



Media Release

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Boral announces a first half profit of \$147 million

Boral Limited announced today a profit after tax (PAT) of \$147 million for the half year ended 31 December 2006, a 15% decrease on the PAT for the half year ended 31 December 2005. Earnings per share for the half year were 24.8 cents.

A fully franked interim dividend of 17.0 cents per share has been maintained, which will be paid on 21 March 2007.

Boral's CEO & Managing Director, Rod Pearce, said that Boral's half year profit result was in line with previous guidance. The result reflects a solid Australian construction materials profit offset by volume-related impacts in building products due to the continued downturn in the Australian housing market, particularly in NSW, as well as the recent sharp decline in US housing activity.

"Boral's operating performance in the first half of the 2006/07 financial year has benefited from a solid lift in Australian non-dwelling and infrastructure work which has increased Construction Materials EBITDA earnings by 5%. However, Boral's building products businesses continued to experience the negative impacts of the cyclical downturn in Australian dwellings, especially in New South Wales, resulting in higher manufacturing costs and an 8% reduction in Building Products' EBITDA. Profits from our US business, which was down by 13% at the EBITDA line, reflects a 23% drop in total housing starts across the US states in which we operate; this particularly impacted our concrete and clay roof tile businesses. EBITDA from our Asian operations was 5% up on last year," said Mr Pearce.

Mr Pearce also commented that interest and depreciation increased during the half year. "Whilst Boral's overall EBITDA of \$383 million was only 3% lower than last year, we also reported some \$25 million of higher costs associated with interest and depreciation charges as a result of our investment in value-adding growth for the future. These higher costs are impacting on Boral's bottom line but the benefits of our growth investments are also increasingly being delivered."

Commenting on Boral's outlook for the full 2006/07 financial year, Mr Pearce said, "We have delivered a first half result in line with earlier guidance. We expect Australian dwelling commencements to be around 145,000, which is 4% below FY2006 and well below underlying demand levels of around 160,000 to 165,000 starts. We anticipate strong activity in Australian non-dwellings and infrastructure segments in the June half, which along with significant concrete and quarry price increases will more than offset the Australian housing related volume impacts.

"In the USA, we expect housing starts to be around 1.6 million starts for the financial year, which equates to around a 25% decline year on year. This substantial downturn will have a greater impact on our roof tile and brick operations in the second half of the year.

“Effective price and cost management should mitigate some of the housing-related volume impacts in Australia and the USA. However, we have an extended program of temporary plant closures to better manage inventory levels in both Australia and the USA, which will adversely impact Boral’s cost of manufacturing building products.

“Quarry End Use should contribute around \$50 million of earnings with \$45 million to be delivered in the second half of the year.

“In Asia, we expect that market conditions will remain competitive and that Boral’s underlying earnings from Asia will be resilient.

“Growth initiatives will progressively deliver improved benefits and operating cost improvements from performance enhancement programs of at least 3% will be consolidated by “step change” improvement programs in several of our businesses.

“In line with guidance provided at our Annual General Meeting in October, we expect that Boral’s net profit after tax in FY2007 will be around 15% below the \$362 million reported for FY2006,” concluded Mr Pearse.

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