

Financial Statements

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Directors' Report

ADELAIDE BRIGHTON LIMITED
AND ITS CONTROLLED
ENTITIES FOR THE 18 MONTH
PERIOD 1 JULY 1999 -
31 DECEMBER 2000

The Directors present their report together with the financial report of Adelaide Brighton Limited ("the Company") and the consolidated financial report of the consolidated entity ("the Group") for the 18 month period 1 July 1999 to 31 December 2000 and the auditor's report thereon.

Directors

The Directors of Adelaide Brighton Limited at any time during or since the end of the 18 month reporting period and up to the date of this report are:

MA Kinnaird AO, DUniv, BE, Hon FIE Aust, FTS

CL Harris BEc, FCPA, FAICD

CH Perkins AO, FAICD

D Barro AO

PJ Wright FAICD

JA Brooks

GE Clark

PJ Bowen BE Hon, PhD

PC Crowley BA, BEcon

RW Hammond BSoc Sc

DA Harding BA, FCMA

PA Rabi

RM Sharp

Directors' meetings

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of the Company are set out in the statement of Corporate Governance practices on pages 21 to 22 of this report.

Principal Activities

The principal activities of the Group are the manufacture and distribution of cementitious materials and lime products.

Results

Net profit after tax and abnormal items for the 18 month ended 31 December 2000 was \$35.9 million, which compares to a loss of \$37.9 million for the 12 months ended 30 June 1999. Free cash flow generated since the Merger amounts to \$77 million and net debt has reduced by \$65 million.

The improvement in profit would have been substantially higher had it not been for the effect of dumped imports. The combined effect of volume losses and price suppression caused by imports is estimated to have cost the Group \$35 million in lost earnings in the last 12 months. This is an estimated increase of \$20 million over the previous corresponding period.

Analysing the underlying results, by looking at the half-yearly trends, shows a decline in EBITA, owing to the impact of imports considerably outweighing cost and efficiency improvements.

As expected, trading conditions have been difficult during the period. Sales volumes are down in line with the market. More significant has been the effect of offers of Asian cement into Australia's eastern states at dumped prices. This has depressed the market price of cement, particularly in the eastern states. Sales in Western Australia continue to be only marginally affected as this market has been at import parity levels for a number of years.

The long running cement dumping case, which was initiated in June 1999, has failed to deliver outcomes during the year. While the Company remains confident that a favourable outcome will eventually emerge, it is extremely disappointed that a continuing series of issues underlying the case have been allowed to drag on unresolved for an extended period totalling almost 2 years.

Review of operations

Cement and Lime

Cement and lime operations constitute approximately 90% of the Group's turnover. These in turn are more or less equally divided between Cockburn Cement Limited, in Western Australia, and Adelaide Brighton Cement Limited, being the eastern operations including South Australia, Northern Territory, Victoria and Queensland. The Group has only a limited exposure to New South Wales.

Cement demand peaked in the latter part of 1999 and has been reducing since. Year-on-year this reduction aligns with the normal building cycle. However, within the 2000 calendar year, sales were unevenly distributed into the first half owing to the effect of the introduction of the GST in June 2000. This exacerbated the decline in demand in the second half of the year.

Annual demand for cement is expected to fall further in 2001 as a consequence of the cyclical downturn in construction activity with current estimates for total demand of between 6.5 and 6.7 million tonnes.

Lime volumes were stable year-on-year. Despite the closure of a number of gold mines during the year, lime volumes in Western Australia were up nearly 2% on the previous year. This was due to additional demand from the alumina sector as new capacity was brought on line and a modest improvement in our share of the resources sector. The Group has also enjoyed modest increases in sales of lime from both its Angaston and Mataranka operations. Lime remains a growth opportunity for the Group and several market opportunities are currently being assessed.

Dividends

Dividends paid or declared by the Company since the end of the previous reporting period and in respect of the current 18 month financial year period were:

- (i) An interim dividend of 1.5 cents per share, fully franked, amounting to \$7 101 146 for the 18 months ended 31 December 2000 on fully paid shares was paid on 16 October 2000.
- (ii) A final dividend of 1.5 cents per share, fully franked, for the 18 months ended 31 December 2000 on fully paid shares was declared and is payable on 24 April 2001.

Capital repayment to shareholders

As declared by the Company in the previous annual report, a capital repayment to shareholders on the register at 29 June 1999 of 3.5 cents per share, amounting to \$5 510 439 was made on 5 July 1999.

State of affairs

Significant changes in the state of affairs of the consolidated entity during the 18 month financial period were as follows:

- > The consolidated entity's Fuel and Combustion Technology Limited business was divested on 14 October 1999.
- > Effective 1 December 1999, Mr Philip Wright was appointed as Managing Director.
- > During the reporting period, RMC Group p.l.c. (RMC) became the Company's 55% majority shareholder following the RMC takeover of The Rugby Group PLC.
- > On 1 February 2000, the consolidated entity divested the 50% interest in Stabilised Pavements of Australia Pty Ltd.
- > In June 2000, the Company negotiated a single loan facility with RMC Group p.l.c. replacing a complicated funding structure involving cross guarantees and negative pledge undertakings to a range of banks.
- > On 15 August 2000, the Company announced the commencement of on-market purchases of its listed 11% convertible note securities. Up until 31 December 2000, the Company had purchased 1 600 716 convertible notes at an average price of \$2.08.
- > On 6 October 2000, the consolidated entity divested the 40% share of Pavement Technology Malaysia Sdn Bhd.
- > To more appropriately reflect the underlying useful lives, the consolidated entity re-assessed the useful lives of certain items of non-current assets during the reporting period to 31 December 2000. The re-assessment of useful lives was applied from 1 January 2000. The financial effect of the re-assessment was to reduce the depreciation expense and increase operating profit before tax by \$5 071 000.

Environmental management

Our operations are subject to various Commonwealth and State laws governing the protection of the environment. Environmental licences for operations include requirements specific to each site and each state. Environmental compliance is reported monthly to the Board.

There were no material breaches of environmental statutory requirements and no prosecutions during the year. However, there were minor non-conformances with licence conditions. All licence breaches are reported to the relevant statutory authority. Further information on environmental management is available on pages 14 and 15 of this report.

Events subsequent to balance date

There are no material events subsequent to the balance date.

Likely developments

Likely developments in the operations of the Group known at the date of this report have been covered generally within the report. See particularly the Chairman's Message on page 3 and the Managing Director's Message on pages 4 and 5.

Directors' benefits

Directors' benefits (including details of emoluments) are set out in Notes 28 and 29 of the Financial Statements.

Directors' and senior executives' emoluments

The Remuneration committee is responsible for making recommendations to the Board on the remuneration packages of non-executive Directors and senior executives of the Group. Performance, duties and responsibilities, market forecasts and independent advice are all considered as part of an annual review process.

Executive Directors and a limited number of senior executives may receive bonuses based on the achievement of specific goals related to their performance including financial, safety and other relevant criteria. Non-executive Directors do not receive any performance related remuneration.

Details of the nature and amount of each major element of the emoluments of each Director of the Company and each of the five named officers of Group entities receiving the highest emolument for the 18 month period 1 July 1999 to 31 December 2000 are:

18 Month Period	Base emolument \$	Bonuses \$	Non-cash benefits \$	Super contributions \$	Termination benefits \$	Total \$
Directors						
MA Kinnaird	191 250	-	-	19 125	-	210 375
CL Harris	86 625	-	-	8 663	-	95 288
CH Perkins	75 000	-	-	7 500	-	82 500
D Barro	46 667	-	-	-	-	46 667
PJ Wright	492 507	-	17 658	44 326	-	554 491
RW Hammond	140 333	18 250	11 750	12 318	-	182 651
PJ Bowen	30 000	-	-	2 333	-	32 333
PC Crowley ¹	-	-	-	-	-	-
DA Harding ¹	-	-	-	-	-	-
RM Sharp ¹	-	-	-	-	-	-
JA Brooks ²	-	-	-	-	-	-
GE Clark ²	-	-	-	-	-	-
PA Rabl ²	-	-	-	-	-	-
Officers						
CJ Naylor	141 048	95 935	15 000	33 385	411 493	696 861
CJ Foll	453 759	6 750	30 000	68 064	-	558 573
M Brydon	319 693	6 771	19 990	60 000	-	406 454
JA Davis	87 656	6 300	7 800	14 445	250 828	367 029
CG Manias	40 906	-	2 675	7 634	315 033	366 248

¹ Executive, The Rugby Group PLC

² Executive, RMC Group p.l.c.

Directors' interests

The relevant interest of each executive and non-executive Director in the share capital of the Company as notified by the Directors to the Australian Stock Exchange in accordance with S235(1) of the Corporations Law, at the date of this report is as follows:

	Ordinary shares	Convertible notes
MA Kinnaird	65 000	-
CL Harris	96 250	-
JA Brooks	1 000	-
GE Clark	1 000	-
CH Perkins	29 600	-
D Barro	235 590	-
PJ Wright	101 000	40 000

Indemnification and insurance of officers

Under Article 193 of the Company's article of association, each of the Company's Directors, the Company Secretary Mr CJ Foll, and all other current and former Directors and officers of Group entities including executive officers, are indemnified to the extent permitted by law when acting in those capacities in respect of:

- > liability to persons (other than related Adelaide Brighton Limited Group entities) if the officer has acted in good faith; and
- > the cost and expenses of successfully defending legal proceedings.

Insurance cover for Directors and Officers liability is included under a global policy of the RMC Group p.l.c.

Ultimate parent company

During the reporting period, RMC Group p.l.c., a company registered in the United Kingdom, acquired all the share capital of The Rugby Group PLC. RMC Group p.l.c. is now the ultimate parent company of Adelaide Brighton Limited controlling 55% of the issued shares.

Rounding off

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and Directors' report have been rounded off to the nearest one thousand dollars, unless otherwise indicated.

Auditor

PricewaterhouseCoopers is in office in accordance with section 327 of the Corporations Law.

Dated at Adelaide this 16th day of March 2001.

