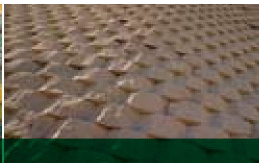
Boral

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 Shareholder Review **2009**

Boral Limited
ABN 13 008 421 761

Contents

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 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: Boral Transport vehicle driving on the Hume Highway near Berrima in New South Wales. During the year, Blue Circle Southern Cement and Boral Transport acquired a competitive advantage by winning and successfully supplying cement and fly ash to three major Hume Highway projects simultaneously. The projects required a large scale logistics feat with an average lead distance of 360km. The distance travelled by the fleet was equal to circumnavigating the earth 120 times.

2008/09

Boral is an integrated, resource-based manufacturing company supplying products and materials into building and construction markets in Australia, the USA and Asia.

With the global recession presenting significant market challenges, Boral's businesses are responding with comprehensive cost, price and capital management initiatives to lift Boral's performance in the short-term and to strengthen Boral's position for the long-term.

In 2008/09, the US housing market collapsed, the Australian housing and commercial construction markets declined significantly and Asian markets were impacted by the global downturn. Boral's businesses delivered record cost reductions and price increases, which helped to offset the significant impacts of volume declines and cost increases on Boral's results.

Key financial results for 2008/09:

- Net reported profit after tax down 42% to $142 million
- Underlying profit after tax down 47% to $131 million
- Sales revenue down 6% to $4.9 billion
- EBITDA[1] down 22% to $539 million
  - Australian EBITDA down from $657 million to $573 million
  - USA EBITDA down from A$11 million profit to A$61 million loss
  - Asia EBITDA[2] up from A$16 million to A$30 million
- EBITDA[1] to sales margin of 11.1%
- Underlying earnings per share down 46% to 22.2 cents
- Full year fully franked dividend of 13.0 cents

1 Earnings before interest, tax, depreciation and amortisation (EBITDA) excluding significant items.

2 Includes EBITDA from construction materials in Asia and Boral's equity share of after tax and financing profits from the LBGA joint venture.

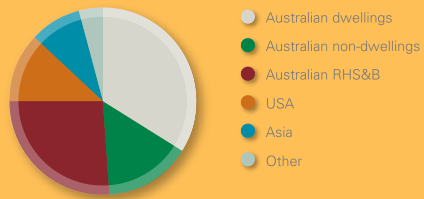
Responding to the Global Economic Downturn

We are responding comprehensively to the market downturn, which intensified in 2009.

Boral is exposed to a number of market segments in the building and construction industries across a number of geographies. With the exception of the Australian infrastructure market segment[1], which remained strong, Boral's major markets deteriorated significantly during the year.

While we remain confident in the long-term strength of Boral's markets, in the short-term we have made some tough decisions to strengthen returns through the downturn and to position the Company well for an economic recovery.

Share of Revenue 2009[2]



US housing market at a 50 year low

Boral is the largest brick and roof tile manufacturer in the USA. With a 68% decline in US housing activity from peak levels in FY2006 including a 42% year-on-year decline in FY2009, revenues have nearly halved since FY2006 and the US business delivered a significant loss in FY2009.

Response

- Despite the collapse in volumes, prices and market share held. Average brick prices increased by 1% in FY2009.
- US$94 million of cost reductions with US$59 million already delivered.
- Boral's underlying US labour force is down by around 1,700 full-time equivalent employees (or over 50%) since the peak in FY2006.
- Brick plant utilisation ~30% of capacity and concrete roof tile plant utilisation ~16% in FY2009 to match sales and manage inventories.

Australian housing market at the bottom of a five year downturn

In FY2009, the global recession led to a significant decline in housing activity in most Australian states, including NSW, Queensland and Western Australia. Overall, Australian dwelling activity was 18% lower in FY2009.

Response

- Disciplined pricing; cement and concrete prices up 7%, quarry products up 5%, and bricks, roof tiles, timber and plasterboard prices up 3-4% in FY2009.
- An inventory build in the first half was largely reversed as production was slowed through temporary and extended plant shutdowns and slowdowns.
- Performance enhancement programs in Building Products delivered $38 million of benefits in FY2009; Australian full-time equivalent employees reduced by around 500 or 5%.
- Capital expenditure has been significantly reduced.

NSW housing activity the lowest in more than 40 years

With around 40% of Boral's Australian revenues traditionally derived in NSW, the significant downturn in NSW over the past six years has had a substantial impact on Boral. NSW housing activity was down a further 28% in FY2009, around 52% below underlying demand.

Response

- In NSW, Boral's plants are operating between around 50% and 80% of capacity. The Gloucestor parquetry plant has been closed and production suspended at the Walcha timber mill, Galong lime kiln and Kempsey brick plant.
- While the Berrima cement works is operating well and benefited from the Hume Highway projects in FY2009, cement production has been slowed to match demand.
- Quarry End Use earnings, which are typically around $40 - $50 million p.a., are expected to reduce to around $25 - $30 million in FY2010 reflecting the slowdown in property markets, particularly in NSW.

Australian concrete volumes down 10%

Typically, 40% of concrete demand is driven by dwellings, 35% by RHS&B infrastructure[1] and 25% by non-dwellings activity. With dwelling starts down around 18% and non-dwelling value of work approved down 25%, there was a 10% reduction in concrete demand in FY2009 with volumes in the second half down 18% on the prior year.

Response

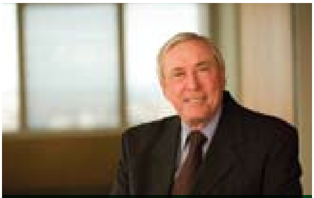
- Strong focus on disciplined pricing; cement and concrete prices up 7% in FY2009, resulting in some temporary market share loss during the year.
- Australian Construction Materials delivered $76 million of cost reductions in FY2009 from initiatives including reductions in overtime and labour hire, and improvements in logistics and concrete mix designs.
- A significant step change program in Blue Circle Southern Cement indicates a possible 10% compressible cost reduction over FY2010 and FY2011.
- Boral Asphalt performed strongly benefiting from strong infrastructure volumes.

1 Boral's Australian infrastructure activity is predominantly Road, Highways, Subdivisions and Bridges (RHS&B)

2 Includes Boral's equity accounted share of joint venture revenues from MonierLifetile (USA) and LBGA (Asia)

Sources:
- US housing starts seasonally adjusted data from US Census
- Australian and NSW housing starts from Australian Bureau of Statistics (ABS) to Mar-09; estimate for Jun-09 quarter based on Mar-09 quarter approvals
- Australian concrete volumes from ABS
- Non-dwelling value of work approved from ABS to Mar-09; estimate for Jun-09 quarter based on BIS Shrapnel value of work commenced forecast (as at Jun-09)
- RHS&B value of work done from ABS to Mar-09; Jun-09 quarter based on BIS Shrapnel forecast (as at Jul-09)

Chairman's Review



Ken Moss

All of Boral's major markets deteriorated significantly during the year, particularly in the second half of the year, with the exception of the Australian roads and infrastructure market segment, which remained strong. US housing activity slumped to around 650,000 starts, a 42% decline on the prior year; Australian housing activity was down by 18% to 130,000 starts; the value of non-dwelling activity in Australia was down 1% and approvals were down 25%; and in Asia, the global recession slowed activity in domestic building and construction markets.

In 2008/09, Boral delivered a reported profit after tax of $142 million, which was 42% below the prior year. The reported profit included a number of significant items which had a net favourable impact of $11 million. Excluding those significant items, Boral's underlying profit after tax of $131 million was 47% lower than the prior year. This reduced profit reflects significant downturns in activity in Boral's housing and commercial construction markets underpinned by the global recession.

The significant items that delivered a net benefit of $11 million in 2008/09 included a $27 million after tax profit arising from the sale of Boral's 17.6% shareholding in Adelaide Brighton Limited and a $64 million favourable reduction in tax provisions. These favourable significant items were largely offset by $63 million of after tax impairment charges and a $17 million after tax expense in relation to contractual obligations to purchase fly ash in Florida where market conditions are limiting product sales. The impairment charges were taken in relation to US construction materials, an Australian precast concrete panels business, idle US and Australian brick production assets, and land and capitalised project costs in Australia and Asia.

For the year ended 30 June 2009, sales revenue of $4.9 billion was 6% lower than the prior year and Boral's underlying EBITDA (earnings before interest, tax, depreciation and amortisation) was down 22% to $539 million.

Responding to significant market challenges

To help mitigate the impacts of the severe decline in US markets and the downturns in Australia and Asia, extensive cost reduction programs, disciplined price management, capacity rationalisation and substantial lowering of capital expenditure continued throughout the business.

Step change cost reductions and "performance enhancement programs" (PEP) delivered $195 million of benefits during the year. This was the largest cost down/PEP program of the past 10 years. Employee numbers at 30 June 2009 of 14,766 were 7% lower compared with 15,928 employees in the prior year. Across most operations we are also using a lot less contract labour, with total full-time equivalent contractors reducing from around 7,000 to around 5,700 during the year. Overall, Boral's total number of full-time employees and contractors reduced by 2,460 or about 11% in FY2009.

A comprehensive focus on managing the business for cash through the downturn helped to support Boral's solid balance sheet. Cash flow from operations, lower capital expenditure, proceeds from the divestment of Boral's 17.6% stake in Adelaide Brighton and a 16% appreciation of the AUD/USD exchange rate at 30 June 2009 compared to 31 December 2008 resulted in Boral's net debt of $1,514 million at 30 June 2009 being $670 million lower than the net debt of $2,184 million at 31 December 2008. Gearing (debt/equity) decreased from 79% at 31 December 2008 to 55% at 30 June 2009.

Shareholder returns

A fully franked final dividend of 5.5 cents per share takes the full year fully franked dividend to 13.0 cents. The final dividend represents a pay-out ratio of 58% of after tax earnings, which is in line with an average of around 60% of earnings over the past nine years. As a result of the significant market related earnings decline, the full year dividend of 13.0 cents is substantially lower than the 34.0 cent dividend which has been paid out of earnings over the past four years.

For the half year dividend, shares issued under Boral's Dividend Reinvestment Plan (DRP) were issued at a 2.5% discount to the market price and the takeup of the DRP lifted from around 30% to 41%. This initiative assisted in preserving cash in the period. The 2.5% DRP discount will also apply to Boral's final dividend.

Boral's total shareholder return (TSR) from share price appreciation and dividends was around 16% per annum over the nine and a half years since demerger to 31 August 2009. Boral's TSR performance is above average, ranking in the second quartile of ASX 100 companies over the period.

