Build something great™

Results Announcement
for the full year ended 30 June 2011

17 August 2011

Highlights

- Full year revenue up 4% to $4.7 billion
- Underlying profit after tax[1] up 20% to $173 million
- Net profit after tax increased to $166 million from $19 million loss last year
- Strong second half recovery from Construction Materials
- Agreed to acquire Wagners quarry and concrete operations for $173m
- Agreed to acquire Sunshine Coast Quarries for $81.5m
- Reported Earnings Per Share[1] up 10% to 24.4 cents (2010: 22.1 cents)
- Increased dividend 14.5 cents (2010: 13.5 cents)
- Post FY2011 agreement to acquire balance of LBGA for $530 million

(A$ millions)	FY2011			FY2010		
	Group	Discontinued Operations	Continuing Operations	Group	Discontinued Operations	Continuing Operations
Revenue	4,711	29	4,682	4,599	105	4,494
EBITDA[1]	522	3	519	505	(13)	517
EBIT[1]	277	3	275	252	(19)	271
PAT[1]	175	2	173	132	(13)	145
Significant Items (net)	(8)		(8)	(222)	(59)	(163)
NPAT	168	2	166	(91)	(72)	(19)
EPS (cents) [1]	24.4			22.1		

Commentary refers to continuing operations and before significant items.

The Chief Executive of Boral Limited, Mark Selway, today said "I am pleased to announce results at the top end of previous guidance, especially in light of weather related difficulties and the second half softening of residential building in the United States and Australia."

Full year revenue from continuing operations was up 4% to $4.7 billion (2010: $4.5 billion) reflecting a generally strong first half across the Australian Building Products operations which helped offset tougher trading conditions in the United States, the impact of exceptionally wet weather in eastern Australia, including severe flooding in Queensland, and a softening of residential building in Australia in the second half of the financial year.

Earnings before interest and tax[1] for the year increased by 2% to $275 million (2010: $271 million) with improvements in Construction Materials, Cement and the USA offsetting declines in Building Products when compared with the prior year.

Profit after tax[1] at $173 million was 20% above the comparable period last year (2010: $145 million) and was assisted by lower interest and the year to year benefit from the translation of US losses against the stronger Australian dollar. The full year tax charge, before significant items, was $12 million higher and earnings per share for the year also increased to 24.4 cents compared with 22.1 cents last year.

[1]Excluding significant items

An $8 million after tax significant expense was recognised in the year, comprising a $46 million asset write down following a review of the Australian east coast brick, concrete and masonry operations, an $8 million write down of two brick plants in the United States and $9 million of acquisition costs. These costs were partly offset by $20 million of excess insurance proceeds arising from the Queensland flood insurance claims. These items resulted in a tax benefit of $17 million and in addition, an $18 million tax benefit following the closure of prior year matters.

Cash flow declined to $351 million (2010: $459 million) primarily due to an adverse movement in working capital reflecting increased receivables resulting from a strong final quarter trading in Construction Materials, a reduction in provisions and an increase in clinker inventories necessary to protect the year end maintenance shutdown at Berrima. Second half operating cash flow, however, improved significantly increasing by $270 million from $81 million reported at the half year. As planned, full year capital expenditure increased to $346 million against $180 million in the prior year and included $235 million stay-in-business related expenditure which represented 96% of depreciation for the full year.

Net debt reduced to $505 million against $1.2 billion a year ago. Gearing decreased to 16% against 45% at 30 June 2010 largely due to the Group's capital raising in August 2010 combined with a 26% appreciation in the Australian dollar when compared to 30 June 2010. At the year end, around 95% of debt was denominated in US dollars.

In line with our strategy of investing in core areas ahead of the recovery, in the first quarter of FY2011 the Group acquired the balance of MonierLifetile and in December a 50% interest in, and management control of, Cultured Stone in the United States. We further announced the pending concrete and quarry acquisitions of Wagners and the Sunshine Coast Quarries in Queensland which are subject to the outcome of ACCC review.