Signed in accordance with a resolution of the Directors:



Phil Wright
Managing Director

Profit and Loss Statements

ADELAIDE BRIGHTON LIMITED
AND ITS CONTROLLED
ENTITIES FOR THE 18 MONTH
PERIOD 1 JULY 1999 -
31 DECEMBER 2000

THE PROFIT AND LOSS
STATEMENTS ARE TO BE
READ IN CONJUNCTION WITH
THE NOTES TO AND FORMING
PART OF THE FINANCIAL
STATEMENTS SET OUT ON
PAGES 33 TO 66

	Note	Consolidated		The Company	
		18 mths Dec 2000 \$'000	12 mths June 1999 \$'000	18 mths Dec 2000 \$'000	12 mths June 1999 \$'000
Operating profit before abnormal items and income tax	2,3	46 750	20 462	36 423	32 669
Abnormal items	4	(8 767)	(106 096)	(2 708)	(59 309)
Operating profit/(loss) before income tax		37 983	(85 634)	33 715	(26 640)
Income tax attributable to operating profit/(loss)	6	2 093	(15 565)	10 179	1 644
Operating profit/(loss) after income tax		35 890	(70 069)	23 536	(28 284)
Outside equity interests in operating profit/(loss) after income tax		11	32 155	-	-
Operating profit/(loss) after income tax attributable to members of the Company		35 901	(37 914)	23 536	(28 284)
Retained profits/(losses) at the beginning of the reporting period		(76 020)	(32 477)	(24 003)	4 281
Adjustment to retained profits at the beginning of the reporting period on initial adoption of revised AASB 1016 Accounting for Investments in Associates		-	(8 516)	-	-
Adjustment to retained profits at the beginning of the reporting period on initial adoption of UIG 26 Accounting for Major Cyclical Maintenance		-	2 581	-	-
Aggregate of amounts transferred from reserves	19	475	306	-	-
Accumulated loss before appropriation		(39 644)	(76 020)	(467)	(24 003)
Dividends provided for or paid	7	(14 202)	-	(14 202)	-
Retained losses at the end of the reporting period		(53 846)	(76 020)	(14 669)	(24 003)

Balance Sheets as at 31 December 2000

	Note	Consolidated		The Company	
		Dec 2000 \$'000	June 1999 \$'000	Dec 2000 \$'000	June 1999 \$'000
Current assets					
Cash		32 180	14 532	153	154
Receivables	8	56 999	84 100	94 904	65 509
Inventories	9	44 013	49 628	-	-
Other	10	3 181	5 724	1	1
Total current assets		136 373	153 984	95 058	65 664
Non-current assets					
Receivables	8	10 939	15 266	148 360	148 360
Investments	11	26 942	33 348	301 245	294 982
Property, plant and equipment	12	509 090	527 567	-	-
Intangibles	13	152 712	163 929	195	488
Other	14	29 612	31 485	483	-
Total non-current assets		729 295	771 595	450 283	443 830
Total assets		865 668	925 579	545 341	509 494
Current liabilities					
Accounts payable	15	44 388	49 542	13 499	3 515
Borrowings	16	54 977	9 911	84 294	10 885
Provisions	17	52 218	26 642	7 101	116
Total current liabilities		151 583	86 095	104 894	14 516
Non-current liabilities					
Borrowings	16	204 902	297 160	-	58 189
Provisions	17	66 954	116 139	-	176
Total non-current liabilities		271 856	413 299	-	58 365
Total liabilities		423 439	499 394	104 894	72 881
Net assets		442 229	426 185	440 447	436 613
Shareholders' equity					
Share capital	18	462 245	467 745	455 116	460 616
Reserves	19	30 859	31 478	-	-
Retained losses		(53 846)	(76 020)	(14 669)	(24 003)
Shareholders' equity attributable to members of the Company		439 258	423 203	440 447	436 613
Outside equity interests in controlled entities	20	2 971	2 982	-	-
Total shareholders' equity		442 229	426 185	440 447	436 613

ADELAIDE BRIGHTON LIMITED
AND ITS CONTROLLED
ENTITIES

THE BALANCE SHEETS ARE
TO BE READ IN CONJUNCTION
WITH THE NOTES TO AND
FORMING PART OF THE
FINANCIAL STATEMENTS SET
OUT ON PAGES 33 TO 66

Statements of Cash Flows

ADELAIDE BRIGHTON LIMITED
AND ITS CONTROLLED
ENTITIES FOR THE 18 MONTH
PERIOD 1 JULY 1999 -
31 DECEMBER 2000

THE STATEMENTS OF CASH
FLOWS ARE TO BE READ IN
CONJUNCTION WITH THE
NOTES TO AND FORMING
PART OF THE FINANCIAL
STATEMENTS SET OUT ON
PAGES 33 TO 66

	Note	Consolidated		The Company	
		18 mths Dec 2000 \$'000	12 mths June 1999 \$'000	18 mths Dec 2000 \$'000	12 mths June 1999 \$'000
Cash flows from operating activities					
Cash receipts in the course of operations		633 284	307 541	-	-
Cash payments in the course of operations		(504 804)	(269 657)	(6 842)	(3 847)
Dividends received		6 255	2 277	3 290	7 431
Distributions from business undertakings		8 117	3 968	-	-
Other income		7 073	1 218	-	-
Interest and other items of a similar nature received		4 692	791	10 105	3 810
Borrowing costs paid		(31 547)	(17 009)	(9 531)	(6 406)
Income tax refunds received		1 043	2 060	-	-
Income taxes paid		(6 769)	(1 081)	-	-
Net cash provided by operating activities	33(b)	117 344	30 108	(2 978)	988
Cash flows from investing activities					
Payments for property, plant and equipment		(32 177)	(8 374)	-	-
Payments for capitalised maintenance		(11 861)	(1 515)	-	-
Payments on sale of controlled entities		(1 883)	-	(1 883)	-
Payments for controlled entities	33(d)	(1 659)	(1 012)	(1 659)	(1 012)
Proceeds from sale of investments		4 956	-	-	-
Proceeds from sale of non-current assets		9 103	1 535	-	-
Loans to associated companies		(5 116)	-	-	-
Loans repaid		400	600	-	-
Other payments	33(c)	55	(2 365)	-	(1 466)
Net cash provided by (used in) investing activities		(38 182)	(11 131)	(3 542)	(2 478)
Cash flows from financing activities					
Loans repaid by controlled entities		-	-	-	1 567
Loans to controlled entities		-	-	-	(82 860)
Proceeds from issue of shares (net of associated costs)		-	76 502	-	76 502
Proceeds from borrowings		105 000	15 692	18 100	-
Repayment of borrowings		(153 431)	(23 200)	(3 202)	-
Other proceeds	33(c)	298	1 301	-	-
Dividends paid		(7 101)	(3 936)	(7 101)	(3 936)
Capital repayment to shareholders		(5 510)	-	(5 510)	-
Dividends paid to outside equity interests		-	(7 140)	-	-
Capital reduction payment to outside equity interests		-	(82 860)	-	-
Net cash used in financing activities		(60 744)	(23 641)	2 287	(8 727)
Net increase (decrease) in cash held		18 418	(4 664)	(4 233)	(10 217)
Net cash at the beginning of the reporting period		13 621	8 946	(10 731)	(514)
Cash balances in controlled entities acquired	33(d)	-	9 184	-	-
Effects of exchange rate changes on the balances of cash held in foreign currencies		141	155	-	-
Net cash at the end of the reporting period	33(a)	32 180	13 621	(14 964)	(10 731)

Notes to and forming part of the Financial Statements

ADELAIDE BRIGHTON LIMITED
AND ITS CONTROLLED
ENTITIES

NOTES TO AND FORMING
PART OF THE FINANCIAL
STATEMENTS FOR THE
18 MONTH PERIOD 1 JULY
1999 - 31 DECEMBER 2000

1 Statement of accounting policies

The significant policies which have been adopted in the preparation of this financial report are:

(a) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Law. It has been prepared on the basis of historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. These accounting policies have been consistently applied and, except where there is a change in accounting policy, are consistent with those of the previous reporting period.

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current reporting period amounts and other disclosures.

Approval was granted to the Company (and its subsidiaries within Australia) by Australian Securities and Investment Commission to align its financial year end with that of its ultimate parent entity, resulting in an 18 month financial period. The comparative information is for a 12 month period.

(b) Principles of consolidation

The consolidated financial statements comprise the financial statements of the Company, being the parent entity, and its controlled entities. All inter-entity balances and transactions have been eliminated.

Where an entity either began or ceased to be controlled during the reporting period, the results are included only from the date control commenced or up to the date control ceased.

Outside interests in the equity and results of the entities that are controlled by the Company are shown as a separate item in the consolidated financial statements.

(c) Foreign currency

Foreign currency transactions are translated to Australian currency at the rates of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are translated at the rates of exchange ruling on that date.

Exchange differences arising on the hedging of specific foreign currency transactions to establish the price of particular goods or services to be purchased or sold are deferred for inclusion in the measurement of the transaction to which they relate.

The balance sheets of the overseas controlled entities (being self-sustaining foreign operations) are translated at the rates of exchange ruling at balance date. The profit and loss statements are translated at an average rate for the period. Any balance sheet transaction adjustments are taken directly to the foreign currency translation reserve.

(d) Revenue recognition

(i) Sales revenue

Sales revenue comprises revenue earned (net of returns, discounts and allowances) from the provision of goods or services to entities outside the consolidated entity. Sales revenue is disclosed when the goods are provided, or when the fee in respect of services provided is receivable.

(ii) Interest income

Interest income is recognised as it accrues.

(iii) Other revenue

The revenue recognition policy for investments is described in accounting policy Note 1(i).

1 Statement of accounting policies (continued)

(e) Income tax

The consolidated entity adopts the liability method of tax-effect accounting.

Income tax expense is calculated on operating profit adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the balance sheet as a future income tax benefit or a deferred tax liability.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits relating to tax losses are only brought to account when their realisation is virtually certain.

(f) Non-current assets

The carrying amounts of all non-current assets are reviewed at least annually to determine whether they are in excess of their recoverable amount. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower value. In assessing recoverable amounts the relevant cash flows have not been discounted to their present value.

