



22 September 2011

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Dear Sir

2011 Annual Report

We attach the Company's 2011 Shareholder Review.

We are separately forwarding to you the 2011 Annual Report (which includes the financial report).

These documents are being sent to shareholders, other than those who have chosen to receive no reports, in accordance with choices made by them. Shareholders who have not made a choice will receive the Shareholder Review.

The Shareholder Review and the Annual Report, together with the Notice of Meeting for the Company's 2011 Annual General Meeting, will also be posted on Boral's website www.boral.com.au.

Yours faithfully

Margaret Taylor
Company Secretary



REINFORCING THE CORE



BORAL BUILDING SOMETHING GREAT

This Shareholder Review provides a snapshot of Boral's operations and financial highlights for FY2011.

For a more comprehensive analysis of the Company's performance, financial position and future prospects, please consult the full 2011 Annual Report. Information about Boral's sustainability performance is available in the Annual Report.

The report can be downloaded from the Boral website at www.boral.com.au, or printed copies can be ordered from Boral's Share Registry by telephone (02) 8280 7133 or international +61 2 8280 7133.

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BORAL



CONSTRUCTION MATERIALS

Boral Construction Materials is one of Australia's leading integrated quarry, concrete and asphalt manufacturing businesses, with outstanding long term resource positions in attractive, high growth regions.

Construction Materials full year revenue of \$2.3b increased 7% when compared to the prior year due to improved quarry and asphalt volumes and improved pricing outcomes across all businesses, particularly in the final quarter. Concrete volumes were in line with those of the prior year. EBIT of \$204m was 1% above the prior year due largely to the impact of improved pricing outcomes offset by the absence of high margin major asphalt projects that occurred in the prior year. Results in the first half year were significantly impacted by adverse weather conditions, particularly in Queensland, while the second half featured drier conditions and increased demand from project work in New South Wales and Victoria.

In the year ahead, we expect a continued recovery in the underlying concrete and quarry markets, fuelled by improved activity in New South Wales and Queensland, and a strong backlog of infrastructure projects across our most important regions. The pricing related Concrete market share decline which was experienced in the final quarter of FY2011 is expected to recover through targeted market share recovery strategies and as secured projects come on stream.

The continued implementation of LEAN through the rollout of the Boral Production System is already having a noticeable impact on productivity and downtime and will supplement our ongoing efforts to remove cost and waste from the business. Our Sales and Marketing Excellence program promises significant benefit through leveraging our strong market positions and driving margin improvement.

Revenue

\$2,275m

Up 7%

EBIT¹

\$204m

Up 1%

1. Excluding significant items



BUILDING PRODUCTS

Boral Building Products in Australia holds leading positions in plasterboard, bricks, roof tiles, masonry blocks and pavers, and hardwood and softwood timber products. LBGA, the Group's 50% owned joint venture, holds leading positions in plasterboard and associated products throughout Asia.

Revenue of \$1,150m was 5% below that of the same period last year and reflected much weaker market conditions in Australia in the second half year ended June 2011. Australian revenues in this half year fell 16% below the December half year as a result of weaker new housing construction in Queensland, South Australia and Western Australia, which was further impacted by severe, abnormal wet weather conditions, particularly in New South Wales and Queensland.

EBIT of \$84m was 16% below last year. The second half saw a weaker trading environment, a further strengthening of the Australian dollar and the loss of Government stimulus work, which ceased in the second half of the year.

In Australia, poor housing affordability combined with low levels of consumer confidence are expected to constrain the construction of new dwellings over the next 12 months. In the difficult trading environment, our emphasis will be to focus on cost reduction initiatives, further reducing working capital and strengthening pricing outcomes. In Asia, we are experiencing continued strong growth in construction activity in key countries, which is expected to underpin growth in plasterboard consumption.

Revenue

\$1,150m

Down 5%

EBIT¹

\$84m

Down 16%



CEMENT

Boral's Cement division is a leading supplier of cement, lime and fly ash in Australia and of concrete, quarry and pipe products in Asia. In FY2011 the division enjoyed strong infrastructure markets in Australia and continued growth in Asia.

Cement revenue at \$540m was 5% above that of the same period last year (prior year \$512m), reflecting improved pricing and mix in Australia and continued growth in Asian markets. EBIT at \$96m was \$8m above last year's with strong gains in Australia and the continuing turnaround in Thailand offsetting a very competitive market in Indonesia.

Production costs improved in Australia as volumes increased, following stock reductions in the prior year. The business focused on gaining sustainable improvements in operating effectiveness and the removal of legacy plant. The LEAN score achieved a 37% improvement, which translated into a 3.2% gain in the OEE of the major cement kilns.

The outlook for Boral Cement is mixed. Infrastructure project work is expected to be strong in FY2012, but below the exceptional activity in FY2011. Housing activity is softening across Australia, but to date appears less pronounced in New South Wales and Victoria, where Boral Cement has greatest exposure.

Revenue

\$540m

Up 5%

EBIT¹

\$96m

Up 9%



USA

Boral USA has industry leading positions in bricks, concrete and clay roof tiles, and manufactured stone veneer for residential and midrise commercial buildings. The construction materials business has leading positions in Oklahoma and Colorado, and the fly ash processing and distribution business operates on a national basis.

