential for top quartile reward when stretch outcomes are achieved
- non-financial targets linked to critical sustainability measures (eg safety, business improvement, sales outcomes, environmental performance, HR outcomes)
- financial targets linked to budgeted profit after funding (PAF) at group, division, and business unit level
- specific strategic and operational targets relative to competitors where appropriate (eg product development targets)

Long Term Incentive

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



Boral’s Remuneration Strategy

Attract and retain high calibre executives by:

- rewarding competitively in the markets in which Boral operates
- providing a balance of fixed and “at risk” remuneration

Align executive rewards to Boral’s performance by:

- assessing rewards against financial and non-financial business measures
- making short-term and long-term components of remuneration “at risk” based on performance

Remuneration Report continued

3 CEO and senior executive remuneration (continued)

Underpinning Boral's remuneration strategy are a number of principles:

Standardised vs. tailored remuneration arrangements

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

Purpose of each element of remuneration

Fixed remuneration: Remunerate executives in line with market benchmarks for effective completion of company and specific accountabilities and behaving in accordance with Boral's values taking into account individual, team and business unit performance and any specific retention needs.

Short term incentives: Reward executives for achieving annual financial, safety, strategic and operational targets measured at individual, business unit, divisional and/or Boral levels.

Long term incentives: Reward senior executives for Boral performance over the duration of the Boral business cycle, provide a retention element and provide equity exposure.

Benchmarking remuneration

The primary reference for remuneration benchmarking will be Australian listed companies in the Industrials and Materials sector.

For selected senior executives (CEO and Management Committee), pay levels for comparable roles in appropriate overseas jurisdictions will also be considered as a secondary reference to the Australian market data.

Consideration will be given to sizing factors including market capitalisation and business unit revenue. Complexity (such as number of employees and geographies) will be referenced through the job grading system.

Focus on market vs. internal relativities

Consideration will be given to both market and internal relativities.

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

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

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

Market positioning

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

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

Remuneration mix

The variable remuneration mix for CEO and senior executives will have a greater focus on long term incentive and move towards a short term incentive focus for lower job grades.

The remuneration of Directors, executives and staff is reviewed by the Board with specific oversight and direction provided by the Remuneration Committee. The Committee seeks advice from independent specialist remuneration advisers.

Executive Remuneration Structure

As part of the remuneration review, comprehensive external benchmarking and review of Boral's remuneration structure as it relates to fixed salaries, short term incentives (STI) and long term incentives (LTI) for executives was undertaken.

Specifically, the Board considered:

- the balance of fixed, short-term and long-term components at the various levels of management;
- the performance measures used for STI and LTI;
- the minimum, target and stretch performance levels for STI; and
- the structure of the STI and LTI plans.

In relation to the performance measures used for STIs, a range of financial measures was considered including earnings per share, earnings before interest and tax, profit after tax, and profit after funding (PAF). It was concluded that PAF, which is a measure of profit related to assets employed, remains the most appropriate financial measure for Boral. The review also concluded that non-financial measures such as safety, strategic and operational targets are appropriate.

Minimum, target and stretch performance levels for the STI will remain under review by the Board. Stretch outcomes typically require target to be exceeded by at least 20% while the

minimum performance level is typically 10% below target, ie below this no STI payment results.

Remuneration mix

Boral's executive remuneration is structured as a mix of fixed annual remuneration and variable remuneration, through "at risk" short term and long term incentive components. The mix of these components varies for different management levels.

For the current CEO and Management Committee the proportions are:

	Percent of total remuneration at target performance		
	Fixed annual remuneration	At risk	
		STI	LTI
CEO/MD	36.5%	36.5%	27%
Management Committee ¹	50 – 59%	21 – 27%	21 – 26%

¹ These percentages vary between individuals. This is a range for the group.

Remuneration Report continued

While fixed remuneration is designed to provide a predictable "base" level of remuneration, the short term and long term incentive program rewards executives when certain

pre-determined performance conditions are met or exceeded. Both schemes have minimum periods of employment that must also be met.

Fixed Annual Remuneration

What is included in fixed remuneration?	Fixed annual remuneration includes base salary, non-cash benefits such as provision of a vehicle (including any FBT charges) and superannuation contributions.
When and how is fixed remuneration reviewed?	Remuneration levels are reviewed annually by the Remuneration Committee through a process that ensures an executive's fixed remuneration remains competitive in the market-place and reflects an employee's skills, experience, accountability and general performance.
What market benchmark is applied?	External benchmark market data from Hay Group's Industrial and Service sector is used to determine remuneration midpoint levels of fixed remuneration for Management Committee and other executives.

Short Term Incentive (STI)

What is the STI plan?	The STI is an "at risk" cash payment awarded annually based on performance against pre-set objectives.									
Who participates in the STI plan?	STIs are provided to employees who have significant influence over the annual financial outcomes of business units. Approximately 6% of Boral employees participate in the STI plan.									
Why does the Board consider the STI an appropriate incentive?	<p>The STI plan is designed to put a proportion of executive remuneration at risk against meeting:</p> <ul style="list-style-type: none"> • financial targets linked to annual budget performance metrics; and • non-financial targets linked to the measures that drive long-term sustainability. 									
Are both target and stretch performance conditions set?	Yes. The performance conditions set under the STI have been designed to motivate and reward high performance. If performance exceeds the already challenging targets, the STI will deliver higher rewards to executives.									
What is the value of the STI opportunity?	<p>The CEO has a target reward set at 100% of fixed remuneration. The members of the Management Committee have a target reward of 35 – 55% of fixed remuneration.</p> <p>The maximum STI opportunity is set at double the target reward. This is benchmarked at the 75th percentile of the market based on external data.</p> <p>Stretch outcomes require results which significantly exceed budget, and are only achieved in exceptional circumstances.</p>									
What are the performance conditions?	<p>The STI performance measures vary depending on the individual executive's position, and include both financial and non-financial measures.</p> <table> <thead> <tr> <th>Financial measures</th> <th>Non-financial measures</th> </tr> </thead> <tbody> <tr> <td>67% of STI for CEO and Executive General Managers</td> <td>33% of STI for CEO and Executive General Managers</td> </tr> <tr> <td>50% of STI for other executives</td> <td>50% of STI for other executives</td> </tr> <tr> <td>This is measured at Group, Divisional and business unit levels, and is based on profit after funding.</td> <td> <p>These are linked to critical business sustainability measures including:</p> <ul style="list-style-type: none"> • safety • cost reduction • environment and climate change • customer satisfaction • project outcomes • succession planning • strategy development. </td> </tr> </tbody> </table>		Financial measures	Non-financial measures	67% of STI for CEO and Executive General Managers	33% of STI for CEO and Executive General Managers	50% of STI for other executives	50% of STI for other executives	This is measured at Group, Divisional and business unit levels, and is based on profit after funding.	<p>These are linked to critical business sustainability measures including:</p> <ul style="list-style-type: none"> • safety • cost reduction • environment and climate change • customer satisfaction • project outcomes • succession planning • strategy development.
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This is measured at Group, Divisional and business unit levels, and is based on profit after funding.	<p>These are linked to critical business sustainability measures including:</p> <ul style="list-style-type: none"> • safety • cost reduction • environment and climate change • customer satisfaction • project outcomes • succession planning • strategy development. 									
Why were these conditions chosen?	These STI performance measures have been selected because they are directly linked to the strategic direction of the Company and promote continued profitability that is sustainable over the long term.									
How is performance measured?	Targets are set at the beginning of the year and performance against these targets is determined after the end of the financial year. Abnormal or unanticipated factors which may have affected the Company's performance during the year will only be considered in extraordinary circumstances and with Board approval.									
Who assesses performance against targets?	<p>The CEO assesses the performance of members of the Management Committee and confers with the Remuneration Committee and the Board regarding his assessment.</p> <p>The Chairman in consultation with the Remuneration Committee and the Board assesses the performance of the CEO against the objectives set at the beginning of the year.</p>									

Remuneration Report continued

3 CEO and senior executive remuneration (continued)

Long Term Incentive (LTI)

What is the purpose of the LTI plan?	The LTI plan aligns senior executive reward with shareholder value, by tying this component of remuneration to the achievement of performance conditions which underpin sustainable long-term growth.
What form does the LTI take?	The LTI is granted annually as either options and/or rights over ordinary Boral shares.
Who participates in the LTI plan?	LTIs are provided to senior executives who are considered by the Board to have significant influence over the long-term outcomes of Boral. Only 1% of employees participate in the LTI plan.
Is there a limit on the number of equity units issued?	The number of rights or options that may be offered to executives when aggregated with the number of shares held in the Company's Employee Share Plan, Non-Executive Directors' Share Plan, Senior Executive Option Plan and Senior Executive Performance Share Plan and the number of shares that would be issued on exercise or vesting of outstanding LTIs is not permitted to exceed 5% of the total number of issued shares at the time of the offer.
What is the value of the LTI opportunity?	<p>The size of grants under the LTI plan is set as a percentage of fixed annual remuneration (75% for the current CEO and from 35 – 50% for members of the Management Committee).</p> <p>The number of rights or options granted is calculated based on the Fair Market Value of the right or option as calculated by an independent valuer (PricewaterhouseCoopers) using a Monte Carlo simulation analysis at the date of grant.</p> <p>Participants in the LTI plan will not derive any value from their LTI grants unless they complete a minimum service period and challenging performance hurdles are achieved.</p>
How is reward delivered under the LTI program?	<p>Each right or option granted under the LTI plan is an entitlement to a fully-paid ordinary share in the Company on terms and conditions determined by the Board, including vesting conditions linked to service and performance measured at three, five and seven years. If the vesting conditions are satisfied, the rights and options vest and the underlying shares may be delivered to the participating executive.</p> <p>The Board determines the mix of options and rights for each grant annually. For the grant made in 2008/09, the entire LTI award was delivered in the form of rights.</p>
Do executives pay for the LTI instruments?	<p>Rights and options are offered at no cost to the senior executive at the time of the grant.</p> <p>No price is payable upon vesting of rights; however, an exercise price (set at the time of the grant) is payable upon exercise of an option.</p> <p>The exercise price is determined at date of grant based on the average closing price of Boral shares over the five trading days following the AGM.</p>
What rights are attached to LTI instruments?	Rights and options do not carry voting or dividend rights; however, shares allocated upon vesting of rights and exercise of options will carry the same rights as other ordinary shares.
Are there restrictions on dealing with shares allocated under the LTI plan?	<p>Boral has a policy on share trading which applies to Directors, officers and senior executives.</p> <p>This policy prohibits executives entering into hedge and other derivative transactions regarding options or rights granted to them as LTIs.</p> <p>Shares allocated to participants upon vesting of their LTIs may only be dealt with in accordance with the Share Trading Policy.</p>
What happens when an executive leaves the Company?	Generally, unvested options or rights will lapse, except where the executive ceases employment due to retirement after the age of 62 or when the Board at its sole discretion determines otherwise.
What is the performance hurdle?	<p>The performance hurdle for the LTI plan is tied to the Company's relative total shareholder return (TSR).</p> <p>TSR represents the change in capital value of a listed entity's share price over a period, plus reinvested dividends, expressed as a percentage of the opening value. The compound growth in the Company's TSR over the performance measurement period is compared with the TSR performance of all other companies comprising the ASX 100 on the date of grant. The Board has discretion to adjust the comparator group to take into account events including but not limited to, takeovers or mergers that might occur during the performance period.</p>

Remuneration Report continued

Long Term Incentive (LTI)

How is TSR measured?

The performance hurdle for the 2008 and subsequent grants is measured on three test dates, reflecting performance periods of three, five and seven years. This testing frequency is designed to span a typical building industry cycle so that executive incentive and reward are linked to shareholder reward.

In assessing whether the performance hurdles have been met, the Company receives independent data which sets out the Company's TSR growth and that of each company in the comparator group. The level of TSR growth achieved by the Company is given a percentile ranking having regard to its performance compared with the performance of other companies in the comparator group (the highest ranking company being ranked at the 100th percentile).

Opening and closing share prices are calculated using the volume weighted average price over the 60 days up to and including the first and last day of the performance period (as applicable). This "smoothing" of TSR reduces the impact of share price volatility.

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

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

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

Given that the Company's comparative TSR performance is tested over a minimum three year period, satisfaction of the performance condition attaching to the rights granted for 2008/09 will not be measured until the 2011/12 financial year.

Why does the Company think the TSR hurdle is appropriate?

Relative TSR has been chosen as a performance hurdle because it provides a direct link between executive reward and shareholder return. Executives will not derive any value from the LTI component of their remuneration unless the Company's performance is at least at the median of the ASX 100.

Other measures such as earnings per share growth and return on assets were considered as part of the comprehensive review of executive remuneration; however, it was acknowledged that these alternative measures present challenges regarding target setting over the long term in a cyclical industry. Accordingly, it was decided that relative TSR be retained as the performance measure for the LTI plan (with other financial metrics captured under the STI targets).

Employment Contract Details

The key conditions of the service contract for the CEO, Mr Rod Pearse, are summarised on pages 9 to 11 of this Report.

Key features of the employment arrangements for members of the Management Committee include:

- employment continues until terminated by either the executive or Boral;
- notice periods range from one to three months;
- there are no specific termination entitlements provided for under the contracts; payments will be made on termination to satisfy Boral's legal obligations and meet fair market practices.

A limited number of US senior executives have entered Executive Transition Agreements with Boral Industries Inc. pursuant to which benefits (of up to two times annual salary plus STI) 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. These payments are consistent with market practice for US executives.

No sign-on payments were made to Management Committee members during the year.

Remuneration Report continued

3 CEO and senior executive remuneration (continued)

Company Performance Outcomes

Company performance

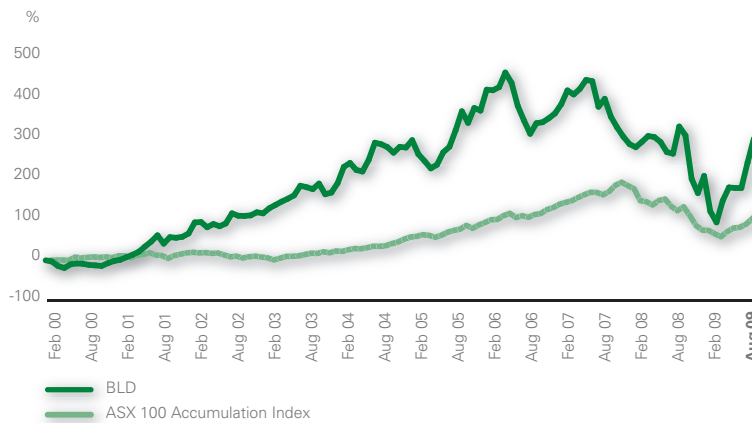
The chart below demonstrates how the Company's total shareholder return (TSR), which includes share price movements and dividends, has performed relative to the ASX 100 Accumulation Index.

In the nine and a half years since the Company's demerger to 31 August 2009, Boral has achieved an annual TSR of 16%

which is above the median of ASX 100 companies over the same period.

Strong earnings improvement in the 2000 to 2006 period established a platform upon which the Company has been able to maintain high long-term returns for shareholders despite the economic downturn experienced subsequently.

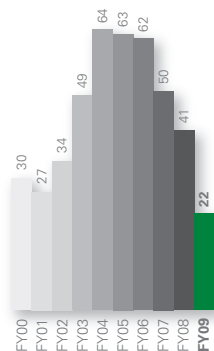
BLD vs ASX 100 Accumulation Index TSR since demerger



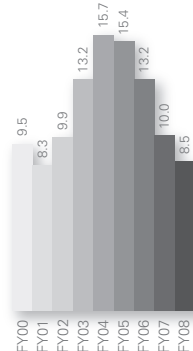
The effect of the business cycle is demonstrated in the charts below which show the Company's earnings per share, return on equity and full year dividends since 2000.

Boral's efforts to improve the safety of its workforce have resulted in a significant reduction in the Lost Time Injury Frequency Rate over the last 10 years.

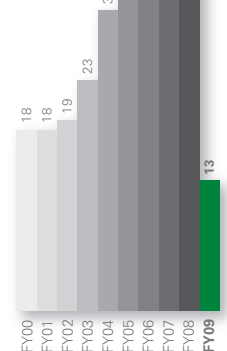
Earnings per share¹ (cents)



Return on equity¹ (percent)



Dividends per share (cents)



Short term performance – 2008/09

The Company's financial performance during the 2008/09 year was below expectations and the prior year due mainly to the ongoing impact of the poor market conditions being experienced throughout the world.

Despite these conditions, our business performed well in the following areas:

- improved safety outcomes – significant reduction in injury frequency rate and employee hours lost;

- cost reduction programs delivered significant savings in compressible costs;
- increased pricing outcomes in most businesses despite significant volume and economic pressures;
- improved cash flow performance which resulted in reduced gearing levels in the second half to the midpoint of our target range of 40 – 70%;
- improved sustainability performance across the Company.

¹ Excludes financial impact of significant items.

Remuneration Report continued

Current year performance is rewarded in the form of an STI award recognising both financial and non-financial/individual performance.

STI awards in 2009 were generally much lower than 2008 for most executives. As indicated, the CEO and Management Committee have voluntarily forgone their STI entitlement and other senior executives have much lower STI reward outcomes.

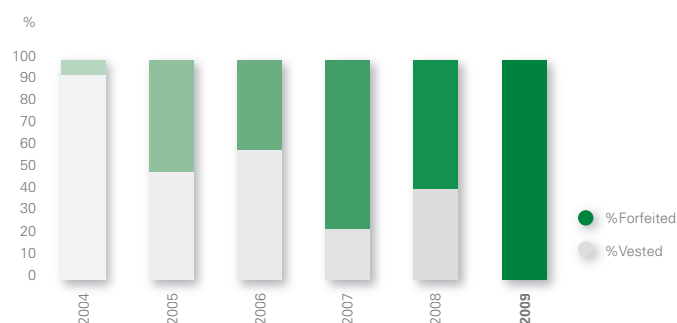
The CEO's STI award expressed as % Vested vs % Forfeited demonstrates a clear link between performance and reward.