(g) Cash

For the purposes of the Statements of Cash Flows, cash includes deposits at call which are readily convertible to cash on hand and which are used in the cash management function on a day-to-day basis, net of outstanding bank overdrafts.

(h) Derivatives

The Group is exposed to changes in interest rates and foreign exchange rates from its activities. Group policy is to utilise derivative financial instruments to reduce these risks and not to enter, hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments that are designated and effective as hedges of underlying exposures are accounted for on the same basis as the underlying exposure.

Where a hedge transaction is terminated early and the anticipated transaction is still expected to occur, the deferred gains and losses that arose on the hedge prior to its termination continue to be deferred and are accounted for on the same basis as the underlying exposure. Where a hedge transaction is terminated early because the anticipated transaction is no longer expected to occur, deferred gains and losses that arose on the hedge prior to its termination are included in the profit and loss statement for the period.

(i) Investments

(i) Controlled entities

Investments in controlled entities are carried in the Company's financial statements at cost or Directors' valuation having regard to recoverable amounts. Dividends and distributions are brought to account in the profit and loss statement when they are declared.

Provisions for write down of the investment in controlled entities are made in the financial statements of the Company where the net assets of controlled entities fall below zero.

(ii) Associates

In the consolidated financial statements investments in associates are accounted for using equity accounting principles. Investments in associates are carried at the lower of the equity accounted amount and recoverable amount. The consolidated entity's share of the associates' net profit or loss after tax is recognised in the consolidated profit and loss statement after adjustments for: amortisation of goodwill arising from notional adjustments made as at the date of acquisition; dissimilar accounting policies; and the elimination of unrealised profits and losses on transactions between the associate and any entities in the consolidated entity or another associate of the consolidated entity. Other movements in reserves are recognised directly in consolidated reserves.

(iii) Other companies

Investments in other companies are carried at cost or Directors' valuation having regard to recoverable amounts. Dividends are brought to account as they are received.

1 Statement of accounting policies (continued)

(j) Inventories

All inventories are valued at the lower of cost and net realisable value. The cost of raw materials, work in progress and finished goods is based upon average production cost and includes an appropriate proportion of fixed and variable manufacturing overheads. Stores are valued at average cost less an allowance for obsolescence.

(k) Depreciation and amortisation of fixed assets

(i) Limestone reserves and mineral tenements

Limestone reserves and mineral tenements are amortised based on annual extraction rates over the estimated life of the reserves, with the maximum period of amortisation capped at 50 years.

(ii) Restoration and environmental

A provision for reinstatement of operational quarries is made for the restoration of areas in which mineral reserves are extracted where there are known obligations under existing law. Where practical, restoration is performed progressively and charged to costs as a part of normal activity. The adequacy of the overall provision is reassessed each year based on current costs which are undiscounted.

(iii) Major cyclical maintenance

Plant is required to be overhauled on a regular basis. This is managed as part of an ongoing cyclical maintenance program. The costs of this maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset in which case they are capitalised and depreciated over the expected useful life.

(iv) Other fixed assets

Fixed assets, including buildings and leasehold property but excluding freehold land, are depreciated or amortised over their estimated useful lives. The straight line method is used.

The average depreciation rates used for each class of asset are as follows:

Buildings	2.5%
Plant and equipment	3.3%

(l) Leased assets

Leases of plant and equipment under which the Company or its controlled entities assume substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases.

Finance leases are capitalised. A lease asset and a liability equal to the present value of the minimum lease payments are recorded at the inception of the lease. Capitalised leased assets are amortised on a straight line basis over the term of the relevant lease or, where it is likely the consolidated entity will obtain ownership of the asset, the life of the asset. Lease liabilities are reduced by repayments of principal. The interest component of the lease payments is charged to the profit and loss statement.

Operating lease costs are expensed as incurred.

(m) Research and development costs

Research and development costs are expensed as incurred, except as identified in Note 14 where the expenditure relates to specific major projects in which research and development costs are capitalised up to the commencement of commercial testing as part of the project development costs, after which they are amortised on a straight line basis over the period in which the related benefits are expected to be realised. All capitalised research and development costs have now been fully amortised.

1 Statement of accounting policies (continued)

(n) Provisions

(i) Provision for employee entitlements

Wages, Salaries, Annual Leave and Sick Leave

The provisions for employee entitlements to wages, salaries, annual leave and sick leave represent the amount which the consolidated entity has a present obligation to pay resulting from employees' services provided up to the balance date. The provision has been calculated at nominal amounts based on current wage and salary rates and includes related on-costs.

Long service leave

The provision for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to the balance date.

Provisions for employee entitlements which are not expected to be settled within twelve months are discounted using the rates attaching to national government securities at balance date, which most closely match the terms of maturity of the related provisions.

In determining the provision for employee entitlements, consideration has been given to future increases in wage and salary rates, and the consolidated entity's experience with staff departures. Related on-costs have also been included in the provision.

(ii) Provision for workers' compensation

Provision is made for estimated amounts outstanding on existing claims and an assessment of unreported accidents for which the consolidated entity may become liable.

(iii) Provisions for product warranty

Provision is made for the consolidated entity's estimated liability on all products still under warranty, including claims already received. The estimate is based on experience.

(o) Superannuation funds

The Company and its controlled entities contribute to employee superannuation and pension funds in addition to contributions to the funds made by employees. Such Group contributions are charged against income.

(p) Borrowing costs

Borrowing costs include interest and amortisation of other costs incurred in connection with the arrangement of borrowings and lease finance charges. Borrowing costs are expensed as they are incurred unless they relate to qualifying assets. Qualifying assets are assets which take more than 12 months to get ready for their intended use or sale. Borrowing costs from external sources for specific major projects are capitalised as part of the project development cost up to the commencement of commercial operations.

(q) Acquisition of assets

The cost method of accounting is used for all acquisitions of assets regardless of whether shares or other assets are acquired. Cost is determined as the fair value of the assets given up at the date of acquisition plus costs incidental to the acquisition.

(r) Intangibles and expenditure carried forward

(i) Convertible note issue costs

Convertible note issue costs are amortised over a period corresponding to the issue period of the notes.

(ii) Patents, trademarks and brand names

Significant costs associated with patents, trademarks and brand names having a benefit or relationship to more than one accounting period are deferred and where applicable amortised over the period of their expected life.

(s) Research and development syndicate

During the 1996 financial year the consolidated entity entered into a Research and Development Syndication agreement. The accounting treatment and effect on the balance sheet and profit and loss statement are disclosed in Note 27 of the financial statements. In December 2000, the Research and Development Syndication was wound up.

(t) Goodwill

Goodwill represents the excess of the purchase consideration plus incidental costs over the fair value of the identifiable net assets acquired on the acquisition of a business. Goodwill is amortised over the period of time during which benefits are expected to rise, on a straight line basis, up to a maximum of 20 years. The unamortised balance of goodwill is reviewed at least each reporting date. Where the balance exceeds the value of expected future benefits, the difference is charged to the profit and loss statement.

(u) **Accounts payable**

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Company or consolidated entity. Trade accounts payable are normally settled within 60 days.

(v) **Bank loans**

Bank loans are carried on the balance sheet at their principal amount. Interest expense is accrued at the contracted rate and included in 'Other creditors and accruals'.

(w) **Convertible notes**

Convertible notes are recorded in the balance sheet at face value. Interest on the notes is recognised in the profit and loss statement as an expense.

(x) **Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the Statements of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

<i>Consolidated</i>		<i>The Company</i>	
18 mths Dec 2000 \$'000	12 mths June 1999 \$'000	18 mths Dec 2000 \$'000	12 mths June 1999 \$'000

2 Revenue

(a) **Revenue from operating activities**

Sales of goods	581 253	275 253	-	-
Rendering of services	43 453	38 312	-	-
Dividends:				
Controlled entities	-	-	3 290	24 882

(b) **Revenue from outside operating activities**

Interest:				
Controlled entities	-	-	44 741	15 450
Associated entities	837	369	-	-
Other parties	3 928	1 822	50	22
Share of associates' net profit (Note 26)	10 660	7 986	-	-
Proceeds from sale of non-current assets	8 185	1 241	26	-
Proceeds from sale of investments in associates (Note 26)	4 956	-	-	-
Insurance claims	850	-	-	-
Rental income	311	207	-	-
Royalty income	3	244	-	-
Research and development grant	-	244	-	-
Sundry income	2 009	766	-	-
	656 445	326 444	48 107	40 354

	Consolidated		The Company	
	18 mths Dec 2000 \$'000	12 mths June 1999 \$'000	18 mths Dec 2000 \$'000	12 mths June 1999 \$'000
3 Operating profit				
Operating profit before abnormal items and income tax has been arrived at after charging/(crediting) the following items:				
Borrowing costs:				
Controlled entities	-	-	189	-
Parent and associated companies	14 345	-	-	-
Other	20 650	16 814	9 609	6 389
	34 995	16 814	9 798	6 389
Depreciation of:				
Buildings	3 258	1 172	-	-
Plant and equipment ¹	43 781	24 544	-	-
	47 039	25 716	-	-
Cyclical maintenance	11 944	413	-	-
Net expense including movements in provision for:				
Bad and doubtful trade debts	1 677	145	-	-
Employee entitlements	2 193	2 985	-	-
Workers' compensation	1 055	1 100	-	-
Product warranty	150	194	-	-
Put option liability	-	1 318	-	-
Restoration	401	(167)	-	-
Research and development costs written off	2 108	289	-	-
Amortisation of:				
Leasehold improvements	481	28	-	-
Leased assets	699	462	-	-
Limestone and mineral reserves ¹	1 289	-	-	-
Convertible note costs	293	195	293	195
Deferred expenditure	218	489	-	-
Research and development costs	-	94	-	-
Goodwill	12 292	434	-	-
Other intangibles	292	325	-	-
Net foreign exchange loss	12	88	1	-
Operating leases rental expenses	927	901	-	-
Mineral royalty	1 630	498	-	-
Net loss on sale of property, plant and equipment	1 185	1 544	-	-

¹ To more appropriately reflect the underlying useful lives, the consolidated entity re-assessed the useful lives of certain items of non-current assets during the reporting period to 31 December 2000. The re-assessment of useful lives was applied from 1 January 2000. The financial effect of the re-assessment was to reduce the depreciation expense and increase operating profit before tax by \$5 071 000.