Corporate governance and remuneration

Following Boral's 2008 Annual General Meeting, the Board undertook a fundamental review of executive remuneration practices in Boral, which was carried out with the assistance of an independent adviser, Ernst & Young. The review process was concluded with a comprehensive stakeholder engagement program, involving members of the Remuneration Committee and other Board members meeting with representatives of retail and institutional investors and governance advisory firms. We have worked hard to balance the needs and expectations of our shareholders and the broader community with the need to appropriately remunerate our people in a competitive marketplace. Our remuneration policies and practices are focused on linking performance and reward while taking into consideration the particular challenges that a cyclical company like Boral presents.

In addition to the specific actions taken by the Board as a result of the formal remuneration review, a number of remuneration restraint initiatives were implemented during the year in response to shareholder concerns and the difficult market conditions impacting Boral's profitability. These restraint initiatives include: a salary "freeze" for the CEO, Management Committee and other senior executives from September 2008 through to September 2010; the CEO and Management Committee voluntarily forgoing their short term incentive entitlements for 2008/09; and a "freeze" on Directors' fees from July 2008 through to July 2010. These actions demonstrate a shared commitment of the Board and Management to lead by example.

This year's Remuneration Report (on pages 43 to 59 of Boral's Annual Review) provides further detail of our approach to remuneration, the improvements that have been made following the review and remuneration outcomes in 2009. A review of 2008/09 remuneration outcomes is provided on pages 24 to 27 of this Shareholder Review.

Boral's Directors are committed to ensuring that Boral's policies and practices reflect a high standard of corporate governance. On pages 31 to 37 of Boral's Annual Review, we report on our corporate governance activities in accordance with the Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council.

Boral's Board and CEO succession

In 2008/09, there were a number of announcements and steps taken in relation to Board and CEO succession.

In September 2008, Paul Rayner was appointed as a non-executive Director of Boral Limited. His appointment was confirmed by shareholders at the 2008 Annual General Meeting.

In June 2009, Rod Pearse announced his intention to retire at the end of December 2009, when his second five year contract comes to an end. Rod joined Boral in 1994 and has been Managing Director and CEO since the demerger of the Company in January 2000. While Rod still has several months in the job, on behalf of the Board, I congratulate Rod for his achievements as Boral's CEO and I thank him for the way he has led the Company in good times and in challenging times. Rod is a natural leader with strong personal values that have permeated throughout the organisation and in his dealings with customers, shareholders and others.

While he may not be retiring at a point in the cycle when Boral's earnings are strong, Rod has successfully reshaped Boral into a focused building and construction materials company that has performed well through the cycle. Rod has delivered strong improvements in pricing and in the underlying performance of the business as well as continuous improvements in safety and sustainability outcomes. On the growth side, around $2.5 billion has been invested in growth initiatives over the past decade, which has seen Boral's production capacity, resource positions and distribution networks strengthen as well as stepouts into new markets and geographies.

Of note has been Boral's move into construction materials in the USA, growth in plasterboard throughout Asia, and numerous bolt-on acquisitions in Australia that have secured Boral's leading market positions. The Quarry End Use business was established early in Rod's tenure; it has contributed an average annual profit of almost $40 million over the past nine years. Boral is very well positioned to deliver superior performance as markets recover.

Following Rod's decision to retire, I made a decision that I would seek re-election as Boral's Chairman to provide continuity during the change of CEO. Assuming I have shareholders' support, I intend to stay on as Chairman until May 2010. In July 2009, we announced that Dr Bob Every had been appointed Deputy Chairman of the Board with the intention of Bob becoming Chairman when I retire in May 2010.

We also announced that John Cloney, who joined the Board in 1998, will retire as a Director at this year's Annual General Meeting. Together with the Board, I acknowledge the significant contribution that John has made to Boral, including his valued contribution as Chair of the Remuneration Committee.

The Board is continuing to progress the appointment of a new CEO and Managing Director to take over from Rod from 1 January 2010. We intend to make an announcement prior to Boral's Annual General Meeting, which is scheduled for 28 October 2009.

Boral's people

Apart from Boral's CEO, the remaining 11 senior executives on Boral's Management Committee have an average tenure of 11 years with Boral, ranging from one to 21 years. This is a capable team of executives with a good blend of internal and external experience. During the year, there was some renewal on the Management Committee with the appointment of Margaret Taylor as Boral's new General Counsel and Company Secretary and the internal appointments of three new Executive General Managers, Nick Clark, Warren Davison and Mike Beardsell. Nick is running Boral's Clay & Concrete Products division, Warren is heading up Construction Related Businesses, and Mike Beardsell is running the Cement division. These three appointments followed the resignation of two long-serving EGMs earlier in the year.

I thank Boral's CEO, management team and all of Boral's employees for their hard work and contribution over the past year. It has not been an easy time for any of our businesses and when the focus is on reducing costs as far as possible, it is commendable to see morale remaining strong and safety performance continuing to strengthen.

Ken Moss, CHAIRMAN

Managing Director's Review

Rod Pearse

Last year I said that in 2007/08 and looking forward it was *not business as usual*. I said that several extraordinary external factors had coincided to create a particularly challenging business environment. In 2008/09, those external market challenges intensified, with the global recession having a significant impact on Boral's US and Australian markets, and in Asia.

The synchronised downturn in market activity has required a comprehensive response to lift performance in the short-term and to position the Company well for an inevitable recovery and for long-term growth.

Market challenges intensify in 2009

In January 2009, we foreshadowed to the market that our second half earnings would be well down on the first half as a result of an anticipated deterioration in market activity in the USA and Australia. This is precisely what happened.

Fortunately, the Australian infrastructure market (predominantly roads, highways and bridges) remained strong during the year, supported by government spending. Activity in Boral's other major markets deteriorated significantly. The market downturn was particularly severe in the second half of the year.

Boral's reported sales revenue of $4.9 billion for the year ended 30 June 2009 was 6% lower than last year. Boral's underlying profit after tax (PAT) of $131 million, before significant items, was 47% below last year's underlying PAT of $247 million but was 9% above Boral's January guidance.

Australia

Australian dwellings were down by around 18% to an estimated 130,000 starts in 2008/09. Dwelling starts in the first half were running at around 144,000 per annum, and in the second half activity declined to around 116,000 starts on an annualised basis. This compares with BIS Shrapnel's forecast of underlying demand of 183,000 starts per annum for the past three years.

Non-dwelling approvals, which indicate the level of forthcoming commercial construction, were down by around 25% with project cancellations and deferrals increasing as weaker business confidence was coupled with funding constraints and increased borrowing costs.

Approvals for the construction of dwellings and non-dwellings were down in all states during the year. In Boral's largest state market, New South Wales, approvals for dwellings were down 26% and non-dwellings value of work approved was down by around 28%. Housing activity in New South Wales remained the lowest it has been in more than 40 years.

In Australia, Boral's production output has been slowed to match sales demand and to reduce inventory. We have suspended production at several operations, including the Walcha timber mill, our lime kiln at Galong, Midland Brick's Kiln 8 and the Kempsey brick plant, and we have continued a program of temporary and extended plant shutdowns and slowdowns.

Boral's Australian Building Products revenue of $1.3 billion was down 6% and EBITDA of $98 million was down 41% due to significantly weaker market conditions and reduction of inventories, particularly in the June half. Higher manufacturing costs resulting from plant slowdowns and shutdowns had a significant adverse impacted on profits. Construction Materials revenue was down 5% to $2.8 billion, reflecting lower volumes and lower Quarry End Use (QEU) revenues offsetting benefits from price increases and higher asphalt volumes. Construction Materials EBITDA was down 3% or $14 million on last year to $475 million including QEU earnings of $47 million which were $7 million lower year-on-year.

USA

In the USA, housing activity continued its dramatic decline. Housing starts were down 42% to 650,000 starts in 2008/09. In the first half of the year, housing activity was at an annualised rate of around 765,000 starts while in the second half it deteriorated to around 535,000 starts per annum. Over the past 50 years, US housing starts have averaged 1.5 million starts per annum and underlying housing activity is estimated to be around 1.8 million starts per annum.

We operated our concrete roof tile plants at around 20% of capacity in the first half of the year and lowered this to 12% in the second half. Similarly, capacity utilisation in our brick plants averaged 30% during the year with second half utilisation around 20%. At year end, eight of Boral's 23 brick plants were mothballed and a further six temporarily closed until market demand recovers.

We are operating at record low volumes in the USA and are well below the break-even point. With revenue down 33% on the prior year to

US$406 million, the US business reported an EBITDA loss of US$45 million (or A$61 million in Australian dollars), which compares to a US$10 million (or A$11 million) profit in the prior year.

The US business moved from a position of profitability to reporting a loss once the market had fallen below around 1.1 million housing starts. Through a significant cost reduction program, we have reduced the break-even point of the business; it should return to an EBIT profit when the market exceeds around 900,000 to 950,000 housing starts per annum.

Asia

In Asia, Boral's key market exposures are in South Korea, Thailand, Indonesia and China. The global economic downturn impacted Asian construction activity from the September 2008 quarter. Various governments in Asia, notably China, have announced major stimulus packages to counter the economic downturn which should be favourable for future construction.

Pleasingly, revenues from Asia increased by 15% to A$219 million, reflecting significant price increases that were necessary to recover input cost increases. EBITDA from operations in Asia increased to $30 million from $16 million last year reflecting significant operational improvements and price gains in construction materials despite lower volumes and difficult market conditions. Results from Boral's 50%-owned plasterboard joint venture, LBGA, were weaker in the first half but pricing improvements and a significant cost reduction program offset lower volumes and cost pressures during the second half.

Responding to the downturn by lifting short-term performance

Our response to the significant synchronised downturns in Boral's markets has been to substantially decrease production to match sales and to manage inventories, together with a disciplined approach to pricing, widespread and rigorous cost reduction initiatives, a focus on improving cash flow and substantial constraints on capital expenditure.

The $195 million of cost reduction benefits delivered during the year represent a record 4.5% reduction in compressable costs. These benefits are being delivered through a range of initiatives including: reductions in overtime and labour hire; streamlining of management and administration functions; improvements in logistics, concrete and asphalt mix designs, and quarry yields; increased use of alternative fuels and materials; and rationalisation of transport depots and distribution branches.

In the USA, we have rolled out a comprehensive US$94 million cost reduction program which delivered US$49 million of benefits in 2008/09. Further incremental benefits in excess of US$24 million have been targeted for 2009/10 (including Boral's 50% share of MonierLifetile). The size of these additional savings will be dependent on market activity levels but will be based on a further reduction in the workforce, improved manufacturing processes and lower procurement costs.