Since 2004, the actual STI outcomes for the CEO, expressed as a percentage of his possible maximum outcome, have dropped in line with the lower company performance against expectation. This is a fall from 93% in 2004 to 0% in 2009. Put another way, the potential short term incentive Mr Pearse has forfeited has increased over this period from 7% to 100%.

A similar downward trend in STI award payments has occurred for members of the Management Committee in recent years.

Specific details are included in the Short Term Incentive Vested/ Forfeited table below.

CEO short term incentive



		Short term incentive		
		Cash bonus A\$000's	Vested %	Forfeited %
Executives				
R T Pearse	2009	0.0	0%	100%
	2008	2,270.0	41%	59%
J M Douglas	2009	0.0	0%	100%
	2008	373.6	54%	46%
M G Beardsell	2009	0.0	0%	100%
W R Davison	2009	0.0	0%	100%
N J Clark	2009	0.0	0%	100%
W R Batstone	2009	0.0	0%	100%
	2008	290.2	56%	44%
B M Tisher	2009	0.0	0%	100%
	2008	324.6	77%	23%
E S Severin	2009	0.0	0%	100%
	2008	243.7	38%	62%
K M Barton	2009	0.0	0%	100%
	2008	292.6	52%	48%
M K Taylor	2009	0.0	0%	100%
R J Town	2009	0.0	0%	100%
	2008	154.4	43%	57%
A I Warburton	2009	0.0	0%	100%
	2008	136.8	43%	57%
Former Executives				
P J Jobe	2009	0.0	0%	100%
	2008	269.4	39%	61%
K A Mitchelhill	2009	0.0	0%	100%
	2008	383.2	69%	31%
M B Scobie	2009	0.0	0%	100%
	2008	182.1	47%	53%
Total	2009	0.0		
Total	2008	4,920.6		

Remuneration Report continued

3 CEO and senior executive remuneration (continued)

Long-term performance

Boral's LTI grant in 2008 was awarded in the form of rights. In prior years LTI grants comprised a mix of rights and options. The primary conditions that apply to these grants include a minimum vesting period of three years with a total life of seven years and a market-based performance hurdle which measures Boral's TSR relative to the TSR of companies that comprise the ASX 100 at grant date (the comparator group). Testing against the hurdle is on three specific dates after performance periods of three, five and seven years.

As indicated above, Boral's TSR performance has been strong when measured over the long term; however, in recent years Boral's TSR has underperformed the comparator group.

The LTI grants in 2000, 2001 and 2002 all reached a relative TSR measure of greater than the 75th percentile and 100% have vested. These grants delivered real benefits to executives at a time when shareholders also benefited from substantial share price and dividend growth.

The 2003 grant has reached 58% vesting and the 2004 and 2005 grants have not yet reached the minimum level required for vesting. The 2006, 2007 and 2008 grants have not yet reached a measurement date.

The LTI grants from October 2003 onwards are within the seven year life and the performance hurdle may still be reached before they lapse.

The table below demonstrates the level of performance which has been achieved thus far for each of the LTI grants since 2000.

Grant date	Expiry date	Option exercise price	Mix of options/rights ^a	Performance hurdle achievement
Dec 00	Dec 05	\$1.97	100% options	100%
Nov 01	Nov 06	\$3.35	100% options	100%
Nov 02	Nov 09	\$4.12	100% options	100%
Oct 03	Oct 10	\$5.57	100% options	58%
Oct 04	Oct 11	\$6.60	50% options 50% rights	0%
Oct 05	Oct 12	\$7.70	50% options 50% rights	0%
Nov 06	Nov 13	\$7.32	50% options 50% rights	1st test date Nov 2009
Nov 07	Nov 14	\$6.83	50% options 50% rights	1st test date Nov 2010
Nov 08	Nov 15	N/A	100% rights	1st test date Nov 2011

^a Grants to Mr R Pearse in 2006 and 2007 comprised 100% options.

Remuneration Report continued

Long Term Incentives Granted and Movement During the Year

Details of options and rights granted and the movement of options and rights during the year held by the CEO and the Management Committee are:

		Balance at 1 July 2008	Granted during the year as remuneration ^a	Value of grant ^b	Lapsed/ cancelled during the year	Value of options and rights lapsed/ cancelled ^c	Balance at 30 June 2009
		Number	Number	\$	Number	\$	Number
Executives							
R T Pearse	Options	6,375,100	–	–	–	–	6,375,100 ^d
	Rights	367,036	–	–	–	–	367,036 ^e
J M Douglas	Options	303,252	–	–	–	–	303,252
	Rights	74,235	103,267	384,153	–	–	177,502
M G Beardsell	Options	131,500	–	–	–	–	131,500
	Rights	59,688 ^f	–	–	–	–	59,688
W R Davison	Options	132,900	–	–	–	–	132,900
	Rights	44,664 ^f	–	–	–	–	44,664
N J Clark	Options	96,900	–	–	–	–	96,900
	Rights	42,831 ^f	–	–	–	–	42,831
W R Batstone	Options	351,470	–	–	–	–	351,470
	Rights	79,013	74,624	277,601	–	–	153,637
B M Tisher	Options	256,500	–	–	(86,000)	(94,600)	170,500
	Rights	45,164	60,576	225,343	–	–	105,740
E S Severin	Options	621,200	–	–	–	–	621,200
	Rights	117,610	108,333	402,999	–	–	225,943
K M Barton	Options	390,000	–	–	–	–	390,000
	Rights	77,388	85,694	318,782	–	–	163,082
M K Taylor	Options	–	–	–	–	–	–
	Rights	–	–	–	–	–	–
R J Town	Options	221,216	–	–	–	–	221,216
	Rights	50,419	48,360	179,899	–	–	98,779
A I Warburton	Options	112,000	–	–	–	–	112,000
	Rights	25,099	42,339	157,501	–	–	67,438
Former Executives							
P J Jobe	Options	399,940	–	–	–	–	399,940
	Rights	89,121	–	–	–	–	89,121
K A Mitchelhill	Options	359,180	–	–	–	–	359,180
	Rights	81,732	–	–	–	–	81,732
M B Scobie	Options	269,176	–	–	–	–	269,176
	Rights	58,595	52,470	195,188	–	–	111,065

a No options or rights were granted to the CEO during the year.
No options were granted to the Management Committee during the year.
Rights were granted to the Management Committee on 3 November 2008 with the earliest vesting date on 3 November 2011 and the last vesting date (expiry date) of the rights on 3 November 2015.

b The fair value of rights granted on 3 November 2008, calculated using a Monte Carlo simulation analysis, is \$3.72 per right.

c Value is calculated at fair market value of option on date of grant.

d Options granted to Mr R Pearse comprise 700,000 granted on 29 October 2003 (392,000 exercised to date), 350,000 granted on 29 October 2004, 939,800 granted on 31 October 2005, 2,083,300 granted on 6 November 2006 and 2,694,000 on 6 November 2007.

e Rights granted to Mr R Pearse comprise 120,000 granted on 29 October 2004 and 247,036 granted on 31 October 2005.

f Balance at 1 July 2008 includes rights granted in the 2008/09 year prior to commencing as a Key Management Personnel.

No options were exercised or rights vested during the year.

Remuneration Report continued

3 CEO and senior executive remuneration (continued)

Total Remuneration

A\$000's		Short term		Post employment			Share-based payment ^b		Other long term	Total	Total excluding end of service costs ^g	
		Cash salary	Short term incentive	Non-monetary benefits ^h	Super-annuation	End of service	Options	Rights				
Executives												
	R T Pearse	2009	2,461.3	0.0	19.0	497.0	4,043.2^a	3,927.9^c	522.1^c	41.0	11,511.5	4,865.4
	CEO and Managing Director	2008	2,253.3	2,270.0	18.1	455.0	0.0	1,288.9	339.5	37.5	6,662.3	6,662.3
	J M Douglas	2009	808.8	0.0	19.0	13.9	0.0	69.5	120.1	13.5	1,044.8	1,044.8
	Executive General Manager, Australian Construction Materials	2008	740.8	373.6	18.1	13.4	0.0	61.2	61.2	12.3	1,280.6	1,280.6
	M G Beardsell	2009	138.9	0.0	4.3	3.1	0.0	6.4	9.7	2.3	164.7	164.7
	Executive General Manager, Cement (appointed 9 April 2009)	2008	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	W R Davison	2009	111.6	0.0	0.0	3.1	0.0	5.1	7.4	1.9	129.1	129.1
	Executive General Manager, Construction Related Businesses (appointed 9 April 2009)	2008	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	N J Clark	2009	222.1	0.0	0.0	5.8	0.0	9.0	12.8	3.7	253.4	253.4
	Executive General Manager, Clay & Concrete Products (appointed 1 February 2009)	2008	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	W R Batstone	2009	629.0	0.0	19.0	106.6	0.0	72.5	109.0	10.5	946.6	946.6
	Executive General Manager, Plasterboard	2008	583.4	290.2	18.1	98.9	0.0	64.9	64.8	9.7	1,130.0	1,130.0
	B M Tisher	2009	591.1	0.0	0.0	13.9	0.0	54.2	83.8	9.9	752.9	752.9
	Executive General Manager, Timber	2008	542.7	324.6	0.0	13.4	0.0	45.8	45.8	9.1	981.4	981.4
	E S Severin	2009	791.8	0.0	635.1	102.8	0.0	108.3	161.4	13.2	1,812.6	1,812.6
	President, Boral Industries USA	2008	590.5	243.7	255.5	102.8	0.0	97.1	97.1	9.8	1,396.5	1,396.5
	K M Barton	2009	787.5	0.0	19.0	13.9	0.0	71.6	113.6	13.1	1,018.7	1,018.7
	Chief Financial Officer	2008	684.3	292.6	18.1	13.4	0.0	63.7	63.7	11.4	1,147.2	1,147.2
	M K Taylor	2009	303.8	0.0	11.9	8.7	0.0	0.0	0.0	5.0	329.4	329.4
	General Counsel & Company Secretary (appointed 17 November 2008)	2008	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	R J Town	2009	465.1	0.0	19.0	78.9	0.0	46.3	70.0	7.8	687.1	687.1
	General Manager, Human Resources	2008	433.1	154.4	18.1	73.5	0.0	41.4	41.4	7.2	769.1	769.1
	A I Warburton	2009	467.8	0.0	19.0	13.9	0.0	22.9	43.7	7.8	575.1	575.1
	General Manager, Corporate Development	2008	428.3	136.8	18.1	13.4	0.0	20.1	20.1	7.1	643.9	643.9
Former Executives												
	P J Jobe	2009	617.4	0.0	14.7	10.8	0.0	10.8^d	10.8^d	10.3	674.8	780.6
	Executive General Manager, Cement (resigned 9 April 2009)	2008	746.6	269.4	18.1	13.4	0.0	73.5	73.4	12.4	1,206.8	1,206.8
	K A Mitchelhill	2009	417.5	0.0	11.1	8.1	0.0	12.1^e	12.1^e	7.0	467.9	532.0
	Executive General Manager, Clay & Concrete Products (resigned 31 January 2009)	2008	672.3	383.2	18.1	13.4	0.0	67.0	67.1	11.2	1,232.3	1,232.3
	M B Scobie	2009	249.0	0.0	9.5	42.2	0.0	163.3^f	358.4^f	4.1	826.5	365.2
	General Manager, Corporate Services & Company Secretary (retired 31 December 2008)	2008	471.8	182.1	18.1	80.0	0.0	48.2	48.2	7.9	856.3	856.3
	Total	2009	9,062.7	0.0	800.6	922.7	4,043.2	4,579.9	1,634.9	151.1	21,195.1	14,257.6
	Total	2008	8,147.1	4,920.6	418.4	890.6	0.0	1,871.8	922.3	135.6	17,306.4	17,306.4

^a Accrual of contractual payments for Mr R Pearse payable at the end of his service contract.

^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 Includes an expense for Mr R Pearse for Options \$2,420,387 and Rights \$182,533 that would normally have been amortised over future years.

^d Includes an adjustment for Mr P Jobe for Options \$-52,941 and Rights \$-52,898 that lapsed on termination or would normally have been amortised over future years.

^e Includes an adjustment for Mr K Mitchelhill for Options \$-32,076 and Rights \$-32,031 that lapsed on termination or would normally have been amortised over future years.

^f Includes an expense for Mr M Scobie for Options \$136,213 and Rights \$325,067 that would normally have been amortised over future years.

^g Total excludes costs referred to in Notes a, c, d, e and f.

^h Includes parking and expatriate costs.

Proportion of remuneration that is performance-based and which consists of options/rights is R Pearse 39%, J Douglas 18%, M Beardsell 10%, W Davison 10%, N Clark 9%, W Batstone 19%, B Tisher 18%, E Severin 15%, K Barton 18%, M Taylor 0%, R Town 17%, A Warburton 12%, P Jobe 3%, K Mitchelhill 5% and M Scobie 63%.

Remuneration Report continued

4 Non-executive Directors' Remuneration

Non-executive Directors' remuneration is reviewed annually by the full Board. This review takes account of the recommendations of the Remuneration Committee and external benchmarking of remuneration for Directors of comparable companies.

The Non-executive Directors receive fixed remuneration only which includes base remuneration (Board fees) and Committee fees. It is structured on a total remuneration basis which is paid in the form of cash and superannuation contributions.

The Directors do not receive any variable remuneration or other performance related incentives such as options or rights to shares and no retirement benefits are provided to Non-executive Directors other than superannuation contributions.

Remuneration for Non-executive Directors for the 2008/09 year was as follows:

Base remuneration (Board fees)

\$123,000 for Non-executive Directors

\$338,250 for the Chairman.

Committee fees (paid in addition to base remuneration)

\$13,500 for members of Board Committees

\$20,250 for the Chairmen of Committees.

The Board has determined that remuneration for Non-executive Directors for the 2009/10 year will be as follows:

- A zero increase in Non-executive Directors' remuneration until 1 July 2010.
- No increase in the maximum amount of Non-executive Directors' remuneration to be sought from shareholders. The current maximum amount of \$1,250,000 per annum was approved by shareholders at the Company's 2006 Annual General Meeting.

The Board previously agreed that as a matter of guidance (rather than by way of requirement), a minimum proportion of Non-executive Directors' fixed remuneration should be sacrificed to purchase Boral shares through the Non-executive Directors' Share Plan. The appropriate minimum proportion was set at 10%.

This guidance has been suspended until changes to the taxation of employee share plans recently announced by the Federal Government have been clarified and the legislative impact is fully known.

All current Non-executive Directors have been allocated shares in accordance with the terms and conditions of the Non-executive Directors' Share Plan. In summary, the Plan provides that:

- The Company pay to the Plan the percentage of fees that a Director chooses.
- The amount paid into the Plan be applied to purchase the Company's ordinary shares on ASX at market price during an approved trading period. Shares acquired using Director fees are allocated to the Director but registered in the name of the trustee.
- Dividends including any franking credits may be distributed to the Director in respect of shares notionally allocated to them.
- Shares notionally allocated to a Director must be held on trust for that Director for at least 10 years.
- Upon retirement from office or death of a Director, all shares allocated to that Director will be transferred to him or her or, in the event of death, to his or her personal representative by the trustee.

The remuneration of the Non-executive Directors is set out in the table below.

