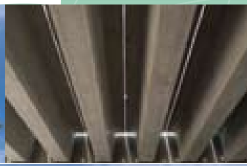
Boral





It's ***not business as usual*** at Boral

Boral Limited
ABN 13 008 421 761

Contents

Financial Calendar*

Ex dividend share trading commences	25 August 2008
Record date for final dividend	29 August 2008
Final dividend payable	18 September 2008
Annual General Meeting	24 October 2008
Half year	31 December 2008
Half year profit announcement	11 February 2009
Ex dividend share trading commences	23 February 2009
Record date for interim dividend	27 February 2009
Interim dividend payable	3 April 2009
Year end	30 June 2009

* Timing of events is subject to change

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

Boral Annual Report

Boral's Annual Review (including the Sustainability Report) and the Financial Report (detailed financial statements) can be accessed on Boral's website www.boral.com.au or requested free of charge by contacting Boral's share registry on the contact details listed on the back cover of this Review.

Front Cover: The 20km long Gateway Motorway upgrade project in Brisbane includes the duplication of the Gateway Bridge. The new 1.6km long bridge will link both sides of the Brisbane River with its 130 metre long and 80 metre high mainspan.

Boral has been working with the developer, Leighton Abigroup Joint Venture on this project for Queensland Motorways Limited.
We delivered 156,000m^3 of concrete to the project in 2007/08 and will supply a total of 250,000m^3 by the completion of the project.

It's ***not business as usual*** at Boral

Boral is an integrated resource-based manufacturing company with strong upstream and downstream positions in building and construction materials markets in Australia, the USA and in Asia.

The markets in which we operate are cyclical in nature. Dealing with cyclical market swings is *business as usual* for Boral, but in 2008, it is *not business as usual*. The spectacular cyclical downturn in the USA has coincided with several other extraordinary factors to create a particularly challenging business environment.

Boral's 2008 performance highlights the growing importance of Boral's largest reporting group, Construction Materials Australia. Strengthening results from the Australian business (despite the continued housing downturn) partially offset a dramatic decline in Boral's offshore earnings.

Key financial results for 2008

- Net reported profit after tax down 19% to $243 million
- Sales revenue up 6% to $5.2 billion
- EBITDA[1] down 10% to $688 million
  - Australian EBITDA up 9% to $657 million
  - Offshore EBITDA down 82% to $27 million
- EBITDA[1] to sales margin of 13.2%
- Earnings per share[1] down 17% to 41.4 cents
- Full year fully franked dividend maintained at 34 cents

1. Excluding significant item

Boral faces a number of **challenges** due to several extraordinary external factors. These simultaneous events have created a business environment that is *not business as usual.*

We recognise that in a *not business as usual* environment, the best **response** is to focus on the things that are within our control and to do them particularly well.

1 US housing activity down 45% from its 2006 peak

To manage *the major downturn in US housing activity*, Boral is implementing a rigorous cost saving and plant slowdown program, but still investing for market recovery.

- US$42.5m cost saving program underway.
- Plant utilisation ~40% in bricks and ~30% in roof tiles.

2 Energy and other input costs increase dramatically during 2008

To manage *energy, fuel and other cost increases*, Boral is increasing prices, investing in alternative fuel strategies and delivering PEP cost savings.

- Concrete ($12.50/m^3), quarries ($1-$3/tonne), cement ($15/tonne) price increases effective August /September 2008.
- PEP savings of $151m in 2007/08.

3 NSW housing activity at 40 year lows

Despite the *protracted housing downturn in Australia*, especially in NSW, Boral's price management and capacity planning strategies are allowing the Company to remain competitive.

- Price increases in building products.
- Brick plant utilisation ~75% on East Coast.
- ~119m net investment in new plasterboard plant in Qld.

4 Demand for concrete in Australia at record levels

Infrastructure activity is delivering *record levels of demand for concrete in Australia (outside NSW)*, with Boral investing to supply growing markets.

- ~45% of A$2.3 billion growth spend since demerger on construction materials.
- $85 million investment to increase Sunstate Cement's capacity in Qld currently underway.

5 Despite plasterboard growth, Asian profits declined by A$5 million

With *mixed conditions across Asia*, cost disciplines, price increases (where possible) and investments to strengthen Boral's leading positions are continuing.

- US$70 million in newly commissioned LBGA plants plus a new US$48 million plant in Baoshan underway.
- $31.9 million of goodwill in Thailand construction materials written off due to continued challenging conditions.

6 Global credit crisis impacts liquidity and borrowings

Despite the *global credit crisis*, Boral maintains a robust balance sheet and continues its value adding capital management initiatives.

- Debt/equity of 52% within target range.
- $114 million off-market buy-back complete.
- Boral's debt facilities extended, average maturity ~6 years.

7 Government progresses emissions trading scheme

To manage the impact of the *introduction of an Australian emissions trading scheme*, Boral is improving its energy and emissions reporting, and investing in emissions abatement programs.

- Focus on recognition for EITE industries.
- 3.79 million tonnes $CO_{2\text{-}e}$ in 2007/08.
- Emissions per tonne of cementious material sold down 13% since 1990.

Chairman's Review

A solid result in challenging conditions

2007/08 was a challenging year for many of Boral's businesses, particularly our building products businesses in the USA and construction materials operations in Asia. In Australia, our businesses in New South Wales continued to face low levels of activity but elsewhere around the country strong levels of infrastructure and non-dwellings activity saw volume lifts and solid improvements in earnings.

We reported a 6% increase in sales revenue to $5.2 billion but a 10% decline in Boral's underlying EBITDA[1] (earnings before interest, tax, depreciation & amortisation) to $688 million. Our reported profit after tax (PAT) of $243 million was down 19% and underlying PAT of $247 million (excluding goodwill and tax provision adjustments) was 17% lower.

Managing through the downturns

No-one enjoys reporting a decline in annual earnings or losses from any business, especially those that have historically delivered substantial returns and have very strong manufacturing and market positions.

The US business has been very profitable and a strong contributor to Boral's earnings over the years. When market conditions were strong in 2005/06 the business delivered an EBIT profit of A$186 million compared with a loss of A$27 million in 2007/08.

It is well understood within the Company that reducing fixed costs, increasing prices and avoiding a build in inventory levels by matching production with sales volumes are critically important during the downturn.

Our plant network optimisation and structured cost reduction programs in bricks and roof tiles are reducing the adverse impacts of historically low volumes.

Whilst in Australia the housing downturn has been far less severe, it has been a very long and slow downturn that has seen reduced profitability since the peak in 2003/04. Boral's businesses, particularly on the East Coast, have managed the reduced volumes through an ongoing program of plant slowdowns and temporary closures. Pleasingly, prices have held or increased through the housing downturn despite volume pressures.

Shareholder returns

A decline in Boral's share price of 37% during the year reflected the impacts of the broader equities markets coupled with the earnings impact of the USA and New South Wales housing downturns.

Despite cyclical earnings pressures, a full year fully franked dividend of 34.0 cents per share has been maintained for four years. The full year dividend represents a grossed up dividend yield of 7.3% per annum (after franking) on Boral's weighted average share price for the year of $6.65.

Boral's Board and People

Dr Bob Every was appointed as a non-executive Director of Boral Limited in September 2007. His appointment was confirmed at the 2007 Annual General Meeting.