A disciplined approach to price management has also been critically important in lifting performance through the downturn. Prices increased in most businesses in 2008/09 with $165 million of benefits delivered from price improvements, the largest year-on-year price lift in at least 10 years. Our pricing focus in the first half of 2009/10 will be to gain full traction from previously announced price increases and where possible implement new price increases. For example, concrete, quarry and cement price increases that were announced effective 1 April 2009 are continuing to be realised. Price increases of 6% have been announced for bricks and pavers in New South Wales and Queensland to take effect from 1 October 2009 and a similar increase was implemented in Victoria effective 1 July 2009.

With increased focus on cash management, managing working capital and reducing capital spending has been a priority. While operating cash flow decreased by $163 million to $419 million over the year, cash flow of $278 million in the June half nearly doubled the cash flow of $141 million delivered in the December half.

Capital expenditure has continued to be significantly wound back, with growth and acquisition capital expenditure reduced by 76% to $77 million. Stay-in-business capital of $163 million was $6 million lower and remained at around 62% of depreciation levels. Several new growth investments have been delayed until markets and cash flows recover. We are, however, continuing to monitor and assess growth opportunities that will create shareholder wealth through the cycle.

Boral's balance sheet is in a relatively strong position at the bottom of the cycle with gearing (debt/equity) of 55%, well within Boral's target range of 40%-70%. Boral's liquidity is strong and should continue to sustain us well through the downturn; we have around $820 million of undrawn committed facilities at 30 June 2009 and no material refinancing requirements until August 2011.

Outlook for 2009/10

While forecasting remains particularly difficult in the current economic climate and Boral's businesses have developed plans that allow for a range of market outcomes, we expect that 2009/10 will be another year of challenging market conditions.

In Australia, Boral's Building Products businesses are currently producing at a rate to supply housing starts of around 120,000. However, the Housing Industry Association is forecasting a lift to around 145,000 starts in 2009/10 and BIS Shrapnel is forecasting a more significant rebound to 160,000 starts. Lower interest rates combined with improvements to the First Home Owners Grant have significantly improved affordability and flow through is expected from the social and defence housing component of the Federal Government Stimulus Package. Finance approvals for new dwelling construction have risen which will eventually flow through to building activity. Boral's production levels will lift to match sales increases as they eventuate and our Australian Building Products earnings are expected to lift in 2009/10 on the back of stronger volumes and improved pricing.

On the other hand, Construction Materials activity and earnings in Australia are expected to decline in 2009/10 due to the decline in non-dwellings and softer infrastructure activity. We anticipate QEU earnings to fall in 2009/10 to around $25 million to $30 million due to the downturn in the property sector and to be less heavily weighted to the second half than in previous years.

In the USA, it remains unclear when a turnaround in housing activity will occur. Many economists are forecasting a recovery to begin from late calendar year 2009. We expect US housing starts in the December 2009 half to be similar to June 2009 half starts, with a recovery occurring in the June 2010 half. Overall, we anticipate a broadly similar level of housing activity in 2009/10 as was experienced in 2008/09. Continued benefits from significant cost reduction programs across the entire business and increased second half sales and production volumes will reduce losses in the US in 2009/10, particularly in the June half.

In Asia, domestic building activity remains sensitive to the effect of the global recession, however, plasterboard volumes and profits will be more resilient as product penetration continues and a strong focus on better pricing outcomes and cost reduction programs is expected to continue to support margins. In Construction Materials in Asia we expect some volume and earnings pressures.

Across Boral's businesses, performance enhancement programs and step change initiatives of 4% of compressible costs have been targeted for 2009/10. Interest expense will be lower because of reduced debt levels. Capital expenditure will be further reduced and working capital will continue to be managed tightly.

Current market conditions are expected to broadly continue during the first half of 2009/10. Second half activity levels are expected to be stronger than in the December 2009 half but are difficult to forecast at this point in time.

We will provide a trading update at Boral's Annual General Meeting on 28 October 2009.

Positioning the Company well for the long-term

Despite the current depressed levels of demand, we have long-term confidence in Boral's markets. We support the view of Harvard University's Joint Centre for Housing Studies that underlying demand for new housing in the USA is around 1.8 million starts per annum. In Australia, according to BIS Shrapnel, underlying demand over the past three years has been around 183,000 starts per annum and over the next five years will be around 169,000 per annum, reflecting a reduction in net overseas migration.

Over the past 10 years, we have positioned the Company well to supply the market through the peaks and the troughs of the building cycles and to deliver strong returns when the market is operating at underlying demand and long-term average levels. We have invested in low cost modern capacity in higher growth markets and we have closed higher cost older capacity at the bottom of the cycle. We have grown Boral's distribution networks and stepped out into new markets and new geographies. A decade ago, Boral was operating in five countries; today, Boral has operations in 10 countries and a distribution presence in a further three. We have strong, cost-competitive resource positions that have strengthened Boral's competitive advantage over the past decade.

Over the past year, we have significantly reduced capital expenditure until markets recover. We are, however, moving forward with several capital projects. We are rebuilding the Artarmon concrete batching plant for around $12 million, which is critical to supply Sydney, North Sydney and Chatswood business districts; the Artarmon plant is expected to be completed in the June 2010 quarter and is benefiting from the Federal Government's Investment Allowance. In Western Australia, the construction of our previously announced new $44 million masonry plant to replace two existing plants was slowed but is now continuing; market growth and cost reduction benefits together with cash flows from the sale of the Jandakot and Cannington sites will result in strong investment returns. In Asia, LBGA is building

Managing Director's Review continued

a new US$48 million plasterboard plant at Baoshan in Shanghai, China, and a new US$43 million production line at Saraburi in Thailand, which are expected to be in operation by June 2010 and September 2010 respectively. These investments are being funded by the JV and are important to retaining LBGA's leading position in Asia and to supplying the strong underlying growth in plasterboard in the region.

Delivering our objectives through the cycle

When I took over as Boral's CEO and Managing Director nearly 10 years ago, following the demerger of the Company from Boral Energy (now Origin Energy), our goal was to reshape Boral into a focused building and construction materials company operating in Australia and increasingly offshore. This increased focus has made Boral more exposed to the cyclical highs and lows of the building industry but considerable shareholder value has been created as a result of the increased focus.

Over the past decade, we have had four financial objectives and, through the cycle, performance against objectives has been solid.

Our first objective is to deliver returns that exceed Boral's weighted average cost of capital through the cycle. Since demerger, Boral's EBIT return on funds employed has averaged 12.7%, which is above Boral's weighted average cost of capital.

Our second objective has been to deliver better financial returns than the competition in comparable markets. Pleasingly, Boral's financial returns continue to compare well with competitors in like markets across most businesses, and in some businesses where there was a performance gap it has closed as Boral has outperformed in areas such as cost and price management.

Boral's third objective has been to deliver superior total shareholder returns (TSR) for our shareholders. Despite extraordinarily challenging conditions and Boral's share price deteriorating in recent years as a result of the market driven earnings decline, Boral's TSR from share price appreciation and dividends was around 16% per annum over the nine and a half years since demerger to 31 August 2009. Boral's TSR performance is above average, ranking in the second quartile of ASX 100 companies over the period.

Finally, Boral's fourth and overarching objective is to deliver superior returns in a "sustainable way"; this means in a financial, human resources, environmental and social sense. From a cost, price and capital perspective, Boral is positioned well to deliver strong sustainable returns. Boral's non-financial sustainability measures have continued to improve over time, including safety. In 2008/09, a lost time injury frequency rate for employees of 1.8 was delivered versus 2.5 in the prior year and 9.0 in 1999/00 and 1998/99; contractor safety management has also improved significantly. This improved safety performance was better than our targeted performance improvement; however, it was tragically overshadowed by the death of an employee in Indonesia who was fatally injured in a heavy vehicle accident involving two concrete agitators in November 2008. This employee fatality was a tragic reminder of the risks we need to manage every single day and the importance of continuing to focus our efforts on ensuring a safe workplace for all of Boral's people. Further details about Boral's safety performance and environmental and social impacts can be found in Boral's 2009 Sustainability Report, which forms part of this Annual Review.

Boral's fifth changing of the guard

After 10 years as Boral's CEO and Managing Director, I will retire at the end of December 2009. I have had a personal goal of wanting to hand the business over in better shape at the end of my tenure than when I started. Over Boral's 63 year history, I believe that my four predecessors have done this.

I am confident that the underlying performance of the business has strengthened considerably over the past decade. This has better positioned Boral to weather the most severe downturn that we have witnessed in our careers. It also means that as markets recover, Boral's financial returns will dramatically lift.

I thank Boral's Management Committee and all of Boral's employees for their hard work, their persistence and their support during my time as CEO. I also thank the Chairman Ken Moss and the whole Board for their support and their invaluable counsel.

It has been a pleasure and a privilege to lead Boral over the last decade. I will hand over the reins to Boral's next CEO in coming months. I wish my successor the very best of success with Boral's future.

Rod Pearse, CEO AND MANAGING DIRECTOR

Management Committee

Rod Pearse
CEO AND MANAGING DIRECTOR

John Douglas
EGM, AUSTRALIAN CONSTRUCTION MATERIALS
John is 47 and has been in his current position since 2004. He joined Boral in 1995 and has held roles as Regional General Manager of Boral's NSW Construction Materials business, General Manager of NSW Metropolitan Quarries and General Manager, Strategic Planning for Boral's Construction Materials Group. John holds a civil engineering degree with First Class Honours from the University of Adelaide and an MBA from London Business School.

Mike Beardsell
EGM, CEMENT
Mike is 51 and was appointed Executive General Manager of Cement in April 2009. Mike joined Boral in 2001 and has been National General Manager of Blue Circle Southern Cement since 2004. Mike holds a PhD in industrial forestry operations and a Master of Science.

Warren Davison
EGM, CONSTRUCTION RELATED BUSINESSES
Warren is 56 and was appointed Executive General Manager of Construction Related Businesses in April 2009. Warren joined Boral in 1998 as General Manager of Boral Formwork & Scaffolding and became General Manager of Boral's Construction Related Businesses in 2003. Warren has a Master of Science (Hons) degree and postgraduate business qualifications.

Nick Clark
EGM, CLAY & CONCRETE PRODUCTS
Nick is 46 and was appointed Executive General Manager of Clay & Concrete Products in February 2009. Nick joined Boral as General Manager, Bricks East in 2003. He has a mechanical engineering degree from Melbourne University and an MBA from Harvard Business School.

Bryan Tisher
EGM, TIMBER
Bryan is 46 and was appointed Executive General Manager, Timber in March 2007. Prior to this he was General Manager Corporate Development, a role which he held from 2000 -2007, and General Manager, Strategic Planning for Boral's Construction Materials Group from 1998-1999. He holds a civil engineering degree (First Class Honours) from Monash University and an MBA from Harvard Business School.