A\$'000s		Short term	Post employment	Share based payment	Total	
		Board and Committee fees	Superannuation	Share Plan		
Directors						
	J B Clark	2009	119.5	10.2	6.8	136.5
		2008	105.3	9.5	12.7	127.5
	E J Cloney	2009	125.4	10.7	7.2	143.3
		2008	110.4	10.0	13.4	133.8
	R L Every	2009	119.5	10.2	6.8	136.5
		2008	82.3	7.4	9.9	99.6
	R A Longes	2009	119.5	10.2	6.8	136.5
		2008	105.3	9.5	12.7	127.5
	K J Moss Chairman	2009	302.7	13.9	35.2	351.8
		2008	260.5	13.5	54.8	328.8
	P A Rayner (appointed 5 September 2008)	2009	103.9	8.7	4.6	117.2
		2008	0.0	0.0	0.0	0.0
	J R Williams	2009	119.5	10.2	6.8	136.5
		2008	105.3	9.5	12.7	127.5
Former Non-executive Director						
	E A Alexander (retired 24 October 2008)	2009	41.8	3.7	0.0	45.5
		2008	39.3	0.5	94.0	133.8
	Total	2009	1,051.8	77.8	74.2	1,203.8
	Total	2008	808.4	59.9	210.2	1,078.5

Income Statements

BORAL LIMITED AND CONTROLLED ENTITIES

for the year ended 30 June	Note	CONSOLIDATED		BORAL LIMITED	
		2009 \$ millions	2008 \$ millions	2009 \$ millions	2008 \$ millions
Revenue	3	4,875.1	5,198.5	220.1	229.1
Cost of sales		(3,247.9)	(3,426.5)	–	–
Distribution expenses		(791.2)	(798.6)	–	–
Selling and marketing expenses		(200.9)	(202.7)	–	–
Administrative expenses		(390.4)	(362.9)	(49.5)	(41.9)
		(4,630.4)	(4,790.7)	(49.5)	(41.9)
Other income	3	60.3	18.2	100.3	173.7
Other expenses	3	(99.1)	(31.9)	(225.4)	(35.3)
Share of net profit of associates and joint ventures	3, 11	0.5	22.0	–	–
Profit before net financing costs and income tax expense		206.4	416.1	45.5	325.6
Financial income	3	37.5	8.7	193.4	193.2
Financial expenses	3	(135.2)	(120.6)	(162.9)	(184.3)
Net financing income/(costs)		(97.7)	(111.9)	30.5	8.9
Profit before income tax expense		108.7	304.2	76.0	334.5
Income tax (expense)/benefit	5	33.5	(62.0)	61.1	(5.0)
Net profit		142.2	242.2	137.1	329.5
Attributable to:					
Members of the parent entity		142.0	242.8	137.1	329.5
Minority interests		0.2	(0.6)	–	–
Net profit		142.2	242.2	137.1	329.5
Basic earnings per share – ordinary shares	7	24.1c	40.7c	–	–
Diluted earnings per share – ordinary shares	7	24.0c	40.6c	–	–

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	
		2009 \$ millions	2008 \$ millions	2009 \$ millions	2008 \$ millions
CURRENT ASSETS					
Cash and cash equivalents	8	100.5	47.4	0.9	1.0
Receivables	9	776.9	881.7	6,246.1	6,158.3
Inventories	10	632.6	600.1	–	–
Other	15	67.0	41.6	4.2	1.1
TOTAL CURRENT ASSETS		1,577.0	1,570.8	6,251.2	6,160.4
NON-CURRENT ASSETS					
Receivables	9	33.2	39.8	–	–
Inventories	10	61.7	59.8	–	–
Investments accounted for using the equity method	11	298.9	298.2	–	–
Other financial assets	12	30.0	430.8	76.8	482.5
Property, plant and equipment	13	3,104.0	3,088.9	522.8	531.9
Intangible assets	14	307.8	326.1	1.5	1.6
Other	15	78.6	80.6	0.1	0.4
TOTAL NON-CURRENT ASSETS		3,914.2	4,324.2	601.2	1,016.4
TOTAL ASSETS		5,491.2	5,895.0	6,852.4	7,176.8
CURRENT LIABILITIES					
Payables	16	608.9	686.4	2,985.6	2,961.1
Interest bearing loans and borrowings	17	6.7	47.2	174.5	168.2
Current tax liabilities	18	28.5	96.9	42.3	52.5
Provisions	20	200.2	194.8	13.8	11.2
TOTAL CURRENT LIABILITIES		844.3	1,025.3	3,216.2	3,193.0
NON-CURRENT LIABILITIES					
Payables	16	33.3	81.0	14.3	63.6
Interest bearing loans and borrowings	17	1,607.4	1,515.3	840.3	873.8
Deferred tax liabilities	19	170.6	316.9	79.9	198.8
Provisions	20	82.0	46.9	17.2	3.3
TOTAL NON-CURRENT LIABILITIES		1,893.3	1,960.1	951.7	1,139.5
TOTAL LIABILITIES		2,737.6	2,985.4	4,167.9	4,332.5
NET ASSETS		2,753.6	2,909.6	2,684.5	2,844.3
EQUITY					
Issued capital	21	1,691.4	1,673.1	1,691.4	1,673.1
Reserves	22	(43.2)	113.0	22.2	179.7
Retained earnings	23	1,104.2	1,121.5	970.9	991.5
Total parent entity interest		2,752.4	2,907.6	2,684.5	2,844.3
Minority interests		1.2	2.0	–	–
TOTAL EQUITY		2,753.6	2,909.6	2,684.5	2,844.3

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	
		2009 \$ millions	2008 \$ millions	2009 \$ millions	2008 \$ millions
Actuarial loss on defined benefit plans, net of tax	26	(15.7)	(8.7)	(14.1)	(8.7)
Net exchange differences from translation of foreign operations taken to equity, net of tax	22	13.3	(56.5)	–	–
Fair value adjustment on cash flow hedges, net of tax	22	(14.4)	8.3	(2.4)	(1.9)
Fair value adjustment on available for sale financial assets, net of tax	22	(166.0)	6.0	(166.0)	6.0
Net expense recognised directly in equity		(182.8)	(50.9)	(182.5)	(4.6)
Net profit		142.2	242.2	137.1	329.5
Total recognised income and expense for the year		(40.6)	191.3	(45.4)	324.9
Total recognised income and expense for the year is attributable to:					
Members of the parent entity		(40.8)	191.9	(45.4)	324.9
Minority interests		0.2	(0.6)	–	–
Total recognised income and expense for the year		(40.6)	191.3	(45.4)	324.9

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		CONSOLIDATED		BORAL LIMITED	
		2009 \$ millions	2008 \$ millions	2009 \$ millions	2008 \$ millions
CASH FLOWS FROM OPERATING ACTIVITIES					
		5,403.6	5,548.6	41.5	25.0
		(4,861.2)	(4,881.6)	(46.0)	(27.0)
		542.4	667.0	(4.5)	(2.0)
		49.5	76.7	220.1	229.1
		4.9	6.2	163.1	193.2
		(130.9)	(120.3)	(164.8)	(184.3)
		(47.1)	(47.8)	(59.1)	(36.9)
	34	418.8	581.8	154.8	199.1
CASH FLOWS FROM INVESTING ACTIVITIES					
		(230.8)	(390.2)	(27.3)	(20.1)
		(0.7)	(2.3)	(0.2)	(1.6)
	31	(7.1)	(101.2)	(0.5)	–
		(0.9)	(2.3)	–	–
		(22.9)	(17.8)	–	–
		205.5	–	205.5	–
		49.2	33.9	–	2.2
		(7.7)	(479.9)	177.5	(19.5)
CASH FLOWS FROM FINANCING ACTIVITIES					
		0.1	1.5	0.1	1.5
		(31.5)	–	(31.5)	–
		(93.9)	(163.3)	(93.9)	(163.1)
		–	(114.6)	–	(114.6)
		–	–	(29.1)	101.4
		188.6	713.0	186.8	441.0
		(424.4)	(495.1)	(370.1)	(405.6)
		(361.1)	(58.5)	(337.7)	(139.4)
NET CHANGE IN CASH AND CASH EQUIVALENTS					
		50.0	43.4	(5.4)	40.2
		47.4	11.4	(149.9)	(190.1)
		3.1	(7.4)	–	–
	34	100.5	47.4	(155.3)	(149.9)

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 2009 comprises the Company and its controlled entities (the "Group").

The financial report was authorised for issue by the Directors on 11 September 2009.

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 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 which is the Company's functional currency. The financial report has been prepared on the basis of historical cost, except for derivative financial assets and financial assets classified as available for sale which have been measured at fair value. The carrying value of recognised assets and liabilities that are hedged with fair value hedges are adjusted to record changes in the fair value.

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 statements relate to the following areas:

Goodwill and intangibles: Judgements are made with respect to identifying and valuing intangible assets associated with 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 of useful lives of assets has been based on historical experience. In addition, the condition of assets is assessed at least annually and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Defined benefit plans: Various actuarial assumptions are required when determining the Group's pension schemes and other post-employment benefit obligations. These assumptions and the related carrying amounts are disclosed in the employee benefits note.

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 2009, 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 and may impact the disclosure of results of the Group.
- *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* – 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

1. Significant Accounting Policies (continued)

- *AASB 3 Business Combinations (revised)* – applicable to annual reporting periods beginning on/ or after 1 January 2009. This standard introduces greater use of fair value recognition and requires transaction costs to be expensed.
- *AASB 127 Consolidated and Separate Financial Statements (revised)* – applicable to annual reporting periods beginning on/ or after 1 January 2009. The amendment is not expected to have any impact on the financial report.
- *AASB 2008-1 Amendments to Australian Accounting Standard – Share-based Payments* – applicable to annual reporting periods beginning on/ or after 1 January 2009. The standard changes the measurement of share-based payments that contain non-vesting conditions.
- *AASB 2008-7 Amendments to Accounting Standard – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* – applicable to annual reporting periods beginning on/ or after 1 January 2009. The standard changes the accounting for subsidiaries including fair value adjustments.
- *AASB 2008-8 Amendments to Accounting Standard – Eligible Hedged Items* – applicable to annual reporting periods beginning on/ or after 1 July 2009.

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

Dividends: Revenue from dividends 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 sheet date, and any adjustments to tax payable in respect to previous years.

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

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. Net financing costs

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

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

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

H. Foreign currencies

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

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

- assets (including goodwill) and liabilities for each balance sheet are translated at the closing rate at the date of that balance sheet;

- all resulting exchange differences are recognised as a separate component of equity; 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 is recognised in the income statement as part of the gain or loss on sale.

I. Receivables

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

J. Inventories

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

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

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

1. Significant Accounting Policies (continued)

K. 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.

L. 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.

M. 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.

N. 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.

O. Property, plant and equipment

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

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

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

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

Operating leases are not capitalised and lease costs are expensed.

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

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

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

	2009	2008
Buildings	1 – 10%	1 – 10%
Timber licences and mineral reserves	0 – 5%	0 – 5%
Plant and equipment	5 – 33.3%	5 – 33.3%

P. 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.

Q. 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.

R. 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 represent 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 on-costs and expected settlement dates based on turnover history and are discounted using the rates attached to national government securities at balance date, which most closely match the terms of maturity of the related liabilities.

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

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

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

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

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

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

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

The fair value at grant date is independently determined using a pricing model that takes into account the exercise price, the 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.

S. Provisions

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

Restoration and environmental rehabilitation:

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

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

T. 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.

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

1. Significant Accounting Policies (continued)

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

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

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

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

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

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

in equity are transferred from equity and included in the measurement of the initial cost and carrying amount of the asset or liability.

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

Hedge of net investment in 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.

U. 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.

V. Comparative figures

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

W. 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	2009 \$ millions	2008 \$ millions	2009 \$ millions	2008 \$ millions	2009 \$ millions	2008 \$ millions
REVENUE*						
Building products – Australia	1,277.2	1,357.1				
Construction materials – Australia	2,817.1	2,960.0				
United States of America	545.2	670.8				
Asia	219.4	190.7				
Other	16.2	19.9				
	4,875.1	5,198.5				
	OPERATING PROFIT (EXCLUDING ASSOCIATES)		EQUITY ACCOUNTED RESULTS OF ASSOCIATES		PROFIT BEFORE NET FINANCING COSTS AND INCOME TAX EXPENSE	
Building products – Australia	29.5	103.2	10.7	11.2	40.2	114.4
Construction materials – Australia	313.8	332.3	16.3	18.6	330.1	350.9
United States of America	(79.9)	(1.2)	(28.9)	(25.9)	(108.8)	(27.1)
Asia	5.7	(11.5)	13.4	18.1	19.1	6.6
Other	15.8	19.0	–	–	15.8	19.0
Corporate	(20.7)	(15.8)	–	–	(20.7)	(15.8)
	264.2	426.0	11.5	22.0	275.7	448.0
Significant items (refer note 9)	(58.3)	(31.9)	(11.0)	–	(69.3)	(31.9)
	205.9	394.1	0.5	22.0	206.4	416.1
	SEGMENT ASSETS (EXCLUDING INVESTMENTS IN ASSOCIATES)		EQUITY ACCOUNTED INVESTMENTS IN ASSOCIATES		TOTAL ASSETS	
Building products – Australia	1,397.3	1,423.9	7.6	4.1	1,404.9	1,428.0
Construction materials – Australia	2,662.1	2,758.0	13.7	15.5	2,675.8	2,773.5
United States of America	886.4	820.6	65.6	76.7	952.0	897.3
Asia	113.7	112.7	212.0	201.9	325.7	314.6
Other	0.9	405.2	–	–	0.9	405.2
Corporate	31.4	29.0	–	–	31.4	29.0
	5,091.8	5,549.4	298.9	298.2	5,390.7	5,847.6
Cash and cash equivalents	100.5	47.4	–	–	100.5	47.4
	5,192.3	5,596.8	298.9	298.2	5,491.2	5,895.0
	LIABILITIES		ACQUISITION OF SEGMENT ASSETS**		DEPRECIATION AND AMORTISATION	
Building products – Australia	217.2	250.0	63.7	124.5	58.3	53.8
Construction materials – Australia	435.4	463.2	133.1	179.2	145.1	138.3
United States of America	139.6	108.1	26.3	77.7	48.3	38.3
Asia	28.4	30.1	8.1	10.3	10.8	9.4
Other	0.8	0.9	–	–	–	–
Corporate	103.0	156.8	0.3	0.8	0.8	0.4
	924.4	1,009.1	231.5	392.5	263.3	240.2
Interest bearing loans and borrowings	1,614.1	1,562.5	–	–	–	–
Tax liabilities	199.1	413.8	–	–	–	–
	2,737.6	2,985.4	231.5	392.5	263.3	240.2
	IMPAIRMENT AND ASSET WRITE-DOWNS					
Building products – Australia	4.0	–				
Construction materials – Australia	28.2	–				
United States of America	43.9	–				
Asia	4.3	31.9				
Other	–	–				
Corporate	–	–				
	80.4	31.9				

* 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.

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	2009	2008	2009	2008	2009	2008
	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions
	REVENUE*		ACQUISITION OF SEGMENT ASSETS**			
Australia	4,094.3	4,317.1	196.8	303.7		
United States of America	545.2	670.8	26.3	77.7		
Asia	219.4	190.7	8.1	10.3		
Other	16.2	19.9	–	–		
Corporate	–	–	0.3	0.8		
	4,875.1	5,198.5	231.5	392.5		
	OPERATING PROFIT (EXCLUDING ASSOCIATES)		EQUITY ACCOUNTED RESULTS OF ASSOCIATES		PROFIT BEFORE NET FINANCING COSTS AND INCOME TAX EXPENSE	
Australia	343.3	435.5	27.0	29.8	370.3	465.3
United States of America	(79.9)	(1.2)	(28.9)	(25.9)	(108.8)	(27.1)
Asia	5.7	(11.5)	13.4	18.1	19.1	6.6
Other	15.8	19.0	–	–	15.8	19.0
Corporate	(20.7)	(15.8)	–	–	(20.7)	(15.8)
	264.2	426.0	11.5	22.0	275.7	448.0
Significant items (refer note 9)	(58.3)	(31.9)	(11.0)	–	(69.3)	(31.9)
	205.9	394.1	0.5	22.0	206.4	416.1
	SEGMENT ASSETS (EXCLUDING INVESTMENTS IN ASSOCIATES)		EQUITY ACCOUNTED INVESTMENTS IN ASSOCIATES		TOTAL ASSETS	
Australia	4,059.4	4,181.9	21.3	19.6	4,080.7	4,201.5
United States of America	886.4	820.6	65.6	76.7	952.0	897.3
Asia	113.7	112.7	212.0	201.9	325.7	314.6
Other	0.9	405.2	–	–	0.9	405.2
Corporate	31.4	29.0	–	–	31.4	29.0
	5,091.8	5,549.4	298.9	298.2	5,390.7	5,847.6
Cash and cash equivalents	100.5	47.4	–	–	100.5	47.4
	5,192.3	5,596.8	298.9	298.2	5,491.2	5,895.0

* 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.

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	
		2009 \$ millions	2008 \$ millions	2009 \$ millions	2008 \$ millions
3. Profit for the Period					
REVENUE					
Sale of goods		4,813.9	5,108.4	–	–
Rendering of services		45.0	70.2	–	–
		4,858.9	5,178.6	–	–
Other revenues					
Dividends from wholly owned controlled entities		–	–	201.4	207.2
Dividends from associated companies		–	–	2.5	2.0
Dividends from other parties		16.2	19.9	16.2	19.9
		4,875.1	5,198.5	220.1	229.1
OTHER INCOME					
Significant item	4	38.3	–	38.3	–
Net profit on sale of assets		13.5	8.7	–	–
Net foreign exchange gain*		–	0.6	–	113.9
Other income		8.5	8.9	62.0	59.8
		60.3	18.2	100.3	173.7
* 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	4	96.6	31.9	–	–
Net foreign exchange loss*		2.5	–	189.4	–
Other expenses		–	–	36.0	35.3
		99.1	31.9	225.4	35.3
* The net foreign exchange loss 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.					
SHARE OF NET PROFIT OF ASSOCIATES AND JOINT VENTURES					
Share of associates' net profit excluding significant items		11.5	22.0	–	–
Significant item	4	(11.0)	–	–	–
		0.5	22.0	–	–
DEPRECIATION AND AMORTISATION EXPENSES					
Land and buildings		13.2	10.6	0.8	0.9
Plant and equipment		241.7	222.2	35.6	34.9
Timber licences and mineral reserves		1.4	1.1	–	–
Leased assets capitalised		0.2	0.4	–	–
Other intangibles		6.8	5.9	0.3	–
		263.3	240.2	36.7	35.8

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

for the year ended 30 June	Note	CONSOLIDATED		BORAL LIMITED	
		2009 \$ millions	2008 \$ millions	2009 \$ millions	2008 \$ millions
3. Profit for the Period (continued)					
NET FINANCING COSTS					
Interest income received or receivable from:					
Wholly owned controlled entities		–	–	156.6	191.3
Associated entities		2.6	1.8	–	–
Other parties (cash at bank and bank short-term deposits)		3.2	5.4	1.2	1.9
Unwinding of discount		2.2	1.5	–	–
Significant item – interest recoveries		29.5	–	35.6	–
		37.5	8.7	193.4	193.2
Interest expense paid or payable to:					
Wholly owned controlled entities		–	–	79.6	98.0
Other parties (bank overdrafts, bank loans and other loans)*		133.9	119.2	83.3	86.3
		133.9	119.2	162.9	184.3
Finance charges on capitalised leases		0.1	0.2	–	–
Unwinding of discount		1.2	1.2	–	–
		135.2	120.6	162.9	184.3
Net financing income/(costs)		(97.7)	(111.9)	30.5	8.9
Net financing income/(costs) (excluding significant item)		(127.2)	(111.9)	(5.1)	8.9
Significant item – interest recoveries	4	29.5	–	35.6	–
Net financing income/(costs)		(97.7)	(111.9)	30.5	8.9
* In 2008, \$8.9 million of interest paid to other parties was capitalised in respect of qualifying assets. The capitalisation rate used was 6.50%.					
OTHER CHARGES					
Employee benefits expense*		1,076.8	1,060.0	33.8	27.9
Operating lease rental charges		109.1	99.6	5.2	5.0
Bad and doubtful debts expense including movements in allowance for impairment of trade and other receivables		18.2	12.0	–	–

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

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

for the year ended 30 June

	CONSOLIDATED		BORAL LIMITED	
	2009 \$ millions	2008 \$ millions	2009 \$ millions	2008 \$ millions
4. Significant Items				
Net profit includes the following items whose disclosure is relevant in explaining the financial performance of the Group:				
Disposal of investment				
Profit on sale of shares in Adelaide Brighton Limited	38.3	–	38.3	–
Income tax (expense)/benefit	(11.5)	–	(11.5)	–
	26.8	–	26.8	–
Impairment of assets				
Goodwill and asset write-downs	(80.4)	(31.9)	–	–
Income tax (expense)/benefit	17.0	–	–	–
	(63.4)	(31.9)	–	–
Onerous contracts				
US contractual obligations	(27.2)	–	–	–
Income tax (expense)/benefit	10.3	–	–	–
	(16.9)	–	–	–
Tax matters				
Interest recoveries	29.5	–	35.6	–
Income tax (expense)/benefit	(8.6)	–	(10.7)	–
Income tax benefit – resolution of tax matters	43.4	28.1	21.4	28.1
	64.3	28.1	46.3	28.1
Net significant items	10.8	(3.8)	73.1	28.1
Profit/(loss) before interest and tax	(69.3)	(31.9)	38.3	–
Interest recoveries	29.5	–	35.6	–
Income tax (expense)/benefit	50.6	28.1	(0.8)	28.1
Net significant items	10.8	(3.8)	73.1	28.1

Disposal of investment

During the year, the Group and the Company recognised a profit on the disposal of investments of \$38.3 million from the sale of 107.8 million shares in Adelaide Brighton Limited for a net consideration of \$205.5 million.

