



Boral Limited

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4 November 2010

The Manager, Listings
Australian Securities Exchange
Company Announcements Office
Level 4 Exchange Centre
20 Bridge Street
Sydney NSW 2000

Dear Sir

We attach copies of the prepared Chairman's Address and Chief Executive's Address which will be delivered at the Company's Annual General Meeting which commences at 10:30 am today.

Yours faithfully

Margaret Taylor
Company Secretary



2010 ANNUAL GENERAL MEETING

4 NOVEMBER 2010

CHAIRMAN'S ADDRESS

Bob Every

"The past year was a year of major change for the Group, with a new Chief Executive and a new management structure and strategy. 2010 also marked our first decade since the demerger.

It was also a challenging year, not just for Boral but for business globally, as we started on the first tentative steps towards economic recovery following the global financial crisis that caused so much disruption to so many around the world.

In Australia, we came through the GFC better than most but it remained, as I said, quite challenging.

Since Mark Selway's appointment as Chief Executive in January 2010, the Group has undergone significant changes. The businesses have been reorganised into five divisions and the planned divestment of two non-core businesses has been completed. The Group has undertaken a \$500m capital raising and has acquired the remaining 50% of MonierLifetile in the United States.

We have developed our strategy to focus on improving the productivity of our existing operations, developing best in class products and concentrating on those markets where we can establish leading positions. We are convinced that our recently announced strategic outline will progressively deliver sector leading performance and improved returns to shareholders.

Despite continued difficult conditions, particularly in the USA, Boral made good progress on a number of fronts during FY2010.

This slide presents the key financials for the year and reflects the Group's underlying results before significant items.

Revenue before significant items fell 6% to \$4.6b reflecting continued tough trading conditions in the United States and the impact of slower construction activity here in Australia.

The underlying profit after tax was similar to last year at \$132m with stronger performances in Building Products and the Asian operations and a marginally lower loss from the United States, offsetting declines in Cement and Construction Materials.

The highlight of the year was the Group's cash generation, which increased 10% to \$459m against \$419m in the prior year. A focus on improved inventory management helped reduce working capital by \$44m while capital spend was down 25% to \$180m in the year.

On the back of improved cash generation and lower spending, net debt reduced to \$1.2b against \$1.5b a year ago. Gearing reduced to 45% against 55% in the prior year and reduced further to 25% following the equity raising in July.

In his address, Mark Selway will provide an update on trading conditions in the first quarter of this year.

In July of this year, we announced a capital raising of approximately \$500m to support future capital investments, future growth and to strengthen Boral's balance sheet. Investments include the acquisition of the remaining 50% of Boral's US concrete roof tile business, MonierLifetile together with investments in plasterboard in Victoria and in quarries in New South Wales.

In August, the Group successfully concluded the one for five entitlement offer with strong support from both institutional investors and retail investors.

A fully franked final dividend of 6.5 cents per share was paid, taking the full year dividend to 13.5 cents per share, compared with 13 cents in FY2009.

The interim and final dividend combined represents a pay-out ratio of 67%, which is in line with our stated dividend pay-out range of 50% to 70% of after tax earnings (excluding significant items) subject, of course, to there being no significant deterioration in Boral's financial circumstances in any particular year.

For both the half and full year dividends, shares issued under Boral's dividend reinvestment plan were issued at a 2.5% discount to the market price. The take-up of the DRP for the year was around 43%.

Despite the difficult trading conditions over the past 3 to 4 years, through the cycle, Boral has delivered strong results, with total shareholder return from share price appreciation and dividends of around 14% per annum over the ten years to the end of June 2010; this is in the upper half of TSR returns for ASX100 companies over that period.

In 2009, the Board commissioned an extensive independent review of Boral's remuneration policies and practices and the outcomes were included in last year's remuneration report. We were delighted with the positive feedback on the format and content of our remuneration report, so this year we have again provided the 'plain English' version of our remuneration practices in addition to the more detailed report. I will ask Brian Clark to provide a brief update on the important aspects of the remuneration and nomination committee when we come to that point in the agenda.

Boral has demonstrated a clear commitment to improving sustainability and safety performance. This was recognised in the year by being named on the 2010 global 100 list of the world's most sustainable companies, announced at the Davos world economic forum.