Ross Batstone
EGM, PLASTERBOARD
Ross is 61 and was Boral's Divisional General Manager, Plasterboard Australia from 1996-2000 before becoming Executive General Manager of the Plasterboard division. He was previously Boral's Divisional General Manager, Roofing from 1991-1995 and Chief Executive Montoro Resources Ltd from 1988-1990. He holds chemical engineering and commerce degrees from Queensland University.

Emery Severin
PRESIDENT, BORAL USA
Emery is 53 and was previously Executive General Manager of the Australian Construction Materials division from 1999-2004 before being appointed as President of Boral USA in August 2004. He was previously National General Manager of Blue Circle Southern Cement from 1998 to 1999. Prior to that he was Regional General Manager of Boral's NSW Construction Materials Group from 1996-1998. Emery has a doctorate of philosophy in physical chemistry from Oxford University and a science degree (First Class Honours) from the University of NSW.

Ken Barton
CHIEF FINANCIAL OFFICER
Ken is 43 and has been Boral's Chief Financial Officer since December 2002. He was previously Vice President and Chief Financial Officer of Boral Industries Inc in the USA from August 2000. Ken has a Bachelor of Economics degree from the University of Sydney and is an Associate of the Institute of Chartered Accountants in Australia and a Fellow of the Financial Services Institute of Australia.

Margaret Taylor
GENERAL COUNSEL AND COMPANY SECRETARY
Margaret is 49 and was appointed General Counsel and Company Secretary of Boral Limited in November 2008. Prior to joining Boral, Margaret was Regional Counsel Australia/Asia with BHP Billiton. Margaret holds law and arts degrees from the University of Queensland.

Robin Town
GM, HUMAN RESOURCES
Robin is 57 and has been Boral's General Manager, Human Resources since June 2001. He was previously President of Boral Material Technologies in the USA from 1999-2001 and Regional General Manager of Boral's Construction Materials business in Queensland from 1996-1999. He holds a chemical engineering degree from the University of Queensland.

Andrew Warburton
GM, CORPORATE DEVELOPMENT
Andrew is 45 and is General Manager, Corporate Development. He was previously National General Manager, Quarry End Use from 2003-2007 and General Manager, Business Development for Australian Construction Materials (2000-2003). Andrew holds an economics degree from the University of Sydney and an MBA from INSEAD.

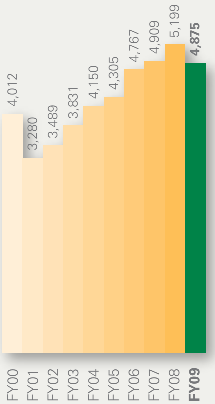
Summary of Results

A$ million unless stated

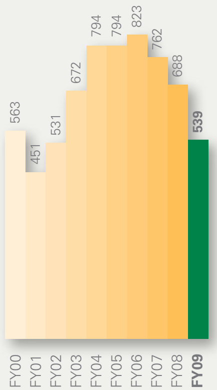
YEAR ENDED 30 JUNE	**2009**	2008	% Change
Revenue	**4,875**	5,199	(6)
EBITDA[1]	**539**	688	(22)
EBIT[1]	**276**	448	(38)
Net interest[1]	**(127)**	(112)	14
Profit before tax[1]	**149**	336	(56)
Tax[1]	**(17)**	(90)	(81)
Minority interest	**-**	1	-
Underlying profit after tax	**131**	247	(47)
Net significant items	**11**	(4)	
Profit after tax	**142**	243	(42)
Cash flow from operating activities	**419**	582	(28)
Gross assets	**5,491**	5,895	(7)
Funds employed	**4,268**	4,425	(4)
Liabilities	**2,738**	2,985	(8)
Net debt	**1,514**	1,515	-
Growth & acquisition capital expenditure	**77**	327	(76)
Stay-in-business capital expenditure	**163**	169	(4)
Depreciation	**263**	240	10
Employees	**14,766**	15,928	(7)
Sales per employee, $ million	**0.330**	0.326	1
Net tangible asset backing, $ per share	**4.12**	4.41	(7)
EBITDA margin on sales[1], %	**11.1**	13.2	(16)
EBIT margin on sales[1], %	**5.7**	8.6	(34)
EBIT return on funds employed[1], %	**6.5**	10.1	(36)
Return on equity[1], %	**4.8**	8.5	(44)
Gearing			
Net debt/equity, %	**55**	52	6
Net debt/net debt + equity, %	**35**	34	4
Interest cover[1], times	**2.2**	4.0	(46)
Underlying earnings per share[1], ¢	**22.2**	41.4	(46)
Dividend per share, ¢	**13.0**	34.0	(62)
Safety: (per million hours worked)			
Lost time injury frequency rate	**1.8**	2.5	(28)
Recordable injury frequency rate	**26.1**	26.7	(2)

1. Excluding significant items

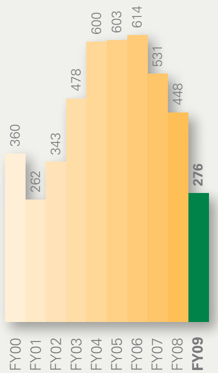
Sales revenue $m



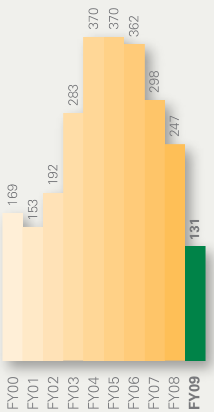
EBITDA[1] $m



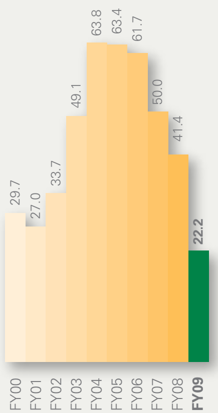
EBIT[1] $m



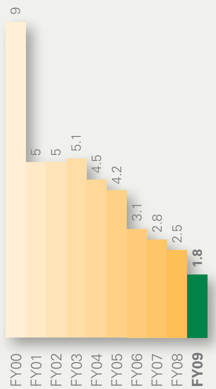
Profit after tax[1] $m



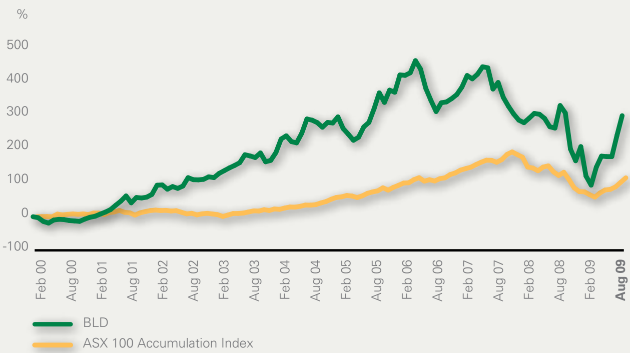
Earnings per share[1] c



Lost time injury frequency rate (LTIFR)
(Per million hours worked)



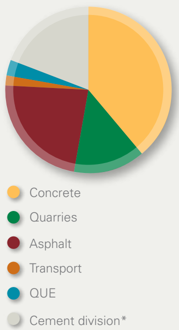
Total shareholder returns (TSR)



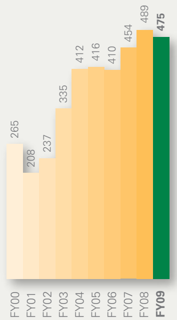
Summary of Reporting Groups

Construction Materials, Australia

Share of External Revenue



EBITDA[1] $m



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

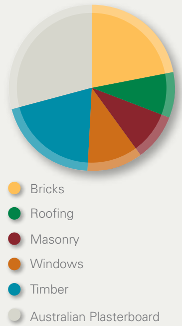
year ended 30 June *A$ million unless stated*	**2009**	2008	% change
Sales revenue	**2,817**	2,960	(5)
EBITDA[1]	**475**	489	(3)
EBIT[1]	**330**	351	(6)
Capital expenditure[2]	**140**	180	(23)
Funds employed[2]	**2,240**	2,310	(3)
EBITDA[1] return on sales, %	**16.9**	16.5	
EBIT[1] return on sales, %	**11.7**	11.9	
EBIT[1] return on funds employed, %	**14.7**	15.2	
Employees, number	**5,544**	5,798	(4)
Revenue per employee	**0.508**	0.511	–

Performance

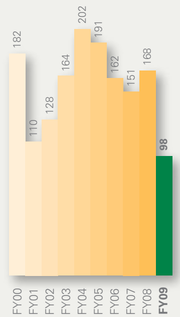
- Revenues down as lower Quarry End Use (QEU) revenues offset increased asphalt volumes (due to strong infrastructure activity) and pricing gains in concrete, quarry, cement and lime.
- Boral's concrete volumes down 12% reflecting lower dwellings and non-dwellings activity and some temporary market share loss predominantly due to Boral's strong focus on lifting margins through price increases.
- EBIT from QEU of $47 million versus $54 million in prior year.
- $92 million of PEP cost reductions contributing to an EBITDA margin lift to 16.9%.

Building Products, Australia

Share of External Revenue



EBITDA[1] $m



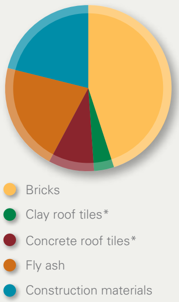
year ended 30 June *A$ million unless stated*	**2009**	2008	% change
Sales revenue	**1,277**	1,357	(6)
EBITDA[1]	**98**	168	(41)
EBIT[1]	**40**	114	(65)
Capital expenditure[2]	**64**	125	(48)
Funds employed[2]	**1,188**	1,178	1
EBITDA[1] return on sales, %	**7.7**	12.4	
EBIT[1] return on sales, %	**3.1**	8.4	
EBIT[1] return on funds employed, %	**3.4**	9.7	
Employees, number	**3,814**	4,080	(7)
Revenue per employee	**0.335**	0.333	1

Performance

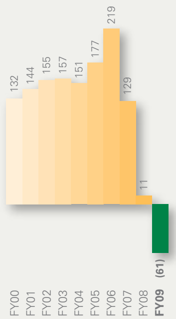
- Revenues steady in the first half but 12% down in the second half due to lower housing related volumes, particularly in Western Australia and Queensland, more than offsetting price increases across all businesses.
- Earnings were significantly lower due to extensive temporary plant slowdowns and shutdowns to rundown inventories and to match weaker sales demand.
- Stronger pricing outcomes across all building products and $38 million of PEP cost reductions were delivered.