	<i>Consolidated</i>		<i>The Company</i>	
	18 mths Dec 2000 \$'000	12 mths June 1999 \$'000	18 mths Dec 2000 \$'000	12 mths June 1999 \$'000
4 Abnormal items				
Provision for outstanding workers' compensation claims	167	(1 020)	-	-
Income tax effect	-	-	-	-
	167	(1 020)	-	-
Rationalisation costs	(9 219)	(101 544)	83	(165)
Income tax effect	2 158	19 511	-	-
	(7 061)	(82 033)	83	(165)
Write down of investment in associates	(3 472)	-	(2 554)	(55 612)
Income tax effect	-	-	-	-
	(3 472)	-	(2 554)	(55 612)
Settlement of legal claim	(246)	(3 532)	(237)	(3 532)
Income tax effect	66	-	-	-
	(180)	(3 532)	(237)	(3 532)
Profit on sale of land	2 190	-	-	-
Income tax effect	-	-	-	-
	2 190	-	-	-
Insurance claim - damage to electrostatic precipitator	1 813	-	-	-
Income tax effect	(616)	-	-	-
	1 197	-	-	-
Aggregate abnormal items before income tax	(8 767)	(106 096)	(2 708)	(59 309)

The above are abnormal items included in operating profit before income tax. Abnormal items that only affect the calculation of income tax expense are set out in Note 6.

Rationalisation costs

Rationalisation costs of \$9 219 000 (1999: \$101 544 000) include an amount of \$Nil (1999: \$46 751 000) relating to minority interests.

5 Auditor's remuneration

Amounts received or due and receivable for audit services:

Auditors of the Company	381 884	137 981	113 625	43 000
Other services:				
Auditors of the Company	-	324 922	-	25 542

	<i>Consolidated</i>		<i>The Company</i>	
	18 mths Dec 2000 \$'000	12 mths June 1999 \$'000	18 mths Dec 2000 \$'000	12 mths June 1999 \$'000
6 Taxation				
(a) Income tax expense				
Prima facie income tax expense calculated on the operating profit/(loss)	(i) 13 091	(30 828)	12 384	(9 590)
Increase in income tax expense due to:				
Depreciation and amortisation	5 102	10 879	-	-
Capital loss	236	137	576	-
Write off of investment	1 207	-	-	-
Writedown investment in subsidiary	-	-	-	20 020
Provision for put option expense	734	475	-	-
Other items	693	4 055	348	61
	21 063	(15 282)	13 308	10 491
Decrease in income tax expense due to:				
Rebate on dividend income	1 739	926	1 119	3 467
Exempt dividends	-	-	-	5 539
Share of associates' net profit	(288)	281	-	-
Research and development expenditure	170	99	-	-
Overseas tax rate difference	(237)	(481)	-	-
Other items	2 046	199	-	-
	3 430	1 024	1 119	9 006
Income tax expense adjusted for permanent differences	17 633	(16 306)	12 189	1 485
Future income tax benefit due to recoupment of tax losses and timing differences not previously brought to account	(9 870)	1 050	(483)	-
Abnormal income tax items:				
Realised capital tax loss	-	-	(921)	-
Effect of change in tax rate	(3 788)	-	64	-
Add: Income tax under/(over) provided in prior period	(1 882)	(309)	(670)	159
Total income tax expense/(benefit)	2 093	(15 565)	10 179	1 644

(i) Prima facie tax expense calculated at 34% for 12 month period ended 31 December 2000, and 36% for 6 month period ended 31 December 1999. Prima facie tax expense calculated at 36% for 12 month period ended 30 June 1999.

	<i>Consolidated</i>		<i>The Company</i>	
	Dec 2000 \$'000	June 1999 \$'000	Dec 2000 \$'000	June 1999 \$'000
(b) Future income tax benefit				
Future income tax benefit reflects the future benefit at current income tax rates of the following items:				
Timing differences	20 594	19 295	483	-
Tax losses carried forward	9 017	11 964	-	-
	29 611	31 259	483	-

	<i>Consolidated</i>		<i>The Company</i>	
	Dec 2000 \$'000	June 1999 \$'000	Dec 2000 \$'000	June 1999 \$'000
6 Taxation (continued)				
(b) Future income tax benefit (continued)				
Future income tax benefit not taken into account:				
Capital tax losses	47 889	41 626	10 997	12 960
Tax losses carried forward	16 412	26 548	-	-
Timing differences	-	165	-	-
	64 301	68 339	10 997	12 960

The potential benefit arising from the above items is not recognised as an asset because recovery is not virtually certain.

The future income tax benefit which has not been recognised as an asset will only be obtained if:

- the relevant controlled entity derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised, or the benefit can be utilised by another company in the consolidated entity in accordance with Division 170 of the Income Tax Assessment Act 1997;
- the relevant controlled entity and/or the consolidated entity continues to comply with the conditions for deductibility imposed by the law; and
- no changes in tax legislation adversely affect the relevant controlled entity and/or the consolidated entity in realising the benefit.

	<i>Consolidated</i>		<i>The Company</i>	
	18 mths Dec 2000 \$'000	12 mths June 1999 \$'000	18 mths Dec 2000 \$'000	12 mths June 1999 \$'000
7 Dividends				
Dividends provided for or paid by the Company are:				
(i) in respect of the current reporting period, an interim ordinary dividend of 1.5 cents per share, fully franked with Class C (34%) franking credits and paid on 16 October 2000.	7 101	-	7 101	-
(ii) In respect of the current reporting period, a final ordinary dividend of 1.5 cents per share, fully franked with Class C (34%) franking credits and payable on 24 April 2001.	7 101	-	7 101	-
	14 202	-	14 202	-

	<i>Consolidated</i>		<i>The Company</i>	
	Dec 2000 \$'000	June 1999 \$'000	Dec 2000 \$'000	June 1999 \$'000
Dividend franking account				

Dividend franking account

The balance of the franking account takes into account the provision of franking credits to be used in the payment of the above final dividend.

Fully franked dividends due from associated companies in early 2001 will be sufficient to cover the franking deficit when the above final dividend payment is made.

Class C (34%) franking credit/(deficit)	(776)	(2 210)	(2 365)	1 489
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	Consolidated		The Company	
	Dec 2000 \$'000	June 1999 \$'000	Dec 2000 \$'000	June 1999 \$'000
8 Receivables				
Current				
Trade debtors	57 898	68 224	-	-
Less: provision for doubtful debts	1 448	1 320	-	-
	56 450	66 904	-	-
Other debtors	270	2 399	30	-
Loans to controlled entities	-	-	94 874	65 509
Secured deposits under Research and Development Syndication agreement (refer Note 27)	-	2 723	-	-
Amounts owing by associated companies	279	12 074	-	-
	56 999	84 100	94 904	65 509
Non-current				
Loans to controlled entities	-	-	148 360	148 360
Secured deposits under Research and Development Syndication agreement (refer Note 27)	-	14 544	-	-
Amounts owing by associated companies	10 617	400	-	-
Other debtors	322	322	-	-
	10 939	15 266	148 360	148 360
9 Inventories				
Raw materials and stores - at cost	21 521	26 160	-	-
Work in progress - at cost	16 475	15 556	-	-
Finished goods - at cost	6 017	7 912	-	-
	44 013	49 628	-	-
10 Other current assets				
Prepayments	1 303	3 816	1	1
Land held for sale - at cost	-	865	-	-
Other	1 878	1 043	-	-
	3 181	5 724	1	1
11 Investments				
Non-current				
Controlled entities (Note 24)				
Unlisted shares at cost	-	-	232 672	231 012
Unlisted shares at Directors' valuation 1999	-	-	68 573	63 970
Associates (Note 26)				
Equity accounted	26 932	33 338	-	-
Other corporations				
Listed shares at cost	2	2	-	-
Unlisted shares at cost	8	8	-	-
	26 942	33 348	301 245	294 982

	<i>Consolidated</i>		<i>The Company</i>	
	Dec 2000 \$'000	June 1999 \$'000	Dec 2000 \$'000	June 1999 \$'000
12 Property, plant and equipment				
Freehold land				
At cost	40 805	38 282	-	-
At independent valuation 1992 (reaffirmed in 1998 - see below)	4 123	4 123	-	-
At Directors' valuation 1994	805	805	-	-
	45 733	43 210	-	-
Buildings				
At cost	46 828	47 147	-	-
At independent valuation 1992 (reaffirmed in 1998 - see below)	6 800	6 800	-	-
At Directors' valuation 1994	732	732	-	-
	54 360	54 679	-	-
Less: accumulated depreciation	26 573	23 294	-	-
	27 787	31 385	-	-
Leasehold property				
At cost	56	259	-	-
At Directors' valuation 1994	56	56	-	-
	112	315	-	-
Less: accumulated amortisation	111	216	-	-
	1	99	-	-
Plant and equipment				
At cost	605 251	603 237	-	-
At independent valuation 1977	57 341	57 963	-	-
At Directors' valuation 1994	13 292	13 246	-	-
	675 884	674 446	-	-
Less: accumulated depreciation	329 755	296 838	-	-
	346 129	377 608	-	-
Leased plant and equipment				
At capitalised cost	4 612	4 612	-	-
Less: accumulated amortisation	4 612	2 998	-	-
	-	1 614	-	-
Major cyclical maintenance capitalised				
At cost	20 194	8 333	-	-
Less: accumulated amortisation	13 120	4 727	-	-
	7 074	3 606	-	-
Limestone reserves and mineral tenements				
At cost	6 344	8 540	-	-
At Directors' valuation 1997	1 850	1 850	-	-
At Directors' valuation 1999	57 293	58 147	-	-
Less: accumulated amortisation	1 384	-	-	-
	64 103	68 537	-	-
Capital works in progress				
At cost	18 263	1 508	-	-
Total property, plant and equipment - net book value	509 090	527 567	-	-

12 Property, plant and equipment (continued)

The 1992 valuation of land and buildings was based on existing and alternative use criteria.