Elizabeth Alexander, who joined the Board in 1994, will retire as a Director at this year's Annual General Meeting. Together with the Board, I acknowledge the significant contribution that Elizabeth has made to Boral including her valued contribution as Chair of the Audit Committee. At this year's Annual General Meeting shareholders will be asked to confirm the appointment of a new Director with appropriate financial expertise to replace Elizabeth.

1. Excluding significant items reflecting a $31.9 million write-down of goodwill in Thailand construction materials, which was largely offset by a $28.1 million write-back of tax provisions.

"It is well understood within the Company that reducing fixed costs, increasing prices and avoiding a build in inventory levels by matching production with sales volumes are critically important during the downturn. "

Ken Moss, CHAIRMAN

The Board remains confident in the ability of Boral's CEO and Managing Director, Rod Pearse, to deliver Boral's strategic imperatives. The Board also remains confident in the ability of the Management Committee to deliver Boral's strategy.

In August 2008, Boral's long-serving Company Secretary and General Manager of Corporate Services, Michael Scobie, announced his intention to retire. On behalf of the Board I thank Michael for his valued contribution.

Margaret Taylor will take over the role of General Counsel and Company Secretary of Boral Limited in November 2008.

I thank Boral's management team and all of Boral's employees for their hard work and contribution over the past year.

Corporate governance and remuneration

On page 32 to 37 of Boral's Annual Review, we report on our corporate governance activities in accordance with the Principles of Good Corporate Governance and Best Practice Recommendations of the ASX.

A separate Remuneration Report for shareholders as part of the Directors' Report is also in Boral's Annual Review (on pages 42 to 49).

In reviewing the remuneration report, shareholders should be mindful that executive remuneration is not driven solely by Company profits. Executives are rewarded for managing their business according to pre-approved objectives, plans and budgets and sometimes budgeted earnings are lower than previous years due to the cyclical nature of our markets.

During 2007/08, the Board of Directors spent time meeting with Boral's customers, shareholders, market analysts, managers and employees. We also spent time visiting Boral's US brick and roof tile operations and Boral's construction materials and plasterboard operations in Brisbane.

Whilst conditions remain challenging in some of Boral's key markets, the Directors believe that the Company is well positioned to deliver long-term shareholder value through the economic cycles. We look forward to a recovery in Boral's key markets which will strengthen Boral's ability to deliver improved returns for shareholders.

Ken Moss
Chairman

Managing Director's Review

It's *not business as usual* at Boral

I am in my ninth year as Boral's CEO and Managing Director and my 14th year with the Company. I have seen Boral perform in good times and in challenging times. In many respects managing through the challenging times is *business as usual* for a company like Boral that operates in cyclical markets, but 2007/08 was *not business as usual*.

Several extraordinary external factors coincided to create a particularly challenging business environment.

Managing through a "generational" downturn in US housing activity

The dramatic decline in US housing activity is a "generational" downturn. Some 45% below its peak in 2006 and likely to fall to around half of sustainable underlying demand in 2008/09, the USA has not experienced such a severe decline in housing activity for at least 25 years. This is *not business as usual*.

Boral's USA earnings before interest and tax (EBIT) decreased from a A$95 million profit to a A$27 million loss. Significantly lower volumes, increased raw material costs and one-off costs (US$5 million associated with a specialty brick plant write-down and US$4 million of costs to reconfigure our brick and roof tile plants) contributed to the severe fall in earnings.

Despite the short-term imperative to streamline the business to reduce costs and minimise the impacts of the downturn, we continue to manage the business for the longer term. We have confidence in US markets and we believe that the underlying level of demand over the next ten years is around 1.8 million starts per annum.

During the year, we commissioned a new US$55 million brick plant in Terre Haute, Indiana, and a new US$30 million clay tile plant in Ione, California. These new plants position Boral well when the market recovers. In the meantime, we will operate these low cost plants at high utilisation rates allowing older high cost capacity to be mothballed.

The protracted Australian housing downturn continues especially in New South Wales

Australian housing approvals of around 155,000 starts per annum are 15% to 20% below underlying demand. The New South Wales market is 40% below underlying demand. New South Wales is Boral's largest state market, and represents around 40% of our Australian revenues. New South Wales is experiencing housing activity at 40 year low levels. This is *not business as usual* and is having a considerable impact on Boral's earnings.

Whilst activity in Victoria, Queensland and South Australia increased during the year, activity in all Australian states is below underlying demand. Further declines in New South Wales together with continued weakening in the Western Australian detached housing market impacted Boral's businesses.

We have been responding to the challenges of the protracted downturn through disciplined price management and a relentless focus on cost reduction programs. Pleasingly, despite volume pressures, EBIT from Building Products was up 15% to $114 million in 2007/08.

We have also been directing growth investments to higher growth states including Boral's new low-cost plasterboard in Queensland, which was commissioned during the year. The new plant involved a net investment of around $119 million and will supply a growing Queensland market and support broader supply constraints.

"The dramatic decline in US housing activity is a 'generational' downturn. Some 45% below its peak in 2006, the USA has not experienced such a severe decline in housing activity for at least 25 years. This is *not business as usual*."

Rod Pearse, CEO AND MANAGING DIRECTOR

Record levels of demand for concrete in Australia

Whilst concrete volumes in New South Wales are below where they were ten years ago, concrete demand nationally has increased by around 40% over the same period, with volumes running at record levels in 2007/08. Solid levels of infrastructure and non-dwelling activity underpinned a 7% lift in industry concrete volumes and a 10% lift in Boral's Construction Materials EBIT to $351 million.

Since the demerger of the Company in January 2000, around 45% of Boral's growth spend of around $2.3 billion has gone into construction materials businesses in Australia to strengthen our leading positions and meet growing demand.

We are continuing to invest further, including an $85 million investment in Boral's 50% owned Sunstate Cement joint venture, to increase clinker storage and cement grinding capacity by 50% to 1.5 million tonnes per annum.

Mixed conditions across Asia

Whilst construction materials demand has been strong in Australia, in Asia we have seen very challenging trading conditions for our concrete and quarry businesses in Indonesia and Thailand.

Political uncertainty in Thailand has constrained investment in major project work and an oversupply of cement capacity and significant input cost increases has led to substantial margin erosion. In Indonesia, where Boral has operated for more than 30 years, we are seeing some improvements but in Thailand we expect difficult conditions to continue. Our focus is on delivering improved results through targeted volume growth, cost disciplines and where possible price increases.

Conditions for our 50%-owned plasterboard joint venture business, LBGA, are far more favourable. A 29% increase in results (before exchange rate impacts) from LBGA were better than expected, but with declining results from construction materials offsetting some of the gains, overall, Boral's earnings from Asia decreased by A$5 million to A$7 million in 2007/08.

LBGA's leading plasterboard position in Asia continues to strengthen through value-adding growth initiatives. A total of US$70 million was invested into new plants in Dangjin (Korea), Chengdu (China) and Rajasthan (India) with commissioning of these plants completed in 2007/08. In August 2008, LBGA announced a further US$48 million investment in Baoshan (China). LBGA is positioned well to take advantage of solid growth in the region of more than 10% per annum in most markets.

Significant energy, fuel and other cost increases

Across our entire portfolio of businesses in Asia, in the USA and in Australia, we have been feeling the impacts of higher input costs including record high energy and fuel prices, which peaked in June 2008. Oil prices are highly volatile but we are assuming energy and fuel prices will stay at high levels and we are focused on recovering those costs through price increases and levies.

During the year, our cost base increased by A$284 million including higher fuel and energy costs, raw materials and labour costs. This increase represents an average 6.5% increase on our compressible costs, which is higher than any year since demerger.