USA

Share of External Revenue



EBITDA[1] $m



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

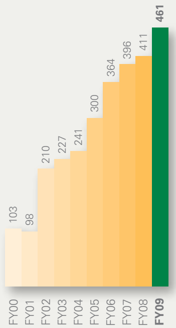
year ended 30 June	2009	2008	% change
US$ million			
Sales revenue	**406**	607	(33)
EBITDA[1]	**(45)**	10	(545)
EBIT[1]	**(81)**	(25)	(230)
A$million			
Sales revenue	**545**	671	(19)
EBITDA[1]	**(61)**	11	(640)
EBIT[1]	**(109)**	(27)	(301)
Capital expenditure[2]	**27**	180	(85)
Funds employed[2]	**812**	789	3
EBITDA[1] return on sales, %	**(11.1)**	1.7	
EBIT[1] return on sales, %	**(20.0)**	(4.0)	
EBIT[1] return on funds employed, %	**(13.4)**	(3.4)	
Employees, number	**1,592**	2,208	(28)
Revenue per employee	**0.342**	0.304	13

Performance

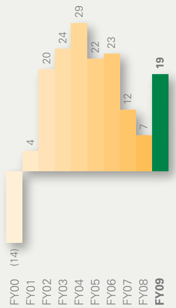
- 33% revenues decline and earnings loss reflects unprecedented fall in US market; housing starts down 42% to around 650,000 versus 1.13 million starts in FY2008.
- US$39 million of PEP cost reductions plus US$10 million from MonierLifetile (50% share). Full-time equivalent employees down 28% or 616 people.
- Average capacity utilisation of 30% in bricks and 16% in concrete roof tiles in FY2009, to match record low sales demand and manage inventory.
- Prices held despite collapse in market volumes.

Asia

Revenue, $m



EBIT[1], $m



Includes Boral's Asian plasterboard joint venture with Lafarge[3] and Boral's Indonesian and Thailand construction materials businesses.

year ended 30 June	2009	2008	% change
A$ million unless stated			
Sales revenue	**219**	191	15
EBITDA[1]	**30**	16	87
EBIT[1]	**19**	7	189
Funds employed	**297**	285	
Return on funds employed, %	**6.4**	2.3	

Performance

- Improved Construction Materials earnings offset weaker earnings from LBGA.
- In Indonesia improved concrete prices restored margins despite volumes down 8%, and in Thailand margins and profits improved due to significant operational improvements and lower costs despite concrete prices down 5% and volumes down 21%.
- Plasterboard sales volumes down 6% due to global recession impacting from December 2008 quarter, but stronger pricing and cost reductions offset lower volume impacts in the June half.
- New plasterboard plants commissioned in Chengdu (central west of China) and Rajasthan (India) in FY2009 and investments underway in Baoshan (China) and Saraburi (Thailand).

NOTES:
1. Excluding significant items; FY05 results onwards restated to reflect transition to A-IFRS accounting standards.
2. Capital expenditure and funds employed include acquisitions
3. Boral's profits from the Asian Plasterboard joint venture, LBGA, are equity accounted and are after financing and tax. Boral's share of revenue from LBGA, does not appear in Boral's consolidated accounts, however Boral's share of LBGA revenue is included in the revenue bar chart for Asia from FY01 onwards

Review of operating divisions
Australian Construction Materials


John Douglas

Australian Construction Materials (ACM) produced solid profit and cash flow outcomes in challenging economic conditions. This performance was achieved by leveraging our national integrated positions and capabilities in supplying product and contracting services to the large scale infrastructure projects around Australia while at the same time ensuring appropriate pricing outcomes and closely managing costs, working capital and capital expenditure.

In 2008/09, revenue from ACM (excluding Quarry End Use) held steady on the prior year. Performance was underpinned by strong infrastructure activity, effective price management and disciplined cost reduction programs. Ongoing engineering construction projects, supported by government stimulus expenditure late in the year, partially offset significant weakness in residential and non-dwelling sectors. Solid underlying profitability combined with focused working capital management and reduced capital spending generated strong cash flow.

Boral's involvement in large infrastructure projects during the year included the Gateway Bridge in Queensland, the F3 widening in New South Wales, the Deer Park Bypass in Victoria, the Perth to Bunbury Highway in Western Australia, the Airport Link in Queensland, the Prominent Hill Copper and Gold Mine in South Australia and the Boddington Gold Mine in Western Australia.

Revenues from the combined Concrete and Quarries businesses of $1.4 billion were 5% below last year and EBITDA was marginally lower. Concrete volumes were down 12% due to the drop-off in residential and non-dwelling activity and Quarry volumes were 7% lower with lower concrete pull-through volumes partly offset by higher asphalt pull-through and from our participation in infrastructure projects. The impact of concrete and quarry volume declines and increased costs were largely offset by strong pricing outcomes, effective cost reduction programs and improved production efficiencies. Prices increased by 7% for delivered concrete and by 5% for quarry products.

Asphalt performed strongly during the year, achieving an 11% lift in revenue. Margins remained robust due to strong pricing and cost management outcomes.

Boral's Quarry End Use (QEU) business contributed $47 million of EBIT compared with $54 million in the prior year. QEU earnings came from George's Fair (Moorebank), the Southern Employment Lands (Greystanes), the sale and leaseback of eight sites and from the Deer Park Western Landfill operation.

For ACM's safety and environmental outcomes for 2008/09 refer to page s30 of Boral's 2009 Sustainability Report.

Outlook

Despite the Federal Government stimulus funding, softening infrastructure activity and the continuing decline in non-dwelling activity will offset an expected improvement in residential activity in 2009/10. Cost reduction programs will remain a key focus as activity reduces from the high levels of recent years. Concrete and quarry price increases that were announced effective 1 April 2009 will continue to flow through in 2009/10. QEU forecast earnings of around $25-30 million but will be weighted less heavily to the second half than in previous years.

John Douglas, EXECUTIVE GENERAL MANAGER

ACM's Asphalt business has gone from strength to strength in recent years, building on our comprehensive national presence, our solid track record working with Australia's major contracting companies and our quality production and contracting capabilities. Our significant investment in production facilities and capability in recent years in all our state operations has enabled our Asphalt business to meet the current high level of infrastructure activity.

Review of operating divisions

Cement

Mike Beardsell

Typically, around 40% of cement demand is driven by the housing sector, 35% by infrastructure and 25% by non-dwelling construction activity. For Boral's Blue Circle Southern Cement (BCSC) business we are disproportionately exposed to East Coast markets, particularly New South Wales, because of our large cement manufacturing assets at Berrima in New South Wales and Waurn Ponds in Victoria. The immediate focus of the Cement division is to realign our cost base and supply network with reduced market demand while maintaining capability to respond quickly to improving market conditions.

During the year, Cement volumes were down 9% on last year, with strong sales to the Hume Highway upgrade projects moderating the impact of weakening demand from the premixed concrete industry, particularly in the second half of the year. Average cement prices increased by 7% as suppliers sought to recover soaring input costs at the peak of the resources boom.

Lime volumes fell by 29% as demand from the steel industry contracted but continuing focus on pricing delivered a 12% improvement year-on-year. In mid January 2009, production at the quicklime facility at Galong in New South Wales was temporarily suspended due to reduced demand from the steel sector.

EBITDA from BCSC was weaker, with reduced volumes and a steep rise in energy and imported clinker costs (to supply Sunstate) adversely impacting the result.

In Asia, despite the global economic downturn impacting from the September 2008 quarter and the unstable market environment in Thailand dampening overall construction activity, Boral's construction materials results in Asia improved significantly for the period. Concrete volumes in Indonesia fell by 8%; however, margins recovered on the back of rigorous cost control and a significant improvement in concrete prices. Market share leadership was maintained in Indonesia. In Thailand, concrete prices were down 5% and volumes were down 21% in challenging markets but a shift in focus from growth to cost reduction delivered a substantial improvement in gross margins.

For Cement's safety and environmental outcomes for 2008/09 refer to page s32 of Boral's 2009 Sustainability Report.

Outlook

Activity in Australia is expected to decline in 2009/10 due to the decline in non-dwellings and softening in infrastructure activity which will more than offset the benefits from slightly stronger dwellings activity and improved pricing. Our pricing focus in the first half of 2009/10 will be to gain full traction from previously announced price increases. Cement price increases that were announced effective 1 April 2009 are continuing to be realised. A significant step change program is underway in BCSC with the diagnostic phase completed in July 2009. Early indications are targeting a 10% compressible cost reduction over 2009/10 and 2010/11.

In Construction Materials in Asia we expect some volume and earnings pressures.

Mike Beardsell, EXECUTIVE GENERAL MANAGER

During the year, a significant operational improvement program was implemented in Thailand construction materials, which included a focus on improving the culture and employee morale. Despite volume pressures a solid turnaround in performance was delivered from the Asia construction materials businesses in Thailand and Indonesia.

Review of operating divisions
Construction Related Business

Warren Davison

Construction Related Businesses (CRB) is exposed to Australia's housing and commercial construction markets, which were down around 18% and 25%, respectively. New South Wales and Queensland markets which collectively account for around two-thirds of CRB's revenues were approximately 17% lower. With the decline in demand, dramatic cost reductions have been required to minimise the impact on profitability. Employee numbers were reduced by 15% but we have been careful to preserve capability for the housing upturn that is beginning to emerge.

Revenues from Dowell Windows were down 12% on last year to $140 million, with weakness in all states except Victoria which was steady. The sales contraction was most severe in Queensland and New South Wales where aggressive cost reduction actions were taken. Despite cost reductions EBITDA was lower.

Formwork & Scaffolding experienced weaker volumes with revenues down on the prior year. Despite lower revenues, EBITDA lifted as benefits were delivered from the national branch rationalisation project which was completed in July 2008 and resulted in branch numbers being halved. While hire stock utilisation was strong in the first half, the weakening commercial sector saw demand decline in the second half. Both prices and utilisation were down on the previous year. The formwork business contributed to the EBITDA improvement as further investment was made in the formwork product range targeting civil and infrastructure projects.

Boral Precast reported lower revenues and a lower EBITDA. The new automated precast plant commissioned in May/June 2008 performed to expectation, meeting all business case metrics and delivering a low cost position in the Perth market. On the East Coast, a new entrant with an automated plant in Sydney changed the dynamics of that market with Girotto moving more towards multistorey construction away from the traditional industrial sector. Strong cost reduction initiatives have been undertaken with a 35% reduction in employee numbers.

Boral Formwork & Scaffolding works closely with Boral Precast and De Martin & Gasparini to tackle a range of challenging projects. The use of systems formwork is increasingly being used to compress construction times.

De Martin & Gasparini (DMG) reported lower sales and reduced EBITDA. Sydney concrete volumes reduced and projects were increasingly more competitively bid as funding constraints saw projects either deferred or cancelled. DMG's main project at Top Ryde Shopping Centre with Bovis Lend Lease is now progressing after initial construction delays.

For Construction Related Businesses' safety and environmental outcomes for 2008/09 refer to page s32 of Boral's 2009 Sustainability Report.