The 1977 and 1994 Directors' valuation of plant and equipment was based on existing use criteria.

Land and buildings of the consolidated entity were independently valued as at 31 May 1998 by Mr S Hickin BAppSc(Va) AAPI ASIA at \$29 958 000. The valuations were based on the basis of the open market value of the properties concerned in their existing use. No revaluation has been recognised in the financial statements.

Land and limestone reserves of Cockburn Cement Limited were independently valued as at 31 December 1998 by Mr JK McNamara FAPI CPV. This valuation was conducted on a existing use and open market value basis. Adelaide Brighton Limited has used this valuation as a basis for its assessment of the fair value of assets acquired on 30 June 1999.

A Directors' valuation of limestone reserves and mineral tenements was carried out based on independent advice as at 30 June 1997 and is on the basis of the reserves quality, quantity, location and annual rates of extraction. The Directors are of the opinion that this basis provides a reasonable estimate of recoverable amount, refer Note 1 (k)(i). As at 30 June 1999, limestone reserves and mineral tenements were written down by \$25 999 000 as part of the Group's rationalisation.

In revaluing limestone reserves the Directors have not taken into account the potential impact of capital gains tax on the grounds that such assets are an integral part of the consolidated entity's operation and there is no intention to sell the assets.

To more appropriately reflect the underlying useful lives, the consolidated entity re-assessed the useful lives of certain items of non-current assets during the reporting period to 31 December 2000. The re-assessment of useful lives was applied from 1 January 2000. The financial effect of the re-assessment was to reduce the depreciation expense and increase operating profit before tax by \$5 071 000.

	<i>Consolidated</i>		<i>The Company</i>	
	Dec 2000 \$'000	June 1999 \$'000	Dec 2000 \$'000	June 1999 \$'000
Convertible note issue costs	1 951	1 951	1 951	1 951
Less: accumulated amortisation	1 756	1 463	1 756	1 463
	195	488	195	488
Patents, trademarks and brand names at cost	452	452	-	-
Patents, trademarks and brand names at Directors' valuation 1999	983	983	-	-
Less: accumulated amortisation	526	245	-	-
	909	1 190	-	-
Goodwill	164 721	163 061	-	-
Less: accumulated amortisation	13 113	821	-	-
	151 608	162 240	-	-
Royalty agreement at cost	498	500	-	-
Less: accumulated amortisation	498	489	-	-
	-	11	-	-
	152 712	163 929	195	488

	<i>Consolidated</i>		<i>The Company</i>	
	Dec 2000 \$'000	June 1999 \$'000	Dec 2000 \$'000	June 1999 \$'000
14 Non-current assets - other				
Future income tax benefit (Note 6(b))	29 611	31 259	483	-
Incorporation/acquisition costs	1	19	-	-
	29 612	31 278	483	-
Deferred expenditure	-	1 310	-	-
Less: accumulated amortisation	-	1 103	-	-
	-	207	-	-
Research and development costs:				
Expenditure brought forward	2 976	1 905	-	-
Deferred in current period	-	1 071	-	-
	2 976	2 976	-	-
Less: accumulated amortisation	2 976	2 976	-	-
	-	-	-	-
	29 612	31 485	483	-
15 Accounts payable				
Trade creditors	30 094	32 661	-	-
Other creditors and accruals	14 294	16 881	13 499	3 515
	44 388	49 542	13 499	3 515
16 Borrowings				
Current				
Secured by Negative Pledge				
Bank overdraft	-	911	-	10 885
Secured by Trust Deed				
27 488 613 convertible notes of \$2.00 each fully paid	54 977	-	54 977	-
Unsecured				
Bank loans	-	9 000	15 117	-
Other loans	-	-	14 200	-
	54 977	9 911	84 294	10 885
Non-current				
Secured by Negative Pledge				
Bank loans	-	143 284	-	-
Secured by Trust Deed				
29 094 661 convertible notes of \$2.00 each fully paid	-	58 189	-	58 189
Unsecured				
Parent entity	204 800	95 585	-	-
Other loans	102	102	-	-
	204 902	297 160	-	58 189

Convertible notes

On 11 December 1991, the Company issued subordinated convertible unsecured notes of \$2.00 face value. Interest is payable every six months at 11% per annum. The notes are convertible, at the holder's option, into the same number of ordinary shares at any time between 15 June 1992 and 15 June 2001, and redeemable at face value at the Company's option at any time after 15 June 2001 for cash. Since 15 August 2000, the Company has been in the market to purchase its convertible unsecured notes. At the balance date, the Company had purchased 1 600 716 notes. A further 176 274 notes have been purchased up to the date of this report.

It is the Company's intention to redeem all remaining convertible notes on 15 December 2001.

Financing arrangements

In June 2000, the Company entered into a five year arrangement with its ultimate parent company RMC Group p.l.c. for the provision of credit facilities to \$350 million. The Company is required to pay interest at the end of each quarter on the average balance of any drawdowns on that facility. Since June 2000, the average interest rate applicable was 7.22%.

Bank loans - multi-option facilities

Following the arrangement between the Company and its ultimate parent, RMC Group p.l.c., the Company has arranged new facilities with its two primary banking institutions.

The consolidated entity has access to net bank overdraft facilities of \$4 million.

The consolidated entity has available market rate advance facilities of \$25 million. At 31 December 2000, the total of the market rate advance facility drawn down was \$Nil. There is also a range of multi option facilities available to the economic entity through the new banking arrangements.

The new banking facilities are unsecured except for a letter of comfort from RMC Group p.l.c.

Interest on bank overdrafts is charged at fixed and variable rates. The weighted average effective interest rate for all overdrafts as at 31 December 2000 is 9.9% (1999: 8.6%).

Bank loans are denominated in Australian dollars. In 1999 a bank loan denominated in pounds sterling existed in the books of a subsidiary in the United Kingdom. This loan was repaid during the reporting period. The bank loan amount in current liabilities (1999) comprises the portion of the consolidated entity's bank loan to be repaid within one year. The bank loan non-current balance (1999) was repaid during the reporting period.

All facilities between the Company and its bankers are reviewed annually.

	<i>Consolidated</i>		<i>The Company</i>	
	Dec 2000	June 1999	Dec 2000	June 1999
	\$'000	\$'000	\$'000	\$'000
17 Provisions				
Current				
Final dividend	7 101	-	7 101	-
Income tax	346	2 521	-	116
Employee entitlements including on costs	13 928	20 756	-	-
Workers' compensation	2 403	2 168	-	-
Restoration	-	868	-	-
Restructuring costs	27 987	-	-	-
Other	453	329	-	-
	52 218	26 642	7 101	116
Non-current				
Employee entitlements including on costs	2 460	3 387	-	-
Research and development put option	-	14 544	-	-
Limited recourse loan (Note 31 (f)(i))	12 305	12 305	-	-
Deferred income tax	51 189	53 338	-	176
Reinstatement of operational quarries	1 000	-	-	-
Restructuring costs	-	32 565	-	-
	66 954	116 139	-	176

A provision of \$32 565 000 was established following the announcement in May 1999 of the closure of Geelong Cement. The closure is expected to occur during June 2001. The remaining provision of \$27 987 000 (now shown as a current provision) provides for redundancy payments, plant demolition, site clean up and quarry remediation.

	<i>Consolidated</i>		<i>The Company</i>	
	Dec 2000 \$'000	June 1999 \$'000	Dec 2000 \$'000	June 1999 \$'000
18 Share capital				
Issued and paid up capital				
473 408 992 (1999: 473 403 660) ordinary shares, fully paid	462 245	467 745	455 116	460 616
Movements in ordinary share capital				
Balance at the beginning of the reporting period	467 745	78 719	460 616	78 719
Balance of the share premium reserve (i)	-	82 522	-	75 393
Shares issued				
115 962 839 shares issued for cash (ii)	-	76 501	-	76 501
200 000 000 shares issued as consideration for acquiring a controlled entity (iii)	-	230 000	-	230 000
Employee share plan (iv)	-	1	-	1
Capital repayment of 3.5c per share	(5 510)	-	(5 510)	-
Convertible notes converted to 5 332 shares	10	2	10	2
	462 245	467 745	455 116	460 616

(i) The Company Law Review Act 1998 ("the Act") came into effect on 1 July 1998. The Act abolished par value shares, and any amount standing to the credit of the share premium reserve became part of the Company's share capital on 1 July 1998.

The share premium reserve on consolidation has been higher than the Company's in prior periods as a result of shares issued to a minority at a premium.

From 1 July 1998 share capital does not have a nominal (par) value.

(ii) On 30 June 1999 ordinary shares were issued pursuant to a prospectus:

- 55 962 839 shares were issued at \$0.70.

On 30 June 1999, Rugby Holdings Limited subscribed for a placement of ordinary shares:

- 60 000 000 shares were issued at \$0.70.

Transaction costs of \$4 673 000 were recognised as a reduction of the issue proceeds.

(iii) On 30 June 1999 ordinary shares were issued to Rugby Holdings Limited as consideration for the issued capital of Cockburn Cement Limited:

- 200 000 000 shares were issued at \$1.15.

(iv) Ordinary shares issued under the Adelaide Brighton Limited Employee Share Acquisition Plan. Refer to Note 21 for further information about the Plan.