The USA operations reported revenue of A\$431m, 19% above that of last year reflecting the full integration of MonierLifetile into Boral Roofing and the half year inclusion of the Cultured Stone joint venture. The revenue gain was partially offset by a continued deterioration in housing starts and construction activity and the strengthening of the Australian dollar. At the EBIT level, the USA operations reported a loss of A\$99m against a A\$104m loss last year.

The US division's emphasis on safety, LEAN and Sales and Marketing Excellence, combined with the integration of Tile and Stone and the introduction of Trim and an enhanced commercial offering positions Boral well to improve on prior cycle returns.

It continues to remain unclear when and how rapidly a turnaround in US housing and construction will occur. We expect an increase in housing starts in the upcoming year, biased towards the second half. Non-residential construction activity is expected to increase slightly throughout the year. Our focus is on reducing costs while readying the business for the upside in the cycle.

Revenue

\$431m

Up 19%

EBIT¹

\$(99)m

Up 5%

CHAIRMAN AND CHIEF EXECUTIVE'S REVIEW

FY2011 again reflected the impact of global economic conditions on the performance of the Group. Continued uncertainty in the United States and a dramatic slow-down in residential housing in Australia, combined with adverse weather conditions throughout much of the east coast of Australia had an impact, particularly on the second half of the year.

The Group's strategy, which was announced to the market in July 2010, continued to take form and, despite difficult market conditions, productivity improvements were implemented and had a positive impact on the Group's performance in the year.

Financial performance

Net profit after tax (of continuing operations), before significant items, was 20% higher than last year at \$173m (\$145m in 2010) and included a 4% increase on Group turnover to \$4.7b (\$4.5b in 2010). Earnings Per Share increased to 24.4c (22.1c in 2010).

There were several separate items with a net pre-tax cost totalling \$43m which were classified as significant in FY2011. Charges of \$53m arose from the write-down of the asset values of several poorly performing businesses and \$9m of costs associated with the Group's recent acquisitions. These costs were largely offset by favourable tax and insurance outcomes related to the Group's Australian activities.

The year ended with a net debt position of \$505m, showing a \$678m improvement from the previous year (net debt \$1.2b) due to the July 2010 capital raising and the benefits of favourable exchange translation of the Group's US borrowings.

The Board has resolved to pay a final dividend of 7.0c per share making a total distribution for the year of 14.5c (13.5c in 2010).

Laying the Foundations

In 2010, the Group took a fresh look at our longer term vision and developed strategies to become a leading global supplier of building and construction materials while producing consistent financial performance in products and geographies which offer superior growth and financial returns.

Since then, we have reorganised the business into four core divisions each with a clearly defined roadmap to achieve and progressively deliver Sector Best Performance and superior customer service.

"I remain pleased with the Group's progress in FY2011 as our clearly defined strategy for operational excellence and sector leading performance progressed with increasing purpose and determination."

Mark Selway, Chief Executive

Reinforcing the Core

The Group achieved a great deal of success across a large number of key operational, financial, health and safety and business development measures in FY2011. This progress reinforces our core belief that operational improvements provide the best short term potential to deliver the earnings and competitive improvements which are key to our future financial objectives and aspirations for growth.

Pursuing growth

The achievement of our goals starts with strong leadership positions in attractive and growing markets, and the Group's corporate activities continued to pursue opportunities to align the portfolio with those activities which underpin the future of the Group.

During the year, the Group undertook a number of significant transactions which will all contribute to the future success of Boral. We divested the non-core scaffolding and concrete panel businesses in the first quarter of FY2011, and used the proceeds to help fund a number of acquisitions in areas which are core to the Group.

In July 2010, we acquired the balance of shares in MonierLifetile and in December added a 50% share of Cultured Stone which has a leading position in the United States residential stone market.

In Australia, we announced the acquisition, subject to regulatory approval, of Wagners Construction Materials business and Sunshine Coast Quarries, both excellent additions to our Australian construction materials in the high growth Queensland markets.

Our 17 August announcement of the acquisition of Lafarge's 50% share of LBGA, our joint venture plasterboard business in Asia, was a further exciting development for the Group, and we are confident it will have a meaningful positive impact on the growth and financial performance of Boral.

Prospects

While the sluggish residential market conditions particularly in the second half of FY2011 are expected to continue into FY2012, the Group is well positioned even in these difficult market conditions. The actions taken in FY2011 provide a strong platform for increased growth and earnings when external conditions improve.

Bob Every
Chairman

Mark Selway
Chief Executive

FINANCIAL HIGHLIGHTS

2011

	2011	2010	Change (%)
Revenue ² (\$m)	4,682	4,494	4
EBIT ^{1,2} (\$m)	275	271	2
Net Interest (\$m)	(64)	(97)	(34)
Profit before tax ^{1,2} (\$m)	211	174	22
Profit from continuing operations after tax ¹ (\$m)	173	145	20
Profit/(loss) from discontinued operations (\$m)	2	(13)	
Net significant items (\$m)	(8)	(222)	
Reported net profit/(loss) (\$m)	168	(91)	
Earnings per share ¹ (cents)	24.4	22.1	10
Dividend per share (cents)	14.5	13.5	7

Revenue²

\$4.7b

Up 4%

Profit after tax^{1,2}

\$173m

Up 20%

EBIT^{1,2}

\$275m

Up 2%

Full year dividend

14.5¢

Up 7%

1. Excluding significant items

2. From continuing operations