In addition to today's FY2011 full year results announcement, the Group further announced it has agreed to acquire Lafarge's 50% interest in the joint venture Lafarge Boral Gypsum Asia (LBGA) for an equity value consideration of $530 million. The transaction is expected to be completed by the end of calendar year 2011. These actions are further evidence of the Group's progress in our stated ambitions for the strategic development of the business.

Management focus for FY2012 is to ensure that the operational changes we have initiated are successfully implemented and deliver on their potential. At the same time, we will continue to invest in new products and in growth sectors.

The Board has resolved to pay a fully franked final dividend of 7.0 cents per share bringing the full year dividend to 14.5 cents per share (2010: 13.5 cents per share). This represents a dividend pay-out ratio of 60% of after tax earnings before significant items. In recent years, shares issued under Boral's Dividend Reinvestment Plan (DRP) have been issued at a 2.5% discount to the market price. That discount will also apply to the FY2011 final dividend, which will be paid on 27 September 2011.

Standard and Poor's and Moody's Investors Service currently hold Boral long and short term ratings of BBB/A-2 and Baa2/P2 respectively with stable outlook.

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REVIEW OF RESULTS

Boral Construction Materials

The Group's largest division is Construction Materials, which includes operations involved in the production and supply of concrete, asphalt and quarry materials to the Australian building and construction sectors.

Following a difficult first half to the year in which the division reported flat revenue, Construction Materials recovered strongly in the second half, benefiting from a return to normal trading and increased project work, to report a 7% full year increase in revenue.

Full year revenue of $2.3 billion was 7% above last year (2010: $2.1 billion), with increases in demand for concrete, quarries and asphalt resulting from good levels of project work in Victoria and New South Wales in the second half of the year. EBIT at $204 million was up 1% on the prior year (2010: $201 million) with increases in quarries, concrete and property sales offsetting a considerable decline in asphalt, where the benefits of exceptional profits featured in the prior corresponding period.

The quarries business benefited from major projects and increased external sales 7% to $428 million (2010: $400 million). Underlying infrastructure demand was strong in Western Australia during the first half and major projects in New South Wales, Victoria and Tasmania also contributed to the results.

Full year revenue from the concrete business increased 5% to $1,003 million (2010: $952 million) benefitting from several major projects in New South Wales and Victoria and extensive mobile batch plant work in Western Australia during the first half of the year.

Revenue from the asphalt business increased 7% to $712 million (2010: $666 million) and reflected strong volume growth due to major project work in New South Wales and South Australia. Profits were lower than the prior year due to the combination of flooding and weather related delays in Queensland, and the exceptional profits which featured in the prior corresponding period.

Boral Property Group is focused at maximising the Group's exit value on end of use properties and in FY2011 concluded a total of 27 property transactions which contributed earnings of $27.5 million (2010: $24.9 million).

Our $30 million investment in a world-class quarry and processing plant near Ballarat was commissioned on time and on budget in June. As expected, this investment has led to reduced processing costs and increased capacity in response to growth in the region.

The Group's plans to secure our leadership position in the Sydney aggregate market and the $200 million investment in our resource-rich Peppertree quarry was approved by the Board in May. Capital spending is planned to commence in the early part of FY2012 and volume production will occur in the first half of FY2014.

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 new housing and new commercial building and refurbishment construction industries, as well as Boral's equity accounted 50%-owned Asian plasterboard joint venture, LBGA.

After a strong start to the year with half year revenue 3% above the comparable period in FY2010, the Building Products division finished the full year 5% below the prior year. The second half decline in residential demand directly impacted all of our product areas and had a marked impact on the second half results of the bricks, tile and masonry businesses.

Full year revenue of $1,150 million was 5% below last year (2010: $1,206 million) and EBIT was down 16% to $84 million (2010: $101 million). Significant improvements in operational efficiency and strong market conditions were helped by stimulus works in the first half of the year, offset by exceptionally wet conditions and a significant softening in residential housing in the second half of the year.

Plasterboard's Australian revenue increased 1% to $395 million (2010: $392 million), with a strong start to the year helped by government-related stimulus work offsetting the effects of severe weather conditions and an underlying slowdown of new dwelling construction, particularly in Queensland, in the second half of the year.

