

FINANCIAL RESULTS

Earnings growth and strong cash flows provided the basis for an increase in dividend payout ratio to 71.5% and a 20% increase in the 2007 full year fully franked dividend to 15.0 cents per share.

Profits

Adelaide Brighton delivered a seventh consecutive year of earnings growth with net profit after tax increasing by 11.5% to a record \$113.9 million, achieved despite higher tax and interest expenses. Underlying earnings before interest and tax was \$171.3 million, an increase of 15.1% over 2006.

Sales revenue

Sales increased by 11.8% to a record \$888.4 million as a result of increased demand for cement and lime in most markets. The increase in lime sales was driven by a 6.5% growth in lime demand, principally from the resources sector, and improved gross margins.

Gross margins

Earnings before interest and tax margins increased to 19.3% from 18.7% as sales price rises and operational cost improvements offset underlying inflationary cost increases, in particular energy costs.

Shareholder return

A final dividend of 9.0 cents per share was declared, resulting in a total fully franked dividend for 2007 of 15.0 cents per share, a 20% increase over 2006. In addition, the Board declared a fully franked 3.5 cents per share special dividend.

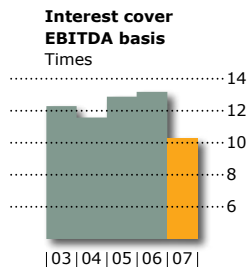
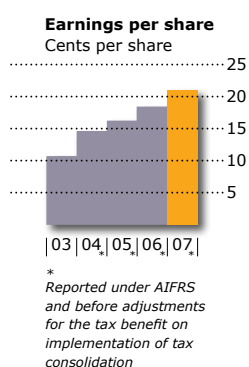
Earnings per share improved to 21.0 cents, an 11.7% increase over the prior year. Total shareholder return, calculated on a dividends declared basis, increased by 30.4% during 2007 and over the longer term, the compound average annual growth in shareholder return since 2002 was 28.4%.

Cash flow

Operating cash flow remained strong though dipping slightly by \$3.9 million to \$140.4 million as the increase in 2007 profitability was offset by higher interest and income tax payments. The Company continues to focus on working capital management and despite the 11.8% growth in sales, the underlying increase in accounts receivable was restricted to 7.6% through continued tight credit control.

Finished product inventory levels increased by \$4.1 million due the expansion of the Austen Quarry operating base and the acquisition of Hurd Haulage Pty Ltd.

Income tax payments increased by \$10.3 million to \$44.5 million as a result of the increase in taxable profits and higher opening tax payable balances. Dividends paid in 2007 increased by \$44.8 million to \$105.8 million as a result of the further increase in payout ratio and the payment of the 6.0 cents per share special dividend for 2006.



Borrowings

Net debt at 31 December 2007 rose to \$323.3 million from \$226.9 million in 2006. This resulted from acquisition activity, the increase in the dividend payout ratio and the payment of the 2006 special dividend. Gearing (net debt to equity) at 48.4% remained at comfortable levels, in the middle of the Board's preferred range of 40% - 60%.

The Company has rolled forward its short term one year \$60 million working capital facility until 31 March 2009. The Company's three year senior debt facilities mature on 31 March 2009. Preliminary discussions with our principal bankers have shown a keen interest in the renewal tender scheduled for the third quarter of 2008.

Interest and taxation

Net interest expense rose by \$6.5 million to \$21.7 million due to the higher average net borrowings and the progressive increase in the cash rate. The 2006 expense also took benefit from a \$2.4 million credit from capitalisation of interest expense on the Austen Quarry.

Tax expense rose by \$4.7 million to \$35.7 million due to the higher taxable profits mitigated by a \$2.9 million tax benefit from research and development projects. The Company continues to benefit from the increase in the fully franked dividend received from Sunstate Cement which continued its 100% payout ratio in 2007.

Capital investments

Capital expenditure at \$81.1 million was similar to 2006 and included \$14.5 million of business asset acquisitions - Kancon and Port Minimix ready mixed concrete operations in New South Wales and the Blanchetown gypsum quarry in South Australia. Underlying capital expenditure was \$66.6 million of which \$36.4 million was developmental and \$30.2 million sustaining.

The key development investments included completion of the Austen Quarry, Munster kiln 6 coal milling, handling and firing systems, Angaston kiln upgrades and Morgan Cement materials handling, cement storage and dispatching systems.

Risk management

Adelaide Brighton continues to assess and review its key business risks and maintain its core risk management processes under the guidance of the Board Audit Risk and Compliance Committee. All aspects of risk, whether commercial, financial, or operational are reviewed by management as part of a formal risk management process and reported to the Board committee.



Andrew Poulter
Chief Financial Officer