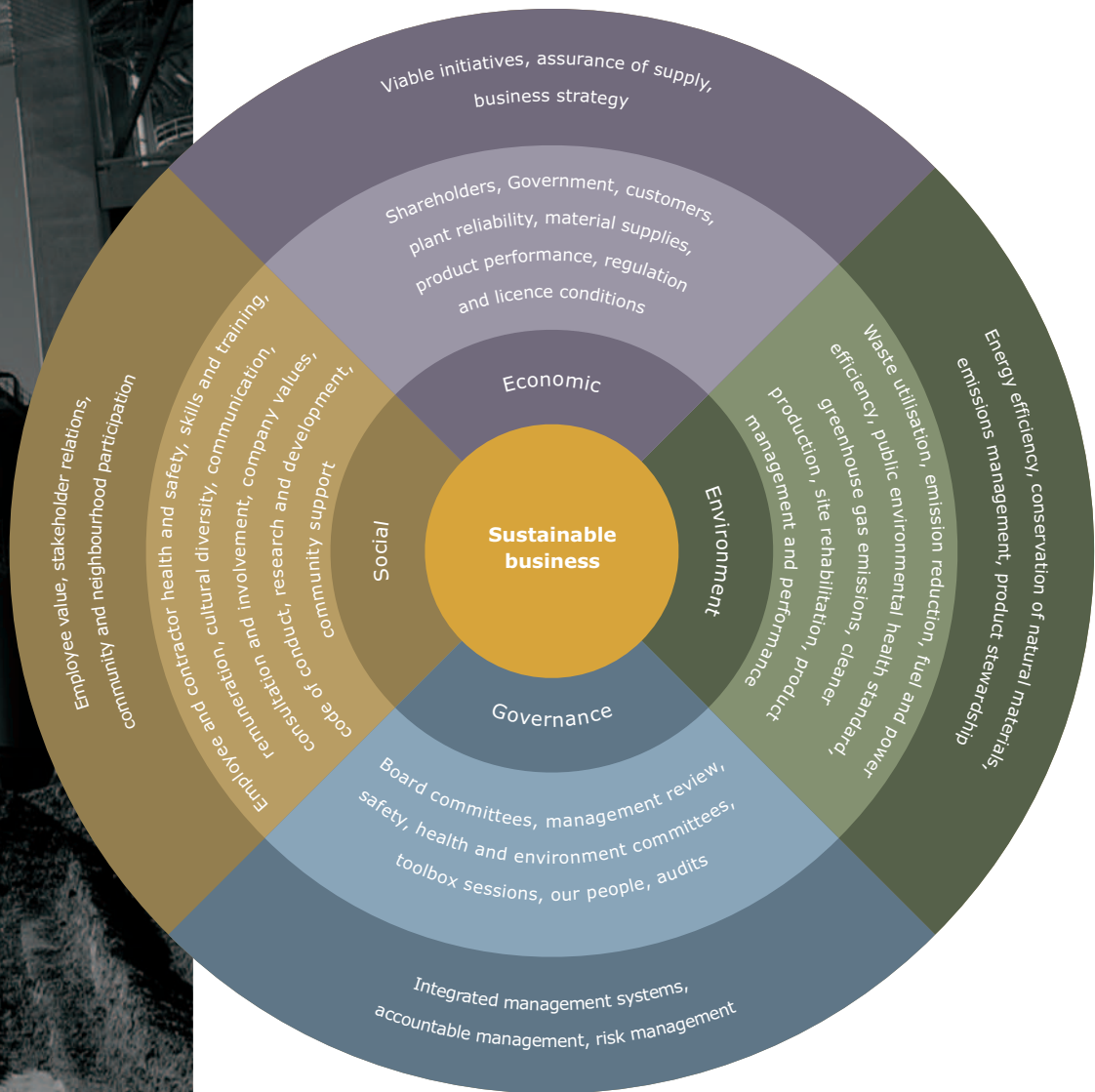


Sustainability

At Adelaide Brighton sustainability is about managing our business to ensure success for the long term. Our commitment to sustainability is built on a sound business strategy that supports continuous improvement in the social, environmental, and economic performance of the Company. We do this by continually analysing our activities and considering the needs of all stakeholders to identify key opportunities for improvement and sustainable development.