Impairment of assets

The Group has reviewed the carrying value of its assets including goodwill having regard to the current and anticipated future market conditions which has resulted in a write-down of the value of the goodwill and assets by \$80.4 million (2008: \$31.9 million).

In the United States of America, goodwill arising on the acquisition of construction materials businesses in Colorado and Oklahoma has been written down by \$30.8 million due to weak market volumes. The Group has also written down the value of goodwill by \$17.2 million relating to the precast concrete panels business in the Construction Materials – Australia operations.

Penrith Lakes Development Corporation Limited, an associate, has assessed the carrying value of freehold land acquired for quarrying and urban development and capitalised acquisition and development costs and recorded an impairment charge in its accounts. The net impact of this impairment charge included in equity income of the Group is \$11.0 million.

At 30 June 2009, the Group has written down the value of assets other than goodwill by \$21.4 million. This relates to idle brick plants in the USA (\$13.1 million) and in Building Products – Australia (\$4.0 million) as well as previously capitalised project costs in Asia (\$4.3 million).

Onerous contracts

During the period, the Group recognised an amount of \$27.2 million, reflecting expected future losses on contractual obligations in the fly ash operations in the USA.

Tax matters

During the year, ongoing enquiries were made by the Australian Taxation Office (ATO) relating to a transaction occurring at the time of the demerger. The ATO has advised the Group that it no longer intends to pursue this matter.

In the USA, the Internal Revenue Service (IRS) was reviewing two transactions which occurred prior to the demerger which it believed may have resulted in additional assessable income to the Group. Agreement has been reached with the IRS in relation to both of these matters and closing agreements are being completed.

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

for the year ended 30 June	Note	CONSOLIDATED		BORAL LIMITED	
		2009 \$ millions	2008 \$ millions	2009 \$ millions	2008 \$ millions
5. Income Tax Expense					
(i) Income tax expense					
Current income tax expense/(benefit)		(17.8)	70.7	(20.5)	(30.0)
Deferred income tax expense/(benefit)		(12.1)	(5.4)	(40.6)	35.0
Over provision for tax in previous years		(3.6)	(3.3)	–	–
		(33.5)	62.0	(61.1)	5.0
(ii) Reconciliation of income tax expense to prima facie tax payable					
Income tax expense on profit:					
– at Australian tax rate 30% (2008: 30%)		32.6	91.3	22.8	100.4
– adjustment for difference between Australian and overseas tax rates		(15.1)	(1.4)	–	–
Income tax expense on pre-tax profit at standard rates		17.5	89.9	22.8	100.4
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:					
Tax losses not recognised		1.1	2.9	–	–
Non-deductible depreciation and amortisation		2.3	1.3	0.2	0.2
Capital gains/(losses) brought to account		1.0	1.5	–	(0.1)
Intercompany dividends from controlled entities		–	–	(60.4)	(62.2)
Share of associates' net profit and franked dividends		(9.1)	(13.7)	(0.8)	(0.6)
Franked dividends from other entities		(4.8)	(6.0)	(4.8)	(6.0)
Non-deductible impairment of assets		6.4	9.6	–	–
Other items		(0.9)	7.9	3.3	1.4
Significant item					
Income tax benefit on resolution of matters with Australian and US taxation authorities	4	(43.4)	(28.1)	(21.4)	(28.1)
Income tax expense/(benefit) on profit		(29.9)	65.3	(61.1)	5.0
Over provision for tax in previous years		(3.6)	(3.3)	–	–
Income tax expense/(benefit) attributable to profit		(33.5)	62.0	(61.1)	5.0
Income tax expense (excluding significant items)		17.1	90.1	(61.9)	33.1
Significant items tax expense/(benefit)	4	(50.6)	(28.1)	0.8	(28.1)
		(33.5)	62.0	(61.1)	5.0
(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		(6.9)	(3.7)	(6.1)	(3.7)
Net exchange differences taken to equity		(60.6)	29.7	–	–
Off-market share buy-back costs		–	(0.4)	–	(0.4)
Fair value adjustment on cash flow hedges		(6.2)	3.6	(1.0)	(0.8)
Fair value adjustment on available for sale financial assets		(71.2)	2.6	(71.2)	2.6
		(144.9)	31.8	(78.3)	(2.3)

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
2009				
2008 final – ordinary	17.0 cents	99.6	17.0 cents	18 September 2008
2009 interim – ordinary	7.5 cents	44.0	7.5 cents	3 April 2009
Total		143.6		
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		

Subsequent Event

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

2009 final – ordinary	5.5 cents	32.6	5.5 cents	28 September 2009
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The financial effect of the final dividend for the year ended 30 June 2009 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 2009 is \$104.6 million (2008: \$124.6 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 \$14.0 million (2008: \$42.7 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 28 August 2009.

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	
	2009 \$ millions	2008 \$ millions
Earnings reconciliation		
Net profit before significant items and minority interests	131.4	246.0
Attributable to minority interests	(0.2)	0.6
Net profit excluding significant items	131.2	246.6
Net significant items	10.8	(3.8)
Net profit attributable to members of the parent entity	142.0	242.8

	CONSOLIDATED	
	2009	2008
Weighted average number of ordinary shares used as the denominator		
Number for basic earnings per share	589,679,255	596,349,369
Effect of potential ordinary shares	2,466,892	1,688,363
Number for diluted earnings per share	592,146,147	598,037,732
Basic earnings per share – ordinary shares	24.1c	40.7c
Diluted earnings per share – ordinary shares	24.0c	40.6c
Basic earnings per share – ordinary shares (excluding significant items)	22.2c	41.4c
Diluted earnings per share – ordinary shares (excluding significant items)	22.2c	41.2c

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

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

8. Cash and Cash Equivalents

	CONSOLIDATED		BORAL LIMITED	
	2009 \$ millions	2008 \$ millions	2009 \$ millions	2008 \$ millions
Cash at bank and on hand	73.0	22.4	0.9	1.0
Bank short-term deposits	27.5	25.0	–	–
	100.5	47.4	0.9	1.0

The bank short-term deposits mature within 30 days and pay interest at a weighted average interest rate of 1.71% (2008: 6.3%).

9. Receivables

CURRENT

Trade receivables	652.1	743.3	–	–
Associated entities	83.3	62.0	–	–
	735.4	805.3	–	–
Less: Allowance for impairment	(24.6)	(16.6)	–	–
	710.8	788.7	–	–
Wholly owned controlled entities	–	–	6,241.3	6,149.8
Other receivables	70.4	99.0	4.8	8.5
Less: Allowance for impairment	(4.3)	(6.0)	–	–
	66.1	93.0	4.8	8.5
	776.9	881.7	6,246.1	6,158.3

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 \$99.8 million (2008: \$130.4 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:

Trade receivables – past due 0-60 days	85.1	113.3	–	–
Trade receivables – past due > 60 days	14.7	17.1	–	–

Allowance for impairment

An allowance for impairment of trade receivables is raised when there is objective evidence that an individual receivable is impaired. Indicators of impairment would include significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments.

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

Balance at the beginning of the year	(16.6)	(14.0)	–	–
Amounts written off during the year	13.0	8.2	–	–
Increase recognised in income statement	(19.9)	(12.0)	–	–
Net foreign currency exchange differences	(1.1)	1.2	–	–
Balance at the end of the year	(24.6)	(16.6)	–	–

NON-CURRENT

Loans to associated entities	24.4	71.0	–	–
Less: Allowance for impairment	–	(37.4)	–	–
	24.4	33.6	–	–
Other receivables	8.8	6.2	–	–
	33.2	39.8	–	–

No amounts owing by associates or included in other receivables were past due as at 30 June 2009.

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

	CONSOLIDATED		BORAL LIMITED	
	2009 \$ millions	2008 \$ millions	2009 \$ millions	2008 \$ millions
10. Inventories				
CURRENT				
Raw materials and stores	187.3	177.7	–	–
Work in progress	81.5	71.0	–	–
Finished goods	344.3	329.3	–	–
Land development projects	19.5	22.1	–	–
	632.6	600.1	–	–
NON-CURRENT				
Land development projects	61.7	59.8	–	–
Land development projects comprises:				
Cost of acquisition	20.4	26.9	–	–
Development costs capitalised	60.8	55.0	–	–
	81.2	81.9	–	–

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	
				2009 %	2008 %	2009 \$ millions	2008 \$ millions
DETAILS OF INVESTMENTS IN ASSOCIATES ARE AS FOLLOWS:							
Caribbean Roof Tile Company Limited	Roof tiles	Trinidad	31-Dec	50	50	7.1	6.9
Flyash Australia Pty Ltd	Flyash collection	Australia	30-Jun	50	50	2.4	2.6
Gypsum Resources Australia Pty Ltd	Gypsum mining	Australia	30-Jun	50	50	–	–
Highland Pine Products Pty Ltd	Timber	Australia	30-Jun	50	50	–	–
Lafarge Boral Gypsum in Asia Ltd	Plasterboard	Malaysia	31-Dec	50	50	212.0	201.9
MonierLifetile LLC	Roof tiles	USA	31-Dec	50	50	55.8	67.1
MonierLifetile S.R.L. de C.V.	Roof tiles	Mexico	31-Dec	50	50	2.7	2.7
Penrith Lakes Development Corporation Ltd	Quarrying	Australia	30-Jun	40	40	–	–
Rondo Building Services Pty Ltd	Rollform systems	Australia	30-Jun	50	50	7.6	4.1
South East Asphalt Pty Ltd	Asphalt	Australia	30-Jun	50	50	1.1	0.9
Sunstate Cement Ltd	Cement manufacturer	Australia	30-Jun	50	50	10.2	12.0
Tile Service Company LLC	Roof tiles	USA	31-Dec	50	50	–	–
US Tile LLC	Roof tiles	USA	31-Dec	50	50	–	–
TOTAL						298.9	298.2

CONSOLIDATED	
2009 \$ millions	2008 \$ millions

Share of post-acquisition retained earnings attributable to associates:

Share of associates' retained earnings at the beginning of the year	107.0	156.8
Net foreign currency exchange differences	21.3	(15.0)
Share of associates' net profit	0.5	22.0
Dividends from associates	(33.3)	(56.8)
Share of associates' retained earnings at the end of the year	95.5	107.0

Share of post-acquisition reserves attributable to associates:

Share of associates' reserves at the beginning of the year	27.3	46.2
Share of associates' movement in reserves	(33.7)	(18.9)
Share of associates' reserves at the end of the year	(6.4)	27.3

Movements in carrying amount of investments in associates:

Carrying amount of investments in associates at the beginning of the year	298.2	388.8
Investments in associates during the year	0.9	2.3
Share of associates' net profit	11.5	22.0
Share of associates' impairment of assets	(11.0)	–
Dividends from associates	(33.3)	(56.8)
Losses from associates recognised against non-current receivables	12.3	2.5
Share of associates' movement in currency reserve	(33.7)	(18.9)
Effect of exchange rate changes	54.0	(41.7)
Carrying amount of investments in associates at the end of the year	298.9	298.2

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

	CONSOLIDATED	
	2009 \$ millions	2008 \$ 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	540.8	529.1
Share of associates' underlying profit before income tax expense	29.1	39.7
Share of associates' underlying income tax expense	(17.6)	(17.7)
	11.5	22.0
Significant item	(11.0)	–
Share of associates' net profit – equity accounted	0.5	22.0
Share of associates' net assets		
Current assets	218.2	204.6
Non-current assets	504.1	480.7
Total assets	722.3	685.3
Current liabilities	241.6	203.8
Non-current liabilities	181.8	183.3
Total liabilities	423.4	387.1
Net assets	298.9	298.2
Share of associates' commitments:		
Share of associates' capital expenditure commitments contracted but not provided for:		
Not later than one year	15.5	7.5
Share of associates' operating lease commitments payable:		
Not later than one year	4.9	3.0
Later than one year but not later than five years	9.2	5.1
Later than five years	3.7	1.8
	17.8	9.9

12. Other Financial Assets

	CONSOLIDATED		BORAL LIMITED	
	2009 \$ millions	2008 \$ millions	2009 \$ millions	2008 \$ millions
NON-CURRENT				
Shares in controlled entities – at cost	–	–	24.6	24.6
Investment in partnerships – at cost	–	–	16.0	15.5
Listed shares – at fair value	–	404.4	–	404.4
Unlisted shares in associated entities – at cost	–	–	19.2	19.2
Derivative financial assets	30.0	26.4	17.0	18.8
	30.0	430.8	76.8	482.5

During the year, the Group and the Company recognised a profit on the disposal of investments of \$38.3 million from the sale of 107.8 million shares in Adelaide Brighton Limited for a net consideration of \$205.5 million.

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

13. Property, Plant and Equipment

Land and buildings

	CONSOLIDATED		BORAL LIMITED	
	2009 \$ millions	2008 \$ millions	2009 \$ millions	2008 \$ millions
At cost	1,139.0	1,079.8	114.5	109.9
At recoverable amount	10.1	10.1	–	–
Less: Accumulated depreciation and amortisation	(83.7)	(71.1)	(10.8)	(9.3)
	1,065.4	1,018.8	103.7	100.6

Timber licences and mineral reserves

At cost	97.8	82.2	38.9	38.9
Less: Accumulated amortisation	(6.4)	(4.9)	–	–
	91.4	77.3	38.9	38.9

Plant and equipment

At cost	4,252.0	4,199.9	832.5	809.8
Less: Accumulated depreciation	(2,305.3)	(2,208.1)	(452.3)	(417.4)
	1,946.7	1,991.8	380.2	392.4
Leased plant and equipment capitalised	1.4	1.9	–	–
Less: Accumulated amortisation	(0.9)	(0.9)	–	–
	0.5	1.0	–	–
	1,947.2	1,992.8	380.2	392.4
Total	3,104.0	3,088.9	522.8	531.9

RECONCILIATIONS

Land and buildings

Balance at the beginning of the year	1,018.8	947.3	100.6	101.5
Additions	36.5	104.1	3.9	0.3
Disposals	(12.6)	(10.2)	–	(0.3)
Acquisitions of entities or operations	–	10.9	–	–
Depreciation expense	(13.2)	(10.6)	(0.8)	(0.9)
Net foreign currency exchange differences	35.9	(22.7)	–	–
Balance at the end of the year	1,065.4	1,018.8	103.7	100.6

Timber licences and mineral reserves

Balance at the beginning of the year	77.3	71.1	38.9	38.9
Additions	14.5	1.3	–	–
Disposals	–	(0.5)	–	–
Acquisitions of entities or operations	–	8.3	–	–
Amortisation expense	(1.4)	(1.1)	–	–
Net foreign currency exchange differences	1.0	(1.8)	–	–
Balance at the end of the year	91.4	77.3	38.9	38.9

Plant and equipment

Balance at the beginning of the year	1,992.8	1,971.2	392.4	409.4
Additions	179.8	284.8	23.4	19.8
Disposals	(23.1)	(14.5)	–	(1.9)
Acquisitions of entities or operations	1.4	24.3	–	–
Impairment of plant and equipment	(21.4)	(5.3)	–	–
Depreciation expense	(241.9)	(222.6)	(35.6)	(34.9)
Net foreign currency exchange differences	59.6	(45.1)	–	–
Balance at the end of the year	1,947.2	1,992.8	380.2	392.4

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

	CONSOLIDATED		BORAL LIMITED	
	2009 \$ millions	2008 \$ millions	2009 \$ millions	2008 \$ millions
14. Intangible Assets				
Goodwill	292.0	304.5	–	–
Other intangible assets	40.9	39.7	1.8	1.6
Less: Accumulated amortisation	(25.1)	(18.1)	(0.3)	–
	307.8	326.1	1.5	1.6
Reconciliation of goodwill				
Balance at the beginning of the year	304.5	314.4	–	–
Acquisitions of entities or operations	3.8	48.4	–	–
Impairment of goodwill	(48.0)	(31.9)	–	–
Net foreign currency exchange differences	31.7	(26.4)	–	–
Balance at the end of the year	292.0	304.5	–	–

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. Recognising that the Group operates in cyclical markets, cash flow projections covering periods of up to 10 years are used where this period more appropriately reflects a full business cycle. Cash flows beyond the projection period are extrapolated using growth rates of between 0.8% and 2.5% which do not exceed the long-term average growth rate for the industry in which the CGU operates.

