In Asia, Boral's key market exposures are in South Korea, Thailand, Indonesia and China. Improved conditions in the South Korean domestic economy favourably impacted on Boral's plasterboard result. The uncertain market environment dampened overall construction activity in Thailand which impacted construction materials in particular. In Indonesia, construction activity showed some recovery with large projects lifting. In China, strong market conditions have been experienced in the areas in which we

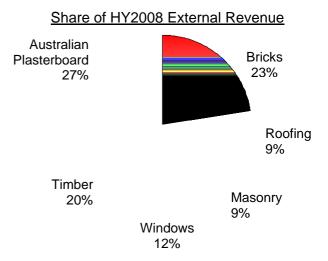
Boral's **Transport** business is now largely focused on supporting internal business and only undertakes external business where it complements internal requirements. Transport revenues decreased significantly but EBITDA improved.

Boral's **Quarry End Use** (QEU) business contributed \$16m of EBIT (up \$11m on last year) predominantly sourced from the sale of land forming part of the Southern Employment Lands at Greystanes and the Deer Park landfill operation. Whilst the Sydney residential market remains depressed with overall land sales below expectation at Moorebank and Greystanes, QEU earnings are underpinned by minimum contractual commitments, which will benefit the second half result. We continue to anticipate QEU earnings for the full year of around \$50m.

External revenue for the **Cement division**, which includes **Blue Circle Southern Cement** (BCSC), Formwork & Scaffolding and De Martin & Gasparini, was \$271m which was up 8% on last year. This result was largely due to stronger volumes, increased cement pricing and a sales mix change in De Martin & Gasparini. Cement volumes were up 5% on last year, including stronger volumes in Queensland in particular. BCSC core volumes were down in NSW, although total NSW volumes were up due to interstate and wholesale sales. Average cement prices were up 3% compared with the prior corresponding period. Lime prices were up 10% and volumes improved by 29% on last year, primarily driven by higher demand from the steel sector. BCSC EBITDA improved due to price and volume increases in addition to benefits from PEP initiatives and in the prior comparative period there was a trunnion bearing failure at Berrima costing around \$5m. Berrima kiln #6 continues to operate at above rated capacity and Galong is performing well with the kiln running to iori5 laml.4918 s to 5(ol i well wTpcreased cein.5(benefiti5 la)

Building Products' businesses delivered \$14m of PEP cost reductions during the period.

Revenue from **Bricks** of \$155m was in line with last year as a result of volumes down 2-3% offset by average price gains of around 3%. On the East Coast, higher brick volumes in Victoria and particularly in Queensland benefited the result whilst volumes in NSW were flat with the continuing low levels of activity in the detached housing market. In WA, the impact of lower volumes and cost pressures were partially offset by price increases. Bricks EBITDA was below the prior period due to lower volumes and increased plant maintenance costs in WA and increased shutdown and slowdown costs to manage inventory levels on the East Coast.



Revenue from **Roofing** of \$60m was up 6% on the prior corresponding period. Roofing volumes were 3% higher with increased activity in Queensland and SA offsetting a softer NSW market. Prices were up 1-3% due to price increases and a channel mix shift favouring the "supply and fix" segment. These price increases combined with improved manufacturing efficiencies offset the adverse impacts of the temporary closure at Wyee for a dryer upgrade and the shutdown of Springvale for a major plant upgrade. EBITDA was steady.

Masonry's revenue of \$64m was 5% above last year reflecting price increases of 2% and 3% higher volumes driven by market activity in Queensland and the regaining of some market share in NSW. Masonry's manufacturing performance improved over the prior year and EBITDA was up.

Windows' EBITDA was up on last year due to stronger volumes and ongoing cost controls. Half year revenue was up 11% to \$82m with stronger sales in SA, Victoria and Queensland in particular.