Revenue from Clay & Concrete at $499 million was down 7% on the prior year (2010: $537 million) and reflected the considerable decline in residential housing in Western Australia, South Australia and Queensland in the second half of the financial year. Wet weather in New South Wales and severe flooding in Queensland further affected the result. Full year EBIT was significantly down on the prior year reflecting the impact of lower volumes in the second half which offset stronger results in the first half of the year.

The deteriorating housing and commercial construction market environment in New South Wales, and particularly in Queensland, have fully exposed the need to address the high fixed costs and low utilisation of our brick and masonry operations in these states. As a result, the Group has announced plans to close a brick plant in Queensland and New South Wales, and to rationalise masonry operations on the east coast. Improved efficiency within the balance of operations is expected to provide the capacity and geographic cover to service market needs and improve returns.

Timber revenue of $256 million was down 7% when compared to last year (2010: $276 million) with lower demand in softwood, particularly in the second half of FY2011, mirroring continued tough conditions in hardwood and distribution. Margins and profits reduced when compared to the prior year due to lower building activity in our core Queensland market and weather related impacts on log supply and mill efficiency.

The impact of the Queensland floods was most severely felt on the Group's Ipswich plywood operation. Following an intense review of the feasibility of rebuilding the plant, the decision was taken to close the plywood manufacturing facility.

The Group's Plasterboard joint venture with Lafarge includes twenty manufacturing operations in eight countries throughout Asia. Volumes were up 11% with solid growth across the region and an equity accounted income of $17 million, 4% lower than the prior year due entirely to exchange related movements and the impact of lower margin revenue growth as we establish our position in China.

The $80 million investment to expand the capacity of the Victorian plasterboard operation is proceeding to schedule, supporting our planned start up in the second half of calendar year 2012. We expect this investment to significantly reduce costs and support future growth.

Boral Cement

The Cement Division includes Boral's Australian cement and lime businesses and the Group's Asian construction materials operations in Thailand and Indonesia.

The Cement division reported increased year on year revenue and profit principally due to sustained demand across the New South Wales and Victorian construction markets and increased lime sales to the Australian steel sector.

The division's full year revenue of $540 million was 5% above last year (2010: $512 million) reflecting improved construction activity in Australia and stronger market conditions in Thailand and Indonesia. EBIT was up 9% to $96 million (2010: $88 million) and reflected a normal cycle of production following inventory reduction in the prior year.

Australian cement revenue at $312 million (2010: $284 million) was 10% above FY2010 supported by strong project volumes in New South Wales and solid premixed concrete demand in New South Wales and Victoria. Unit production costs improved in Australia as volumes increased following a stock reduction in the prior year.

In the Australian lime business, volumes and prices improved considerably during the year and current demand indicates an equally strong outlook for the year ahead.

Our business in Indonesia increased revenue by 3% in local currency terms due to continued strong construction activity throughout the region. Margins were adversely impacted by an inability to recover cost increases in a very competitive market environment.

The Thailand construction materials business performed well in the year with revenue increasing 6% to $77 million (2010: $72 million) and continued momentum in the turnaround actions which commenced in 2010. Concrete volumes increased and a focus on price and cost improvements delivered a small profit against a $2.6 million loss in FY2010.

Boral USA

The United States business includes the Group's exterior cladding, roofing and construction materials operations serving the US housing and construction sectors and a first time contribution from our full ownership of MonierLifetile and the 50% ownership of Cultured Stone, which was acquired in December 2010.

Full year revenue of $431 million was 19% above the same period last year (2010: $364 million) and losses were lower by 5%. This improvement was despite the monthly annualised comparison for new housing starts being down 3.5% on the prior year at 571,000 against a ten year average of 1.5 million.

EBIT continued to be impacted by historically low volumes and poor utilisation of fixed plant. Losses reduced to $99 million against $104 million in the prior year reflecting the benefits of favourable currency translation and operational improvements offset in part by the incremental trading losses associated with the full ownership of MonierLifetile and a first time fully consolidated loss of $9.8m from Cultured Stone.