	Consolidated		The Company	
	Dec 2000 \$'000	June 1999 \$'000	Dec 2000 \$'000	June 1999 \$'000
19 Reserves				
Asset revaluation	33 074	33 549	-	-
Capital profits	78	78	-	-
Foreign currency translation	(2 293)	(2 149)	-	-
	30 859	31 478	-	-

Movements during the period

Share premium

Balance at beginning of period	-	82 522	-	75 393
Included with share capital (refer Note 18(i))	-	(82 522)	-	(75 393)
Balance at end of period	-	-	-	-

Asset revaluation reserve

Balance at beginning of period	33 549	59 789	-	-
Adjustment to asset revaluation reserve at the beginning of the reporting period on initial adoption of revised AASB 1016 Accounting for Investments in Associates:				
Reversal of previous revaluations of investments in associates	-	(20 006)	-	-
Transfer to retained profits on sale of revalued land	(475)	(306)	-	-
Revaluation of investments	-	(5 928)	-	-
Balance at end of period	33 074	33 549	-	-

Foreign currency translation

Balance at beginning of period	(2 149)	(2 331)	-	-
Adjustment on translation of overseas financial statements	(144)	182	-	-
Balance at end of period	(2 293)	(2 149)	-	-

In accordance with the provisions of AASB 1024: "Consolidated Accounts", only that portion of reserves attributable to members of the consolidated entity is disclosed above.

20 Outside equity interest

The outside equity interest in controlled entities comprise:

Share capital	4 880	4 880	-	-
Retained earnings	(1 909)	(1 898)	-	-
	2 971	2 982	-	-

21 Employee entitlements

Aggregate employee entitlements, including on costs:

Current	13 928	20 756	-	-
Non-current	2 460	3 387	-	-
	16 388	24 143	-	-

The present values of employee entitlements not expected to be settled within the next twelve months of balance date have been calculated using the following weighted averages:

Assumed rate of increase in wage and salary rates	3%	3%
Discount rate	6.1%	6.3%
Settlement term (years)	10	10

21 Employee entitlements (continued)

Employee Share Plan

The establishment of the Adelaide Brighton Limited Employee Share Acquisition Plan was approved by special resolution at the annual general meeting of the Company held on 19 November 1997. Permanent full and part time employees of Adelaide Brighton Limited and its controlled entities with at least twelve months service who live and work in Australia are eligible to participate in the plan. Employees who are eligible to participate in performance share plans, casual employees and contractors are not eligible to participate in this plan.

During the current period eligible employees who applied to participate in the Plan received a grant of Adelaide Brighton Limited shares to the value of \$250. A total of 246 717 ordinary shares were issued to 711 eligible employees on 10 January 2000 for no consideration. The shares were purchased by the Company on market at an average price of \$0.72 each. The total amount paid for the shares was \$177 636 and was expensed in the profit and loss statement at the time of purchase.

The issue of the ordinary shares to employees had no effect on the issued share capital of the Company.

In subsequent years, the Board will decide whether, considering the profitability of the Company and the demands of the business, further invitations to take up grants of shares should be made.

Superannuation fund

Adelaide Brighton Limited

Certain controlled entities contribute to the Adelaide Brighton Group Superannuation Fund (the Fund), a superannuation fund providing lump sum benefits. Benefits provided are both of a defined benefit nature based on years of membership and final average salary and an accumulation of contributions with interest.

Certain controlled entities are required to contribute to the Fund in accordance with the recommendations by the actuary and government legislation.

An actuarial review of the Fund was undertaken effective 1 July 1997 by Mr CA Papanicolas BSc (Ma) (Hons) ASIA. The actuary concluded that the value of assets of the Fund was sufficient to meet the liabilities of the Fund in respect of vested and accrued benefits as at 1 July 1997. The actuary recommended current employer contribution rates be maintained.

The latest financial statements available for the Fund are as at 30 June 2000. At 30 June 2000 sufficient assets were available to satisfy all benefits that would have been vested under the Fund in the event of:

- (i) termination of the Fund
- (ii) voluntary termination of employment of each employee of the controlled entities that is a member of the Fund
- (iii) compulsory termination of employment of each employee of the controlled entities that is a member of the Fund.

The accrued benefits, fund assets at net market value and vested benefits of the Fund are as follows:

	June 2000
	\$'000
Fund assets at net market value	45 399
Accrued benefits	37 590
Excess of fund assets over accrued benefits	7 809
Vested benefits	38 651
Employer contributions to the fund	4 868
Employer contributions payable to the fund	428

Accrued benefits have been determined based on the amount calculated by the actuary at the date of the most recent actuarial review, being 30 June 1997. Accrued benefits represent the present value of future Fund payments which are expected to arise from membership of the Fund up to 30 June 1997.

The excess of Fund assets over accrued benefits has been calculated in accordance with accounting standards. However, the accrued benefits were measured three years earlier than the date the assets of the Fund were measured. If the net market value of Fund assets as at 30 June 1997 (\$43 647 000) is compared with the accrued benefits at 30 June 1997, the excess of Fund assets over accrued benefits would be \$6 057 000.

Vested benefits are benefits which are not conditional upon the continued membership of the Fund or any factor, other than resignation from the Fund.

Certain controlled entities also contribute to industry based superannuation funds. Total employer contributions for the period were \$131 000 (1999: \$76 000).

21 Employee entitlements (continued)

Superannuation fund (continued)

Cockburn Cement Limited

Cockburn Cement Limited employees contribute to either the Cockburn Cement Limited Executive Staff Superannuation Fund (a defined benefit scheme) or one of four accumulation schemes. Company contributions are in accordance with actuary recommendations and government legislation.

An actuarial review of the defined benefit scheme ('the Scheme') was undertaken effective 1 July 1998 by Mr D Balson FIAA. The actuary concluded that the value of assets of the Scheme was sufficient to meet the liabilities of the Scheme in respect of vested and accrued benefits as at 1 July 1998, in the event of the Scheme's termination or the voluntary or compulsory termination of employment of each member of the Scheme. Current employer contribution rates are in accordance with actuary recommendations.

The latest financial statements available for the Scheme are as at 30 June 2000. The accrued benefits (based on the last actuarial assessment) Scheme assets at net market value and vested benefits of the Scheme are as follows:

	June 2000
	\$'000
Scheme assets at net market value	599
Accrued benefits	516
Excess of Scheme assets over accrued benefits	83
Vested benefits	302
Employer contributions to the Scheme	29
Employer contributions payable to the Scheme	-

Accrued benefits have been determined based on the amount calculated by the actuary at the date of the most recent actuarial review, being 30 June 1998. Accrued benefits represent the present value of future Scheme payments which are expected to arise from membership of the Scheme up to 30 June 1998.

The excess of Scheme assets over accrued benefits has been calculated in accordance with accounting standards. However, the accrued benefits were measured two years earlier than the date the assets of the Scheme were measured. If the net market value of Scheme assets as at 30 June 1998 (\$798 000) is compared with the accrued benefits at 30 June 1998, the excess of Scheme assets over accrued benefits would be \$282 000.

22 Additional financial instruments disclosure

(a) Interest rate risk

The consolidated entity may enter into interest rate swaps, forward rate agreements and futures interest rate options to manage funding costs. During the current period interest rate swaps were used as the primary tool.

Interest rate swaps and forward rate agreements

Interest rate swaps allow the consolidated entity to raise long term borrowings at floating rates and swap them into fixed rates. Maturity of swap contracts is principally between 2 and 5 years.

No forward rate agreements were outstanding at period end (1999: Nil).

Interest rate options

No interest rate options were contracted at 31 December 2000 (1999: Nil).

Interest rate risk exposures

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below:

22 Additional financial instruments disclosure (continued)

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Balances of financial assets/liabilities at 31 December 2000							
	Weighted average interest rate	Floating interest rate \$'000	Fixed rate interest maturing in:			Non-interest bearing \$'000	Total \$'000
			1 year or less \$'000	Over 1 to 5 years \$'000	more than 5 years \$'000		
<i>Financial assets</i>							
Cash	5.83%	29 205	2 768	-	-	207	32 180
Receivables - Note 8	6.50%	10 617	-	-	-	57 321	67 938
Investments - Note 11	-	-	-	-	-	10	10
		39 822	2 768	-	-	57 538	100 128
<i>Financial liabilities</i>							
Borrowings - Note 16	7.43%	204 800	-	-	-	102	204 902
Accounts payable - Note 15	-	-	-	-	-	44 388	44 388
Convertible notes - Note 16	11.00%	-	54 977	-	-	-	54 977
Employee entitlements - Note 17	-	-	-	-	-	16 388	16 388
Limited Recourse Loan - Note 17	-	-	-	-	-	12 305	12 305
Final dividend - Note 17	-	-	-	-	-	7 101	7 101
		204 800	54 977	-	-	80 284	340 061
Existing at 31 Dec 2000: Interest rate swaps*	6.09%	-	55 000	80 000	-	-	135 000
Contracted at 31 Dec 2000: Interest rate swaps*	5.85%	-	-	20 000	-	-	20 000

* notional principal amounts

Balances of financial assets/liabilities at 30 June 1999							
	Weighted average interest rate	Floating interest rate \$'000	Fixed rate interest maturing in:			Non-interest bearing \$'000	Total \$'000
			1 year or less \$'000	Over 1 to 5 years \$'000	more than 5 years \$'000		
<i>Financial assets</i>							
Cash	4.14%	13 597	687	-	-	248	14 532
Receivables - Note 8	7.94%	5 609	298	-	17 267	76 192	99 366
Investments - Note 11	-	-	-	-	-	10	10
		19 206	985	-	17 267	76 450	113 908
<i>Financial liabilities</i>							
Borrowings - Note 16	6.21%	239 391	9 389	-	-	102	248 882
Accounts payable - Note 15	-	-	-	-	-	49 542	49 542
Convertible notes - Note 16	11.00%	-	-	58 189	-	-	58 189
Employee entitlements - Note 17	-	-	-	-	-	24 143	24 143
Limited Recourse Loan - Note 17	-	-	-	-	-	12 305	12 305
		239 391	9 389	58 189	-	86 092	393 061
Existing at 30 June 1999: Interest rate swaps*	6.14%	(130 000)	40 000	90 000	-	-	-

* notional principal amounts

22 Additional financial instruments disclosure (continued)

(b) Foreign exchange risk

The consolidated entity enters into forward exchange contracts and futures options to hedge certain firm purchase and sale commitments denominated in foreign currencies (principally US dollars). The term of these derivatives and commitments is rarely more than 1 year.

The Group's policy is to enter into forward foreign exchange contracts to hedge foreign currency purchases and sales in excess of \$50 000.

