

BORAL LIMITED FULL YEAR RESULTS 2010

HIGHLIGHTS

- f* Profit after tax before significant items of \$132 million
- f* Australian Building Products earnings up 90% year-on-year
- f* Cash flow from operations up 10% to \$459 million
- f* Acquisition of remaining share of MonierLifetile
- f* Disposal of loss making non-core Scaffolding and Precast businesses
- f* A\$490 million gross capital raising completed
- f* Increased final dividend 6.5 cents (FY2009: 5.5 cents)
- f* \$285 million impairment of under-performing and obsolete assets

The Chief Executive of Boral Limited, Mark Selway, today said, "I am pleased with the Group's progress during FY2010 especially in light of the difficult economic and market conditions we faced during the year. I attribute much of our success to the actions initiated by our management team to improve productivity of our existing operations and focus our efforts at those markets where Boral has a realistic ambition to lead."

"Profit after tax, excluding significant items, was similar to last year at \$132 million (FY2009: \$131 million) despite a 6% reduction on Group turnover from \$4.9 billion in 2009 to \$4.6 billion this financial year. Earnings per share on this basis amounted to 22.1 cents, which is about the same as for 2009."

There were several separate items with a pre-tax cost totalling A\$285 million (A\$222 million post tax) which were classified as significant in FY2010. Charges of A\$93 million arose from the write down of the carrying values of several loss making, non-core businesses and \$178 million in asset write downs related to underutilised and obsolete assets in Australia and the United States. A further \$14 million was incurred in the group's restructuring activities.

Cash generation was excellent with cash flow from operations of \$459 million, 10% higher than the previous year and included a \$44 million reduction in working capital. The year ended with a net debt position of \$1.2 billion, showing a \$331 million improvement from the previous year (FY2009: net debt \$1.5 billion), before including the benefit of the recently completed equity raising of approximately A\$490 million.

REVIEW OF RESULTS

Boral Construction Materials

The Boral Construction Materials division includes all Group operations involved in the production and supply of concrete, asphalt and quarry materials to the Australian building and construction sectors.

Full year revenue of \$2,119 million was 6% below last year (FY2009: \$2,261 million) with marginally lower demand in concrete and quarries and a 7% reduction in asphalt where the comparable period in the prior year included several large infrastructure projects.

EBIT at \$201 million was 13% below the prior year (FY2009: \$231 million) due to lower sales volumes and \$15 million lower earnings from Quarry End Use. This was partially offset by sustained levels of infrastructure activity in our higher margin markets in the first half of the year.

Revenue of \$1.4 billion from concrete and quarries was 2% below the prior year with concrete volumes 3% lower and quarry volumes 5% below last year. Market prices improved marginally during the period and further rises, again at relatively moderate levels, are expected to take effect progressively from the third quarter of 2010.

Asphalt revenues decreased 7% to \$666 million while profits increased due to strong margin and operating performance on major infrastructure projects which delivered significant profits in the first half of the year.

Quarry End Use earnings of \$32 million were \$15 million below last year and were primarily sourced from the Deer Park landfill operation and the sale of surplus property.

To maintain our market-leading positions, the Group continues to invest in its core resource and processing equipment including a \$12 million upgrade of our Artarmon concrete plant in New South Wales which was commissioned at the end of June 2010.

Boral Building Products

The Building Products division includes all operations involved in the manufacture and sale of clay and concrete products, plasterboard and timber to the Australian housing and construction industries, as well as Boral's equity accounted 50%-owned Asian plasterboard joint venture, LBGA.

Full year revenue of \$1,206 million was 6% above the prior year with improvements in detached dwelling construction and a return to more favourable conditions in the Queensland, New South Wales and Western Australia housing markets.

EBIT increased 90% to \$101 million (FY2009: \$53 million) following a significant improvement in operational efficiency and the avoidance of one-off costs incurred in the prior year which resulted from the start-up of the new plasterboard plant in Queensland. Improved market conditions in Australia delivered stronger plant utilisation in the bricks, roofing and masonry businesses while additional wood chip exports improved results in Timber.

Revenue from Clay & Concrete Products of \$537 million was 5% above the prior year reflecting a combination of effective pricing discipline and a recovery in the Queensland and Western Australia housing markets. EBIT increased over 80% against last year with cost reduction activities and improved results from Roofing and Masonry only partially offsetting tougher conditions in the first half in Bricks.

Revenue of \$276 million from the Group's Timber activities was 8% higher than last year with solid growth in Softwood offsetting tougher trading conditions in our Hardwood and distribution activities. EBIT showed a significant improvement through modestly improved pricing, increased sales volumes and the benefits of cost reduction activities.

Boral's future strategy includes investment in its core Australian construction materials, cement and building products and subject to receiving final Board approval (which will be sought later in 2010), the Group proposes to invest circa \$200 million over the next three years in the Peppertree quarry project near Marulan.

The Group will also invest circa \$80 million in its Melbourne plasterboard plant. Once commissioned, the plant will have sufficient installed capacity to service growth in the southern states of Australia.

Boral's strategy includes a commitment to ongoing investment in the US market and continued

RESULTS AT A GLANCE

(A\$ million unless stated)

Year ended 30 June	2010	2009	% Change
Revenue	4,599	4,875	(6)
EBITDA ¹	505	539	(6)
EBIT ¹	252	276	(9)
Net interest ¹	(97)	(127)	24
Profit before tax ¹	155	149	4
Tax ¹	(22)	(17)	(29)
Minority interest	(1)	-	-
Underlying profit after tax ¹	132	131	-
Net significant items	(222)	11	
Profit after tax	(91)	142	
Cash flow from operating activities	459	419	10
Gross assets	5,209	5,491	(5)
Funds employed	3,809	4,268	(11)
Liabilities	2,583	2,738	(6)
Net debt	1,183	1,514	(22)
Growth & acquisition capital expenditure	61	77	(21)
Stay-in-business capital expenditure	119	163	(27)
Depreciation	253	263	(4)
Employees	14,806	14,766	-
Sales per employee, \$ million	0.311	0.330	(6)
Net tangible asset backing, \$ per share	3.92	4.12	(5)
EBITDA margin on sales ¹ , %	11.0	11.1	-
EBIT margin on sales ¹ , %	5.5	5.7	(4)
EBIT return on funds employed ¹ , %	6.6	6.5	
Return on equity ¹ , %	5.0	4.8	
Gearing			
Net debt/equity, %	45	55	
Net debt/net debt + equity, %	31	35	
Interest cover ¹ , times	2.4	2.2	
Underlying earnings per share ¹ , ¢	22.1	22.2	-
Dividend per share, ¢	13.5	13.0	4
Employee Safety: (per million hours worked)			
Lost time injury frequency rate	2.1	1.8	17
Recordable injury frequency rate	24.9	26.1	(5)