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

The recoverable amount of CGUs exceeds their carrying values as at 30 June 2009. 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 2009, the Group has written down the value of goodwill by \$48.0 million (2008: \$31.9 million of goodwill applicable to the Thailand construction materials operations). In the United States of America, goodwill arising on the acquisition of construction materials businesses in Colorado and Oklahoma has been written down by \$30.8 million due to weak market volumes. The write-down was calculated on a value in use basis utilising a pre-tax discount rate of 13.9% (2008: 13.9%). The Group has also written down the value of goodwill by \$17.2 million relating to the precast concrete panels business in Construction Materials – Australia. The write-down was calculated on a value in use basis utilising a pre-tax discount rate of 12.0% (2008: 12.0%).

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

	CONSOLIDATED	
	2009 \$ millions	2008 \$ millions
Building products – Australia	43.4	42.8
Construction materials – Australia	79.1	93.1
United States of America	169.5	168.6
	292.0	304.5

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

14. Intangible Assets (continued)

Reconciliation of other intangible assets

	CONSOLIDATED		BORAL LIMITED	
	2009 \$ millions	2008 \$ millions	2009 \$ millions	2008 \$ millions
Balance at the beginning of the year	21.6	25.9	1.6	–
Additions	0.7	2.3	0.2	1.6
Acquisitions of entities or operations	–	1.5	–	–
Impairment of software	–	(1.8)	–	–
Amortisation expense	(6.8)	(5.9)	(0.3)	–
Net foreign currency exchange differences	0.3	(0.4)	–	–
Balance at the end of the year	15.8	21.6	1.5	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	110.9	76.1	0.1	0.1
Less: Accumulated amortisation	(71.2)	(59.6)	–	–
	39.7	16.5	0.1	0.1
Prepayments	27.3	25.1	4.1	1.0
	67.0	41.6	4.2	1.1

NON-CURRENT

Deferred expenses	78.6	80.6	0.1	0.4
	78.6	80.6	0.1	0.4

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	603.2	678.8	36.8	56.9
Due to wholly owned controlled entities	–	–	2,948.8	2,904.2
Due to associated entities	5.7	7.6	–	–
	608.9	686.4	2,985.6	2,961.1

NON-CURRENT

Deferred income	15.6	17.4	–	–
Derivative financial liabilities	17.7	63.6	14.3	63.6
	33.3	81.0	14.3	63.6

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

17. Interest Bearing Loans and Borrowings

CURRENT

	CONSOLIDATED		BORAL LIMITED	
	2009 \$ millions	2008 \$ millions	2009 \$ millions	2008 \$ millions
Bank overdrafts – unsecured	–	–	156.2	150.9
Bank loans – unsecured	5.8	2.9	18.3	17.3
Other loans – unsecured	0.6	43.5	–	–
Finance lease liabilities	0.3	0.8	–	–
	6.7	47.2	174.5	168.2

NON-CURRENT

Other loans – secured	–	0.2	–	–
Bank loans – unsecured	223.0	50.0	164.6	–
Other loans – unsecured	1,384.4	1,465.0	675.7	873.8
Finance lease liabilities	–	0.1	–	–
	1,607.4	1,515.3	840.3	873.8

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

18. Current Tax Liabilities

CURRENT

Current tax liability	28.5	96.9	42.3	52.5
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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	5.7	4.4	–	–
Inventories	(35.4)	(38.5)	–	–
Other financial assets	–	(71.2)	–	(71.2)
Property, plant and equipment	(193.3)	(169.2)	(32.1)	(34.1)
Intangible assets	(17.5)	(15.4)	–	–
Payables	6.3	6.3	–	–
Interest bearing loans and borrowings	3.8	(3.1)	2.7	(2.8)
Provisions	100.4	96.8	4.3	12.6
Other	(27.9)	(32.6)	5.1	0.8
Unrealised foreign exchange	(56.5)	(105.5)	(59.9)	(104.1)
Tax losses carried forward	43.8	11.1	–	–
Deferred tax liability	(170.6)	(316.9)	(79.9)	(198.8)

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

19. Deferred Tax Assets and Liabilities (continued)

UNRECOGNISED DEFERRED TAX ASSETS

	CONSOLIDATED		BORAL LIMITED	
	2009 \$ millions	2008 \$ millions	2009 \$ millions	2008 \$ millions
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*	42.4	63.2	–	10.3

* 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	
		2009 \$ millions	2008 \$ millions	2009 \$ millions	2008 \$ millions
Australia*	No restriction	–	34.4	–	34.4
Germany	No restriction	66.8	64.6	–	–
Singapore	No restriction	2.1	1.5	–	–
Thailand	31 Dec 2010	18.5	9.1	–	–
United Kingdom*	No restriction	47.8	48.1	–	–
United States of America*	30 June 2010	–	42.3	–	–

* Unbooked 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

	CONSOLIDATED				
	Balance 1 July 2008 \$ millions	Recognised in income \$ millions	Recognised in equity \$ millions	Other movements \$ millions	Balance 30 June 2009 \$ millions
as at 30 June 2009					
Receivables	4.4	1.3	–	–	5.7
Inventories	(38.5)	3.1	–	–	(35.4)
Other financial assets	(71.2)	–	71.2	–	–
Property, plant and equipment	(169.2)	(11.3)	–	(12.8)	(193.3)
Intangible assets	(15.4)	(0.1)	–	(2.0)	(17.5)
Payables	6.3	(0.2)	–	0.2	6.3
Interest bearing loans and borrowings	(3.1)	0.7	6.2	–	3.8
Provisions	96.8	(1.2)	–	4.8	100.4
Other	(32.6)	(2.0)	6.9	(0.2)	(27.9)
Unrealised foreign exchange	(105.5)	(11.6)	60.6	–	(56.5)
Tax losses carried forward	11.1	33.4	–	(0.7)	43.8
Deferred tax liability	(316.9)	12.1	144.9	(10.7)	(170.6)
	BORAL LIMITED				
as at 30 June 2009	Balance 1 July 2008 \$ millions	Recognised in income \$ millions	Recognised in equity \$ millions	Other movements \$ millions	Balance 30 June 2009 \$ millions
Other financial assets	(71.2)	–	71.2	–	–
Property, plant and equipment	(34.1)	2.0	–	–	(32.1)
Payables	–	–	–	–	–
Interest bearing loans and borrowings	(2.8)	4.5	1.0	–	2.7
Provisions	12.6	(8.3)	–	–	4.3
Other	0.8	(1.8)	6.1	–	5.1
Unrealised foreign exchange	(104.1)	44.2	–	–	(59.9)
Deferred tax liability	(198.8)	40.6	78.3	–	(79.9)
	CONSOLIDATED				
as at 30 June 2008	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
Deferred tax liability	(299.3)	5.4	(31.8)	8.8	(316.9)
	BORAL LIMITED				
as at 30 June 2008	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)
Deferred tax liability	(166.1)	(35.0)	2.3	–	(198.8)

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

20. Provisions

CURRENT

	CONSOLIDATED		BORAL LIMITED	
	2009 \$ millions	2008 \$ millions	2009 \$ millions	2008 \$ millions
Employee benefits	163.8	165.1	11.8	10.0
Rationalisation and restructuring	0.5	0.4	–	–
Claims	6.1	8.8	–	–
Restoration and environmental rehabilitation	13.1	14.7	–	–
Other	16.7	5.8	2.0	1.2
	200.2	194.8	13.8	11.2

NON-CURRENT

Employee benefits	29.4	14.5	15.2	0.3
Claims	4.3	3.8	–	–
Restoration and environmental rehabilitation	27.6	26.1	–	–
Other	20.7	2.5	2.0	3.0
	82.0	46.9	17.2	3.3

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.

Restoration and environmental rehabilitation

Provisions are made for the fair value of the liability for restoration and rehabilitation of areas from which natural resources are extracted. The basis for accounting is set out in note 1. Provisions are also made for the expected cost of environmental rehabilitation of sites identified as being contaminated as a result of prior activities. The liability is recognised when the environmental exposure is identified and the estimated clean-up costs can be reliably assessed.

Other

Other provisions includes provision for onerous contracts, which reflects the expected future losses on contractual obligations in the fly ash operations in the USA.

RECONCILIATIONS

	CONSOLIDATED		BORAL LIMITED	
	2009 \$ millions	2008 \$ millions	2009 \$ millions	2008 \$ millions
Dividend – current				
Balance at the beginning of the year	–	–	–	–
Provisions made during the year:				
Final dividend	99.6	102.0	99.6	102.0
Interim dividend	44.0	102.5	44.0	102.5
Payments made during the period	(143.6)	(204.5)	(143.6)	(204.5)
Balance at the end of the year	–	–	–	–
Rationalisation and restructuring – current				
Balance at the beginning of the year	0.4	4.4	–	–
Provisions made/(released) during the year	0.1	(4.0)	–	–
Balance at the end of the year	0.5	0.4	–	–

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

	CONSOLIDATED		BORAL LIMITED	
	2009 \$ millions	2008 \$ millions	2009 \$ millions	2008 \$ millions
20. Provisions (continued)				
RECONCILIATIONS (continued)				
Claims – current				
Balance at the beginning of the year	8.8	17.2	–	2.0
Provisions made/(released) during the year	1.3	(6.2)	–	(2.0)
Payments made during the period	(4.6)	(4.9)	–	–
Transfer from non-current provisions	0.2	2.9	–	–
Net foreign currency exchange differences	0.4	(0.2)	–	–
Balance at the end of the year	6.1	8.8	–	–
Claims – non-current				
Balance at the beginning of the year	3.8	7.3	–	–
Provisions made/(released) during the year	0.7	(0.6)	–	–
Transfer to current provisions	(0.2)	(2.9)	–	–
Balance at the end of the year	4.3	3.8	–	–
Restoration and environmental rehabilitation – current				
Balance at the beginning of the year	14.7	14.5	–	–
Provisions made during the year	1.7	1.2	–	–
Payments made during the period	(4.5)	(0.3)	–	–
Net foreign currency exchange differences	1.2	(0.7)	–	–
Balance at the end of the year	13.1	14.7	–	–
Restoration and environmental rehabilitation – non-current				
Balance at the beginning of the year	26.1	25.2	–	–
Provisions made/(released) during the year	0.3	(0.3)	–	–
Unwind of discount	1.2	1.2	–	–
Balance at the end of the year	27.6	26.1	–	–
Other – current				
Balance at the beginning of the year	5.8	4.4	1.2	1.3
Provisions made during the year	11.8	1.9	–	–
Payments made during the period	(0.2)	(0.5)	(0.1)	(0.1)
Transfer from non-current provisions	0.2	–	0.9	–
Net foreign currency exchange differences	(0.9)	–	–	–
Balance at the end of the year	16.7	5.8	2.0	1.2
Other – non-current				
Balance at the beginning of the year	2.5	4.1	3.0	3.5
Provisions made/(released) during the year	21.5	(0.3)	1.4	0.6
Payments made during the period	(1.5)	(1.3)	(1.5)	(1.1)
Transfer to current provisions	(0.2)	–	(0.9)	–
Net foreign currency exchange differences	(1.6)	–	–	–
Balance at the end of the year	20.7	2.5	2.0	3.0

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

21. Issued Capital

Issued and paid-up capital

592,890,530 (2008: 585,735,263) ordinary shares, fully paid

CONSOLIDATED		BORAL LIMITED	
2009 \$ millions	2008 \$ millions	2009 \$ millions	2008 \$ millions

Movements in ordinary share capital

Balance at the beginning of the year	1,673.1	1,688.1	1,673.1	1,688.1
12,083,777 (2008: 6,067,169) shares issued under the Dividend Reinvestment Plan	49.7	41.4	49.7	41.4
21,692 (2008: 280,950) shares issued upon the exercise of executive options	0.1	1.5	0.1	1.5
Nil (2008: 20,019,889) off-market share buy-back	–	(57.9)	–	(57.9)
4,950,202 (2008: Nil) on-market share buy-back	(31.5)	–	(31.5)	–
Balance at the end of the year	1,691.4	1,673.1	1,691.4	1,673.1

During the year, the Company completed the buy-back of 4,950,202 shares. The total consideration of shares bought back on market was \$31,540,668 and at an average price of \$6.37. The consideration paid was allocated to share capital.

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	
	2009 \$ millions	2008 \$ millions	2009 \$ millions	2008 \$ millions
22. Reserves				
Foreign currency translation reserve	(62.9)	(76.2)	–	–
Hedging reserve – cash flow hedges	(8.6)	5.8	(6.1)	(3.7)
Fair value reserve	–	166.0	–	166.0
Share-based payments reserve	28.3	17.4	28.3	17.4
	(43.2)	113.0	22.2	179.7
RECONCILIATIONS				
Foreign currency translation reserve				
Balance at the beginning of the year	(76.2)	(19.7)	–	–
Net gain/(loss) on translation of assets and liabilities of overseas entities	154.6	(126.7)	–	–
Net gain/(loss) on translation of long-term borrowings and foreign currency forward contracts net of tax expense/(benefit) (\$60.6) million (2008: \$29.7 million)	(141.3)	70.2	–	–
Balance at the end of the year	(62.9)	(76.2)	–	–
Hedging reserve				
Balance at the beginning of the year	5.8	(2.5)	(3.7)	(1.8)
Transferred to interest expense	2.2	5.1	2.2	5.1
Transferred to initial carrying amount of hedged item	(14.6)	1.7	(0.6)	(0.7)
Gains/(losses) taken directly to equity	(8.2)	5.1	(5.0)	(7.1)
Tax (expense)/benefit	6.2	(3.6)	1.0	0.8
Balance at the end of the year	(8.6)	5.8	(6.1)	(3.7)
Fair value reserve				
Balance at the beginning of the year	166.0	160.0	166.0	160.0
Gain transferred to the income statement on sale of financial asset	(38.3)	–	(38.3)	–
Changes in fair value	(198.9)	8.6	(198.9)	8.6
Income tax	71.2	(2.6)	71.2	(2.6)
Balance at the end of the year	–	166.0	–	166.0
Share-based payments reserve				
Balance at the beginning of the year	17.4	10.3	17.4	10.3
Option/rights expense	10.9	7.1	10.9	7.1
Balance at the end of the year	28.3	17.4	28.3	17.4

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. During the year, the Group and the Company disposed of its investment in Adelaide Brighton Limited for a net consideration of \$205.5 million.

Share-based payments reserve

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

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

23. Retained Earnings

	CONSOLIDATED		BORAL LIMITED	
	2009 \$ millions	2008 \$ millions	2009 \$ millions	2008 \$ millions
Balance at the beginning of the year	1,121.5	1,148.2	991.5	931.5
Net profit attributable to members of the parent entity	142.0	242.8	137.1	329.5
Dividends recognised during the year	(143.6)	(204.5)	(143.6)	(204.5)
Dividend component of off-market share buy-back	–	(56.3)	–	(56.3)
Actuarial loss on defined benefit plans, net of tax	(15.7)	(8.7)	(14.1)	(8.7)
Balance at the end of the year	1,104.2	1,121.5	970.9	991.5

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	8.4	8.1	8.4	8.1
Other items	1.6	1.2	–	–
	10.0	9.3	8.4	8.1

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 taxation authorities in other jurisdictions in which Boral operates.

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 (Origin) 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. During the year, a number of matters were resolved with both the Australian and United States taxation authorities which are likely to give rise to claims by the Group under the demerger deed. A settlement has been reached with the ATO in relation to this matter. As the settlement resulted in a payment to the ATO, Origin is likely to rely on indemnities contained in the demerger deed.

The Group has considered all of the above claims and, where appropriate, sought independent advice and 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 2009 are set out in note 35.

CONSOLIDATED		BORAL LIMITED	
2009 \$ millions	2008 \$ millions	2009 \$ millions	2008 \$ millions

25. Commitments

CAPITAL EXPENDITURE COMMITMENTS

Contracted but not provided for are payable as follows:

Not later than one year	27.1	24.8	–	–
Later than one year but not later than five years	3.1	3.4	–	–
	30.2	28.2	–	–

The capital expenditure commitments are in respect of the purchase of plant and equipment.

FINANCE LEASES

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

Not later than one year	0.3	0.8	–	–
Later than one year but not later than five years	–	0.2	–	–
	0.3	1.0	–	–
Less: Future finance charges and executory costs	–	(0.1)	–	–
	0.3	0.9	–	–

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	86.0	81.3	2.6	2.6
Later than one year but not later than five years	163.1	157.3	10.5	10.2
Later than five years	67.2	69.3	2.8	5.5
	316.3	307.9	15.9	18.3

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

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

Tranche	Grant date	Expiry date	Exercise price	Balance at beginning of the year Number	Issued during the year Number	Cancelled during the year Number	Exercised during the year Number	Balance at end of the year Number	Vested and exercisable Number
Consolidated and Company – 2009									
(xii)	4/11/2002	4/11/2009	\$4.12	143,000	–	–	–	143,000	143,000
(xiii)	29/10/2003	29/10/2010	\$5.57	2,614,428	–	149,456	21,692	2,443,280	625,371
(xiv)	29/10/2004	29/10/2011	\$6.60	1,949,700	–	55,400	–	1,894,300	–
(xv)	31/10/2005	31/10/2012	\$7.70	3,195,000	–	81,000	–	3,114,000	–
(xvi)	6/11/2006	6/11/2013	\$7.32	4,580,900	–	94,900	–	4,486,000	–
(xvii)	6/11/2007	6/11/2014	\$6.83	5,938,700	–	84,300	–	5,854,400	–
				18,421,728	–	465,056	21,692	17,934,980	768,371

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

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 – 2009				
(xiii)	121	21,692	\$6.50	141
	121	21,692		141

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

26. Employee Benefits (continued)

BORAL SENIOR EXECUTIVE OPTION PLAN (continued)

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

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, ie 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 \$3.72 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:

	2009	2008
Grant date share price	\$4.85	\$6.77
Risk free rate	5.04%	6.61%
Dividend yield	4.00%	4.99%
Volatility factor	30% – 33%	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 Number	Issued during the year Number	Cancelled during the year Number	Exercised during the year Number	Balance at end of the year Number	Vested and exercisable Number
Consolidated and Company – 2009									
(i)	29/10/2004	29/10/2011	\$0.00	548,836	–	14,854	–	533,982	–
(ii)	31/10/2005	31/10/2012	\$0.00	839,854	–	21,316	–	818,538	–
(iii)	6/11/2006	6/11/2013	\$0.00	682,420	–	25,941	–	656,479	–
(iv)	6/11/2007	6/11/2014	\$0.00	843,925	–	21,932	–	821,993	–
(v)	3/11/2008	3/11/2015	\$0.00	–	2,090,899	–	–	2,090,899	–
				2,915,035	2,090,899	84,043	–	4,921,891	–

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	–

During the year ended 30 June 2009, the consolidated entity recognised an expense of \$10.9 million (2008: \$7.1 million) in relation to share-based payments. (Boral Limited \$7.0 million (2008: \$4.7 million)).