The following table sets out the gross value to be received under foreign currency contracts, the weighted average contracted exchange rates and the settlements periods of outstanding contracts for the consolidated entity.

	Consolidated			
	18 mths Dec 2000 Weighted average rate	12 mths June 1999	As at 31 Dec 2000 \$'000	As at 30 June 1999 \$'000
<i>Sell US dollars</i>				
Not later than one year	0.64	0.65	1 141	3 187
<i>Buy Swiss Francs</i>				
Not later than one year	-	0.75	-	113
<i>Buy German Deutschmarks</i>				
Not later than one year	1.20	1.20	723	54

As these contracts are hedging anticipated sales and purchases, any unrealised gains and losses on the contracts, together with the costs of the contracts, will be recognised in the financial statements at the time the underlying transaction occurs.

The gross unrecognised gains and losses on hedges of anticipated foreign currency purchases and sales are:

	Consolidated			
	Dec 2000		June 1999	
	Gains \$'000	Losses \$'000	Gains \$'000	Losses \$'000
Not later than one year	25	(166)	53	(32)

Where the underlying transaction has occurred, the effect of the hedge has been recognised in the financial statements.

Foreign currency hedging options

From time to time, the consolidated entity enters into foreign currency hedging options to reduce the impact of changes in foreign currency exchange rates.

No foreign currency hedging options were contracted at 31 December 2000 (1999: \$Nil).

(c) Credit risk

Credit risk represents the accounting loss that would be recognised if counterparties failed to perform as contracted.

On-balance sheet financial instruments

The credit risk on financial assets recognised on the balance sheet of the consolidated entity, excluding investments, is the carrying amount, net of any provision for doubtful debts.

The consolidated entity minimises concentrations of credit risk by undertaking transactions with a large number of customers.

The consolidated entity is not materially exposed to any individual overseas country or individual customer.

Concentrations of credit risk on trade debtors due from customers are: Manufacturing, Building and Construction - 80% (1999: 72%), Retail - 6% (1999: 6%) and Mining - 13% (1999: 15%).

Off-balance sheet financial instruments

Credit risk on off-balance sheet derivative contracts is minimised as counterparties are recognised financial intermediaries with acceptable credit ratings determined by a recognised rating agency.

Swap and foreign exchange contracts are subject to credit risk in relation to the relevant counterparties, which are principally large banks. The maximum credit risk exposure on foreign currency contracts is the full amount of the foreign currency the consolidated entity pays when settlement occurs, should the counterparty fail to pay the amount which it is committed to pay the consolidated entity. The full amount of the exposure is disclosed at Note 22(b) above.

The credit risk on swap contracts is limited to the next amount to be received from counterparties on contracts that are favourable to the economic entity. No amounts are due to the consolidated entity at 31 December 2000 (1999: \$Nil) as the consolidated entity is in a net payable position. The accrued liability to counterparties has been included in Accounts Payable at balance date.

22 Additional financial instruments disclosure *(continued)*

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(d) Net fair values of financial assets and liabilities

Valuation approach

Net fair values of financial assets and liabilities are determined by the consolidated entity on the following basis:

On-balance sheet financial instruments

Convertible notes are traded in an organised financial market. The net fair value of convertible notes is determined by valuing them at the current quoted market offer price, adjusted for transaction costs necessary to settle the liability.

Monetary financial assets and financial liabilities not readily traded in an organised financial market are determined by valuing them at the present value of contractual future cash flows on amounts due from customers (reduced for expected credit losses) or due to suppliers. Cash flows are discounted using the standard valuation techniques at the applicable market yield having regard to the timing of the cash flows. The carrying amounts of bank term deposits, accounts receivable, accounts payable, employee entitlements, bank loans and dividends payable approximate net fair value.

The net fair value of investments in unlisted shares in other corporations is determined by reference to underlying net assets of the respective corporations.

Off-balance sheet financial instruments

The valuation of off-balance sheet financial instruments detailed in this note reflects the estimated amounts which the economic entity expects to pay or receive to terminate the contracts (net of transaction costs) or replace the contracts at their current market rates as at the reporting date. This is based on independent market quotations and determined using standard valuation techniques.

On-balance sheet financial instruments

The carrying amounts and net fair values of financial assets and liabilities as at the reporting date are as follows:

	<i>Consolidated</i>			
	Dec 2000 Carrying amount \$'000	Dec 2000 Net fair value \$'000	June 1999 Carrying amount \$'000	June 1999 Net fair value \$'000
<i>Financial assets</i>				
Cash	32 180	32 180	14 532	14 532
Receivables	67 938	67 938	99 366	99 366
Investments - shares in other companies	10	10	10	10
<i>Financial liabilities</i>				
Borrowings	204 902	204 902	248 882	248 882
Accounts payable	44 388	44 388	49 542	49 542
Employee entitlements	16 388	16 388	24 143	24 143
Convertible notes	54 977	56 378	58 189	59 062
Limited recourse loan	12 305	12 305	12 305	12 305
Dividend payable	7 101	7 101	-	-

Convertible notes are readily traded on organised markets in a standardised form. All other financial assets and liabilities are not readily traded on organised markets in a standardised form.

Off-balance sheet financial instruments

The net fair value of off-balance sheet financial instruments as at the reporting date are:

	<i>Consolidated</i>	
	Dec 2000 \$'000	June 1999 \$'000
Interest rate swaps	(643)	(855)
Forward foreign exchange contracts	(141)	54
	(784)	(801)

In securing certainty over future cash flows by hedging certain transactions, the consolidated entity has incurred a net notional expense of \$784 000 (1999: \$801 000). This notional expense will be offset by an equivalent favourable movement on the underlying transactions.

23 Commitments, contingent liabilities and environmental issues

The estimated maximum amounts of commitments and contingent liabilities not provided for in the financial statements of the consolidated entity as at 31 December 2000 are set out below:

	Consolidated		The Company	
	Dec 2000 \$'000	June 1999 \$'000	Dec 2000 \$'000	June 1999 \$'000
Capital expenditure commitments				
Contracted but not provided for and payable:				
Not later than one year	2 265	1 808	-	-
	2 265	1 808	-	-
Operating lease rental commitments				
Future operating lease rentals not provided for and payable:				
Not later than one year	678	1 069	-	-
Later than one year but not later than five years	1 817	3 004	-	-
Later than five years	588	1 247	-	-
	3 083	5 320	-	-
Contingent liabilities				
Bank guarantees	5 135	3 271	-	1 536

Litigation

Australian Cement Holdings Pty Ltd has instituted a Supreme Court action against Adelaide Brighton Limited and its subsidiary Adelaide Brighton Cement Limited claiming damages of up to \$9 500 000 plus interest and costs, alleging misrepresentation and breach of contract in relation to the March 1999 Acquisition Agreement. The Company's legal advice is that the claim by Australian Cement Holdings Pty Ltd is unjustified and unwarranted and is being strongly contested.

Melcann Pty Ltd instituted proceedings in the SA Supreme Court claiming damages for two separate alleged breaches of a supply contract. The first was for the alleged failure by Adelaide Brighton Cement Limited to amend its prices to take into account market forces. A mediation of the matter has resulted in the claim for \$450 000 being withdrawn.

The second was for alleged overcharging for delivery of product into Victoria. This claim, for \$420 000, was agreed to be sent to arbitration by a former Supreme Court Judge. No hearing date has yet been set and Adelaide Brighton Cement Limited expects the matter to be resolved favourably.

The Company is engaged in resisting an application instituted by Lime Industries Nominees Pty Ltd in the Supreme Court of Western Australia to re-register Swan Portland Cement Limited. Swan Portland Cement Limited, prior to its liquidation, was a subsidiary of Adelaide Brighton Cement Limited and Adelaide Brighton Limited only acquired full control on 30 June 1999. Lime Industries Nominees Pty Ltd are seeking to re-register the company in order to pursue an action against the company for alleged breaches of undertakings made in respect of limestone quarries in Western Australia. Lime Industries Nominees Pty Ltd's claim in relation to the limestone deposits is strenuously rejected and any litigation will be vigorously defended.

Environmental Issues

Shellsand dredged from the sea at Owen Anchorage near Munster, just south of Perth, is the major raw material in the production of lime by Cockburn Cement Limited. Although the State Agreement Act allows Cockburn Cement Limited to dredge shellsand from this area until 2021, current approvals only authorise dredging until 2002. Concerns have been raised about the environmental effect of dredging and the associated removal of sea grass. The Company expects the long term dredging proposal to be approved and is working closely with the Department of Environment Protection and the Environmental Protection Authority to allow dredging beyond 2002.