We are strongly focused on recovering extraordinary cost increases through price increases in Australia. Thus we have announced a second round of price increases for concrete

Managing Director's Review continued

of $12.50 per cubic metre, for quarry products of $1-$3 per tonne, and for cement of $15 per tonne, effective August - September 2008. We have also announced price increases for bricks, roof tiles, plasterboard and timber products.

A focus on reducing fuel and energy costs is also continuing with a comprehensive alternative fuels strategy underway to reduce reliance on fossil fuels and importantly to reduce costs. Overall around 30% of our energy consumption in the US Bricks business is targeted to be sourced from alternative fuels.

Global credit crisis

A global credit tightening also added to the extraordinary economic headwinds experienced in 2007/08. Diminished liquidity and higher borrowing costs flowed through to corporate Australia.

We have focused on improving cash management, with cash flow from operations up by $100 million to $582 million in 2007/08. Stay-in-business capital expenditure was maintained at 70% of depreciation.

In April 2008, we completed the issuance of US$382 million of 10 and 12 year unsecured notes in the US private placement market. In August 2008, we replaced a US$600 million note facility expiring in August 2009 with a US$700 million facility expiring in August 2011.

Because of Boral's strong cash flows and balance sheet, we were well positioned to undertake value adding capital management initiatives during the year. In April 2008, we completed an off-market share buy-back of $114 million, or 3.3% of issued shares, at $5.65 per share. Our balance sheet remains robust, with gearing (debt/equity) of 52% staying within our target range of 40% to 70%.

Introduction of an Australian emissions trading scheme

In July 2008, the Australian Government issued a Green Paper indicating its preferred options for an emissions trading scheme (ETS), which it has named a Carbon Pollution Reduction Scheme. The introduction of an ETS is *not business as usual*.

We support the introduction of an ETS to reduce greenhouse gas emissions. We are however concerned about the potential unintended economic consequences of a poorly designed scheme, especially on emissions-intensive trade-exposed (EITE) industries such as the cement industry. It is critical that Australia does not adopt an ETS and an emissions target which will undermine our competitiveness compared to trading partners who have not taken similar initiatives which will serve to drive investment and emissions offshore.

There are many views on how a scheme could best be designed to avoid this. We support the provision of full compensation to EITE industries for emissions above a threshold of emission costs of 3-5% of value add (profits plus labour). This option still sees EITE industries wearing a significant share of the cost and abatement burden but it provides greater investment certainty and gives industry a better chance to continue to effectively compete with imports and to invest for the future.

Outlook for 2008/09

Many of the extraordinary challenges that we faced in 2007/08 will stay with us in 2008/09.

We expect Australian dwelling starts to be broadly in line with last year at around 155,000 starts but a further decline in housing affordability in 2008 and high interest rates make this quite uncertain.

If housing activity holds up, Building Products profits will remain steady, with effective price and cost management offsetting the impact of further softening in Western Australia and the entry of a new competitor into the Western Australian clay brick market.

"Despite the short-term imperative to streamline the business to reduce costs and minimise the impacts of the downturn, we continue to manage the business for the longer term."

Rod Pearse, CEO AND MANAGING DIRECTOR

We anticipate increased non-dwelling and infrastructure activity outside New South Wales which will favourably impact Construction Materials businesses in Australia. The already announced price increases should offset cost increases. Construction Materials earnings from Australia should be stronger in 2008/09.

Market forecasters currently expect US housing starts to be around 900,000 in 2008/09 compared to annualised starts of around 1.0 million in the June half of 2008. Whilst lower volumes will adversely impact brick and roof tile sales volumes and earnings, increased benefits from significant cost reduction and network efficiency programs will be delivered. US construction materials markets are expected to be weaker. Overall, US earnings are expected to be lower in 2008/09.

We expect continued competitive market conditions and input cost pressures in Asia, particularly in construction materials.

We have targeted to deliver operating cost improvements from performance enhancement programs of at least 3% of compressible costs, and benefits from growth programs will again enhance earnings.

It is too early to comment further on 2008/09 expected financial outcomes. We will provide an update for shareholders on trading conditions at the Annual General Meeting on 24 October 2008.

Managing the business in a sustainable way

We have maintained momentum around our sustainability agenda despite the external challenges faced in 2007/08. Our current sustainability priorities, goals and performance are detailed in Boral's separate Sustainability Report.

Safety remains the highest of priorities across Boral. In 2007/08, Boral's safety performance continued to improve. LTIFR of 2.5 for the year was an 11% improvement on the prior year, and percent hours lost also reduced by 11% to 0.08. This improvement was pleasing. It was, however, overshadowed by the death of an employee in South Australia in a heavy vehicle accident in December 2007. We deeply regret this tragic accident and remain focused on eliminating all accidents from our workplaces.

I commend the focus and hard work of Boral's management and employees, particularly their commitment and persistence in challenging times.

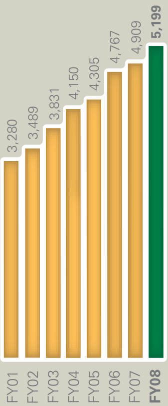
Rod Pearse
CEO and Managing Director

Financial Results

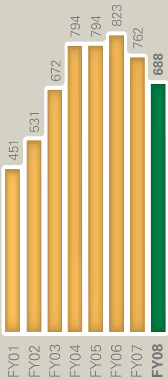
A$ million unless stated

YEAR ENDED 30 JUNE	**2008**	2007	% CHANGE
Revenue	**5,199**	4,909	6
EBITDA[1]	**688**	762	(10)
EBIT[1]	**448**	531	(16)
Net interest	**112**	111	1
Profit before tax[1]	**336**	420	(20)
Tax[1]	**90**	122	(26)
Minority interest	**1**	0	
Underlying profit after tax[1]	**247**	298	(17)
Net significant items	**4**	0	
Profit after tax	**243**	298	(19)
Cash flow from operating activities	**582**	482	21
Gross assets	**5,895**	5,817	1
Funds employed	**4,425**	4,470	(1)
Liabilities	**2,985**	2,829	6
Net debt	**1,515**	1,482	2
Growth and acquisition capital expenditure	**327**	226	45
Stay-in-business capital expenditure	**169**	192	(12)
Depreciation	**240**	231	4
Employees	**15,928**	16,194	(2)
Sales per employee, $ million	**0.326**	0.303	8
Net asset backing, $ per share	**4.96**	4.98	
Net tangible asset backing, $ per share	**4.41**	4.41	
EBITDA margin on sales[1], %	**13.2**	15.5	(15)
EBIT margin on sales[1], %	**8.6**	10.8	(20)
EBIT return on funds employed[1], %	**10.1**	11.9	(15)
Return on equity[1], %	**8.5**	10.0	(15)
Gearing (net debt/equity), %	**52**	50	
Interest cover[1], times	**4.0**	4.8	
Underlying earnings per share[1], ¢	**41.4**	50	(17)
Dividend per share, ¢	**34.0**	34.0	
Safety:			
Lost time injury frequency rate	**2.5**	2.8	
Recordable injury frequency rate	**26.7**	27.8	