Key sustainability initiatives

Health and safety

- > In 2005, no lost time injuries were recorded at the Munster, Dongara (5 years), Birkenhead, Kwinana and Kemerton cement and lime plants, C&M's Canberra, Newcastle and Adelaide plants and the Austen Quarry.
- > Major reductions in lost time injury frequency rates were recorded by the divisions of cement and lime and concrete products. Overall, Adelaide Brighton experienced a fall of 50% in lost time injury rates, a major accomplishment.

Production improvements

The Birkenhead and Angaston kiln burner systems were upgraded, raising the standard of control, improving safety and environmental performance and reducing the down time of the process.

Conserving natural resource and reducing greenhouse gas emissions

- > A fuels program using Recycled Construction and Demolition timber as an alternative fuel to natural gas was implemented at Birkenhead in 2003 and extended in 2005 with the upgrade of the receival, storage and feed system. This project was awarded the 2005 Cement Industry Federation (CIF) Sustainability Award for alternative fuels innovation.
- > 'Grey Sand', a by-product of steel production, is used at Angaston as an alternative raw material to Birdwood clay. This initiative results in a reduction of 9,000 tonnes of greenhouse gas emissions and conserves 20,000 tonnes of clay annually while diverting the same amount of material from landfill. This project was awarded the 2005 CIF Sustainability Award for Greenhouse Gas abatement.
- > Significant eco-efficiency outcomes were achieved when Hy-Tec ready mixed concrete operations increased the use of waste materials such as fly ash and slags from industrial processes in their concrete mixes. Hy-Tec's Laverton plant is also trialling recycled aggregates in specific concrete products.
- > Development of specialty products, 'Minecem' and 'Minefill' in co-operation with the mining industry to provide a low emissions backfill binder to stabilise underground slopes.



New burner installation on Kiln 3 at Angaston

Cleaner production

- > Following extensive research and development over 2004 and 2005, the Munster plant has a process to convert lime kiln dust to saleable quicklime. This initiative is expected to reduce the amount of waste by 10,000 cubic metres per annum.
- > Birkenhead's \$12 million, three-year environmental improvement plan, commenced in 2005, with a focus on fugitive dust reduction from the site. It includes depressurising the clinker storage shed, relocation of the emergency limestone stockpile, containment of raw materials and emissions from transfer points as well as extensive paving and landscaping.
- > An upgrade to the Munster Kiln 4 filter in 2005 reduced dust emissions from the kiln by approximately 70%, achieving a world class emission rate of less than 20 milligrams per cubic metre.
- > A \$6.2 million upgrade of the Woodman Point shellsand wash plant will incorporate new technology in 2007, reducing the site's water consumption by 800 ML per annum.

Rehabilitation

Adelaide Brighton's former Geelong Cement quarry rehabilitation plan was developed in close consultation with stakeholders and will provide an artificial lake that is now aligned with the City of Great Geelong Council environment and recreational strategy for the Moorabool River.

Product stewardship program

- Adelaide Brighton Cement and Cockburn Cement packaging initiatives include:
- > production of all bag products to 20-kilogram bags by mid 2006 to assist with manual handling of product;
 - > optimisation of pallet packing of 20-kilogram bags to provide safer product handling, minimising shrink wrapping and improve stock management;
 - > moving from three-ply paper to two-ply paper for all 20-kilogram and 30-kilogram bags; and
 - > reduction in the use of bleached kraft paper.

C&M Brick addressed manual handling issues by developing a lightweight concrete block. This innovation was awarded a WorkSafe Victoria award for "Construction Safety Innovation in Sprains and Strains Prevention".

Social

Adelaide Brighton's sense of social responsibility has long been a part of the business strategy and culture. The high profile of manufacturing in the community as a major employer; intensive user of capital, technology, energy and resources; and the provider of versatile low cost construction materials involves many stakeholders, and provides significant community benefit.

The Company's social commitment starts with employees and extends to corporate citizenship within the communities in which it operates. Adelaide Brighton recognises the need to be involved with all stakeholders, to develop relationships that ensure business accountability and progress, and to continue viable, responsible operations.

Our People

Adelaide Brighton employs around 1300 people across Australia. Following the acquisition of the ready mixed concrete and concrete products businesses (in 2002 and 2003 respectively), around 50% of our workforce is now situated on the east coast of Australia, a shift from the traditional South Australian and Western Australian focus.

During 2005 Adelaide Brighton built human resources links and capability across our three operating divisions: cement and lime, concrete products and concrete and aggregates. This has enabled us to standardise key processes and maximise opportunities for individual development.

