

Media Release

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Boral announces a full year profit of \$243 million

Boral Limited has announced a reported profit after tax (PAT) of \$243 million for the year ended 30 June 2008, a 19% or \$55 million decrease on the PAT for the year ended 30 June 2007. Boral's underlying PAT¹ of \$247 million was 17% lower than the prior year PAT of \$298 million.

Strong and improved profits from Boral's Australian operations were more than offset by a substantial decline in US earnings that occurred as a result of a significant 35% decline in (single family) US housing starts.

Sales revenue of \$5.2 billion was 6% ahead of the prior year, reflecting a 13% lift in Australian revenues due to price strength, volume gains and benefits of growth initiatives. US revenues declined by 24%.

Overall, Boral's earnings before interest tax depreciation & amortisation (EBITDA)¹ declined by 10% to \$688 million. Australian EBITDA of \$657 million was \$52 million (or 9%) higher than the prior year. Offshore EBITDA, however, declined by A\$123 million (or 82%) to A\$27 million.

Earnings per share¹ for the year were 41.4 cents.

A fully franked final dividend of 17.0 cents per share has been maintained and will be paid on 18 September.

Boral's CEO & Managing Director, Rod Pearse, said that the uplift in earnings from Boral's Australian operations was extremely important in offsetting some of the decline in US earnings. "Despite continued low levels of activity in the Australian housing market, Boral's Australian EBITDA was up 9% and accounted for approximately 96% of Boral's total FY2008 earnings.

"EBITDA from Construction Materials in Australia was up \$35 million to \$489 million due to strength in non-dwellings and infrastructure activity and price increases in most markets. Australian Building Products also delivered an improved result with EBITDA up \$17 million to \$168 million with strong Queensland and Victorian housing markets offsetting a weaker Western Australia market and continued low levels of activity in New South Wales.

"In the USA, EBITDA decreased by A\$118 million to A\$11 million. Plant capacity utilisation is currently around 40% in bricks and less than 30% in concrete roof tiles reflecting the slowdown in market demand. As part of a structured cost reduction program including plant network optimisation, a US\$30m cost savings program is well underway in bricks and a further US\$25m of cost reductions are being delivered in the MonierLifetile concrete roof tile JV. Approximately US\$6m of savings were delivered in bricks in FY2008 and US\$10m in MonierLifetile. The full benefits of these programs are expected to be delivered in FY2009.

"In Asia, our 50%-owned plasterboard JV, LBGA, delivered a 29% improvement in US dollar earnings, however exchange rate impacts and a lower result from Construction Materials resulted in EBITDA from Asia decreasing by A\$5 million to A\$16 million.

"The benefits of our Perform & Grow strategy are continuing to strengthen Boral's underlying business. Disciplined price management and cost reduction programs together with value-enhancing growth activities should deliver strong gains when key markets recover in the USA and in New South Wales," said Mr Pearse.

Mr Pearse concluded with a comment on Boral's FY2009 outlook: "We expect that in Australia we will see a further lift in Construction Materials earnings and Building Products will be broadly steady. In the USA, increased benefits from structured cost reduction programs will be delivered but we expect US earnings to decline further with housing starts of around 900,000 compared with 1.13 million in FY2008. We expect continued competitive market conditions and input cost pressures in Asia, particularly in Construction Materials. We will provide an update on trading conditions at the