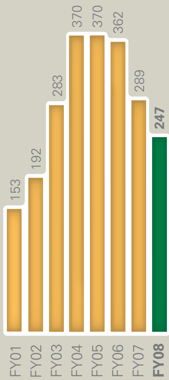
Sales revenue $m



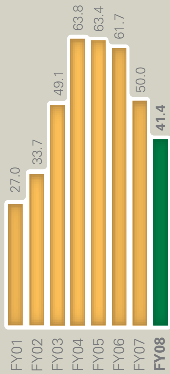
EBITDA[1] $m



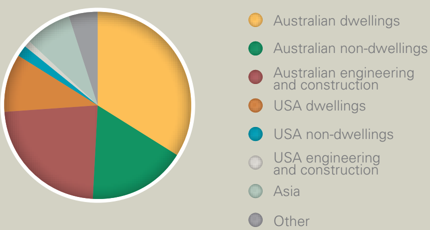
Profit after tax[1] $m



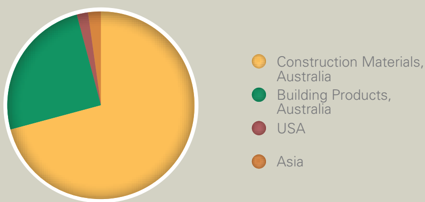
Earnings per share[1] c



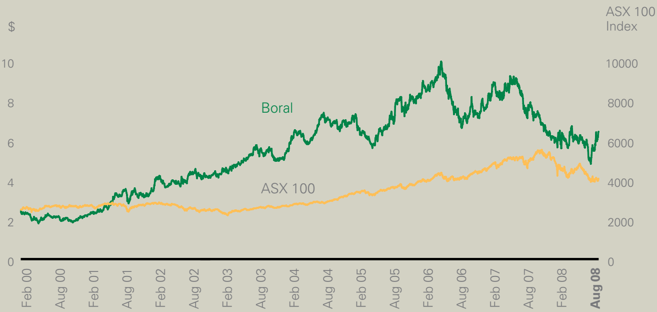
Share of revenue[2] by market



EBITDA by segment



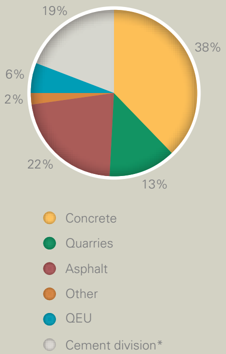
Share Price



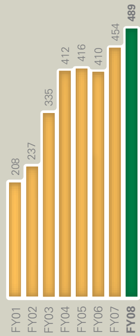
1. Excluding goodwill and tax provision adjustments.
   FY05 results onwards restated to reflect transition to A-IFRS accounting standards.
2. Includes Boral's share of revenues from Asia Plasterboard and MonierLifetile joint ventures.

Construction Materials, Australia

Share of External Revenue



EBITDA[1] $m



* Cement division includes Blue Circle (excl. internal sales to Boral businesses), De Martin & Gasparini and Formwork & Scaffolding

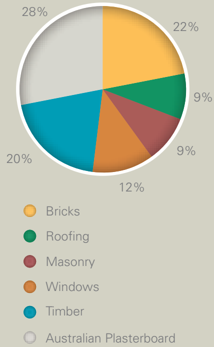
year ended 30 June	**2008**	2007	change
A$ million unless stated			*%*
Sales revenue	**2,960**	2,549	16
EBITDA	**489**	454	8
EBIT	**351**	318	10
Capital expenditure[3]	**180**	169	6
Funds employed[3]	**2,310**	2,271	2
EBITDA return on sales, %	**16.5**	17.8	
EBIT return on sales, %	**11.9**	12.5	
EBIT return on funds employed, %	**15.2**	14.0	
Employees, number	**5,798**	5,838	(1)
Revenue per employee	**0.511**	0.437	17

Performance

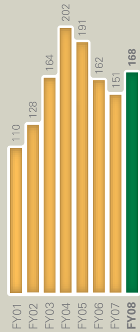
- Stronger asphalt, quarries, cement and lime volumes were underpinned by high levels of non-dwellings and infrastructure major project activity in all states except New South Wales.
- Improvements in concrete, quarries and cement pricing together with $88m of PEP cost reductions contributed to the result.
- EBITDA margin of 16.5% was down due to higher input costs.
- Quarry End Use (QEU) contributed $54m of EBIT ($56m in prior year).

Building Products, Australia

Share of External Revenue



EBITDA[1] $m



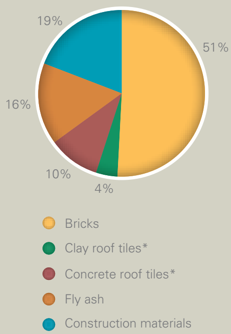
year ended 30 June	**2008**	2007	change
A$ million unless stated			*%*
Sales revenue	**1,357**	1,275	6
EBITDA	**168**	151	11
EBIT	**114**	99	15
Capital expenditure[3]	**125**	127	(1)
Funds employed[3]	**1,178**	1,114	6
EBITDA return on sales, %	**12.4**	11.8	
EBIT return on sales, %	**8.4**	7.8	
EBIT return on funds employed, %	**9.7**	8.9	
Employees, number	**4,080**	4,107	(1)
Revenue per employee	**0.333**	0.311	7

Performance

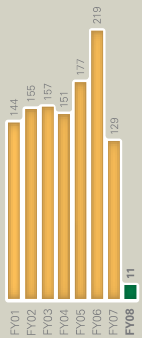
- Whilst New South Wales housing activity remains very weak, a lift in activity in Queensland and South Australia offset weaker housing starts in Western Australia.
- Stronger pricing outcomes were reported across all building products and $29m of PEP cost reduction were delivered.
- Earnings increased in most businesses except bricks due to lower volumes in Western Australia and temporary plant closures.

USA

Share of External Revenue



EBITDA[1] $m



* MonierLifetile & Trinidad JVs are equity accounted – Boral's share of revenue does not appear in consolidated accounts but is included in the revenue pie chart.

year ended 30 June	**2008**	2007	change
US$ million			%
Sales revenue	**607**	699	(13)
EBITDA	**10**	102	(90)
EBIT	**(25)**	75	(133)
A$million			
Sales revenue	**671**	883	(24)
EBITDA	**11**	129	(91)
EBIT	**(27)**	95	(129)
Capital expenditure[3]	**180**	100	(81)
Funds employed[3]	**789**	813	(3)
EBITDA return on sales, %	**1.7**	14.6	
EBIT return on sales, %	**(4.0)**	10.7	
EBIT return on funds employed, %	**(3.4)**	11.6	
Employees, number	**2,208**	2,503	(12)
Revenue per employee	**0.304**	0.353	(14)

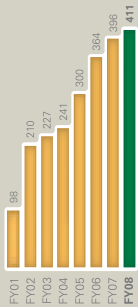
Performance

- US housing starts were down 27% to 1.13m compared to 1.55m starts in FY07 and over 2.0m starts in FY06.
- Lower volumes, increased raw material costs, and one-off costs to reconfigure production networks contributed to the severe fall in earnings.
- Prices held despite volume pressures.
- US$24m of PEP and other cost savings were delivered. Significant cost reduction initiatives continue to be implemented.
- Oklahoma construction materials acquisition favourably impacted the result.

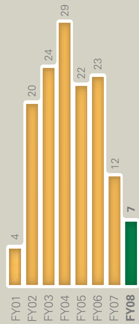
Asia

Includes Boral's Asian plasterboard joint venture with Lafarge[2] and Boral's Indonesian and Thailand construction materials businesses.