Outlook

We anticipate that the Australian housing market will improve during 2009/10, more so in the second half of the year. The non-residential construction market is expected to weaken further with effective price and cost management critical to offsetting the decline.

Warren Davison, EXECUTIVE GENERAL MANAGER

Review of operating divisions
Clay & Concrete Products

Demand for Clay & Concrete Products is primarily driven by dwelling construction, particularly detached housing. Australian dwelling starts were around 130,000 in 2008/09, 18% below the prior year, and well below underlying demand. Our major challenge is managing high fixed cost businesses during a period of low demand and rising costs. We continue to use plant shutdowns and slowdowns to reduce inventory and match production to sales volumes. Performance enhancement programs and price management have been critical in offsetting higher costs in a lower volume environment.

Revenues from Clay & Concrete Products were down 7% on the prior year, driven by lower volumes across all states except Victoria. Earnings were also down on the prior year.

Brick volumes were down 14% nationally, reflecting lower activity in Western Australia, New South Wales and Queensland, and the entry of a new competitor into the Western Australian brick market. Roof tile volumes were down 1%, driven by declines in New South Wales partially offset by growth in Victoria. Masonry volumes were down 15% with volume declines experienced in all states. Market shares were broadly stable throughout the year, with the exception of the Western Australian brick market where share declined slightly.

Pricing outcomes were positive across all businesses. Average prices improved by around 4% in Bricks and around 3% in Roof Tiles. Prices lifted by around 10% in Masonry, due to strong price improvements and a shift in the mix of products sold.

A series of plant slowdowns and/or extended temporary shutdowns continued across the business. Capacity utilisation of brick plants was approximately 70-75%, while plant utilisation in both Roof Tiles and Masonry was below 60%. In Western Australia, Midland Brick's Kiln 4 was permanently shut during the year and Kiln 8 was mothballed until demand recovers. Production at the Kempsey brick plant in northern New South Wales was suspended in July 2009 due to the downturn in New South Wales and Queensland.

Major business improvement programs continued to deliver in line with expectations in the East Coast Bricks, Roofing and Masonry businesses. The merging of management and administration functions in East Coast Bricks and Roofing businesses will generate annual savings of $4 million from 2009/10 onwards. A business improvement program has commenced at Midland Brick with benefits expected from 2009/10 onwards.

For Clay & Concrete Products' safety and environmental outcomes for 2008/09 refer to page s34 of Boral's 2009 Sustainability Report.

Outlook
Our plants are currently set to supply housing starts of around 120,000 per annum but production levels will lift to match sales increases as government stimulus initiatives and improved affordability underpins a lift in demand. Earnings are expected to improve in 2009/10 as volumes improve. Effective price and cost management will be critical to realising improved earnings.

Nick Clark, EXECUTIVE GENERAL MANAGER

New product development continues to underpin market shares and price growth. Recent product development includes lightweight masonry blocks, Contour roof tiles and clay facing tiles. In June, Boral launched its 2009 residential design award program for architects, building designers and students. Originally started in C&C, the Boral Design Award now focuses on incorporating the range of Boral products in innovative, sustainable residential designs.

Review of operating divisions
Timber


Bryan Tisher

Boral's Timber business is largely New South Wales-based, with sales predominantly into East Coast markets. Earnings from the Timber division are largely underpinned by new dwelling construction and alterations and additions as well as commercial projects and some infrastructure work. Activity in Timber's two largest state markets, New South Wales and Queensland, was down significantly during the year, with new dwelling approvals down 26% and 37%, respectively. A comprehensive program of plant shutdowns and slowdowns has been implemented to reduce inventory with lower sales volumes.

Sales revenue from the Timber division of $256 million was 6% lower than last year, reflecting significantly reduced sales revenue in the June half. Reduced housing construction activity, particularly in New South Wales and Queensland, together with a significant decline in demand from commercial, mining and industrial segments, caused domestic sales volumes to be down 11% for the year and down 18% in the second half. Export residue sales volumes were similar to the prior year.

To adjust to reduced levels of demand, production curtailment initiatives were undertaken during the year with the mothballing of the Walcha sawmill and the closure of the Grafton parquetry operation in the first half of the year. Production was reduced at most other facilities, particularly in the second half of the year. Production curtailment strategies, including plant slowdowns and mothballing and reduced capital expenditure, resulted in lower inventories and improved cash flow compared to last year.

Product price gains of around 4% partially offset a significant increase in log costs and increased energy costs. Consolidation of Boral Timber's Brisbane warehouse network into one location together with step change operational improvements in Hardwood, Plywood and Engineered Flooring operations is delivering benefits and resulted in a 15% reduction in the workforce in the Timber business in 2008/09. Despite a strong focus on cost reduction during the year, lower production volumes than sales, cost increases and restructuring costs resulted in a reduced EBITDA.

For Timber's safety and environmental outcomes for 2008/09 refer to page s36 of Boral's 2009 Sustainability Report.

Outlook

Boral Timber's results in 2009/10 should improve through a full year's benefit of the operational improvement programs commenced in 2008/09, further restructuring of the fixed cost base and strengthening housing markets in New South Wales and Queensland. Production restraint should help to reduce inventories and generate increased cash flow in the year.

Bryan Tisher, EXECUTIVE GENERAL MANAGER

In 2009, Boral Timber achieved Chain of Custody certification for all its timber products. This achievement builds on the earlier Chain of Custody Certification for Boral Plywood and Boral Sawmillers Exports. Chain of Custody certification (AS4707 – 2006) confirms that Boral hardwoods and softwoods are sourced legally and sustainably from managed certified sources and the company can prove traceability of its wood materials from the forest through to the sale of its products.

Review of operating divisions
Plasterboard

Ross Batstone

During the year, we completed the transition to our new plasterboard plant and logistics centre in the Brisbane suburb of Pinkenba. This low operating cost facility also has superb sustainability features and provides a great platform for growth. We are focused on ensuring our costs elsewhere in the business continue to be carefully managed and that we create sales through the development of new products and lightweight building systems employing plasterboard.

Australian Bureau of Statistics data shows that Australian plasterboard production was steady year-on-year, at around 153 million square metres. Markets were resilient in Victoria and South Australia, weaker in Queensland and Western Australia, and new dwelling construction in New South Wales remained depressed. Australian sales revenue was down 1% to $371 million, despite a 3% lift in average selling prices. This reflected weaker sales volumes of plasterboard, cornice and jointing compounds which we manufacture and weaker sales of non-manufactured products bought for resale through our extensive network of company owned and operated specialised trade stores.

Australian EBITDA was well down in the year despite only marginally weaker revenues. One-off costs associated with the transition from our Brisbane plant in Northgate to our new plasterboard plant at Pinkenba and its subsequent work-up to full operational performance contributed to the weaker EBITDA. Price increases and cost reductions largely offset cost inflation.

Markets in Asia have been impacted by the global economic recession but we remain very happy with our position and the ability of our Asian Plasterboard JV business, LBGA, to successfully manage operating margins whilst delivering key growth investments. Boral's equity accounted after tax profit of $13 million from LBGA was 26% below the same period last year. Sales volumes were down around 6% after the benefit of strong volumes in the September 2008 quarter was offset by weaker outcomes in the December 2008 and March 2009 quarters. Promisingly, sales volumes recovered in the June 2009 quarter and margins also strengthened in the second half as cost pressures dissipated and an aggressive cost reduction program was implemented.

We continue to focus on the development and release of new plasterboard products and accessories and lightweight building systems which, in the period, included BoxCote™; IntRwall™, an upgrade to our industry leading EurekaWall™ inter-tenancy system; systems for education and bushfire prone areas; ENVIRO™Plasterboard which is certified by GECA (Good Environmental Choice Australia); and Echostop® ceiling boards.

During the year, new plants were commissioned in Chengdu (central west of China) and in Rajasthan (India). LBGA also announced construction of a new plant at Baoshan in China and gained FOI approval in Thailand to substantially lift capacity at its existing plant at Saraburi, near Bangkok.

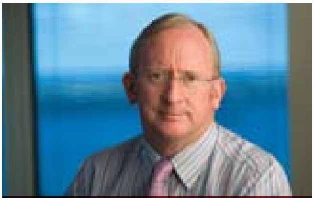
For Plasterboard's safety and environmental outcomes for 2008/09 refer to page s38 of Boral's 2009 Sustainability Report.

Outlook

An uplift in new house construction buoyed by improvements in affordability and government stimulus spend is expected to favourably impact on future demand, particularly in Queensland and New South Wales. A recovery in non-residential markets looks further off, given continuing financing constraints. Market conditions in Korea, Thailand and Indonesia are expected to remain exposed to the global economic recession and associated shortage of project finance over the next year, despite stimulus programs initiated by several governments, notably China. However, strong underlying plasterboard demand is expected to underpin longer-term Asian returns.

Ross Batstone, EXECUTIVE GENERAL MANAGER

Review of operating divisions
USA



Emery Severin

We continued to experience the most challenging market conditions since Boral began trading in the US some 30 years ago. Housing demand is down around 75% from the 2006 peak. We have dramatically reduced our workforce, mothballed plants and optimised plant networks. We have reduced fixed costs to minimise the impacts of the downturn, and processes have been put in place to ensure that the cost reductions and disciplines are maintained when the market recovers so that we emerge a stronger and leaner business.

In the USA, revenue was down 33% to US$406 million and EBITDA decreased by US$55 million to a US$45 million loss. The result was driven by the continued deterioration in housing activity, with US housing starts down by 42% to around 650,000. The non-housing sectors also declined during the year, impacting construction materials businesses. Cost reduction initiatives, were implemented across all businesses and delivered US$49 million in benefits during the year.

Revenue from Bricks was down by 42% to US$202 million due to a 44% decline in sales volumes. Average brick prices increased by 1%. Brick plant utilisation averaged 30%, down from 56% last year. EBITDA was significantly down.

Our 50%-owned concrete roof tile joint venture, MonierLifetile (MLT), reported a loss of US$2 million compared to a US$21 million loss last year (Boral's share). Cost reductions of US$10 million offset the impact of lower volumes. Average prices were up 1%. Plant utilisation was down to 16% compared to 27% in the prior year.

Revenue of US$16 million from Clay Roof Tiles was down 34% as a 38% volume decline more than offset a 5% increase in price. EBITDA was well below last year.

Profit from BMTI was lower than last year. Fly ash volumes were down 23%, which also resulted in additional royalty costs under take or pay contracts. Higher prices and new product initiatives did not offset lower volumes.

We have kept an eye on growth opportunities and continued innovation with a focus on new product development. During the year, MonierLifetile introduced the Madera Tile and US Tile introduced Cielo, ProSlate and an integrated solar panel. In BMTI new products and technologies continue to be developed including Powder Activated Carbon Treatment (PACT) to increase the amount of useable fly ash.