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

26. Employee Benefits (continued)

SUPERANNUATION

At 30 June 2009, 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 2009 was \$47.3 million (2008: \$46.5 million), Boral Limited \$1.9 million (2008: \$1.5 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	
	2009 \$ millions	2008 \$ millions	2009 \$ millions	2008 \$ millions
Net asset for defined benefit obligation at the beginning of the year	2.2	12.0	3.3	12.9
Expense recognised in the income statement	(2.4)	(2.2)	(1.8)	(1.6)
Actuarial losses recognised in retained earnings	(22.6)	(12.4)	(20.2)	(12.4)
Employer contributions	6.7	4.6	3.8	4.4
Net foreign currency exchange differences	(0.4)	0.2	–	–
Net asset/(liability) for defined benefit obligation at the end of the year	(16.5)	2.2	(14.9)	3.3

The accrued benefits, fund assets and vested benefits have been determined based on amounts calculated by the actuary projected forward to 30 June 2009.

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	
	2009 \$ millions	2008 \$ millions	2009 \$ millions	2008 \$ millions
Reconciliation of the net asset recognised in the balance sheet				
Defined benefit obligation	(83.8)	(79.1)	(72.3)	(68.2)
Fair value of plan assets	67.3	81.3	57.4	71.5
Net asset/(liability)	(16.5)	2.2	(14.9)	3.3
Movements in the present value of the defined benefit obligation				
Present value of defined benefit obligation at the beginning of the year	79.1	79.2	68.2	67.0
Current service cost	4.8	5.4	4.0	4.7
Interest cost	3.6	3.7	2.8	3.0
Contributions by plan participants	0.3	0.4	0.3	0.4
Actuarial losses	2.2	0.4	3.9	0.8
Benefits paid	(8.2)	(8.5)	(6.9)	(7.7)
Net foreign currency exchange differences	2.0	(1.5)	–	–
Present value of defined benefit obligation at the end of the year	83.8	79.1	72.3	68.2
Movements in the fair value of plan assets				
Fair value of plan assets at the beginning of the year	81.3	91.2	71.5	79.9
Expected return on plan assets	6.0	6.9	5.0	6.1
Actuarial losses	(20.4)	(12.0)	(16.3)	(11.6)
Employer contributions	6.7	4.6	3.8	4.4
Contributions by plan participants	0.3	0.4	0.3	0.4
Benefits paid	(8.2)	(8.5)	(6.9)	(7.7)
Net foreign currency exchange differences	1.6	(1.3)	–	–
Fair value of plan assets at the end of the year	67.3	81.3	57.4	71.5
Expense recognised in the income statement				
Current service cost	4.8	5.4	4.0	4.7
Interest cost	3.6	3.7	2.8	3.0
Expected return on plan assets	(6.0)	(6.9)	(5.0)	(6.1)
Defined benefit superannuation expense	2.4	2.2	1.8	1.6
Cumulative amounts recognised in equity before tax				
Balance at beginning of the year	(2.0)	10.0	0.6	13.0
Actuarial losses	(22.6)	(12.4)	(20.2)	(12.4)
Net foreign currency exchange differences	(0.5)	0.4	–	–
Cumulative actuarial gains/(losses)	(25.1)	(2.0)	(19.6)	0.6
Actual return on plan assets	(14.4)	(5.1)	(11.3)	(5.5)

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	
	2009	2008	2009	2008
Equity securities	67.0%	69.3%	50.3%	58.6%
Debt securities	29.2%	24.7%	39.4%	27.9%
Property securities	3.6%	4.9%	0.0%	0.0%
Other securities	0.2%	1.1%	10.3%	13.5%

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 2010 are \$7.8 million (Boral Limited: \$6.5 million).

	BORAL SUPER SUB-PLAN		BORAL INDUSTRIES INC PLAN	
	2009	2008	2009	2008
Discount rate	4.7%	5.6%	6.5%	5.8%
Expected rate of return on plan assets	7.0%	8.0%	7.5%	8.0%
Expected salary increase rate	4.0%	5.0%	3.0%	3.0%

Principal actuarial assumptions at the balance sheet date

Discount rate	4.7%	5.6%	6.5%	5.8%
Expected rate of return on plan assets	7.0%	8.0%	7.5%	8.0%
Expected salary increase rate	4.0%	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				
	2009 \$ millions	2008 \$ millions	2007 \$ millions	2006 \$ millions	2005 \$ millions
Present value of defined benefit obligation	(83.8)	(79.1)	(79.2)	(79.5)	(75.0)
Fair value of plan assets	67.3	81.3	91.2	83.6	71.9
Net asset/(liability)	(16.5)	2.2	12.0	4.1	(3.1)
Experience adjustments on plan assets – gain/(loss)	(20.4)	(12.0)	6.3	5.1	(0.4)
Experience adjustments on plan liabilities – gain/(loss)	(2.2)	(0.4)	(1.1)	(0.2)	(0.1)
	BORAL LIMITED				
	2009 \$ millions	2008 \$ millions	2007 \$ millions	2006 \$ millions	2005 \$ millions
Present value of defined benefit obligation	(72.3)	(68.2)	(67.0)	(66.8)	(65.7)
Fair value of plan assets	57.4	71.5	79.9	73.2	62.7
Net asset/(liability)	(14.9)	3.3	12.9	6.4	(3.0)
Experience adjustments on plan assets – gain/(loss)	(16.3)	(11.6)	5.3	5.6	–
Experience adjustments on plan liabilities – gain/(loss)	(3.9)	(0.8)	(0.6)	2.7	–

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:

	Currency	Effective interest rate 2009	Year of maturity	CONSOLIDATED			
				30 June 2009		30 June 2008	
				Carrying amount \$ millions	Fair value \$ millions	Carrying amount \$ millions	Fair value \$ millions
CURRENT							
US senior notes – unsecured	USD	–	–	–	–	43.5	44.4
Bank loans – unsecured	THB	4.27%	2010	5.8	5.8	2.5	2.5
Bank loans – unsecured	AUD	–	–	–	–	0.4	0.4
Other loans – unsecured	AUD	7.24%	2010	0.6	0.6	–	–
Finance lease liabilities	AUD	6.64%	2010	0.3	0.3	0.8	0.8
				6.7	6.7	47.2	48.1
NON-CURRENT							
US senior notes – unsecured	USD	6.44%	2012-2020	1,323.2	1,347.8	1,086.8	1,104.0
US commercial paper – unsecured	USD	–	–	–	–	131.4	131.4
Syndicated term credit facility – unsecured	USD	1.61%	2011	124.6	124.6	–	–
Syndicated term credit facility – unsecured	AUD	4.50%	2011	40.0	40.0	–	–
AUD notes – unsecured	AUD	4.12%	2011	59.7	59.7	246.6	246.7
Bank loans – unsecured	THB	2.91%	2011	58.4	58.4	50.0	50.0
Other loans – unsecured ¹	AUD	–	2014	1.5	1.5	0.2	0.2
Other loans – secured	AUD	–	–	–	–	0.2	0.2
Finance lease liabilities	AUD	–	–	–	–	0.1	0.1
				1,607.4	1,632.0	1,515.3	1,532.6
TOTAL				1,614.1	1,638.7	1,562.5	1,580.7

1 Vendor loan covering the purchase of plant and equipment where instalment repayments by the Boral group do not include an interest component.

	Currency	Effective interest rate 2009	Year of maturity	BORAL LIMITED			
				30 June 2009		30 June 2008	
				Carrying amount \$ millions	Fair value \$ millions	Carrying amount \$ millions	Fair value \$ millions
CURRENT							
Bank loans – unsecured	USD	1.28%	2010	18.3	18.3	17.0	17.0
Bank loans – unsecured	AUD	–	–	–	–	0.3	0.3
Bank overdrafts – unsecured	AUD	8.83%	2009	156.2	156.2	150.9	150.9
				174.5	174.5	168.2	168.2
NON-CURRENT							
US senior notes – unsecured	USD	6.41%	2017-2018	616.0	606.1	495.8	496.3
US commercial paper – unsecured	USD	–	–	–	–	131.4	131.4
Syndicated term credit facility – unsecured	USD	1.61%	2011	124.6	124.6	–	–
Syndicated term credit facility – unsecured	AUD	4.50%	2011	40.0	40.0	–	–
AUD notes – unsecured	AUD	4.12%	2011	59.7	59.7	246.6	246.7
				840.3	830.4	873.8	874.4
TOTAL				1,014.8	1,004.9	1,042.0	1,042.6

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 (US\$258 million outstanding; equivalent A\$331 million), US\$400 million (equivalent A\$518 million) and US\$382.2 million (equivalent A\$474 million) were undertaken in 2002, 2005 and 2008 respectively with financial institutions in the North American Private Placement market. The notes are structured in seven tranches for amounts of 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 three, five, six, eight (by two tranches), nine and eleven years. Fixed coupon interest rates of 6.91%, 7.01%, 7.11%, 5.42%, 5.52%, 7.12% and 7.22% per annum respectively apply to the seven tranches.

The Company: A placement for US\$200 million (equivalent A\$272 million) and US\$276 million (equivalent A\$344 million) was undertaken in 2005 and 2008 with financial institutions in the North American Private Placement market. The notes mature in eight and nine years respectively. A fixed coupon interest rate of 5.52% and 7.12% per annum respectively applies to the notes.

US COMMERCIAL PAPER – UNSECURED*

The Group and the Company: US\$1,000 million (equivalent A\$1,230 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*

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).

* US commercial paper and AUD notes are supported by a committed US\$200 million and A\$794 million (aggregate equivalent A\$1,040 million) syndicated term credit facility that matures on 13 August 2011. 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 2009.

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

SYNDICATED TERM CREDIT FACILITY

The Group and the Company: Syndicated term credit facility – a committed US\$200 million and A\$794 million (aggregate equivalent A\$1,040 million) syndicated term credit 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 13 August 2011 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\$18.3 million (total A\$36.7 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 THB1,780 million (equivalent A\$64.4 million) credit facility is available to Boral Concrete (Thailand) Limited and Boral Quarry Products (Thailand) Limited respectively. The primary purpose of the THB facility is to provide Boral's Thailand operations with funding for general corporate purposes. The maturity date for this facility is 30 August 2011.

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 and Asia that have combined limits of A\$6.6 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 2009.

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 disposal nor do they indicate the Group's intent or ability to dispose of 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 based on delegated limits of authority.

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.

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)

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 2009 \$ millions	Fair value 2009 \$ millions	Carrying amount 2008 \$ millions	Fair value 2008 \$ millions
Equity securities available for sale	–	–	404.4	404.4
Loans (to)/receivables from associates	107.7	107.7	95.6	95.6
Trade and other receivables	702.4	702.4	825.9	825.9
Cash and cash equivalents	100.5	100.5	47.4	47.4
	910.6	910.6	1,373.3	1,373.3
	BORAL LIMITED			
	Carrying amount 2009 \$ millions	Fair value 2009 \$ millions	Carrying amount 2008 \$ millions	Fair value 2008 \$ millions
Equity securities available for sale	–	–	404.4	404.4
Trade and other receivables	4.8	4.8	8.5	8.5
Receivables from wholly owned controlled entities	6,241.3	6,241.3	6,149.8	6,149.8
Cash and cash equivalents	0.9	0.9	1.0	1.0
	6,247.0	6,247.0	6,563.7	6,563.7

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 2009	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	13.0	13.0	13.9	2.3	2.4	5.5	3.7	–
Cross currency swaps designated as fair value hedges	11.9	11.9	21.6	1.6	1.9	0.7	(11.7)	29.1
Commodity swaps/options designated as cash flow hedges	4.9	4.9	5.1	2.6	2.0	0.5	–	–
Foreign exchange options designated as cash flow hedges	0.1	0.1	–	–	–	–	–	–
Interest rate options not designated as hedges for accounting purposes	0.1	0.1	–	–	–	–	–	–
	30.0	30.0	40.6	6.5	6.3	6.7	(8.0)	29.1

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

28. Financial Instruments (continued)

CREDIT RISK (continued)

30 June 2009	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								
Cross currency swaps designated as fair value hedges	11.9	11.9	21.6	1.6	1.9	0.7	(11.7)	29.1
Commodity swaps/options designated as cash flow hedges	4.9	4.9	5.1	2.6	2.0	0.5	–	–
Foreign exchange options designated as cash flow hedges	0.1	0.1	–	–	–	–	–	–
Interest rate options not designated as hedges for accounting purposes	0.1	0.1	–	–	–	–	–	–
	17.0	17.0	26.7	4.2	3.9	1.2	(11.7)	29.1

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)

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)

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 maintain committed bank lines of credit to provide both committed standby support for the issuance of AUD and USD denominated commercial paper respectively and liquidity support for general corporate purposes. The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

30 June 2009	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 senior notes – unsecured	1,323.2	(1,882.8)	(41.2)	(41.2)	(82.8)	(473.4)	(1,244.2)
Syndicated term credit facility – unsecured	164.6	(175.2)	(2.1)	(2.6)	(5.5)	(165.0)	–
Bank loans – unsecured	64.2	(67.2)	(3.0)	(4.5)	(1.7)	(58.0)	–
AUD notes – unsecured	59.7	(65.6)	(1.3)	(1.3)	(2.7)	(60.3)	–
Other loans – unsecured	2.1	(2.1)	(0.4)	(0.2)	(0.5)	(1.0)	–
Finance lease liabilities	0.3	(0.3)	(0.2)	(0.1)	–	–	–
Trade and other payables	608.9	(608.9)	(608.9)	–	–	–	–
Derivative financial liabilities							
Foreign exchange contracts designated as cash flow hedges	5.7	(5.7)	(4.4)	(1.1)	(0.2)	–	–
Commodity swaps designated as cash flow hedges	4.3	(4.3)	(3.5)	(0.5)	(0.3)	–	–
Interest rate swaps designated as cash flow hedges	4.7	(4.8)	(1.8)	(1.3)	(1.5)	(0.2)	–
Cross currency swaps designated as cash flow hedges	2.9	(3.4)	(0.2)	(0.3)	(0.5)	(1.4)	(1.0)
Interest rate swaps not designated as hedges for accounting purposes	0.1	(0.1)	(0.1)	–	–	–	–
	2,240.7	(2,820.4)	(667.1)	(53.1)	(95.7)	(759.3)	(1,245.2)

30 June 2009	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 senior notes – unsecured	616.0	(911.9)	(18.9)	(18.9)	(37.8)	(113.2)	(723.1)
Syndicated term credit facility – unsecured	164.6	(175.2)	(2.1)	(2.6)	(5.5)	(165.0)	–
Bank loans – unsecured	18.3	(18.4)	(0.1)	(18.3)	–	–	–
AUD notes – unsecured	59.7	(65.6)	(1.3)	(1.3)	(2.7)	(60.3)	–
Bank overdrafts – unsecured	156.2	(156.2)	(156.2)	–	–	–	–
Trade and other payables	36.8	(36.8)	(36.8)	–	–	–	–
Payables to wholly owned controlled entities	2,948.8	(2,948.8)	(2,948.8)	–	–	–	–
Derivative financial liabilities							
Foreign exchange contracts designated as cash flow hedges	5.7	(5.7)	(4.4)	(1.1)	(0.2)	–	–
Commodity swaps designated as cash flow hedges	0.9	(1.0)	(0.9)	(0.1)	–	–	–
Interest rate swaps designated as cash flow hedges	4.7	(4.8)	(1.8)	(1.3)	(1.5)	(0.2)	–
Cross currency swaps designated as cash flow hedges	2.9	(3.4)	(0.2)	(0.3)	(0.5)	(1.4)	(1.0)
Interest rate swaps not designated as hedges for accounting purposes	0.1	(0.1)	(0.1)	–	–	–	–
	4,014.7	(4,327.9)	(3,171.6)	(43.9)	(48.2)	(340.1)	(724.1)

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

28. Financial Instruments (continued)

LIQUIDITY RISK (continued)

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)	–	–
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)	–	–	–
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)

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)	–	–	–	–
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)

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 2009 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.

MARKET RISK

Currency risk

The Group and the Company are exposed to foreign currency risk. This occurs as a result of firstly in respect of 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 and currency option contracts to assist with hedging foreign exchange risk. Most of the forward exchange and option contracts have maturities of less than one year following the balance sheet date. Where necessary and in keeping with policy compliance, 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. The carrying amounts of external loans designated for the purpose of net investment hedges was A\$433 million at 30 June 2009 (2008: A\$394 million).