Revenue $m



EBIT[1] $m



year ended 30 June	**2008**	2007	change
A$ million unless stated			%
Sales revenue	**191**	183	5
EBITDA[4]	**16**	21	(22)
EBIT[4]	**7**	12	(45)
Funds employed[3]	**285**	376	
Return on funds employed, %	**2.3**	3.2	

Performance

- The Boral/Lafarge Asian plasterboard JV, LBGA, contributed an equity accounted profit after tax of $18.1m, which was 12% above the prior year.
- Before exchange rate impact the LBGA result was up 29% year-on-year in US dollars, reflecting continued market improvements together with price lifts, cost reductions and growth benefits.
- Construction Materials results were significantly down. In Indonesia volumes were up but prices were flat and costs increased significantly. In Thailand, volumes were down by 1% and prices were down at the same time as cement and diesel costs continued to increase.
- With conditions remaining difficult in Thailand the $31.9 million of goodwill which arose on acquisition of the business in July 2004 was written off during the year.

NOTES:
1. EBITDA and EBIT results from FY05 onwards have been adjusted for A-IFRS
2. Boral's profits from LBGA are equity accounted and are after financing and tax. Boral's share of revenue from the LBGA joint venture do not appear in consolidated accounts however, Boral's share of LBGA revenues is included in the revenue bar chart for Asia from FY01 onwards.
3. Capital expenditure and funds employed include acquisitions
4. The Asia result excludes the $31.9m write-off of Thailand goodwill in FY08

"Across our construction materials businesses we have been facing acute cost pressures that threaten to erode margins and profitability. Strong commodity prices (particularly steel and diesel) have hurt us. We compete with resources companies for people and other inputs and this has also added to the cost pressures. We have had to work very hard to recover the extraordinary cost increases and we have been doing that through focused cost reduction programs and by announcing out of the ordinary price increases to the market."

John Douglas, EXECUTIVE GENERAL MANAGER

Australian Construction Materials

In 2007/08 sales from Australian Construction Materials (ACM) were around 16% higher than the prior year. Performance was underpinned by strong trading conditions including strong non-dwelling and infrastructure activity, particularly in the resource rich states of Queensland, South Australia and Western Australia, and from our participation in Melbourne's EastLink project.

Robust market conditions in these states, together with effective price management and disciplined cost reduction programs, more than offset weaker market conditions in New South Wales.

Boral's concrete volumes were 3% higher than last year. This was due largely to our participation in infrastructure activity and was despite the ongoing difficult trading conditions in New South Wales where detached dwelling construction activity remains at 40-year low levels. Strong pricing outcomes largely offset higher production and cartage costs.

Asphalt performed very strongly during the year with higher volumes underpinning a 26% lift in revenue. The improved result was driven by high levels of infrastructure activity, together with a favourable product mix. Margins remained at historically high levels despite bitumen cost escalation.

Quarry volumes were 10% higher than last year due to concrete and asphalt pull-through and participation in a number of infrastructure projects. High fuel costs also impacted costs. These cost pressures were largely offset by price increases and cost reduction initiatives.

Boral's Quarry End Use (QEU) business contributed $54 million of EBIT. This year, QEU earnings came from the George's Fair (Moorebank), Nelson's Ridge (Greystanes) and Southern Employment Land (Greystanes) developments, the sale of land at a number of locations including Gillman (South Australia) and from the Deer Park Western Landfill operation.

Outlook

We anticipate that high levels of non-dwelling and infrastructure activity will continue to favourably impact ACM during 2008/09. Concrete and quarry price increases that were announced effective 1 April 2008 will continue to flow through in 2008/09, augmented by additional increases of $12.50 per cubic metre for concrete and $1-$3 per tonne for quarry products, which were announced effective 1 August 2008. QEU forecast earnings of around $50 million will again be weighted heavily to the second half of 2008/09.

Large scale infrastructure projects have been a key source of revenue for ACM, with growth in this segment forecast to continue. Major projects for which Boral is currently supplying include the Gateway Bridge in Brisbane, the Deer Park Bypass in Melbourne, the Sturt Highway in South Australia, the Hume Highway upgrade between NSW and Victoria, and the F3 upgrade in NSW. ACM has significant capacity and capability to meet the demands of such projects, as demonstrated by our successful participation in the EastLink motorway project in Melbourne.

"The most important challenge for us is to ensure the long term sustainability of the cement industry in Australia. Cement is emissions-intensive and trade-exposed and the introduction of an emissions trading scheme is a significant event. A well designed scheme should preserve Australia's competitiveness, avoid carbon leakage and motivate actions to further reduce emissions."

Phil Jobe, EXECUTIVE GENERAL MANAGER

Cement

Blue Circle Cement volumes were up 6% on last year, underpinned by a substantial lift in Queensland and steady but strong volumes in Victoria. In New South Wales, core cement volumes were up marginally but the New South Wales business benefited from increased wholesale and interstate sales. Average cement prices were up 3%.

Lime volumes improved by 32%, primarily driven by increased usage intensity by the steel sector and lime prices were 9% higher.

Blue Circle's EBITDA improved due principally to increased volumes and prices as well as improved kiln operating levels.

Formwork & Scaffolding experienced stronger volumes during the period however, the business was impacted by pricing pressure and one-off costs resulting from branch rationalisation and stock write-downs. The scale efficiencies that are expected from this program are necessary because of lower prices driven by low cost imports predominantly from China. Scaffolding utilisation increased during the period. EBITDA was lower.

De Martin & Gasparini reported higher revenues and relatively steady margins.

EBITDA from Boral Windows was up on last year due to higher prices, ongoing tight cost controls and stronger volumes. Revenues increased with stronger sales in South Australia and Victoria in particular.

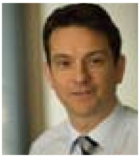
Construction Materials results in Asia were significantly down for the period. Whilst concrete volumes in Indonesia increased by 30%, including market share recovery, prices were flat in an environment where costs increased significantly, particularly diesel and cement. At the end of the year, concrete prices in Indonesia increased significantly resulting in an improved level of margins and profitability.

Thailand concrete volumes were slightly down, with market share maintained, however, political uncertainty continued to impact large infrastructure projects specifically and construction generally. Margin squeeze was experienced as prices reduced at the same time as cement and diesel costs continued to increase. During 2007/08, we wrote-off the $31.9 million of goodwill which arose on acquisition of the business in Thailand in July 2004.

The $85 million (total investment) upgrade of the cement capacity of Boral's joint venture Sunstate Cement business in Queensland is underway and is expected to continue through to June 2009. The project will see clinker grinding capacity lift by 50% to 1.5 million tonnes p.a together with additional clinker, cement and fly ash storage capacity to meet growth in market demand in Queensland.

Outlook

Cement demand in Australia should remain well supported by expected continued strength in non-dwellings and infrastructure activity outside of New South Wales. Global cement production costs have increased sharply, particularly coal and other energy costs, which has resulted in a higher import parity price, despite the appreciation of the Australian dollar. This has provided headroom for an increase in cement prices in Australia. Price increases ranging from $10 to $15 per tonne were implemented on 1 September 2008. Trading conditions are expected to remain challenging in Asia.



"Our businesses are fairly heavily exposed to the Australian housing market, which is continuing to track well below underlying demand levels. On the east coast, we have been running our plants at sub-optimal levels for the past three or four years, in an effort to match production to sales volumes. We are using performance enhancement programs and price management to try to offset some of the lost profitability that comes with low volumes in a high fixed cost business."