Timber's revenue increased by 13% to \$141m and EBITDA improved, driven by improved sales volumes, higher softwood and hardwood prices and lower manufacturing costs. The Timber result benefited from strong demand for structural timber products in Queensland, flooring demand in the NSW alterations & additions market, and formwork demand from the stronger Australian concrete market. Increased log costs were offset by good manufacturing performance and price gains during the half. Product prices improved 5% on average but were up more in softwoods recovering previous price erosion. Further price increases have been announced for February/March 2008 in softwood, hardwood and plywood businesses.

Plasterboard's revenue at \$185m was up 5% on last year. Sales of non-manufactured products bought for re-sale through Boral owned and operated trade stores contributed to this favourable outcome as did strength in new dwelling construction activity in Queensland and despite market conditions in NSW remaining weak. Average net plasterboard selling prices increased by 1% nationally although outcomes varied by State. Increased revenues and cost reduction initiatives and a one-off net \$3m benefit resulting from restructuring contributed to a lift in EBITDA. Dry commissioning of the new 40m m² per annum capacity plasterboard production and distribution facility located in Pinkenba, Queensland, started in December 2007 and wet commissioning commenced in January 2008. This state-of-the-art facility is expected to be in full operation during March 2008 at which time the existing facility at Northgate will close.

management. Line 5 at Corona was mothballed in November 2007, as commissioning of the new tile plant in Ione, California is nearing completion and is expected to be fully operational by the end of the March 2008 quarter.

Boral's 50/50 **Concrete Roof Tile** joint venture, MonierLifetile, reported a loss of US\$11m compared to last year's profit of US\$5m. Average prices were down 10% mainly driven by competitive pressures in Florida and Northern California. Prices now appear to have stabilised except in Southern Florida. Market share has declined marginally due to MonierLifetile's disproportionate exposure to big builders and because of price competition in some regions. Sales and production volumes were 43% lower than in the prior period. Production costs were higher than last year due to inefficiencies resulting from decreased production rates with plant utilisation down to 30% for the period in comparison to 59% last year. Step Change cost reduction initiatives have been targeted to achieve annualised savings of US\$25m with around 28% of these savings to be delivered by June 2008.

Revenue from the **BMTI Flyash** business of US\$57m was down 4%. EBITDA was below last year as higher prices and new product initiatives were unable to offset lower volumes resulting from the loss of a contract in December 2006 and continued weak residential construction demand in Florida.

Revenue from US **Concrete & Quarry** businesses (Denver and Oklahoma) was US\$66m which was 68% above the prior year predominantly because of the newly acquired Oklahoma operations. EBITDA improved. Price increases for aggregates and concrete recovered increases in the cost of fuel, cement and other raw materials. Underlying concrete volumes were around 2% lower than last year as stronger commercial and infrastructure demand partially offset the impact of a weak residential constructioed a (of th2c-0

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Boral Limited Half Year Results to 31 De

Performance against Objectives

Boral's four financial objectives remain unchanged and whilst short-term performance has been impacted by cyclical markets, through the cycle performance against objectives is being maintained.

1. Exceed WACC through the cycle

Return on funds employed for the twelve months to 31 December 2007 was 10.9% (compared with 13.1% in the prior corresponding period) and return on equity of 9.4% (moving annual total) compares with 11.9%. Currently at the low points of the US and Australian housing cycles Boral's current returns have reduced Boral's longer-term average return on funds employed. Over the past five financial years

In Asia we expect market growth but continued competitive conditions for the remainder of FY2008.

We anticipate QEU earnings for FY2008 of around \$50m, of which \$16m has been reported in the first half of the year. Second half QEU earnings will be underpinned by minimum contractual payments from land development projects in Sydney.

PEP/operational improvement outcomes of around 3% continue to be targeted.

Growth initiatives will progressively deliver improved benefits particularly as the USA and NSW markets recover.

In October 2007 at Boral's Annual General Meeting (AGM), we said that whilst there is considerable uncertainty US housing starts could fall to 1.1 million in FY2008 which is 29% below the prior year and 40% below the level of underlying demand. In line with AGM guidance, and subject to weather impacts, we expect Boral's profit after tax for the full year to be around 15% below the \$298m PAT reported for FY2007.