Adelaide Brighton's values of trust and integrity, fairness, openness, community responsibility, down to earth practical approach, committed improvement and growth and confidence in taking measured risks are reflected in the way in which it does business. In 2005 the Company issued a Code of Conduct to all employees endorsing these values as fundamental to corporate governance within the Company.

Leadership

The Company focus is on the consistency of people management, succession planning, individual development and performance enhancement processes. This cohesive approach provides our people with broad opportunities to grow and develop as well as aligning and engaging all with the Adelaide Brighton Code of Conduct.

In 2005 a senior management succession planning review was completed at division level. The results now feature in individual development plans and internal succession opportunities. This process is being refined into an annual review that forms part of the personal development review process.

Training and development

As part of our ongoing ambition to attract and retain the best people, we are identifying career paths for a range of disciplines. While opportunities in traditional areas such as production and engineering have been largely established, we have increased the focus on functions such as finance, marketing, sales and human resources.



Anna Young, 4th year Flinders University Bachelor of Science in Medicinal Chemistry and Bachelor of Innovation and Enterprise student, and Massimo Capasso, Laboratory Supervisor, studying raw materials quality samples

Cadetships, vocational undergraduates and work experience students are supported through Adelaide Brighton programs at operating sites to develop potential employees with an understanding of the lime and construction materials industry.

Labour relations

During the year, enterprise agreements were negotiated at a number of manufacturing sites - Birkenhead, C&M Brick at Campbellfield and Hy-Tec in Victoria. These agreements deliver benefits to both Adelaide Brighton and to the employees involved and were achieved with constructive inputs from both parties.



Sam Toppenberg
General Manager
Human Resources

Employee assistance

Adelaide Brighton offers all employees and their immediate family members access to a confidential counselling service which can assist in dealing with difficult personal or work-related issues. The Employee Assistance Program is an Adelaide Brighton funded counselling and referral service provided by a team of independent third-party service providers.

Equal opportunity and diversity

Adelaide Brighton is committed to a workplace environment rich in cultural diversity and equal opportunity. Our workforce varies in age and ethnicity and reflects a gender balance characteristic of the construction industry. However, 2005 saw a shift in gender ratios in Adelaide Brighton - one fifth of new starters to the Company were female. While the reason for the change is not specific, the Company strives to provide a workplace environment that gives all employees equal opportunity to contribute in any role.

Adelaide Brighton is supportive of flexible working arrangements demonstrated by an increase in employees who have adopted changed employment arrangements.

Improvement of our Equal Employment Opportunity (EEO) reporting and awareness will continue with plans in place to review our opportunities for workplace flexibility and the implementation of standard EEO reporting compliance programs.

Adelaide Brighton is committed to achieving a safe, productive and healthy work environment.



Joseph Mazzone
Group SH&E Manager

Safety focus: key elements:

Examine **behavioural safety** to identify "at risk" behaviours that lead to injuries and incidents

Reduce **motor vehicle incidents** with a focus highlighting the need for greater attention and awareness of motor vehicle hazards, both on-site and on public roads and improve defensive driving skills

Improve **site security** through restricting site perimeter access and greater control on visitors

Protect lone and isolated workers, specifically with regard to after hours loading and unloading practices

Improve **employee and contractor fitness for work**, via the implementation of a Drug and Alcohol Policy that includes on site testing

Collect **reports of 'near miss' incidents** in an attempt to identify the causal factors that precede incidents and accidents

Improve **isolation and lookout controls** to ensure safety during maintenance operations.

Health and Safety

Adelaide Brighton treats the safety and well-being of all employees and contractors with the highest priority and views safety as an integral part of business operations.

The Adelaide Brighton Board Occupational Health and Safety (OH&S) Committee reviews and monitors the Company's safety performance and provides assessment on the forward strategy.

The Adelaide Brighton Ltd Safety Health and Environment (SH&E) Policy was reviewed during the year following consultation with the workforce. The revised policy incorporates sustainability, the use of alternative fuels and materials, post-injury return to work and specific accountabilities for safety practices from management, supervisors, employees, visitors and contractors.

The implementation of workplace health and safety procedures has a high focus and is tracked as a lead indicator. Over the past five years a management system has been progressively adopted by each site according to the business needs. Meeting these requirements, each site maintains a cross-functional committee that meets regularly to review the safety performance, incident investigations, and appropriate skills of trained personnel.