Keith Mitchelhill, EXECUTIVE GENERAL MANAGER

Clay & Concrete Products

Demand for Clay & Concrete Products is primarily driven by Australian dwelling construction, particularly detached housing. Again this year, market conditions varied widely between different states. Total Australian dwelling approvals were up 4% on the prior year, with detached housing starts up 3%. However, the divisions two largest markets were down. Western Australia was down 13% and New South Wales was down 1% to 40 year low levels.

Detached dwelling activity in Queensland, Victoria and South Australia were all up. Dwelling starts were around 155,000 starts in 2007/08, well below underlying demand levels of around 185,000 per annum.

Revenues were up 3% on the prior year driven by a combination of higher selling prices but lower volumes. Due to these lower volumes, earnings for the division were slightly down on the prior year.

Brick volumes were down 2-3% nationally as declining conditions in Western Australia offset improvements in all other states. Roof tile volumes were up 9% nationally driven by increases in all states except New South Wales. Masonry volumes were up 1% with declines in New South Wales and Victoria offset by increases in other states. Pricing outcomes were positive across all businesses. Average prices improved by around 3% in Bricks, 1-2% in Roof Tiles, and by 2% in Masonry. Market shares were broadly stable throughout the year.

To match production levels to the weak market conditions a series of plant slowdowns and/or extended temporary shutdowns continued across the East Coast. Western Australia was adversely impacted by market driven lower production volumes and unscheduled production interruptions as a result of a clay shed fire and electricity supply interruptions resulting from the Varanus Island gas fire. In Roofing, benefits arose from the Springvale (Victoria) and Carole Park (Queensland) concrete tile plants which have both been upgraded in recent years.

Major business improvement programs continued to deliver in line with expectations in the East Coast Bricks, Roofing and Masonry businesses.

Outlook

We expect 2008/09 dwelling commencements in Australia to be similar to the forecast level of around 155,000 for 2007/08. Earnings are expected to decline in 2008/09 driven by further softening in Western Australia residential dwelling activity and the entry of a new competitor into the Western Australian clay brick market. Effective price and cost management will provide some offset to this decline. Fuel price levies, effective 1 October 2008, have been announced for brick, roof tiles and masonry products and price increases have also been announced in bricks and roofing which will benefit the 2008/09 result.

During 2008/09, construction of a new $44 million large format concrete masonry plant at Middle Swan, Western Australia will commence. When commissioned, the new operation will replace ageing plant at Cannington, remove existing production capacity constraints and facilitate exit from both the Cannington and Jandakot production sites, releasing them for redevelopment. The new plant will manufacture a wide range of walling and landscaping products at lower costs. It will also deliver improved environmental and safety outcomes.

"Our Timber business is primarily New South Wales based and is heavily reliant on the housing sector. Because of the long and deep downturn in New South Wales housing we have worked hard to develop new products, increase interstate sales, reduce manufacturing costs and increase prices to recover cost increases. The greatest challenge in doing this has been the dramatic increase in wood fibre and extraction costs. In some parts of our business, we have seen wood supply costs increase by over 10% during the year with product prices tracking below this level."

Bryan Tisher, EXECUTIVE GENERAL MANAGER

Timber

Whilst market activity levels remain low, Timber's revenues increased 11% to $273 million during the year, driven primarily by price rises and stronger demand for structural timber products in Queensland, formwork demand from the buoyant Australian concrete market, and an increase in flooring demand in the alterations and additions (A&A) market, particularly in the first half of the year.

Overall, Timber product prices improved 6% on average as a result of price increases and a favourable product mix. Increased log costs and wage escalation pressures were more than offset by price increases, including an improvement in residue prices and manufacturing efficiency gains at Herons Creek and at the engineered flooring operation at Murwillumbah. This resulted in Timber delivering a significant improvement in EBITDA compared with the prior year, driven primarily by improved softwood and hardwood prices, manufacturing costs and increased sales volumes.

Manufacturing performance continues to improve following the capacity investments during the year at the Oberon softwood mill and the upgrade at Herons Creek completed in the prior year. The engineered flooring operation also showed significant improvement during the year through improved plant efficiency. However, due to the overall market softness inventory levels of hardwood and engineered flooring increased during the year. With demand in the New South Wales A&A market weakening in the second half of the year following interest rate rises, cost reduction was the focus.

In July and August 2008, Boral Timber ceased production at the higher cost South Grafton and Walcha hardwood mills due to the weak market conditions experienced in New South Wales and higher input costs.

Outlook

Demand for softwood and hardwood timber products is expected to remain relatively steady in 2008/09 with activity in New South Wales remaining depressed and a softening in Queensland volumes offset by a lift in Victoria. Supply of Australian hardwood and softwood timber products is expected to remain constrained in the year providing a favourable pricing environment, which is helpful in recovering higher cost inputs. PEP cost reduction initiatives and inventory reduction will be a major area of focus for 2008/09.

Most of the Boral Timber products are sourced from Australian Forestry Standard (AFS) certified forests. Boral Timber endorses the AFS that covers over 90% of certified forestry in Australia and is acknowledged as the only forest certification scheme with an Australian Standard (AS4708-2007). Boral Plywood achieved AFS Chain of Custody certification for all of its products during the year.

"Delivering on growth investments in growth markets is our current priority. We have finished commissioning our new plasterboard plant in Queensland and the work-up phase is going very well. The Queensland housing market, however, was a bit softer towards the end of 2007/08, which could create volume pressures in the shorter term. In Asia, we are very happy with our growth investments and the improved performance of the business."

Ross Batstone, EXECUTIVE GENERAL MANAGER

Plasterboard

Despite continued weakness in New South Wales, Australian demand for plasterboard grew by around 2-3% in the year, reflecting stronger new house construction in Queensland. Sales revenue from the Australian business was up 7% to $376 million, assisted by a 2% lift in average plasterboard selling prices, stronger volumes of plasterboard, cornice and jointing compounds which we manufacture, and higher volumes of resale products.

EBITDA for the year was steady despite stronger sales revenues. A net $3 million restructuring gain in the half year to December 2007 was offset by one-off costs in the half year to June 2008 associated with the commissioning of our new Brisbane plasterboard plant and transitioning production from the existing plant. Cost reduction initiatives helped to maintain underlying margins in the face of inflationary cost pressures.

Construction of our new plant in the Brisbane suburb of Pinkenba was completed during the year at a net cost of up to $119 million, 12% above the net $106 million as budgeted. Commissioning was completed at the end of May 2008 which allowed our existing plasterboard line at Northgate to close during June 2008 and our mothballed plant in the Adelaide suburb of Gillman to be taken out of service permanently and the land sold.

Our Asian Plasterboard JV with Lafarge, LBGA, recorded an equity accounted after tax profit of $18.1 million, 12% above the same period last year and after a $2.5 million adverse impact due to the appreciation of the Australian dollar. Underlying US dollar profits in LBGA were up 29% year-on-year. LBGA sales volumes and revenues lifted in all markets with improved market conditions in South Korea, Thailand, Indonesia and East China and market development activity assisting growth in the Central West of China and in Vietnam. LBGA's cost improvement program, Excellence 2008, resulted in enhanced margins despite transport and energy cost pressures.

Outlook

A cyclical uplift in building construction is expected to favourably impact on future plasterboard demand, particularly in Queensland and New South Wales. However, uncertainty in relation to affordability continues to work against any early timing of such uplifts. Market conditions in Korea, Thailand and China are expected to remain competitive over the next year. However, strong underlying plasterboard demand is expected to underpin longer term Asian returns.