The cladding businesses consist of 20 brick-making operations and the Group's extensive sales and distribution network. On a local currency basis, revenues, margins and volumes all declined in proportion with the market. Less than 25% of installed capacity was required to satisfy this demand.

Within the brick plant network, the Macon, Georgia and Phenix City, Alabama, plants have been mothballed since November 2007 and June 2008 respectively. In order to restart these operations the market would have to return to peak conditions. Given that their products can be replicated at more efficient facilities, the decision was taken to close them permanently at a cost of $8 million, which was included as a significant item in this year's accounts.

The Group's United States roofing operations are the leading suppliers of clay and concrete roof tiles to the residential new build market and consists of 13 plants in the United States, one in Mexico and a small joint venture in Trinidad. Like for like revenue was down 2% on the comparable period last year and largely mirrored the cycle of new build activity. Margins on a combined basis improved and benefitted from the successful delivery of synergies from MonierLifetile and improved operational efficiencies.

Construction Materials includes the quarry and concrete operations in Oklahoma and Colorado and the Group's flyash distribution business, BMTI. Collective revenues were up in local currency by 5%, largely as a result of market share recoveries in Colorado. Despite ongoing pricing pressures, the combined businesses returned considerably improved earnings due to lower take or pay costs in the flyash business and some volume recovery in concrete and quarries.

In December 2010, we announced the acquisition of the controlling stake in Cultured Stone, the leading supplier of synthetic stone veneer to the residential and commercial construction market. The deal was structured to share in the short term market risks while gaining control of a highly attractive and aligned business at the low point in the cycle. Plans are in place to leverage distribution, materials and manufacturing capabilities.

Other Businesses

The other business segment consists of the remaining construction related businesses which now include Dowell Windows and De Martin & Gasparini, the Group's Sydney based concrete placing business.

Full year revenue at $286 million was 3% below last year (2010: $294 million) with Windows down 2% to $155 million (2010: $158 million) reflecting a strong first quarter offset by slower residential housing activity across many of our Australian markets in the second half of FY2011.

In De Martin & Gasparini, revenue at $131 million was down 4% (2010: $136 million) due to weather related delays during the first half and a general slowing in construction activity in New South Wales in the second half of the year. Profit was comparable to the prior period with a slow-down in activity and quote levels in the second half of the year.

Full year profit from these businesses of $8 million was considerably above the $6 million delivered in the prior year, and reflects the continued success of improvement initiatives undertaken to grow returns.

STRATEGIC UPDATE

The Group's FY2011 results were impacted by a range of mostly negative conditions during the course of the year. In the second quarter, torrential rain caused flooding down the east coast of Australia, particularly Queensland. A market downturn in residential building was evidenced in the second half in Western Australia, South Australia and Queensland and in the United States residential housing starts declined for the fourth successive year.

Offsetting these negatives, the Group benefited from stronger second half project work, particularly in Construction Materials and Cement, with the impact of pricing and efficiency initiatives outpacing increases in prime costs.

The Group's LEAN programme continues to make good progress with plant efficiency and uptime showing solid improvement throughout the year. We remain delighted with the way our employees have embraced the improvement initiatives, despite being hampered by softness in the market and the inevitable impact of lower volumes in many of our operations. The increased spend on plant maintenance and stay-in-business capital is, however, having a marked positive impact on efficiencies and downtime which is a prerequisite for lowering inventories.

Our sales and marketing excellence programme is also making sound progress. Cross-divisional sales forums have generated significant new orders and together with the Group's sales leadership and sales tracking initiatives, are bringing greater discipline and clarity to pricing across our operations.

Work in the United States to extend the product portfolio and introduce a new range of light-weight, environmentally efficient products is progressing well and the investment in new facilities for the composite trim and retool of the Ione tile plant to extend its offerings are due to be completed in the first half of FY2012. The Australian innovation programme now has the necessary structure and is expected to gain significant momentum as the year progresses.