Contractor activities are included in the Company performance indicators for health and safety. Induction programs, job safety analysis and incident reporting are part of the role of contractor responsibilities while on Adelaide Brighton sites.

Adelaide Brighton holds exempt employee workers' compensation insurance status at the South Australian and Western Australian operations with systems demonstrated that comply with the requirements of the Workcover performance standards.

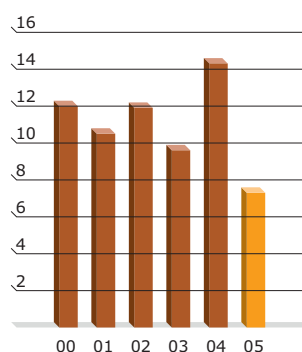
Safety Performance 2005

Progress was made across all divisions in the implementation of the Adelaide Brighton Group SH&E Standards. Benefits have been directly measured in the divisional health and safety performance indicators. The cement and lime division's progress continued with a reduction in lost time and disabling injuries. The concrete products division also showed an encouraging improvement in 2005, with a significant reduction in lost time injuries. This reflects the efforts made in reporting of injuries and in post-injury management. While the concrete and quarries division recorded an increase in lost time injury frequency rate, they have embarked on a thorough safety systems implementation program to identify and control safety hazards using the Group SH&E standards.

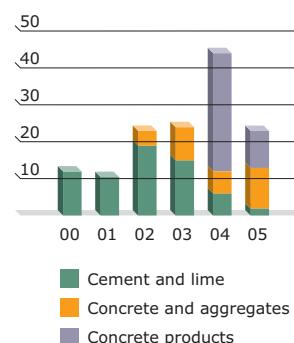
Lost Time Injuries

An overall improvement in lost time injuries was recorded with a significant reduction in the number of incidents group-wide. This reflects improved risk assessment and risk control practices as well as better management of injuries and return to work programs.

Lost time injury frequency rates



Lost time injuries trend



Community and Government

The Company endeavours to be a valued member within the communities in which it operates.

Community consultation

Community engagement is an important part of our relationship with communities adjacent to our operations, specifically our major manufacturing sites at Birkenhead, Angaston and Munster.

We aim to constantly refine and review our consultation processes to support effective contribution from all stakeholders. Late in 2005, we commenced introduction of a changed format in community consultation at our Birkenhead and Munster operations to review membership and format for input from all stakeholders.

Additionally, the larger clinker manufacturing operations communicate with a broader community area through regular newsletters which provide information on initiatives underway at their sites.

Community support

To support our local communities we donate to local community clubs and societies, community events and invest in educational programs, work experience and tours of operational facilities.

Examples of our corporate community support include:

- > Research and development of revegetation techniques for seagrass and the planting of three hectares of seagrass seedlings in the deep water of Cockburn Sound in Western Australia.
- > Contributing to the Asian Tsunami Relief Appeal.
- > The Adelaide Brighton Ltd William Schroder Postgraduate Scholarship in Chemical Engineering at the University of Adelaide.
- > Supporting Operation Flinders Foundation Inc - new direction for young people at risk.
- > Supporting the Aboriginal Catholic Ministry providing shelter and spiritual support for Aborigines in the City of Adelaide.
- > Supporting the 2005 Port Adelaide Enfield Christmas Parade and 2005 Beiliar Christmas Family Concert celebrating the community spirit of each area.

Government and industry forums

On a broader scale Adelaide Brighton supports government and community initiatives by participating in relevant consultation programs. In 2005 the Company participated in the following programs:

- > World Business Council for Sustainable Development, Cement Sustainability Initiative - Agenda for action.
- > Development of South Australia's Greenhouse Strategy.
- > Cement Industry Action Agenda sponsored by the Department of Industry Tourism and Resources.
- > Development of a National Tyre Product Stewardship Scheme.
- > Submissions on development of the Energy Efficiency Opportunity Regulations, Western Australian Greenhouse Gas Inventory Program, National Emissions Trading Scheme - Greenhouse Gases, Western Australian Greenhouse Gas Taskforce.
- > Construction and development of the Port River Expressway Phases 2 and 3.

Young people on a 100km journey through the Flinders Ranges as part of the challenging Operation Flinders program



Photograph courtesy of Operation Flinders Foundation Inc.



Adelaide Brighton Cement and Cockburn Cement community newsletters

Environment

Adelaide Brighton is committed to conducting its business responsibly and in a manner designed to protect our employees, adjacent communities and the natural environment.