The ineffective portion of both cash flow hedges and fair value hedges transferred to the income statement was A\$0.1 million in 2009 (2008: A\$0.4 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
30 June 2009	Equivalent to A\$ millions						
Balance sheet							
Net investment in overseas domiciled Boral subsidiaries	420.6	2.5	(2.4)	3.8	(20.4)	51.5	–
Foreign currency borrowings	(736.5)	–	–	–	–	–	–
Cross currency swaps	303.1	–	–	–	–	–	–
	(12.8)	2.5	(2.4)	3.8	(20.4)	51.5	–
Overseas denominated interest payments, purchase and sale contracts							
Estimated forecast interest payments and purchases	(66.0)	(21.4)	–	–	–	–	–
Forward exchange contracts	41.2	21.4	–	–	–	–	–
	(24.8)	–	–	–	–	–	–

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
30 June 2008	Equivalent to A\$ millions						
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)	–	–	–	–	–	–

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

Currency	BORAL LIMITED						
	USD	Euro	GBP	NZD	THB	IDR	CAD
30 June 2009	Equivalent to A\$ millions						
Balance sheet							
Foreign currency borrowings ^(a)	(893.5)	(52.1)	(114.2)	(18.8)	–	–	–
Cross currency swaps	303.1	–	–	–	–	–	–
	(590.4)	(52.1)	(114.2)	(18.8)	–	–	–

Overseas denominated interest payments, purchase and sale contracts

Estimated forecast interest payments and purchases	(10.8)	–	–	–	–	–	–
Forward exchange contracts ^(b)	41.2	21.4	–	–	–	–	–
	30.4	21.4	–	–	–	–	–

(a) Included in the Company's foreign currency external denominated borrowings is a committed bank line of credit for an amount equivalent A\$18.3 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	THB	IDR	CAD
30 June 2008	Equivalent to A\$ millions						
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\$17.0 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.

Sensitivity

At 30 June 2009, had the Australian dollar weakened/strengthened by 10% against the respective foreign currencies where all other variables remain constant, the Group's pre-tax change to earnings would have been a (loss)/gain respectively of around equivalent A\$1.5 million (2008: equivalent A\$2.3 million) and equity would have increased/decreased respectively by around equivalent A\$9.7 million (2008: equivalent A\$8.5 million).

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2009	2008	2009	2008
USD	0.7449	0.9051	0.8128	0.9651
Euro	0.5424	0.6105	0.5756	0.6106
GBP	0.4647	0.4506	0.4862	0.4836
NZD	1.2329	1.1775	1.2434	1.2621
THB	25.8158	28.3500	27.6400	32.3400
IDR	7,821	8,355	8,278	8,898

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 twelve 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 eight 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	
	2009	2008	2009	2008
	Carrying amount		Carrying amount	
	\$ millions	\$ millions	\$ millions	\$ millions
Fixed rate instruments				
US senior notes – unsecured	1,323.2	1,130.3	616.0	495.8
Bank loans – unsecured	–	0.4	–	0.3
Other loans – unsecured	2.1	0.2	–	–
Other loans – secured	–	0.2	–	–
Finance lease liabilities	0.3	0.9	–	–
	1,325.6	1,132.0	616.0	496.1
Variable rate instruments				
US commercial paper – unsecured	–	131.4	–	131.4
Syndicated term credit facility – unsecured	164.6	–	164.6	–
AUD notes – unsecured	59.7	246.6	59.7	246.6
Bank loans – unsecured	64.2	52.5	18.3	17.0
Bank overdraft – unsecured	–	–	156.2	150.9
	288.5	430.5	398.8	545.9
	1,614.1	1,562.5	1,014.8	1,042.0
Interest rate derivatives				
Pay fixed interest rate derivatives				
Pay fixed against A\$ bank bills	0.1	(1.1)	0.1	(1.1)
Pay fixed against US\$ LIBOR	4.7	3.2	4.7	3.2
Cross currency swap pay fixed against US\$ LIBOR	–	8.5	–	8.5
	4.8	10.6	4.8	10.6
Pay variable interest rate derivatives				
Pay floating against US\$ LIBOR	(13.0)	(6.4)	–	–
Cross currency swap pay floating US\$ LIBOR	(9.0)	49.0	(9.0)	(49.0)
	(22.0)	42.6	(9.0)	(49.0)

Sensitivity

At 30 June 2009, 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\$0.5 million higher/lower (2008: A\$0.6 million) and the change in equity would have been A\$1.3 million (2008: A\$2.5 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 2009 plus an adequate credit spread to discount financial instruments. The interest rates used are as follows:

	2009 % pa	2008 % pa
Derivatives	0.60 – 3.79	2.46 – 8.21
Interest bearing loans and borrowings	0.00 – 8.83	2.90 – 8.24
Finance leases	6.00 – 7.33	6.00 – 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 exceeds 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:

	2009 \$ millions	2008 \$ millions
Singapore gasoil 0.5%	34.8	60.2
Natural gas (NYMEX)	15.6	7.0
Aluminium – LME	5.9	5.8

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

Assets		
Commodity swaps designated as cash flow hedges	4.9	12.4
Commodity options designated as cash flow hedges	–	5.8
Liabilities		
Commodity swaps designated as cash flow hedges	(4.3)	–
	0.6	18.2

Sensitivity

At 30 June 2009, if commodity price had changed by +/- 10% from the year end prices with all other variables held constant, the Group pre-tax earnings for the year would be unchanged (2008: A\$1.0 million) and the change in equity would have been A\$5.6 million (2008: A\$7.2 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

Current Directors

J B Clark	Non-Executive Director
E J Cloney	Non-Executive Director
R L Every	Non-Executive Director (appointed Deputy Chairman 27 July 2009)
R A Longes	Non-Executive Director
K J Moss	Chairman
P A Rayner	Non-Executive Director (appointed effective 5 September 2008)
J R Williams	Non-Executive Director

Executive Director

R T Pearse	CEO and Managing Director
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Former Directors

Ms Alexander was a Director from 1 July 2008 to 24 October 2008 on which date she retired from the Board.

EXECUTIVES

Current Executives

<i>Name</i>	<i>Position</i>
J M Douglas	Executive General Manager – Australian Construction Materials Division
M G Beardsell	Executive General Manager – Cement Division (appointed effective 9 April 2009)
W R Davison	Executive General Manager – Construction Related Businesses Division (appointed effective 9 April 2009)
N J Clark	Executive General Manager – Clay & Concrete Products Division (appointed effective 1 February 2009)
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 K Taylor	General Counsel and Company Secretary (appointed effective 17 November 2008)
R J Town	General Manager – Human Resources
A I Warburton	General Manager – Corporate Development

Former Executives

Mr Keith Mitchelhill held the position of Executive General Manager – Clay & Concrete Products Division until his resignation effective 31 January 2009.

Mr Phil Jobe held the position of Executive General Manager – Cement Division until his resignation effective 9 April 2009.

Mr Michael Scobie held the position of General Manager – Corporate Services and Company Secretary until he retired on 31 December 2008.

KEY MANAGEMENT PERSONNEL COMPENSATION

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

	CONSOLIDATED		BORAL LIMITED	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Short-term employee benefits	10,915.1	14,332.6	5,883.7	8,243.8
Post-employment benefits	5,043.7	950.3	4,775.6	695.0
Share-based payments	6,289.0	3,008.8	5,414.0	2,189.9
Long-term employee benefits	151.1	135.8	78.8	71.2
	22,398.9	18,427.5	16,152.1	11,199.9

June 2008 comparatives include key management personnel for that year.

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

29. Key Management Personnel Disclosures (continued)

INDIVIDUAL DIRECTORS' AND EXECUTIVES' 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.

EQUITY INSTRUMENTS

(i) Options provided as remuneration and shares issued on exercise of such options

Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in the Remuneration Report that forms part of the Directors' Report.

(ii) Option holdings

The number of options (being executive options) over ordinary shares in 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 2008	Granted during the year as remuneration	Exercised during the year	Lapsed/ cancelled during the year	Balance at 30 June 2009	Vested and exercisable at 30 June 2009
	Number	Number	Number	Number	Number	Number
30 June 2009						
Director of Boral Limited						
R T Pearse	6,375,100	–	–	–	6,375,100	14,000
Executives						
J M Douglas	303,252	–	–	–	303,252	1,066
M G Beardsell ^a	131,500	–	–	–	131,500	592
W R Davison ^a	132,900	–	–	–	132,900	23,200
N J Clark ^a	96,900	–	–	–	96,900	3,828
W R Batstone	351,470	–	–	–	351,470	–
B M Tisher	256,500	–	–	(86,000)	170,500	–
E S Severin	621,200	–	–	–	621,200	103,588
K M Barton	390,000	–	–	–	390,000	57,130
M K Taylor ^a	–	–	–	–	–	–
R J Town	221,216	–	–	–	221,216	–
A I Warburton	112,000	–	–	–	112,000	1,634
Former Executives						
P J Jobe ^b	399,940	–	–	–	399,940	2,920
K A Mitchelhill ^b	359,180	–	–	–	359,180	2,340
M B Scobie ^b	269,176	–	–	–	269,176	6,072

^a Initial shareholding at the date of commencing as an executive included in key management personnel.

^b Option holding to the date of ceasing to be an executive.

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

29. Key Management Personnel Disclosures (continued)

EQUITY INSTRUMENTS (continued)

(ii) Option holdings (continued)

	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
Director of Boral Limited						
R T Pearce	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

Shares provided on exercise of options

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

	30 June 2009			30 June 2008		
	Date option granted	Number of shares	Paid per share \$	Date option granted	Number of shares	Paid per share \$
Executives						
W R Batstone	–	–	–	29 Oct 03	74,530	\$5.57
R J Town	–	–	–	29 Oct 03	43,384	\$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 2008	Rights granted during the year	Exercised during the year	Lapsed/ cancelled during the year	Balance at 30 June 2009	Rights vested at 30 June 2009
30 June 2009	Number	Number	Number	Number	Number	Number
Director of Boral Limited						
R T Pearse	367,036	–	–	–	367,036	–
Executives						
J M Douglas	74,235	103,267	–	–	177,502	–
M G Beardsell ^a	59,688	–	–	–	59,688	–
W R Davison ^a	44,664	–	–	–	44,664	–
N J Clark ^a	42,831	–	–	–	42,831	–
W R Batstone	79,013	74,624	–	–	153,637	–
B M Tisher	45,164	60,576	–	–	105,740	–
E S Severin	117,610	108,333	–	–	225,943	–
K M Barton	77,388	85,694	–	–	163,082	–
M K Taylor ^a	–	–	–	–	–	–
R J Town	50,419	48,360	–	–	98,779	–
A I Warburton	25,099	42,339	–	–	67,438	–
Former Executives						
P J Jobe ^b	89,121	–	–	–	89,121	–
K A Mitchelhill ^b	81,732	–	–	–	81,732	–
M B Scobie ^b	58,595	52,470	–	–	111,065	–

^a Initial rights holding at the date of commencing as an executive included in key management personnel.

^b Final rights holding as at the date of ceasing to be an executive.

	Balance at 1 July 2007	Rights granted during the year	Exercised during the year	Lapsed/ cancelled during the year	Balance at 30 June 2008	Rights vested at 30 June 2008
30 June 2008	Number	Number	Number	Number	Number	Number
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	–

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

29. Key Management Personnel Disclosures (continued)

EQUITY INSTRUMENTS (continued)

(iv) Shareholdings

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 2008	Received during the year on the exercise of options	Allocation in Non-Executive Directors' Share Plan ^a	Other changes during the year	Balance at 30 June 2009
	Number	Number	Number	Number	Number
30 June 2009					
Directors of Boral Limited					
J B Clark	57,242	–	3,278	3,394	63,914
E J Cloney	38,115	–	3,441	85	41,641
R L Every	13,573	–	3,278	–	16,851
R A Longes	18,554	–	3,278	615	22,447
K J Moss	47,429	–	16,899	–	64,328
P A Rayner	–	–	1,491	6,179	7,670
J R Williams	67,673	–	3,279	3,990	74,942
R T Pearse	4,101,178	–	–	2,377	4,103,555
Former Non-Executive Director					
E A Alexander ^b	27,808	–	9,490	432	37,730

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

^b Shareholding as at the date of ceasing to be a Director.

	Balance at 1 July 2007	Received during the year on the exercise of options	Allocation in Non-Executive Directors' Share Plan ^a	Other changes during the year	Balance at 30 June 2008
	Number	Number	Number	Number	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
J R Williams	62,576	–	1,850	3,247	67,673
R T Pearse	3,903,301	–	–	197,877	4,101,178
Former Non-Executive Director					
M R Rayner ^b	48,056	–	827	–	48,883

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

^b Shareholding as at the date of ceasing to be a Director.

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

29. Key Management Personnel Disclosures (continued)

EQUITY INSTRUMENTS (continued)

(iv) Shareholdings (continued)

30 June 2009	Balance at	Received during	Other changes	Balance at
	1 July 2008	the year on	during the year	30 June 2009
	Number	the exercise of	Number	Number
		options		
Executives				
J M Douglas	126,032	–	–	126,032
M G Beardsell ^a	60,685	–	–	60,685
W R Davison ^a	2,147	–	–	2,147
N J Clark ^a	1,819	–	54	1,873
W R Batstone	760,221	–	(198,230)	561,991
B M Tisher	339,539	–	(246,993)	92,546
E S Severin	239,700	–	2,717	242,417
K M Barton	204,771	–	69	204,840
M K Taylor ^a	–	–	4,000	4,000
R J Town	231,240	–	–	231,240
A I Warburton	38,150	–	(16,000)	22,150
Former Executives				
P J Jobe ^b	321,654	–	(117,354)	204,300
K A Mitchelhill ^b	160,500	–	–	160,500
M B Scobie ^b	12,367	–	327	12,694

^a Initial shareholding as at the date of commencing as an executive included in key management personnel.

^b Final shareholding as at the date of ceasing to be an executive.

30 June 2008	Balance at	Received during	Other changes	Balance at
	1 July 2007	the year on	during the year	30 June 2008
	Number	the exercise of	Number	Number
		options		
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

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

	CONSOLIDATED		BORAL LIMITED	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
30. Auditors' Remuneration				
Audit services:				
KPMG Australia – audit and review of financial reports	1,346	1,390	302	285
Overseas KPMG firms – audit and review of financial reports	623	500	–	–
	1,969	1,890	302	285
Other services:				
KPMG Australia – other assurance services	157	97	21	32
KPMG Australia – taxation services	74	90	–	–
Overseas KPMG firms – other assurance services	6	6	–	–
Overseas KPMG firms – acquisition services	–	55	–	–
Overseas KPMG firms – taxation services	183	199	–	–
	420	447	21	32
	2,389	2,337	323	317

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

31. Acquisition/Disposal of Controlled Entities

The following controlled entities were acquired or disposed of during the financial year ended 30 June 2009:

Entities acquired:

There were no material acquisitions of entities during the reporting period.

Business	Acquisition date	Total purchase consideration \$ millions	Fair value of identifiable assets acquired \$ millions	Goodwill \$ millions
Minor acquisitions	–	7.1	3.3	3.8

Entities deregistered:

Entity	Date of loss of control
BEC Pty Ltd (in liquidation)	Jun 2009
Boral Bricks (NSW) Pty Ltd (in liquidation)	Jun 2009
Boral Bricks (Vic) Pty Ltd (in liquidation)	Jun 2009
Boral Mills Ltd (in liquidation)	Jun 2009
Boral Timber Tasmania Ltd (in liquidation)	Jun 2009
BR Tiles Pty Ltd (in liquidation)	Jun 2009
Brandon Timbers Pty Ltd (in liquidation)	Jun 2009
Citywide Ready Mixed Concrete Pty Ltd (in liquidation)	Jun 2009
Contest Pty Ltd (in liquidation)	Jun 2009
Duncan's (Eden) Pty Ltd (in liquidation)	Jun 2009
EPM Concrete Pty Ltd (in liquidation)	Jun 2009
Hardy's Properties Pty Ltd (in liquidation)	Jun 2009
Hardy's Pty Ltd (in liquidation)	Jun 2009
Haxton Haulage Pty Ltd (in liquidation)	Jun 2009
Hérons Creek Timber Mills Pty Ltd (in liquidation)	Jun 2009
Mavis Properties Pty Ltd (in liquidation)	Jun 2009
Miners Rest Quarries Pty Ltd (in liquidation)	Jun 2009
Ramsay Dredging Co Pty Ltd (in liquidation)	Jun 2009
SPC Timber Ltd (in liquidation)	Jun 2009
Standard Properties Pty Ltd (in liquidation)	Jun 2009
Timber Industries Ltd (in liquidation)	Jun 2009
Trisamba Pty Ltd (in liquidation)	Jun 2009
Wagga Wagga Holdings Pty Ltd (in liquidation)	Jun 2009
Wunderlich Windows Pty Ltd (in liquidation)	Jun 2009

The following controlled entities were acquired or disposed of during the financial year ended 30 June 2008:

Business	Acquisition date	Total purchase consideration \$ millions	Fair value of identifiable assets acquired \$ millions	Goodwill \$ millions
Schwarz Readymix and Davis Arbuckle Materials quarry	Aug 2007	99.8	52.1	47.7
Other minor acquisitions	–	1.4	0.7	0.7
		101.2	52.8	48.4

There were no material disposals or loss of control over any entities during the reporting period.

