2011 ANNUAL GENERAL MEETING

3 NOVEMBER 2011

CHIEF EXECUTIVE'S ADDRESS

Mark Selway

Thank you Mr Chairman. Good morning Ladies and Gentlemen.

I am pleased to be here today and thank you for joining us at this year's AGM.

The Chairman has already commented on the Group results and I will provide you with a review of our Divisional performances, then an outline of what we've been up to during the year, before finishing with an overview of conditions experienced in the first quarter.

I will start with our largest division, Construction Materials, which includes Group operations involved in the production and supply of concrete, asphalt and quarry materials to the Australian building and construction sectors.

Full year revenue at $2.3 billion was 7% above last year with increased project work, particularly in Queensland, offsetting the effects of slower residential demand elsewhere.

Profit of $204 million was 1% higher than the prior year with increased results from quarries, concrete and property sales offsetting a decline in asphalt, where the benefits of exceptional profits featured in the first half of the prior year.

In response to the slow-down in residential housing our Construction Materials division has turned its attention to major projects in the resource sector. Our future order book now includes supply of concrete to LNG plants in Queensland and significant project work in Western Australia.

The Group continues to support our leadership positions in the construction materials sector, and in exceptionally wet conditions and significant softening in residential housing, in the second half of the year.

Revenue from Australian Plasterboard increased 1% to $395 million, with a strong start to the year helped by Government stimulus work offsetting the effects of severe weather conditions and an underlying slow-down, particularly in Queensland in the second half of the year.

Revenue from Clay & Concrete at $499 million was down 7% and reflected a considerable decline in residential housing in Western Australia, South Australia and Queensland. Full year EBIT was significantly down and reflected the impact of lower volumes in the second half, which offset stronger results from roofing and masonry in the first half of the year.

The slowing housing and commercial markets have exposed the need to address the high fixed cost and low utilisation of our brick and masonry operations. We have implemented plans to close brick operations in Queensland and New South Wales and rationalise our masonry footprint on the east coast. Improved efficiency within the balance of operations will provide the capacity and geographic

The US cladding businesses include brick-making operations, our Cultured Stone business 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 last year's demand.

In bricks, our plant in Georgia has been mothballed since November 2007 and Phenix City in Alabama, since June 2008. 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 plants the decision was taken

In August 2010, we announced the sale of our underperforming precast panels and scaffolding businesses which helped streamline our operations and improve the focus of the Group.

In December of that year we announced the acquisition of Cultured Stone in the United States, the leading supplier of stone veneer to the residential and commercial property market. We were creative in the way we structured the deal by sharing in the short term market risks while gaining control of a highly attractive and aligned business at the low point in the cycle.

In April of this year, the Group announced the acquisition of Wagners' concrete and quarry assets in Queensland for a total consideration of $173 million. This acquisition extends the geographic reach of

In summary these are all exciting steps for the future and in my view tick all the right boxes for the Group.

They are of a size that will have a meaningful impact on the results of the group but not so large as to give us indigestion and from a market perspective, they are right in our line of sight and increase our exposure to high growth, higher margin sectors which were identified as core in our strategic review.

I will now finish with an update on current market conditions and trading during the first quarter of this financial year.

It has been a tough start to the year with continued economic uncertainty in the United States and the slower housing starts which we experienced here in Australia in the second half of last year continuing into the first half of this year.

In Construction Materials we expect to benefit from major project work which should deliver improved revenue and earnings in the full year with a bias to the second half. Property sales are expected to be about the same as last year with the majority in the second half of the year.

In Building Products volumes and plant utilisation have been affected by our significant exposure and continued softness in residential housing which commenced in the second half of 2011. Comparatively the first half results this year are likely to be similar to the second half of last year.

In Cement, volumes have remained broadly flat in Australia while Asia has experienced a solid start despite the flooding in Thailand. On balance we expect an improved first half result from Cement when compared to the second half of FY 2011, however it will be necessary to factor in the closure of Galong in our full year outlook.

The US market remains difficult and our team have done well to absorb the additional losses associated with MonierLifetile and Cultured Stone. Further permanent plant closures are currently being considered in response to the continued softness in the outlook for US housing. We expect a broadly similar result in the first half of 2012 when compared to the second half of last year, followed by an improvement in the full year performance underpinned by restructuring and closure of excess capacity.

When you put all this in the round, and given reasonable weather conditions in our core markets, despite a lower result in the first half of 2012 when compared to the first half of 2011, we expect first half performance to be broadly similar to the second half of 2011, followed by a stronger second half to the year. Given the mixed and conflicting economic data in many of our markets I will look to provide a further trading update at the time of the Group’s half year announcement.

Thank you.

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