Our commitment to sustainability is focused on those areas which have the biggest impact on our shareholders, our customers, our communities, our employees and the environment. Key areas of focus include health and safety, energy efficiency and emissions reduction, water management, sustainable product development, and community partnerships.

During the year the group's lost time injury frequency rate for employees at 2.1 was up from 1.8 in the prior year. Contractor LTIFR improved to 2.3 against 2.4 last year.

These results were disappointing and reflect the need for continued vigilance in our objective to instill a "zero accident" culture across all our operations. The Group has committed significant funding to improve our operational performance including increased maintenance, improved housekeeping and an investment in improved guarding across its entire global operations.

Increased management accountability for the health and welfare of all employees, combined with specific focus on the five high incident areas will provide a robust platform for improvements in the future.

Further details about the group's safety performance and environmental and social impacts are included in Boral's 2010 Sustainability Report, which can be found on Boral's website.

Shareholders are aware that Rod Pearse retired at the end of December 2009 after 10 years as CEO of Boral. I take this opportunity to once again thank Rod for his contribution and commitment throughout his tenure.

Dr Ken Moss retired from the Board on 30 May 2010 after almost 11 years with the Group, 10 years as Chairman. His dedication, experience and insight during his long association with the group have been invaluable.

Roland Williams, who has been a non-executive director since 1999, has indicated his intention not to seek re-election. His wise and helpful counsel during his time in office has been of immense value to the Group.

I would like to personally thank Roland for his contribution. Would you please join me in showing your appreciation for his great contribution.

On 1 December 2009, John Marlay was appointed as non-executive director. John has had a distinguished career in the building and construction materials sector including CEO of Alumina Limited and senior roles with Hanson plc in the UK, Pioneer International in the UK and Australia and James Hardie Industries in Australia.

On 16 March 2010, Dr Eileen Doyle joined the Board as a non-executive director. Eileen has had a distinguished career in the materials and water industries in Australia including CEO of CSR's panels division and various senior roles with BHP Limited and four years with Hunter Water with responsibility for planning and policy development.

On 15 September 2010, Catherine Brenner joined the board as a non-executive director. Catherine's career has included working as a solicitor followed by ten years at ABN Amro where she was Managing Director Investment Banking.

At last year's AGM we indicated that we would like to achieve greater diversity on the Board and I am particularly pleased that we have been able to appoint both Eileen and Catherine to the Board.

Apart from the CEO change, there were several other key management changes. Andrew Poulter commenced as Boral's Chief Financial Officer in May 2010 replacing Ken Barton who left the Group after nine years of outstanding service.

Also in May, Murray Read was appointed to the position of Divisional Managing Director of Boral Construction Materials, bringing with him his 25 years of experience in the Boral Group. Murray's appointment followed the departure of John Douglas who left the group after a significant 15 year contribution to Boral.

Mike Kane was appointed President of Boral USA in February replacing Emery Severin who left Boral after 14 years in senior executive roles with Boral in both Australia and the USA.

On behalf of the board, I want to thank Boral's executive team and our 14,800 employees around the world for their commitment, tireless energy and focus in what has been a tough year.

While still at its early stages, our program of operational and strategic change is making sound progress. The initial benchmarking from our lean manufacturing and sales and marketing excellence programs confirmed our views that operational improvements provide the best short term opportunity to deliver margin, earnings and cash flow improvement in the face of uncertain market conditions.

Since my appointment, I have visited a number of the Group's operations and I am pleased to report that there is a great deal of enthusiasm for our program to revitalise Boral's business portfolio and capitalise on the manufacturing and sales initiative being undertaken by the Group.

Management's key focus for FY2011 is to ensure that the operational changes we have initiated are successfully implemented to yield their full potential. At the same time, we will continue to invest in new products and in growth sectors of our business.

The Board is convinced that Boral has the right direction, structure and depth of management expertise to deliver improving returns to shareholders.

While the Group's operating strategies provide good prospects for profitable growth, our strong cash generation and improved balance sheet also give us the leverage to create further growth through business development and acquisitions – but only if those opportunities are right for Boral.

I will now invite Mark Selway to address the meeting. As indicated earlier, Mark will provide an update on the trading conditions experienced in the first quarter of this year. He will also take the opportunity to provide further detail on the group's operating results and new strategic direction."