LBGA is investing a total of US$48 million to purchase land and to construct a new plant at the Baoshan Industrial Zone in Shanghai, China. The new plant is expected to be in operation in the December 2009 quarter. Plasterboard production capacity will be 34 million m^2 p.a. initially with site flexibility to increase capacity in the future. The additional plant will strengthen LBGA's leading position in East China and position the business well to supply the growing market.

"2007/08 has been the most difficult year for Boral's US businesses since it began trading in the US some 30 years ago. Demand from the housing market has halved over the past two years and in some markets, activity has reduced by as much as 75% from 2006 peak levels. We have dramatically reduced our workforce, mothballed plants, and optimised plant networks. We have been relentless around reducing overhead and other fixed costs to minimise the impacts on Boral's overall profitability during the US downturn."

Emery Severin, EXECUTIVE GENERAL MANAGER

USA

In the USA, EBITDA earnings decreased by 90% on the prior year to US$10 million. The result was driven by the continued significant deterioration in housing activity, with US housing starts down 27% to 1.13 million.

Lower volumes, increased material costs, and one-off costs (US$4 million) associated with programs to reconfigure Boral's brick and roof tile production network contributed to the severe fall in earnings, particularly in the second half. Cost reduction initiatives including network optimisation aimed at reducing fixed costs, continue to be implemented in the brick and roof tile businesses, with an expected incremental benefit of US$31.5 million in 2008/09.

Revenue from Bricks was down by 28% due to a 27% decline in sales volumes. Average brick prices reduced by 2% due to a less favourable mix. Brick plant ultilisation averaged 56% down from 79% in 2006/07. EBITDA was significantly down as a result of low volumes and related production inefficiencies, as well as one-off costs of US$2.5 million to reconfigure the brick plant network and a US$5 million write-down of specialised plant. The strong cost reduction focus is continuing in 2008/09, with targeted incremental benefits of US$24 million.

MonierLifetile (MLT) reported a loss of US$21 million compared to a US$4 million loss last year. Whilst average concrete roof tile prices for the year were down 5%, June 2008 prices were up 7% year-on-year. Sales volumes were down by 42%. Unit production costs increased due to production inefficiencies, with plant utilisation down to 27% compared to 48% in the prior year and around 75% in 2005/06.

Revenue of US$25 million from Clay Roof Tiles was down 8% on last year because of lower volumes more than offsetting a 4% increase in average selling prices. Volumes were 11% lower. EBITDA was well below last year as costs were impacted by lower production to avoid inventory build.

Profit from BMTI was lower than last year. Higher prices and new product initiatives did not offset lower volumes.

Revenue from the US Concrete & Quarry businesses (Denver and Oklahoma) of US$125 million was 61% up on the prior year primarily due to the newly acquired Oklahoma operations in August 2007; EBITDA increased. In Denver, concrete volumes were 10% lower than last year as commercial and infrastructure sales only partially offset the impact of a weak residential market and poor weather conditions.

US Tile's new US$30 million clay roof tile plant in Ione, California was commissioned during the year with an output of 130,000 squares[1] per annum. Whilst this new plant positions Boral well for when Western housing markets recover, it will operate at high utilisation rates during the downturn, allowing higher cost capacity at Corona to be mothballed.

[1] One square=100 square feet.

Outlook

It remains unclear when a turnaround in US housing activity may occur. Market forecasters currently expect US housing starts to be around 900,000 in 2008/09 compared to annualised starts of around 1.0 million in the June half 2008. Brick utilisation is around 40% at the start of 2008/09 and in concrete roof tiles it remains at around 27%. Lower volumes will adversely impact brick and roof tile sales volumes and earnings. US construction materials markets are expected to be weaker in 2008/09 compared with 2007/08. Overall, US earnings are expected to be lower in 2008/09.

Board of Directors

Kenneth J Moss, AM (63)
NON-EXECUTIVE CHAIRMAN.
Dr Moss joined the Boral Board in 1999 and became the Chairman of Directors in 2000. He is the Chairman of Centennial Coal Company Limited and a Director of GPT RE Limited and Macquarie Capital Alliance Group. He was previously the Managing Director of Howard Smith Limited and is experienced in building materials businesses. He has a degree (Honours) and a PhD in mechanical engineering from Newcastle University. Dr Moss is a member of the Remuneration Committee.

Rodney T Pearse (61)
MANAGING DIRECTOR.
Mr Pearse became the Managing Director and Chief Executive Officer of Boral in January 2000. He joined Boral as the Managing Director, Construction Materials group in 1994. He is a Board Member of the Business Council of Australia. He has a commerce degree (Honours) from the University of New South Wales and an MBA (High Distinction) from Harvard University.

NON-EXECUTIVE DIRECTORS

Elizabeth A Alexander, AM (65)
Ms Alexander joined the Boral Board in 1994. She is the Chairman of CSL Limited and a Director of DEXUS Funds Management Limited. She is a chartered accountant, and a member of the Takeovers Panel and Financial Reporting Council. She has a Commerce degree from the University of Melbourne. Ms Alexander is the chair of the Audit Committee.

J Brian Clark (59)
Dr Clark joined the Boral Board in May 2007. He has experience as a non-executive Director in Australia and overseas. He is a Director of AMP Limited and a member of the Merrill Lynch Australian Advisory Board. He spent 10 years with the UK's Vodafone Group in senior executive positions in Australia and overseas. He has a PhD in physics from the University of Pretoria and completed the Advanced Management Program at Harvard Business School. Dr Clark is a member of the Remuneration Committee.

E John Cloney (67)
Mr Cloney joined the Boral Board in 1998. He is the Chairman of QBE Insurance Group Limited and a Director of Maple-Brown Abbott Limited and ABN AMRO Australia Holdings Pty Limited. His career was in international insurance and he was previously the Managing Director of QBE Insurance Group Limited. He is a fellow of the Australian Institute of Management and the Australia and New Zealand Institute of Insurance and Finance.Mr Cloney is the Chairman of the Remuneration Committee.

Robert L Every (63)
Dr Every joined the Boral Board in September 2007. He is the Chairman of Iluka Resources Limited and Deputy Chairman of Wesfarmers Limited. He held senior executive positions with Tubemakers of Australia and BHP and was the Managing Director and CEO of OneSteel Limited. He has a science degree (honours) and a doctorate of philosophy (metallurgy) from the University of New South Wales. Dr Every is a member of the Remuneration Committee.

Richard A Longes (63)
Mr Longes joined the Boral Board in 2004. He is a Director of Austbrokers Holdings Limited and Metcash Limited. He is a lawyer and a non-executive Director of Investec Bank (Australia) Limited. He was previously an executive with Investec and a partner of Freehills law firm. He has arts and law degrees from the University of Sydney and a MBA from the University of New South Wales. Mr Longes is a member of the Audit Committee.

J Roland Williams, CBE (69)
Dr Williams joined the Boral Board in 1999. He is a Director of Origin Energy Limited. He had an international career with the Royal Dutch/Shell Group from which he retired as Chairman and Chief Executive of Shell Australia. He has a chemical engineering degree (Honours) and a doctorate of philosophy from the University of Birmingham. Dr Williams is a member of the Audit Committee.

