

2009 ANNUAL GENERAL MEETING 28 OCTOBER 2009

CHAIRMAN'S ADDRESS

By Dr Ken Moss

Ladies and Gentlemen,

Thank you for your attendance and for your continuing support.

I don't need to tell you that we have had a challenging 12 months – everyone in the industry has.

The past year has seen major upheaval in global markets, resulting in the worst economic downturn since the Great Depression. And although we have been shielded from the worst in Australia, companies like Boral that have grown internationally have been hard hit – locally as well as overseas.

Nevertheless, we are coming through the downturn in good shape, as I will explain now in more detail.

Financial performance in challenging markets

During the year ended 30 June 2009, Boral's financial performance and share price was significantly impacted by the global economic downturn.

Boral's sales revenue of \$4.9 billion for the year ended 30 June 2009 was down 6% on the prior year, reflecting the impact of significant volume declines which were only partially offset by price increases. Earnings before interest tax depreciation and amortisation (EBITDA) of \$539 million was down 22%, as a result of the significant impact of lower volumes on Boral's high fixed cost operations. Boral's underlying profit after tax of \$131 million was down 47% and our reported net profit after tax of \$142 million compared with \$243 million in the prior year.

A number of significant items were reported with a net profit impact of \$11 million. The significant items 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 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, as well as a \$17 million after tax expense in relation to contractual obligations to purchase fly ash in Florida where market conditions are limiting product sales.

With the exception of the Australian roads and infrastructure market segment, which remained strong, all of Boral's major markets deteriorated significantly during the financial year, particularly in the second half of the year. Boral's building products and construction materials businesses were adversely impacted by the significant downturn in the Australian dwellings markets and the decline in non-dwellings.

Boral's Australian revenues were down 5% to \$4.1 billion and EBITDA of \$573 million was down 13% on the prior year.

I should point out to shareholders that the Board would consider raising equity to fund a valuecreating growth acquisition. However, at this point in time, despite the economic downturn, asset prices remain high.

Shareholder returns

We were able to avoid raising equity during the year. If we needed to raise equity, we would have

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Boral's remuneration policies an taking into consideration the par	nd practices are focused ortic	on linking performance	and reward while

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. Under Rod's leadership, around \$2.5 billion has been invested in growth initiatives, which has seen Boral's

In July 2009 we also announced that John Cloney will retire as a Director at the end of this Annual General Meeting. John joined the Board in 1998 and was Chairman of Boral's Remuneration Committee for five and a half years until July 2009. Over the past 11 years, John has made a major contribution to the governance and strategic direction of Boral. We will miss his wise counsel and steadying influence. On behalf of Boral's Board and shareholders, I thank John for his significant contribution and wish him the very best for the future.

We are well advanced in the process of seeking a new director to replace John, and we expect to make an announcement about a new director in the coming weeks. That person will of course be required to stand for election at next year's Annual General Meeting.

In the appointment of a new director, the full Board performs the functions of a Nomination Committee. The selection process includes obtaining assistance from an external consultant to identify suitable candidates and to assess potential candidates. We aim to ensure that any new director to the Board possesses an appropriate range of skills, experience and expertise to enable the Board to carry out its responsibilities most effectively. Each specific appointment focuses on the requirements at the time with overall consideration of Board renewal, succession plans and diversity. In the case of a replacement for Mr Cloney we are looking for a director with operational experience, preferably in a manufacturing or resource based environment.

As you know, Elizabeth Alexander was a member of our Board for many years, and we would like to see greater diversity on Boral's Board. Unfortunately the pool of potential candidates for directors with operational management experience is under-represented by women.

We are trying to increase the number of women represented in our industry. Boral is recognised as an Employer of Choice for Women by the Federal Government's Equal Opportunity for Women in the Workplace Authority. This government agency monitors how employers manage their female workforce and formally recognises those organisations with Equal Opportunity programs that recognise and advance female employees. We have a range of policies, training programs and career opportunities in place to support female staff. Women occupy 9% of Boral's management