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2010 ANNUAL GENERAL MEETING

4 NOVEMBER 2010

CHIEF EXECUTIVE'S ADDRESS

Mark Selway

"I am delighted to be here as Boral's new Chief Executive and thank you for joining us at today's AGM.

The Chairman has already commented on the Group's results and I will provide you with an overview of our Divisional performances, then an update of what I have been up to since joining in January before finishing with a summary of conditions experienced in the first quarter of this year.

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 \$2.1b was 6% below last year, with reduced demand, particularly in Queensland. Profit of \$201m was 13% below the prior year due to reduced revenue and lower earnings from property sales.

Murray Read, the division's new Managing Director, has a significant track record of delivering revenue and profit growth and has restructured the division taking out layers and improving focus on operations and sales.

In Construction Materials, we continue to fund core investments to grow our leadership positions and in June we completed a \$12m upgrade to our concrete plant at Artarmon.

In Ballarat a \$30m investment in a world-class quarry and processing plant continues to progress well. The Group is also considering a spend of about \$200m to reinforce our leadership position in New South Wales, and we expect to make a final decision shortly.

Turning now to building products which includes all operations involved in the manufacture and sale of plasterboard, timber, and clay & concrete products, for the housing and construction industries.

Full year revenue of \$1.2b was 6% above the same period last year while profits were up ninety percent to \$101m with significant improvements in operational efficiency and improved market conditions delivering stronger results from all three areas of the division.

The logic of combining our timber, clay and concrete, and plasterboard businesses was overwhelming and Ross Batstone, who heads up the division, has already put a new organisation in place to leverage our market and operational capabilities.

Plasterboard's Australian revenue increased 6% to \$392m while profits improved dramatically reflecting, in particular, the benefits of the Group's investment in the Pinkenba operation in Queensland.

The Group's Plasterboard joint venture with Lafarge includes manufacturing operations throughout Asia. Volumes were up 13% with solid growth right across the region and the equity accounted profit of \$18m was 31% higher than the prior year.

Revenue from Clay & Concrete at \$537m increased by 5% while profits were up 80% reflecting improved results from roofing and masonry and the benefits of cost reduction activities.

Timber revenue of \$276m was 8% higher than last year and together with the benefits of cost reduction initiatives, increased profits by 46% when compared to the prior year.

In terms of capital projects, our \$44m investment in a world class masonry operation in Western Australia continues to proceed to plan, with commissioning and production expected in the final quarter of this calendar year. We also announced a plan for a significant investment to expand the capacity of our Victorian plasterboard operation with production planned for 2012.

Moving now to our Cement division, which includes our Australian Cement businesses, the Group's construction materials operations in Asia and our joint venture with Adelaide Brighton in Queensland.

Full year revenue of \$512m was 1% above last year, reflecting the combination of improved market conditions in Asia offsetting lower construction activity here in Australia. Profits were down 19% to \$88m and included once off costs to reduce inventories and higher energy charges experienced throughout the year.

Mike Beardsell, who heads up the Cement division, has also reorganised his Australian operations to eliminate regional structures and leverage best practice nationally. Blue Circle Southern Cement has been rebranded "Boral" to improve its alignment with construction materials.

The Asian businesses delivered excellent results when compared to the prior year. The Indonesian operation, with full year revenue of \$156m delivered a strong performance through the combination of operational improvements and a return to more favourable pricing in the market.

Turning now to the United States which includes the Group's brick, tile and construction materials operations and, for the year in review, Boral's 50% share of MonierLifetile.

Full year revenue of \$364m was 33% below the prior year with new housing starts down 10% to 592,000 against a ten year average of 1.5 million. Returns were significantly affected by reduced volume and lower utilisation of fixed plant, while losses reduced to \$104m against \$109m in the prior year.

The Group has excellent positions in our United States activities, with number one status in US bricks and tiles, and enviable positions in our construction materials businesses in Colorado and Oklahoma.

In July we announced the acquisition of the remaining portion of MonierLifetile. The integration is proceeding well and our immediate objectives are to improve market positions and provide a solid platform for growth. I remain absolutely confident that this acquisition, at the low point in the cycle, will deliver significant returns when the market recovers.

While we remain confident of a US housing market recovery, we continue to expect tough trading conditions through the balance of 2010 and a slow return to growth as the United States economy improves.