Our cement and lime plants, quarries, ready mixed concrete facilities and concrete products plants are licensed facilities and are required to meet the environmental standards set by both State and local governments.

Our larger sites at Birkenhead and Angaston are certified to ISO 14001, the international Environmental Management System.

Adelaide Brighton strives to understand and control its impact on the environment. Site management systems are integrated with all aspects of the business and all sites have prepared Environmental Improvement Plans.

Our approach to environmental sustainability enables three key areas of environmental performance to be incorporated into operational plans and work processes:

- > Emissions reduction
- > Eco-efficiency
- > Product stewardship.

All divisions of the Company are pursuing opportunities in these areas, in line with the Company's Group SH&E Standards.

Emissions reduction

The Company's emission reduction actions include the direct measurement of stack gases and ambient dust monitoring in order to prepare dust reduction, greenhouse abatement and waste minimisation programs.

Environmental improvements are a focus of our business plans to reduce the effect of our operations on the environment by enclosing materials handling facilities, maintaining open site areas, paving yards and roadways, and developing of water catchment areas in garden settings.

Significant projects using biomass fuel as an alternative to natural gas and the development of low emission products have contributed to reducing the Company's output of greenhouse gases.

Through the Cement Industry Federation, Adelaide Brighton voluntarily reports inventory data and abatement projects to the Greenhouse Challenge Plus Program. Since 1990 the Company's cement and lime division has reduced greenhouse gas emissions through the upgrading of technology and improving energy efficiency.

Our cement and lime operations report annually their contribution to the National Pollutant Inventory.



Student volunteers participating in a tree and shrub planting program in Schroder Park at the Birkenhead plant

Eco-efficiency

Eco-efficiency in Adelaide Brighton's manufacturing processes conserves natural resources, uses waste and achieves greater energy efficiency. The Company is actively seeking to source alternative materials and fuels for use in manufacturing, replacing traditional natural materials and fossil fuels.

This progressive change involves the development of trial and assessment procedures and sourcing supply partnerships that meet the standards of the Company.

Significant projects include:

- > Adoption of biomass fuel (Recycled Construction and Demolition timber) at Birkenhead.
- > Introduction of grey sand as a raw material at Angaston.
- > Increased use of fly ash and slag in the ready mixed concrete business.
- > Reduction in use of mains water in the finished grinding process of the concrete products plants at Campbellfield and Moorebank.

Notwithstanding the capital intensiveness of commercially available new technology and long life span of our plants, Adelaide Brighton continues to pursue incremental improvements as part of its capital investment process to seek energy efficiency gains.

Product Stewardship

Promoting health, safety and environmental management of our products is an important part of training customers and distributors in product management to achieve optimum and safe utilisation.

We have successfully implemented measures to reduce the amount and effect of packaging on the environment. This has resulted in the identification of new initiatives in the recycling and types of packaging materials used.

Adelaide Brighton's strategy:

Focused and relevant vertical integration: downstream concrete and concrete products; upstream into aggregates and sand

Lime business development: Resource sector demand in Western Australia and Northern Territory

Operational improvement: Plant performance
Alternative fuels and materials

Market strategy

Our activities are focussed on the vertical integration of the business for growth and the strengthening of our position as an integrated construction materials company.

Our competitiveness arises from strategic product development, acquisition and development of strategic resources for downstream operations and improvement in the efficiency of supply.

Customer relations are an important part of market support. Training in product storage, handling and use are fundamental to ensure our product performs safely and effectively. Technical support, product development and stock management are a part of our range of services to enhance customer relations.

Quality assurance

Our products are required to meet specific Australian Standards as well as individual customer specifications. We have quality management systems in place at all sites to ensure compliance to these standards and delivery of a consistent quality product.

Our cement and lime and ready mixed concrete manufacturing sites are certified to ISO 9001 Quality Management Systems.

Cement and lime product testing laboratories at Birkenhead, Angaston and Munster are accredited to AS/ISO 17 025 "General requirements for the competence of testing and calibration laboratories" through NATA and are reassessed for accreditation biennially.

Strategy performance overview

- > Strategic downstream positions established
- > Aggregate development underway
- > Emerging position in sand
- > Positioned in long term Australian growth markets:
 - Construction from residential, commercial and infrastructure
 - Resource sector in Western Australia, South Australia and Northern Territory
- > Long term import positions established.



Maja Ivanicova, Group Financial Accountant, and Graeme Isaacson, Group Taxation and Treasury Accountant