Revenue from US Construction Materials of US$96 million was down 23% on the prior year primarily due to declining commercial and infrastructure sales, and continued weak residential construction. EBITDA was down year-on-year. Concrete volumes were 30%-40% lower but price increases and cost controls offset higher inflationary cost impacts.

For USA's safety and environmental outcomes for 2008/09 refer to page s40 of Boral's 2009 Sustainability Report.

Outlook

It remains unclear when a turnaround in US activity will occur and we have set our businesses accordingly. Brick utilisation is around 25% at the start of 2009/10 and concrete roof tiles remain at around 15%. Market forecasters currently expect a recovery to begin from late CY2009. We expect US housing starts in the December 2009 half to be similar to June 2009 half starts, with a recovery occurring in the June 2010 half. Overall, we expect a broadly similar level of starts in 2009/10 to those in 2008/09. Further incremental benefits of US$24 million from cost reduction initiatives are expected in 2009/10, and increased second half sales and production volumes will reduce losses, particularly in the June half.

Boral has well positioned, low cost, modern manufacturing facilities, and will deliver benefits as markets recover.

Emery Severin, PRESIDENT BORAL USA

Board of Directors

Kenneth J Moss, AM 1
NON-EXECUTIVE CHAIRMAN, AGE 64.
Dr Kenneth 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 Chairman of GPT RE Limited (the responsible entity for the General Property Trust) He was previously the Managing Director of Howard Smith Limited and is experienced in building materials businesses.

Member of the Remuneration Committee.

Rodney T Pearse, OAM 2
MANAGING DIRECTOR, AGE 62.
Rod Pearse became the Managing Director and Chief Executive Officer of Boral in January 2000. He joined the Boral Group as the Managing Director, Construction Materials Group in 1994. He had previously held senior management positions in Shell International, Shell Australia and CSR Limited. He is a Board Member of the Business Council of Australia, a member of the Advisory Panel of The Australian School of Business at the University of New South Wales, the Chairman of Outward Bound Australia and serves as a Councillor for the Australian Business Arts Foundation.

J Brian Clark 3
NON-EXECUTIVE DIRECTOR, AGE 60.
Dr Brian 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. In South Africa, he was President of the Council for Scientific and Industrial Research (CSIR) and CEO of Telkom SA. He also spent 10 years with the UK's Vodafone Group as CEO Vodafone Australia, CEO Vodafone Asia Pacific and Group Human Resources Director.

Chairman of the Remuneration Committee.

E John Cloney 4
NON-EXECUTIVE DIRECTOR, AGE 68.
John Cloney joined the Boral Board in 1998. Mr Cloney is the Chairman of QBE Insurance Group Limited and a Director of Maple-Brown Abbott Limited. He is a member of the Advisory Council of RBS Group (Australia) Pty Limited. His career was in international insurance and he was previously the Managing Director of QBE Insurance Group Limited.

Member of the Remuneration Committee, having been Chairman of that Committee throughout the reporting period.

Robert L Every 5
NON-EXECUTIVE DIRECTOR, AGE 64.
Dr Bob Every joined the Boral Board in September 2007. He is the Chairman of Iluka Resources Limited and Chairman of Wesfarmers Limited. He is also on the Board of Malcolm Sargeant Cancer Fund for Children Limited known as Redkite. He held senior executive positions with Tubemakers of Australia and BHP and was the Managing Director and CEO of OneSteel Limited.

Member of the Remuneration Committee.

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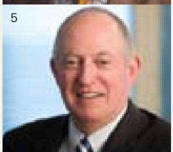
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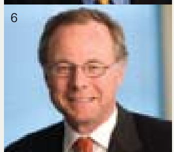
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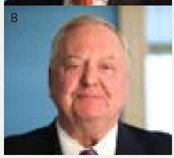

Richard A Longes 6
NON-EXECUTIVE DIRECTOR, AGE 64.
Richard Longes joined the Boral Board in 2004. He is a Director of Austbrokers Holdings Limited and Metcash Limited. He is a lawyer and a non-executive Director of Investec Bank (Australia) Limited. He was previously an executive of Investec Bank, a principal of Wentworth Associates, the corporate advisory and private equity group, and a partner of Freehills, a leading law firm.

Member of the Audit Committee.

Paul A Rayner 7
NON-EXECUTIVE DIRECTOR, AGE 55.
Paul Rayner joined the Boral Board in 2008. He is a Director of Qantas Airways Limited and Centrica plc, a UK listed company. He has held senior executive positions in finance and operations in Australia including Rothmans Holdings Limited and as Chief Operating Officer of British American Tobacco Australasia Limited. He was Finance Director of British American Tobacco plc from January 2002 until 2008, based in London.

Chairman of the Audit Committee.

J Roland Williams, CBE 8
NON-EXECUTIVE DIRECTOR, AGE 70.
Dr Roland 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.

Member of the Audit Committee.

Remuneration
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

Boral's 2009 Remuneration Report, which forms part of the Directors' Report, can be found on pages 43-59 of Boral's 2009 Annual Review.

The following pages of this Shareholder Review provide an overview of remuneration outcomes in 2008/09.

Remuneration 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.

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 in 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 remuneration table on page 26 and the full remuneration table on page 58 of the Remuneration Report include amounts in respect of a number of benefits which did not deliver value to executives in 2008/09. For example, they include 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, they include 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.

$'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 Feb 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 Nov 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 continued

Remuneration Table

$'000s		Fixed remuneration	Short term incentive	Other	End of service	Equity benefits	Total remuneration	Total excluding end of service costs[a]
NON-EXECUTIVE DIRECTORS at 30 June 2009								
K J Moss (Chairman)								
	2009	**316.6**	**0.0**	**0.0**	**0.0**	**35.2**	**351.8**	**351.8**
	2008	274.0	0.0	0.0	0.0	54.8	328.8	328.8
Other Non-Executive Directors								
	2009	**767.5**	**0.0**	**0.0**	**0.0**	**39.0**	**806.5**	**806.5**
	2008	554.5	0.0	0.0	0.0	61.4	615.9	615.9
EXECUTIVES at 30 June 2009								
R T Pearse (CEO and Managing Director)								
	2009	**2,958.3**	**0.0**	**60.0**	**4,043.2**	**4,450.0**	**11,511.5**	**4,865.4**
	2008	2,708.3	2,270.0	55.6	0.0	1,628.4	6,662.3	6,662.3
J M Douglas (Executive General Manager, Australian Construction Materials)								
	2009	**822.7**	**0.0**	**32.5**	**0.0**	**189.6**	**1,044.8**	**1,044.8**
	2008	754.2	373.6	30.4	0.0	122.4	1,280.6	1,280.6
M G Beardsell (Executive General Manager, Cement) appointed 9 April 2009								
	2009	**142.0**	**0.0**	**6.6**	**0.0**	**16.1**	**164.7**	**164.7**
	2008	0.0	0.0	0.0	0.0	0.0	0.0	0.0
W R Davison (Executive General Manager, Construction Related Businesses) appointed 9 April 2009								
	2009	**114.7**	**0.0**	**1.9**	**0.0**	**12.5**	**129.1**	**129.1**
	2008	0.0	0.0	0.0	0.0	0.0	0.0	0.0
N J Clark (Executive General Manager, Clay & Concrete Products) appointed 1 February 2009								
	2009	**227.9**	**0.0**	**3.7**	**0.0**	**21.8**	**253.4**	**253.4**
	2008	0.0	0.0	0.0	0.0	0.0	0.0	0.0
W R Batstone (Executive General Manager, Plasterboard)								
	2009	**735.6**	**0.0**	**29.5**	**0.0**	**181.5**	**946.6**	**946.6**
	2008	682.3	290.2	27.8	0.0	129.7	1,130.0	1,130.0
B M Tisher (Executive General Manager, Timber)								
	2009	**605.0**	**0.0**	**9.9**	**0.0**	**138.0**	**752.9**	**752.9**
	2008	556.1	324.6	9.1	0.0	91.6	981.4	981.4
E S Severin (President, Boral Industries Inc)								
	2009	**894.6**	**0.0**	**648.3**	**0.0**	**269.7**	**1,812.6**	**1,812.6**
	2008	693.3	243.7	265.3	0.0	194.2	1,396.5	1,396.5
K M Barton (Chief Financial Officer)								
	2009	**801.4**	**0.0**	**32.1**	**0.0**	**185.2**	**1,018.7**	**1,018.7**
	2008	697.7	292.6	29.5	0.0	127.4	1,147.2	1,147.2
M K Taylor (General Counsel & Company Secretary) appointed 17 November 2008								
	2009	**312.5**	**0.0**	**16.9**	**0.0**	**0.0**	**329.4**	**329.4**
	2008	0.0	0.0	0.0	0.0	0.0	0.0	0.0
R J Town (General Manager, Human Resources)								
	2009	**544.0**	**0.0**	**26.8**	**0.0**	**116.3**	**687.1**	**687.1**
	2008	506.6	154.4	25.3	0.0	82.8	769.1	769.1
A I Warburton (General Manager, Corporate Development)								
	2009	**481.7**	**0.0**	**26.8**	**0.0**	**66.6**	**575.1**	**575.1**
	2008	441.7	136.8	25.2	0.0	40.2	643.9	643.9
TOTAL KEY EXECUTIVE REMUNERATION (including Managing Director)[b]								
	2009	**8,640.4**	**0.0**	**895.0**	**4,043.2**	**5,647.3**	**19,225.9**	**12,579.8**
	2008	7,040.2	4,085.9	468.2	0.0	2,416.7	14,011.0	14,011.0

a Excludes costs associated with the retirement of Mr R Pearse including $4,043,250 End of Service costs and $2,602,920 additional equity amortisation charges.

b Excludes former executives' Total Remuneration of $1,969,200 for 2009 and $3,295,400 for 2008.

Sustainability

Boral's overriding objective is to 'deliver superior returns in a sustainable way' in a financial, social and environmental sense.

2008/09 Performance

- Lost time injury frequency rate down 28% to **1.8**, which was better than targeted performance improvement
- Employee turnover of **24%** in line with last year remains high due to a reduction in the workforce particularly in the USA resulting from the economic downturn
- Mains water consumption down 22% to **2,285 million litres**, reflecting lower production, higher use of rainwater and water efficiency gains
- Greenhouse gas emissions down 8% to **3.62 million tonnes** of CO_2, mainly due to lower production
- By-products and waste material re-used or recycled of **4.62 million tonnes**, down by 17% reflecting lower production volumes
- **$569,853** invested in eight community partnership programs and **$600,422** to Juvenile Diabetes Research Foundation and Red Cross through employee fundraising
- **18,720** trees/stems planted and **21,390m^2** weeded and regenerated through Living Green Projects with Conservation Volunteers Australia

Boral's comprehensive 2009 Sustainability Report addresses the issues we have identified as most important to our stakeholders and outlines our sustainability strategy, management approach, priorities and goals, and performance.