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

32. Controlled Entities

The financial statements of the following entities have been consolidated to determine the results of the consolidated entity.	Country of incorporation	BENEFICIAL OWNERSHIP BY		BENEFICIAL OWNERSHIP BY	
		Consolidated entity 2009 %	Boral Limited 2009 %	Consolidated entity 2008 %	Boral Limited 2008 %
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	
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		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	
Boral Benefits Management Inc.	USA	89.47		89.47	
Boral Composites Inc.	USA	100		100	
Boral Material Technologies Inc.	USA	100		100	
BMT Holdings Inc.	USA	100		100	
Boral Material Technologies of Texas LP	USA	100		100	
Boral (UK) Ltd	UK	100		100	
Boral Investments Ltd	Jersey	100		100	
Boral Investments BV	Netherlands	100		100	
Boral Industrie GmbH	Germany	100		100	
Boral Keramik Wand Und Boden GmbH	Germany	100		100	
Boral Mecklenburger Ziegel GmbH	Germany	100		100	
Boral Industries Ltd	NZ	100		100	

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

32. Controlled Entities (continued)

	Country of incorporation	BENEFICIAL OWNERSHIP BY		BENEFICIAL OWNERSHIP BY	
		Consolidated entity 2009 %	Boral Limited 2009 %	Consolidated entity 2008 %	Boral Limited 2008 %
The financial statements of the following entities have been consolidated to determine the results of the consolidated entity.					
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	
Boral Resources (Qld) Pty Ltd > *	Australia	100		100	
Ramsay Dredging Co Pty Ltd (in liquidation) **	Australia	–		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	100		80	
Boral Construction Materials Group Ltd > *	Australia	100		100	
Concrete Pty Ltd > *	Australia	100		100	
Concrete Holdings Pty Ltd (in liquidation)	Australia	100		100	
Contest Pty Ltd (in liquidation) **	Australia	–		100	
Citywide Ready Mixed Concrete Pty Ltd (in liquidation) **	Australia	–		100	
Boral Resources (SA) Ltd > *	Australia	100		100	
Bitumax Pty Ltd > *	Australia	100		100	
Road Surfaces Group Pty Ltd > *	Australia	100		100	
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	
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	
MLOP Pty Ltd (in liquidation)	Australia	100		100	
BEC Pty Ltd (in liquidation) **	Australia	–		100	
Bayview Pty Ltd *	Australia	100		100	
Dandenong Quarries Pty Ltd *	Australia	100		100	

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

32. Controlled Entities (continued)

	Country of incorporation	BENEFICIAL OWNERSHIP BY		BENEFICIAL OWNERSHIP BY	
		Consolidated entity 2009 %	Boral Limited 2009 %	Consolidated entity 2008 %	Boral Limited 2008 %
The financial statements of the following entities have been consolidated to determine the results of the consolidated entity.					
Mavis Properties Pty Ltd (in liquidation) **	Australia	–		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	
Allen Taylor & Company Ltd > *	Australia	100		100	
Oberon Softwood Holdings Pty Ltd > *	Australia	100		100	
Duncan's Holding Ltd > *	Australia	100		100	
Duncan's (Eden) Pty Ltd (in liquidation) **	Australia	–		100	
Hérons Creek Timber Mills Pty Ltd (in liquidation) **	Australia	–		100	
SPC Timber Ltd (in liquidation) **	Australia	–		100	
Brandon Timbers Pty Ltd (in liquidation) **	Australia	–		100	
Standard Properties Pty Ltd (in liquidation) **	Australia	–		100	
Boral Timber Tasmania Ltd (in liquidation) **	Australia	–		100	
Boral Mills Ltd (in liquidation) **	Australia	–		100	
Timber Industries Ltd (in liquidation) **	Australia	–		100	
Wagga Wagga Holdings Pty Ltd (in liquidation) **	Australia	–		100	
Hardy's Properties Pty Ltd (in liquidation) **	Australia	–		100	
Hardy's Pty Ltd (in liquidation) **	Australia	–		100	
Boral Bricks Pty Ltd > *	Australia	100		100	
Boral Bricks (NSW) Pty Ltd (in liquidation) **	Australia	–		100	
Boral Masonry Ltd > *	Australia	100		100	
Boral Hollostone Masonry (South Aust) Pty Ltd > *	Australia	100		100	
EPM Concrete Pty Ltd (in liquidation) **	Australia	–		100	
Boral Montoro Pty Ltd > *	Australia	100		100	
Boral Windows Systems Ltd > *	Australia	100		100	
Wunderlich Windows Pty Ltd (in liquidation) **	Australia	–		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	

> 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).

** Deregistered 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 undertook transactions with DEXUS relating to the completion of infrastructure works on terms and conditions no more favourable than those available on an arm's length basis.

Mr E J Cloney is Chairman of QBE Insurance Group Limited. During the year, Boral Limited and its controlled entities entered into various workers compensation insurance arrangements with controlled entities of QBE Insurance Group Limited on terms and conditions no more favourable than those available on an arm's length basis.

Dr R L Every is 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 and services 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.

Mr P A Rayner is a Director of Qantas Airways Limited. During the year, Boral Limited and its controlled entities purchased flights and other travel services from Qantas Airways Limited 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, Boral Limited and its controlled entities 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	
		2009 \$ millions	2008 \$ millions	2009 \$ millions	2008 \$ 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	100.5	47.4	0.9	1.0
Bank overdrafts	17	–	–	(156.2)	(150.9)
		100.5	47.4	(155.3)	(149.9)
(ii) Reconciliation of net profit to net cash provided by operating activities:					
Net profit		142.2	242.2	137.1	329.5
Adjustments for non-cash items:					
Depreciation and amortisation		263.3	240.2	36.7	35.8
Gain on sale of assets		(13.5)	(8.7)	–	–
Gain on sale of investments		(38.3)	–	(38.3)	–
Tax transfers/controlled entities		–	–	(79.7)	(66.8)
Impairment of other assets		69.4	39.0	–	–
Share-based payment expense		10.9	7.1	7.0	4.7
Loss/(gain) on translation of long-term borrowings		–	–	174.9	(102.5)
Non-cash equity income		32.8	34.8	–	–
Net cash provided by operating activities before change in assets and liabilities		466.8	554.6	237.7	200.7
Changes in assets and liabilities net of effects from acquisitions/disposals					
– Receivables		145.1	(87.8)	(16.5)	(1.7)
– Inventories		(15.2)	39.9	–	–
– Payables		(93.6)	52.5	(23.0)	9.7
– Provisions		(64.7)	12.5	(24.0)	34.1
– Other		(19.6)	10.1	(19.4)	(43.7)
Net cash provided by operating activities		418.8	581.8	154.8	199.1
(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		49.7	41.4	49.7	41.4
(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	
	2009 \$ millions	2008 \$ millions
INCOME STATEMENT		
Profit before income tax expense	248.8	521.0
Income tax (expense)/benefit	36.6	(141.6)
Net profit	285.4	379.4
Attributable to:		
Members of the parent entity	285.7	379.4
Minority interests	(0.3)	–
	285.4	379.4
RETAINED EARNINGS		
Balance at the beginning of the year	1,263.2	1,137.1
Net profit attributable to members of the parent entity	285.7	379.4
Retained earnings of controlled entities added/(removed) from cross guarantee group	(8.1)	16.2
Dividends recognised during the year	(143.6)	(204.5)
Dividend component of off-market share buy-back	–	(56.3)
Actuarial loss on defined benefit plans, net of tax	(14.1)	(8.7)
Balance at the end of the year	1,383.1	1,263.2

Notes to the Financial Statements

BORAL LIMITED AND CONTROLLED ENTITIES

35. Deed of Cross Guarantee (continued)

	CONSOLIDATED	
	2009 \$ millions	2008 \$ millions
BALANCE SHEET		
CURRENT ASSETS		
Cash and cash equivalents	32.5	12.7
Receivables	687.0	754.5
Inventories	518.8	496.4
Other	62.0	36.6
TOTAL CURRENT ASSETS	1,300.3	1,300.2
NON-CURRENT ASSETS		
Receivables	70.7	67.1
Inventories	61.7	59.8
Investments accounted for using the equity method	198.5	228.4
Other financial assets	2,437.4	2,671.7
Property, plant and equipment	2,512.6	2,547.6
Intangible assets	134.2	151.1
Other	74.6	77.1
TOTAL NON-CURRENT ASSETS	5,489.7	5,802.8
TOTAL ASSETS	6,790.0	7,103.0
CURRENT LIABILITIES		
Payables	1,684.8	1,865.6
Interest bearing loans and borrowings	19.2	64.2
Current tax liabilities	88.2	108.4
Provisions	175.1	176.2
TOTAL CURRENT LIABILITIES	1,967.3	2,214.4
NON-CURRENT LIABILITIES		
Payables	33.3	81.0
Interest bearing loans and borrowings	1,549.0	1,381.2
Deferred tax liabilities	152.5	330.6
Provisions	46.2	43.8
TOTAL NON-CURRENT LIABILITIES	1,781.0	1,836.6
TOTAL LIABILITIES	3,748.3	4,051.0
NET ASSETS	3,041.7	3,052.0
EQUITY		
Issued capital	1,691.4	1,673.1
Reserves	(32.8)	115.7
Retained earnings	1,383.1	1,263.2
TOTAL EQUITY	3,041.7	3,052.0

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 23 to 88 and the Remuneration Report in the Directors' Report, set out on pages 6 to 22, 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 2009 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 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 2009.

Signed in accordance with a resolution of the Directors:



Kenneth J Moss
Director



Rodney T Pearce
Director

Sydney, 11 September 2009

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 2009, 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.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

- (a) the financial report of 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 2009 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 2009. 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.

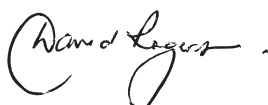
Auditor's opinion

In our opinion, the Remuneration Report of Boral Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001*.



KPMG

Sydney
11 September 2009



David Rogers
Partner

Shareholder Information

BORAL LIMITED AND CONTROLLED ENTITIES

Shareholder communications

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

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

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

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

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

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

Internet
www.linkmarketservices.com.au
email
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 2008/09 year of 5.5 cents per share will be paid by Boral on 28 September 2009. The dividend will be fully franked.

Dividend Reinvestment Plan (DRP)

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

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

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

Shareholders are reminded to bank dividend cheques as soon as possible. Dividend cheques that are not banked are required to be handed over to the 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 or New Zealand, contact the share registry or visit their website at www.linkmarketservices.com.au for an application form. The payments are electronically credited on the dividend payment date and confirmed by payment advices mailed to the shareholder's registered address. All instructions received remain in force until amended or cancelled in writing.

Uncertificated forms of shareholding

Two forms of uncertificated holdings are available to Boral shareholders:

Issuer Sponsored Holdings:

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

Broker Sponsored Holdings (CHES):

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

Holding statements are issued to shareholders not later than five business days after the end of any month in which transactions alter the balance of a holding. Shareholders requiring replacement holding statements should be directed to their controlling participant.

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

Annual Report mailing list

Shareholders (whether Issuer or Broker Sponsored) not wishing to receive the Annual Report should advise the share registry in writing so that their names can be removed from the mailing list. Shareholders are also able to update their preference via the Link Market Services or Boral websites. Unless shareholders have advised the share registry that they require no Annual Report or the full Annual Report, they will be sent the Shareholder Review.

Alternatively, shareholders can nominate to receive email notification of the release of the Annual Report and then access it via a link. The share registry can provide forms for making annual report delivery elections.

Change of address

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

Information on Boral

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

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.

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 available on the website shortly after the Meeting.

Shareholder Information

BORAL LIMITED AND CONTROLLED ENTITIES

In addition the Meeting is webcast for shareholders' convenience.

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

Share sale facility

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

American Depositary Receipts (ADRs)

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

Share Information as at 28 August 2009

Substantial holders

Ausbil Dexia Limited by a notice of initial substantial holder dated 23 April 2009, advised that it and its associates were entitled to 30,005,841 ordinary shares.

Balanced Equity Management Pty Limited, by a notice of change of interests of substantial holder dated 17 August 2009, advised that it and its associates were entitled to 41,550,813 ordinary shares.

Commonwealth Bank of Australia, by a notice of change of interests of substantial holder dated 18 August 2009, advised that it and its associates were entitled to 37,054,721 ordinary shares.

Barclays Group by a notice of initial substantial holder dated 19 August 2009, advised that it and its associates were entitled to 30,420,394 ordinary shares.

Distribution schedule of shareholders

Size of shareholding	Number of shareholders	% of ordinary shares
(a) in the categories –		
1 – 1,000	42,386	3.33
1,001 – 5,000	34,381	13.51
5,001 – 10,000	5,939	7.14
10,001 – 100,000	3,126	11.16
100,001 and over	156	64.86
	85,988	100.00
(b) holding less than a marketable parcel (84 shares)	5,354	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

During the 2008/09 year, the Company conducted an on-market buy-back, buying back 4,950,202 ordinary shares. The buy-back is no longer current.

Twenty largest shareholders

	Ordinary shares	% of ordinary shares
National Nominees Limited	79,273,494	13.37
HSBC Custody Nominees (Australia) Limited	68,472,936	11.55
J P Morgan Nominees Australia Limited	60,775,038	10.25
Citicorp Nominees Pty Limited	53,719,999	9.06
Cogent Nominees Pty Limited	21,317,658	3.60
ANZ Nominees Limited	10,851,831	1.83
PSS Board	9,689,143	1.63
MLEQ Nominees Pty Ltd	8,301,382	1.40
AMP Life Limited	6,496,642	1.10
Queensland Investment Corporation	5,134,940	0.87
Credit Suisse Securities (Europe) Ltd	5,130,000	0.87
Invia Custodian Pty Limited	4,192,238	0.71
Rodney Pearse	4,059,539	0.68
UBS Wealth Management Australia	3,835,740	0.65
Australian Foundation Investment Company Limited	3,810,393	0.64
Warbont Nominees Pty Ltd	3,624,097	0.61
Argo Investments Limited	2,866,907	0.48
Bond Street Custodians Limited	2,831,618	0.48
The Senior Master of the Supreme Court (Common Fund No 3 A/C)	2,481,542	0.42
Aust Executor Trustees NSW Ltd (Tea Custodians Limited)	2,285,626	0.39
	359,150,763	60.57

Financial History

BORAL LIMITED AND CONTROLLED ENTITIES

as at 30 June	2009 \$ millions	2008 \$ millions	2007 \$ millions	2006 \$ millions	2005 \$ millions	2004 \$ millions	2003 \$ millions	2002 \$ millions	2001 \$ millions	Proforma* 2000 \$ millions
Revenue	4,875	5,199	4,909	4,767	4,305	4,150	3,831	3,489	3,280	4,012
Earnings before interest, tax, depreciation and amortisation (EBITDA) ¹	539	688	762	823	794	794	672	531	451	563
Depreciation and amortisation	263	240	231	209	191	195	194	188	189	203
Earnings before interest and tax ¹	276	448	531	614	603	600	478	343	262	360
Profit/(loss) from disposal of businesses	-	-	-	-	-	-	-	-	39	(33)
Profit before interest and tax ¹	276	448	531	614	603	600	478	343	301	327
Net financing costs ¹	(127)	(112)	(111)	(98)	(71)	(66)	(68)	(63)	(70)	(90)
Profit before tax ¹	149	336	420	516	532	534	410	280	232	238
Income tax expense ¹	(17)	(90)	(122)	(153)	(162)	(163)	(126)	(87)	(78)	(70)
Minority interests	-	1	-	-	(1)	(1)	(1)	-	-	-
Net profit after tax ¹	131	247	298	363	370	370	283	192	153	169
Significant items	11	(4)	-	-	-	-	-	-	-	-
Net profit attributable to members of Boral Limited	142	243	298	362	370	370	283	192	153	169
Total assets	5,491	5,895	5,817	5,587	5,001	4,511	4,038	3,915	3,950	3,873
Total liabilities	2,738	2,985	2,829	2,832	2,594	2,151	1,898	1,966	2,096	2,096
Net assets	2,754	2,910	2,987	2,755	2,407	2,360	2,140	1,950	1,855	1,777
Shareholders' funds	2,754	2,910	2,987	2,755	2,407	2,360	2,140	1,950	1,855	1,777
Net debt	1,514	1,515	1,482	1,578	1,394	938	764	881	983	961
Funds employed	4,268	4,425	4,470	4,333	3,800	3,298	2,904	2,831	2,837	2,738
Dividends paid or declared	77	202	203	200	197	175	133	109	102	102
Statistics										
Dividend per ordinary share	13c	34c	34c	34c	34c	30c	23c	19c	18c	18c
Dividend payout ratio	54%	83%	68%	55%	53%	47%	47%	57%	67%	61%
Dividend cover	1.8	1.2	1.5	1.8	1.9	2.1	2.1	1.8	1.5	1.7
Earnings per ordinary share ¹	22.2c	41.4c	50.0c	61.7c	63.4c	63.8c	49.1c	33.7c	27.0c	29.7c
Return on equity ¹	4.8%	8.5%	10.0%	13.2%	15.4%	15.7%	13.2%	9.9%	8.3%	9.5%
EBIT to sales ¹	5.7%	8.6%	10.8%	12.9%	14.0%	14.4%	12.5%	9.8%	8.0%	9.0%
EBIT to funds employed ¹	6.5%	10.1%	11.9%	14.2%	15.9%	18.2%	16.4%	12.1%	9.2%	13.2%
Net interest cover (times) ¹	2.2	4.0	4.8	6.3	8.5	9.1	7.1	5.4	4.3	3.7
Gearing (net debt to equity)	55%	52%	50%	57%	58%	40%	36%	45%	53%	54%
Gearing (net debt to net debt plus equity)	35%	34%	33%	36%	37%	28%	26%	31%	35%	35%
Net tangible asset backing per share	\$4.12	\$4.41	\$4.41	\$4.07	\$3.57	\$3.65	\$3.27	\$3.02	\$2.89	\$2.78

¹ Excludes the impact of significant items in 2009 and 2008.

Results for the years ended 2005 to 2009 have been prepared under Australian equivalents to International Financial Reporting Standards (A-IFRS). The years prior to June 2005 represent results under previous Australian Generally Accepted Accounting Principles (AGAAP).

* The comparative figures for the year ended June 2000 have been prepared on a proforma basis to reflect the results of operations of the Boral building and construction businesses for the year. Proforma consolidated accounts were not audited but were subject to an independent review by KPMG.

Boral Limited

ABN 13 008 421 761
Level 39, AMP Centre
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Stock Exchange Listing

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Share Registry

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KPMG