The carbon tax as proposed has a theoretical pre-tax cost, after considering government assistance associated with cement and lime, of $23 million in its first full year and escalating beyond that. It is the Group's intention to increase prices in line with these costs whilst continuing our drive for operational efficiencies and the development of lower emission products as part of our future operating plans.

In terms of portfolio realignment, in the current year we sold our scaffold and precast operations and the benefits are evident in our like for like comparisons. We secured two acquisitions to strengthen our roofing and cladding businesses in the United States and have announced two Construction Materials acquisitions in Australia which, subject to regulatory approvals, will increase our presence in core, higher growth markets. Our overarching objective is to be largely invested in our core activities at the early point in any recovery.

PROSPECTS - FY2012

Current conditions make it difficult to accurately predict the outcome for FY2012. The residential new build market in Australia weakened considerably in the second half of FY2011 and with the exception of Construction Materials and Cement, where pricing and project work are forecast to deliver first half growth, the Group expects a continuation of slower economic activity in residential housing in Australia. An anticipated stronger second half, based on improving economic conditions, will need to be monitored closely as the year progresses.

In Construction Materials we expect further progress in FY2012 driven by strong order books and a catch up on project work which was weather delayed last year. Pricing is expected to improve as pre-increase commitments work their way through the balance of the order book. Queensland's rebuild programme is expected to have a favourable effect on FY2012 and should offset slowing residential build activity in Western Australia and South Australia.

Building Products is expected to experience lower residential new build activity in Queensland and New South Wales, and is projecting full year housing starts of 140,000 to 145,000 with a larger portion in the second half of the year. Plans are in place to realign capacity in Clay & Concrete Products in the first half of FY2012 with the benefits being delivered progressively throughout the year. Our Asian activities will continue to benefit from growth throughout the region.

In Cement, following the scheduled shut-down of Berrima, we expect improved production volumes in Australia and the continued strong market demands in Indonesia and Thailand to deliver an improved performance in FY2012.

The United States market is expected to remain broadly similar in the first half of FY2012 before improving to an annualised 750,000 residential new build starts in the second half of the year. Some early signs of improved fundamentals in the United States are a positive against the background of disappointing housing starts in FY2011.

Forecasting in the current economic climate is extremely difficult, but on balance, before acquisitions, we expect improving second half conditions in the United States and Australia.

RESULTS AT A GLANCE

(A$ million unless stated)

Year ended 30 June	2011	2010	% Change
Revenue	4,711	4,599	2
EBITDA[1]	522	505	3
EBIT[1]	277	252	10
Net interest[1]	(64)	(97)	(34)
Profit before tax[1]	213	155	38
Tax[2]	(40)	(22)	
Non-controlling interest	2	(1)	
Underlying profit after tax[1]	**175**	**132**	**33**
Net significant items	(8)	(222)	
Profit after tax	**168**	**(91)**	
Cash flow from operating activities	351	459	(24)
Gross assets	5,668	5,209	9
Funds employed	3,662	3,809	(4)
Liabilities	2,512	2,583	(3)
Net debt	505	1,183	(57)
Stay-in-business capital expenditure	235	119	97
Growth capital expenditure	111	61	82
Acquisition capital expenditure	146	-	-
Depreciation and amortisation	245	253	(3)

Employees	15,277	14,806	3
Revenue per employee, $ million	0.308	0.311	-
Net tangible asset backing, $ per share	3.91	3.92	
EBITDA margin on revenue[1], %	11.1	11.0	
EBIT margin on revenue[1], %	5.9	5.5	
EBIT return on funds employed,[1] %	7.6	6.6	
Return on equity[1] %	5.6	5.0	
Gearing			
Net debt/equity, %	16	45	
Net debt/net debt + equity, %	14	31	
Interest cover[1], times	4.4	2.6	
Underlying earnings per share[1], ¢	24.4	22.1	
Dividend per share, ¢	14.5	13.5	
Employee Safety[2]: (per million hours worked)			
Lost time injury frequency rate	2.0	2.2	
Recordable injury frequency rate	21.4	22.7	

[1] Excludes significant items
[2] Includes employees and contractors combined