Our objective is to maintain our leading market positions, while minimising losses through efficient plant management and continued focus on improving our cost base. I am convinced these actions will deliver industry leading returns as and when the market recovers.

The final segment includes Dowell Windows and De Martin & Gasparini, our Sydney-based concrete placing business.

Full year revenue at \$294m was up 13% while profits at \$6m were considerably above the \$2m delivered in the prior year.

I will move now to the strategic review which I outlined to the market in July and which confirmed that the Group has huge potential with an excellent resource base and terrific market positions, which provide a wide range of options for growth.

The review also confirmed that, while the Group has been constrained by the global economy, we continue to hold commanding positions in our core Australian and our higher growth markets in Asia and that the USA will continue to be a drain on our returns until the market improves to more normal levels.

Against this backdrop the Group spent the first six months of 2010 undertaking a comprehensive review of the business. I would like to acknowledge the huge amount of effort by all those involved and most particularly the employees of Boral. We have worked diligently to understand the core components of the Group and identify those markets which are most attractive.

This summary of our findings confirms those areas where the Group is already well positioned but more importantly it identifies those activities where the Group must work to maximise our potential.

So our core businesses and geographies include Cement and Construction Materials in Australia, Plasterboard in Australia and Asia and bricks, roof tile and masonry both in Australia and the United States.

The recognition of those activities where we intend to lead has also allowed me to streamline the Group's operating structure. We have rationalised the previous seven divisions down to five with a view to leverage our brand and geographic footprint.

With clarity on our future priorities, we then conducted a review of the carrying value of those businesses which did not sit in the "invest for the future category" and the values of those assets which currently underperform in their sectors.

The review identified four currently mothballed plants in the United States which are high cost and will not be restarted. It also identified write downs in the carrying values of scaffolding, panels and our Thailand materials business. The total value of impairments amounted to \$285 million at the EBIT level and \$222 million post tax.

With the portfolio clearly defined, we then focused our attention on those areas where the Group has potential to leverage our geographic and market positions and those where we underperform our peers.

Our improvement actions are focused on three specific areas, all of which will contribute to Boral's objective to "Building Something Great" and delivering sector leading performance. Operational excellence, sales and marketing excellence and an increased ambition for great new products all sit firmly on the Group's priority lists. I have absolute confidence that the pursuit of these initiatives will progressively improve operating performance, reduce working capital and grow our returns.

Before I finish up with a review of current market conditions, I thought it useful to summarise the Group's achievements since the last Annual General Meeting.

- Despite difficult market conditions, before significant items the Group delivered results ahead of market expectations with cash generation of \$459m in the year.

- The Group put definition to its investment priorities and confirmed that Cement and Construction Materials in Australia, plasterboard in Australia and Asia and brick, roof tile and masonry both in Australia and the United States are all core areas for growth.
- We streamlined our management structure to leverage our brand and geographic footprint while rationalising operating systems and our back-office.
- We benchmarked our businesses and identified operational excellence, sales & marketing excellence and great new products as key priorities in our ambitions to achieve sector-leading performance.
- In July we announced the acquisition of the balance of MonierLifetile providing a critical component in our US roofing strategy.
- In August the Group concluded a capital raising of \$490m which reduced our gearing, underpinned our ratings and will support our future ambitions for growth.
- We also announced the sale of our loss-making, non core Precast and Scaffolding businesses for a total consideration of \$50m.

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

It has been a pretty bumpy start to the year with continued economic uncertainty in the United States and wetter than usual conditions holding back progress in many of in our key Australian markets.

In Construction Materials we have seen rain affect our principal concrete market and comparatively lower earnings from asphalt and quarries due to exceptional profits in the first half of FY10.

Building Products has made further progress in volume, plant utilisation and efficiencies in the first quarter, and we remain confident of further progress in the full year.

In Cement, production volumes have remained broadly flat and while Asia has experienced a comparatively wetter start we still remain confident in an improved performance in the current year.

The US market remains difficult and Mike Kane and his team are working hard to absorb the incremental losses associated with the acquisition of the balance of MonierLifetile. The effect of US losses is expected to be lower this year due to a strengthened Australian dollar.

When you put all this in the round, we expect first half conditions to be broadly similar to the second half of 2010, followed by a stronger second half to the year. Given the continued 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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