The data and commentary in the 2009 Sustainability Report is assured in accordance with the AA1000 Assurance Standards 2008 which requires the report to be assessed against the principles of Inclusivity, Materiality and Responsiveness.

A copy of Boral's 2009 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 – Message from the Managing Director


Rod Pearse

In 2000, at my first Annual General Meeting as Boral's CEO, a shareholder asked the question: "What sort of improvement targets are being set in areas such as ethics and employee relations and how will you know you've improved by next year?". I was also asked "how is Boral meeting its responsibilities with regard to greenhouse gas emissions?".

These simple questions had quite an impact on what we did next. We had already set clear financial objectives and targets and disclosed them publicly and had started to think about the development of the Boral Sustainability Diagnostic Tool (BSDT) as an internal tool. However, our shareholders' questions and broader interest in Boral's sustainability performance strengthened our resolve to set challenging targets and establish a framework against which to report our performance.

This year, we completed the fifth round of BSDT assessments since its introduction in 2001. With an overall score of 3.1, Boral's businesses are broadly performing at Industry Best Practice (Level 3) across 20 areas of sustainability, which was a target that we had set ourselves eight years ago. We have clearly demonstrated continuous improvement since 2001 when our businesses received an average BSDT score of 1.55.

Safety

Over the past 10 years and in 2008/09, Boral's safety performance has strengthened with strong improvements in the key performance indicators of lost time injury frequency rate (LTIFR) and percentage hours lost.

Our safety targets are set at a 25% improvement on the last three-year average for each of Boral's divisions. Overall, Boral's performance was ahead of target in 2008/09. Employee LTIFR of 1.8 compares with an improvement target of 2.5 and percentage hours lost of 0.06 was better than the targeted improvement of 0.07. Contractor LTIFR of 2.4 was a 58% improvement on last year and compares with a targeted improvement of 4.9.

The greatest disappointment in our performance in 2008/09 was the tragic transport-related death of an employee in Indonesia in November 2008. Lessons learnt from this tragic accident have been reviewed across Boral and improvements implemented to minimise the risk of similar incidents occurring again.

Climate change performance

In 2008/09, Boral's emissions totalled 3.62 million tonnes of CO_2, which on a comparable basis was 8% lower than 2007/08, largely due to lower production volumes in the USA and Australia. Underlying efficiency improvements have also been delivered in some businesses, which will help us to manage our emissions as markets recover. In 2007 we set a climate change target to at least hold Boral's absolute greenhouse gas emissions steady and to offset any increase in emissions associated with market demand growth by reducing emissions per tonne of production.

The Australian Government has proposed a minimum target of reducing emissions to 5% below 2000 levels by 2020. For Boral's Australian operations, this is approximately 35% below business as usual emissions by 2020, and it is around 20% below the internal target of offsetting future emissions growth that we set ourselves in 2007. This is an

During the year, Boral supplied Envirocrete™, ENVIRO™ Plasterboard and Boral Silkwood engineered hardwood flooring to Australia's first 9-star house in Victoria, Harmony 9, designed by Mirvac Design. Harmony 9 (pictured) is estimated to require nearly 85% less energy than a 5-star house. In Western Australia, Midland Brick worked in collaboration with Think Brick and Jade Projects to build an 8-star display project. The double-brick house design reduces energy use by nearly 50% compared to a 5-star house and has proven to be an affordable alternative.

Sustainability – Message from the Managing Director continued

extremely challenging target for Boral, requiring the abatement of around 1.4 million tonnes of business as usual emissions per annum from Boral's Australian operations by 2020. In our current business plans we have identified emission abatement initiatives for our Australian operations that would deliver around 45% of this target.

Emissions trading

As Australia has worked to develop an emissions trading scheme over the past few years, Boral has consistently argued that there is a need for the cement industry to be recognised as an emissions-intensive trade-exposed (EITE) industry and for EITE operations to receive appropriate transitional assistance ahead of Australia's key trading partners adopting similar carbon pricing regimes.

The current form of the Carbon Pollution Reduction Scheme (CPRS) proposed by the Government is a significant improvement over its earlier proposals; it more appropriately recognises EITE industries and through the provision of transitional assistance it better maintains Australia's competitiveness until such time as there is a regional, sectoral and global response.

While the proposed CPRS is much better in its current form than when originally proposed, there remain concerns. The EITE activity definition should include all affected activities including cement milling in the case of the cement industry. Assistance provided to the cement industry appears to be broadly sufficient at the start of the scheme, but over the first five years of the scheme, the level of transitional assistance decays significantly. In the absence of a global carbon price this will potentially have a significant impact on the industry. We are continuing to reinforce these issues with the Australian Government.

The USA has introduced a major cap and trade (and energy efficiency) bill, which is being debated in Congress. We have identified and continue to pursue a number of abatement initiatives in the USA, particularly focused on alternative fuels.

The global economic downturn

The past year has been challenging as the global economic downturn has lead to a significant decline in production volumes.

During the year, we celebrated our achievements including the following recognition: Employer of Choice for Women status by the Federal Government's Equal Opportunity for Women in the Workplace Agency; member of the Carbon Disclosure Projects Climate Change Leadership Index (Aus-NZ); Gold Star rating in the Corporate Responsibility Index and membership of the CRI Leaders Network; membership of the FTSE4Good Index; new membership of the Dow Jones Sustainability Asia Pacific Index, and the Freedom Award from the Juvenile Diabetes Research Foundation for being the highest corporate fundraisers.

As a result of accelerated cost reduction programs implemented across the Company, we reduced employment levels, overtime and contractor labour. The number of full-time equivalent employees has fallen by around 7% from June 2008, with around 28% of the workforce in the USA laid off.

Despite the challenging times, and the need to reduce costs, we have not cut expenditure on our sustainability programs.

At the end of the year I will retire as Boral's CEO and Managing Director. I am confident and proud of the fact that the Company's sustainability programs are delivering long-lasting benefits to Boral's customers, employees, communities and shareholders. The Company is well positioned to deliver further performance improvements.

I congratulate and thank Boral's employees for their commitment, teamwork and determination to do things in a more sustainable way, particularly in these challenging times.

Rod Pearse

Rod Pearse, CEO AND MANAGING DIRECTOR

* For the full sustainability Message from the Managing Director, refer to Boral's 2009 Sustainability Report or www.boral.com.au/sustainability

Sustainability

Boral's **Sustainability Priorities** are integrated into our internally developed Boral Sustainability Diagnostic Tool (BSDT). The 20 elements of the BSDT, which represent what is important to meet our commitment to sustainable development, are outlined on below. Performance assessments against the BSDT elements are undertaken across Boral's businesses every two years, with performance graded Level 1 (Compliance/Reactive), Level 2 (Proactive), Level 3 (Industry Best Practice), or Level 4 (World's Best Practice).

In 2009, Boral's Australian and US businesses scored an overall result of 3.1 against a target of 3.0. The assessments for the 41 Australian businesses were independently assured by Net Balance. In Asia, the BSDT process was progressively introduced from 2005; the 2009 score for Boral's businesses in Asia was 1.8, up from 1.6 in 2007.

The listed goals/targets for each sustainability priority are a selection of a broader number of BSDT performance requirements to achieve Industry Best Practice, as well as Boral's policies and Values.

Sustainability Management

	Our goals/targets	2009 BSDT scores (1.0, 2.0, Target 3.0, 4.0)
Scope of commitment	Measurable sustainability targets for all aspects of the business are incorporated into business plans Managers are personally involved in sustainability initiatives	3.3
Management systems – quality, environmental, health & safety	Stakeholder input is used in the assessment of effectiveness of management systems All management systems undergo regular independent review	3.1
Accountability and performance	Managers' performance assessments and reward systems are linked with sustainability objectives	3.1
Budgeting and financial	Business plans, budgets and reports include substantial detail on sustainability performance	3.2
Risk management – new business and/or development, plant & equipment	All products and services are analysed for long term impacts and decisions taken on a precautionary principle approach Sustainability risks and outcomes are considered in new business and/or plant and equipment decisions	3.2
Compliance review and reporting (CRR)	Sustainability performance is regulatory reported externally CRR is integrated with performance management and business planning systems	3.2

	Our goals/targets	2009 BSDT scores (1.0, 2.0, Target 3.0, 4.0)
Sustainability Management		
Continuous improvement	Plans and processes are reviewed regularly to incorporate new technologies and best practice R&D strategy includes a sustainability focus	3.3
Human Resources		
Health, safety and wellbeing	Zero fatalities At least 25% improvement in lost time injury frequency rate and % hours lost for employees and contractors over average for prior three years	3.1
Employee and labour relations	To have the best people in our industries To maximise workforce satisfaction, productivity and retention	3.1
Communications, awareness and training	Provide our people with appropriate training and knowledge on sustainability and business issues to deliver on our objectives	3.1
Environment		
Energy conservation and climate change	Reduce emissions per unit and offset Boral's increase in absolute emissions as a result of market demand growth	2.9
Water conservation, extraction and protection	Reduce reliance on mains water and overall water consumption Undertake strategic and operational risk assessments of the operational impacts on water systems	2.9
Waste and resource management, recycling and re-use	Minimise waste from our operations and increase waste re-used and recycled	3.1
Land protection, remediation and rehabilitation	Prevent land contamination through well developed management systems and remediate contaminated sites to international standards for the site purpose Where possible, rehabilitation is part of ongoing resource extraction operations and completion plans incorporate development approval rehabilitation conditions	3.0

	Our goals/targets	2009 BSDT scores (Target 3.0)
Environment		
Environment and ecosystem protection	Strive for continuous improvement in the efficient use of natural resources Protect, and where possible, enhance biodiversity values at and around our facilities	2.9
Marketplace and Supply Chain		
Strategic sourcing and supply chain	Manage Boral's supply chain in a sustainable way including consideration of compliance, environment, health and safety, labour rights, innovation and cost	3.0
Sales and marketing	Provide customers with better value and service than our competitors Consult and collaborate with customers in the development of sustainable products Conduct life cycle evaluations on core products and services	2.9
Social Responsibility		
Community relations and engagement	Maintain support and goodwill of communities through constructive engagement on relevant issues Make a meaningful contribution to the social and economic well-being of our communities while providing value through support of business objectives and community relations	2.9
Business ethics and corporate governance	Boral companies and employees must observe both the letter and spirit of the law and adhere to high standards of business conduct and strive for best practice	3.0
External relations and communications	Understand and consider stakeholders' views on Boral's sustainability priorities and performance Engage in policy shaping on sustainability issues Provide reliable sustainability information to our stakeholders	3.1

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