Remuneration

	Fixed remuneration	Short term incentive	Other	Equity benefits	Total remuneration	Proportion performance related
	$	$	$	$	$	
K J Moss (Chairman)						
2007	275,400	–	–	30,600	306,000	–
2008	**273,958**	**–**	**–**	**54,792**	**328,750**	**–**
Other Non-Executive Directors						
2007	554,021	–	–	61,559	615,580	–
2008	**632,477**	**–**	**–**	**159,809**	**792,286**	**–**
R T Pearse (Managing Director and CEO)						
2007	2,458,333	576,000	52,159	1,109,827	4,196,319	40%
2008	**2,708,333**	**2,269,953**	**55,626**	**1,628,424**	**6,662,336**	**59%**
EXECUTIVES						
J M Douglas (Executive General Manager, Australian Construction Materials)						
2007	671,442	215,897	29,047	82,721	999,107	30%
2008	**754,200**	**373,618**	**30,417**	**122,337**	**1,280,572**	**39%**
P J Jobe (Executive General Manager, Cement)						
2007	711,960	162,697	29,723	115,236	1,019,616	27%
2008	**759,977**	**269,446**	**30,513**	**146,891**	**1,206,827**	**34%**
K A Mitchelhill (Executive General Manager, Clay & Concrete Products)						
2007	636,803	94,732	28,470	104,290	864,295	23%
2008	**685,667**	**383,227**	**29,274**	**134,139**	**1,232,307**	**42%**
W R Batstone (Executive General Manager, Plasterboard)						
2007	616,217	244,015	26,851	102,740	989,823	35%
2008	**682,320**	**290,231**	**27,793**	**129,698**	**1,130,042**	**37%**
B M Tisher (Executive General Manager, Timber)						
2007	500,940	81,848	20,183	71,430	674,401	23%
2008	**556,133**	**324,552**	**9,046**	**91,692**	**981,423**	**42%**
E S Severin (President, Boral Industries Inc)						
2007	744,533	156,354	308,232	151,869	1,360,988	23%
2008	**693,300**	**243,723**	**265,324**	**194,174**	**1,396,521**	**31%**
K M Barton (Chief Financial Officer)						
2007	635,937	144,320	28,456	95,513	904,226	27%
2008	**697,667**	**292,569**	**29,474**	**127,480**	**1,147,190**	**37%**
M B Scobie (General Manager, Corporate Services & Company Secretary)						
2007	518,532	96,696	25,459	77,824	718,511	24%
2008	**551,847**	**182,083**	**25,934**	**96,391**	**856,255**	**33%**
R J Town (General Manager, Human Resources)						
2007	464,333	75,811	24,688	64,430	629,262	22%
2008	**506,570**	**154,406**	**25,289**	**82,798**	**769,063**	**31%**
A I Warburton (General Manager, Corporate Development)						
2007	112,090	24,000	7,855	10,017	153,962	22%
2008	**441,667**	**136,845**	**25,208**	**40,191**	**643,911**	**27%**
TOTAL KEY EXECUTIVE REMUNERATION (excluding Managing Director)						
2007	5,612,787	1,296,370	528,964	876,070	8,314,191	–
2008	**6,329,348**	**2,650,700**	**498,272**	**1,165,791**	**10,644,111**	**–**

Details of Boral's remuneration policies and practices are contained in the Remuneration Report which forms part of the Director's Report in the Annual Review.

Sustainability

Several extraordinary factors have coincided to create a particularly challenging business environment in 2008, as outlined on pages 2-3 of this report.

These challenges have called for a clear set of business responses, with overlapping implications for our financial and sustainability plans. For example, our focus on alternative fuel use is driven by both cost benefits and emission reduction imperatives; our need to reduce fixed costs during market downturns directly impacts employees and in turn local employment; and, supplying record levels of concrete demand in Australia requires increased quantities of quarry materials which can have local community and environmental impacts.

Boral's overriding objective is to 'achieve superior returns in a sustainable way' in a financial, social and environmental sense. Despite operating in a challenging business environment that is ***not business as usual***, we have progressed our sustainability programs and delivered solid performance outcomes.

- Lost time injury frequency rate down 11% to 2.5
- Employee turnover up from 21% to 23%
- Mains water consumption down 4.6% to 2.82 billion litres
- Greenhouse gas emissions up 1% to 3.79 million tonnes of $CO_{2\text{-}e}$
- By-products and waste material re-used or recycled up 3.6% to 5.56 million tonnes

Working in a sustainable way or towards sustainable development requires us to balance the social, environmental and economic needs of today with the needs of tomorrow.

It's also about balancing the needs of our stakeholders. Not all of our stakeholders share the same point of view, but for us it's about understanding those views and ultimately working towards an outcome that we believe has the best chance of meeting today's needs without compromising the ability to meet the needs of tomorrow.

Boral's comprehensive **2008 Sustainability Report** should help our stakeholders understand the challenges that we face and how we are responding to those challenges.

Our Sustainability Report outlines our strategy, approach, and sustainability goals. It also provides data and information on our performance.

Boral's *Sustainability Priorities* are consistent with the sustainability issues covered by our internally developed Boral Sustainability Diagnostic Tool (BSDT).

Developed in 2000/01, the BSDT assists Boral's businesses with the adoption of business practices consistent with the principles of sustainable development.

The BSDT comprises 20 sustainability elements. A performance assessment against each of these elements is undertaken across Boral's businesses every two years. In 2001, a goal was set to reach a level of "industry specific best practice" by 2007. This goal was achieved when the latest BSDT assessments were completed in October 2007.

Contents

A copy of Boral's 2008 Sustainability Report can be found at **www.boral.com.au/sustainability** or for a printed copy of the report, email **corporateaffairs@boral.com.au** or phone (02) 9220 6300.

Sustainability priorities

Human Resources

Health, safety and wellbeing	Employee lost time injury frequency rate down 11% to 2.5 %hours lost improved by 11% to 0.08 One fatality
Employee and labour relations	91% of employees are engaged or highly engaged, up 1.5% Staff turnover 23%, up from 21% 2008 EOWA Employer of Choice for Women
Communications, awareness and training	2,494 employees participated in training programs offered through Boral's global teams

Environment

Energy conservation and climate change	CO_{2-e} emissions of 3.79 million tonnes CO_{2-e}, up 1%
Water conservation, extraction and protection	Mains water used down 4.6% to 2.82 billion litres
Waste and resource management, recycling and re-use	Re-used or recycled between 43% and 100% of Boral's own production waste Waste and by-products recycled or re-used up 4% to 5.6 million tonnes
Land protection, remediation and rehabilitation	Quarry end use activities maturing eg. Deer Park quarry/waste services operation
Environment and ecosystem protection	15,050 trees/stems planted and 63,700 m^2 weeded/regenerated through Living Green projects

Social Responsibility

Community relations and engagement

$591,500 invested in eight key community programs

$443,000 to Juvenile Diabetes Research Foundation through employee fundraising efforts

Business ethics and corporate governance

1,550 staff undertook online Trade Practices Act training in Australia and 902 staff attended face to face

1,739 employees in the US completed Ethics and Compliance online training

97 employees dismissed for serious breach of policy

External relations and communications

Participating in Carbon Disclosure Project (CDP6)

Government submissions and dialogue on emissions trading and reporting

Feedback from stakeholder groups on Sustainability Report used to improve this report

Market Place and Supply Chain

Strategic sourcing and supply chain

Supply Chain Sustainability Survey for all strategically critical suppliers implemented

Midland Brick awarded 2008 HIA GreenSmart award for Resource Efficiency (for brick recycling from customers sites)

Sales and marketing

Participated in the development of product life cycle analysis

A perception study of 682 consumers shows a 28% increase in the number of people who perceive Boral to be "environmentally responsible"

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