24 Controlled entities

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(a) Particulars in relation to controlled entities

Name	Place of incorporation	Class of share	Consolidated interest	
			Dec 2000 %	June 1999 %
Adelaide Brighton Limited				
Adelaide Brighton Cement Limited	South Aust	Ord	100	100
Adelaide Brighton Cement Inc	Washington State USA ²	Ord	80	80
Adelaide Brighton Cement Investments Pty Ltd	South Aust ¹	Ord	100	100
Adelaide Brighton Cement Research (No 1) Pty Ltd	South Aust ^{1, 4}	Ord	100	100
Adelaide Brighton Management Limited	South Aust	Ord	100	100
Abcem Pty Ltd	South Aust ^{1, 4}	Ord	100	100
Fuel & Combustion Technology Ltd	South Aust	Ord	-	100
Adelaide Brighton Cement International Pty Ltd	South Aust ¹	Ord	100	100
Adelaide Brighton Intellectual Property Pty Ltd (formerly FCT Intellectual Property Pty Ltd)	South Aust ¹	Ord	100	100
Northern Cement Limited	Northern Territory	Ord	100	100
Cockburn Cement Limited	Western Australia	Ord	100	100
Adelaide Brighton Cement Limited				
Acco Transport Pty Ltd	South Aust ^{1, 4}	Ord	100	100
SRC Investment Pty Ltd	West Aust ^{1, 4}	Ord	100	100
Ready Lime Putty Pty Ltd	West Aust ^{1, 4}	Ord	100	100
Exmouth Limestone Pty Ltd	West Aust ¹	Ord	51	51
Adelaide Brighton Cement Inc				
Adelaide Brighton Cement (Florida) Inc	Florida USA ²	Ord	100	100
Adelaide Brighton Cement (Hawaii) Inc	Hawaii USA ²	Ord	100	100
Hileah (Florida) Management Inc	Florida USA ²	Ord	100	100
Adelaide Brighton Management Limited				
Pavement Technology Limited	South Aust	Ord	100	100
Advanced Cement Technologies Pty Ltd	South Aust ^{1, 4}	Ord	100	100
Adelaide Brighton Cement (Netherlands) BV	Netherlands ²	Ord	100	100
Pavement Technology Limited				
Accendo Pty Ltd	South Aust ¹	Ord	50	50
Advanced Cement Technologies Pty Ltd				
Accendo Pty Ltd	South Aust ¹	Ord	50	50
Adelaide Brighton Cement Investments Pty Ltd				
Adjuto Pty Ltd	South Aust ^{1, 4}	Ord	100	100
Adjuto Pty Ltd				
PQ Ltd	South Aust ^{1, 4}	Ord	100	100
Fuel & Combustion Technology Limited				
Fuel & Combustion Technology International Ltd	United Kingdom ^{3, 4}	Ord	-	100
Fuel & Combustion Technology International Ltd				
Fuel & Combustion Technology International Inc	USA ^{2, 4}	Ord	100	100
Adelaide Brighton Cement International Pty Ltd				
Adelaide Brighton Cement Inc	Washington State USA ²	Ord	20	20
Fuel & Combustion Technology International Ltd	United Kingdom ³	Ord	100	-
Northern Cement Limited				
Northern Cement Nominees Pty Ltd	Northern Territory ^{1, 4}	Ord	100	100
Mataranka Lime Pty Ltd	South Aust ¹	Ord	100	100
Cockburn Cement Limited				
Cockburn Waters Pty Ltd	Western Australia ^{1, 4}	Ord	100	100
Hydrated Lime Pty Ltd	Western Australia ^{1, 4}	Ord	100	100
Chemical Unit Trust	Western Australia ^{1, 4}	Units	100	100
Kalgoorlie Lime & Chemical Company Pty Ltd	Western Australia ^{1, 4}	Ord	100	100

¹ Small proprietary company as defined by the Corporations Law and is not required to be audited for statutory purposes

² Controlled entities of which PricewaterhouseCoopers (1999: KPMG) has not acted as auditor

³ Audited by other member firms of PricewaterhouseCoopers (1999: KPMG International)

⁴ Liquidation process underway

(b) **Outside equity interest in controlled entities**

The following controlled entities have issued ordinary shares to outside equity interests:

Name	Total issued and paid-up capital		Number of shares held by outside interests		Equity holdings of outside interests	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000	2000 %	1999 %
Exmouth Limestone Pty Ltd	9 960	9 960	4 880	4 880	49	49

25 Acquisition / disposal of controlled entities

The following controlled entities were acquired or disposed of during the reporting period:

Acquisitions

Name	Note	Consideration		Consolidated Interest	
		Dec 2000 \$'000	June 1999 \$'000	Dec 2000 %	June 1999 %
Cockburn Cement Limited	(i)	-	230 000	-	100

(i) Cockburn Cement Limited was acquired on 30 June 1999. Consideration was in the form of 200 000 000 ordinary shares in Adelaide Brighton Limited issued to Rugby Holdings Limited.

The operating results of Cockburn Cement Limited have not been included in the 1999 consolidated operating profit.

Disposals

There were no disposals during the reporting period or the prior year.

26 Investments in associates

Details of investments in associates are as follows:

Name	Principal activities	Balance date	Ownership interest Consolidated		Investment carrying amount Consolidated	
			Dec 2000 %	June 1999 %	Dec 2000 \$'000	June 1999 \$'000
Sunstate Cement Ltd	Cement manufacture	30 June	50	50	10 598	9 995
Independent Cement and Lime Pty Ltd	Cement distribution	30 June	50	50	16 334	14 749
Stabilised Pavements of Australia Pty Ltd	Road construction	30 June	-	50	-	7 654
Pavement Technology (M) Sdn Bhd	Road construction	31 Dec	-	40	-	940
					26 932	33 338

Disposals of associates

Name	Note	Proceeds		Consolidated interest disposed of	
		18 mths Dec 2000 \$'000	12 mths June 1999 \$'000	18 mths Dec 2000 %	12 mths June 1999 %
Stabilised Pavements of Australia Pty Ltd	(i)	4 000	-	50	-
Pavement Technology (M) Sdn Bhd	(ii)	956	-	40	-
		4 956	-		

(i) Stabilised Pavements of Australia Pty Ltd was disposed of on 1 February 2000.

(ii) Pavement Technology (M) Sdn Bhd was disposed of on 6 October 2000.

26 Investments in associates (continued)

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	<i>Consolidated</i>	
	18 mths Dec 2000 \$'000	12 mths June 1999 \$'000
Results of associates		
Share of associates' operating profit before tax	15 759	11 209
Share of associates' income tax expense attributable to operating profit	(3 199)	(1 700)
Share of associates' net profit - as disclosed by associates	12 560	9 509
Adjustments:		
Amortisation of goodwill arising from investment	(1 690)	(1 385)
Unrealised profit in inventory	(210)	(138)
Share of associates' net profit - equity accounted	10 660	7 986
Share of post-acquisition retained profits and reserves attributable to associates		
Share of associates' retained profits at the beginning of the financial period	(9 121)	(8 516)
Share of net profit of associates	10 660	7 986
Dividends from associates	(8 588)	(8 591)
Share of associates' retained profits at the end of the reporting period	(7 049)	(9 121)

	<i>Consolidated</i>	
	Dec 2000 \$'000	June 1999 \$'000
Movements in carrying amount of investments		
Carrying amount of investments in associates at the beginning of the reporting period	33 338	62 505
Adjustment on initial adoption of equity accounting	-	(28 522)
Share of associates' net profit	10 660	7 986
Dividends received from associates	(8 588)	(8 591)
Transfer to foreign currency translation reserve	-	(24)
Write down of carrying value of associates	(4 478)	-
Less carrying amount of associate disposed of	(4 000)	-
Capital distribution from associate	-	(16)
Carrying amount of investments in associates at the end of the reporting period	26 932	33 338

	<i>Consolidated</i>	
	18 mths Dec 2000 \$'000	12 mths June 1999 \$'000
Summary performance and financial position of associates		
The consolidated entity's share of profits, aggregate assets and liabilities of associates is as follows:		
Net profit - as reported by associates	12 560	9 509
Adjustments arising from equity accounting	(1 900)	(1 523)
Net profit - equity accounted	10 660	7 986

	<i>Consolidated</i>	
	Dec 2000 \$'000	June 1999 \$'000
Total assets	99 856	113 000
Total liabilities	69 071	81 943
Net assets - as reported by associates	30 785	31 057
Consolidated entity's share of associates' net assets	15 393	15 325
Adjustments arising from equity accounting:		
Goodwill (net of amortisation)	11 540	18 151
Other adjustments	-	(138)
Net assets - equity adjusted	26 932	33 338

	Consolidated		The Company		
	Dec 2000 \$'000	June 1999 \$'000	Dec 2000 \$'000	June 1999 \$'000	
27 Research and Development Syndicate					
Current assets					
Secured deposits under Research and Development Syndication agreement	(ii)	-	2 723	-	-
Non-current assets					
Secured deposits under Research and Development Syndication agreement	(ii)	-	14 544	-	-
Total assets		-	17 267	-	-
Current liabilities					
Advanced research and development expenditure		-	2 723	-	-
Non-current liabilities					
Put option	(iii)	-	14 544	-	-
Total liabilities		-	17 267	-	-
Net research and development assets		-	-	-	-

The Research and Development Syndicate was wound up in December 2000.

Comments

- (i) Adelaide Brighton Management Limited (ABML) had licensed certain technology to the investor of a syndicate in return for which the investor paid a licence fee to ABML and contracts ABML to conduct additional research and development on its behalf. The licence was exclusive for a defined number of years with the intention of developing the technology into commercially available cement process control technology.

There was no guarantee provided by ABML that the research and development undertaken would be successful. However, the syndicate had been approved by AusIndustry in Canberra after undergoing detailed planning and scrutiny, including a development and marketing plan and independent valuation of the licence fee payable.

The contract was medium/long term with the research conducted over a minimum period of three years with a further five year period for development and product marketing. The investor had the option of 'putting' for a pre-determined amount, its interest in the technology and research results to ABML at the conclusion of the development/marketing period or earlier in certain situations.

- (ii) Payments to ABML were for technology licence fees (long-term deposits) and research and development contract fees up to one year in advance (short-term deposits). These amounts were held in a deposit account, in ABML's name, with a major bank as security for the advanced research and development expenditure and put option. At all times the balance of the deposit account was equal to or greater than the balance of the liabilities.

Quarterly in advance, and subject to satisfactory progress being achieved against an agreed project schedule, funds could be withdrawn from the deposit account by ABML for the next quarter research funding.

- (iii) ABML was obligated to retain the licence fee plus a research profit margin (plus accumulated interest) in the deposit account until such time as the investor achieved commercial royalties from the product of the research or it decided to withdraw from the syndicate by exercising the 'put' option. If royalties were derived, each after tax dollar received by the investor would generate the release from deposit of an equivalent amount which would be brought to account as income to ABML.

If the 'put' was exercised, the transaction would unwind with the balance of the deposit account being used to acquire from the investor all of its interest in the technology and research results.

- (iv) In the financial records of ABML, research income received was only brought to account as research expenditure was incurred. Funds received from the investor and held on deposit were recorded in the financial statements as an asset with the equivalent 'put' option liability recorded as a liability; the net result of these transactions being nil.

28 Directors' remuneration

Directors' income

The number of Directors of the Company, including executive Directors, whose income from the Company or any related party, falls within the following bands:

\$	Consolidated		The Company	
	18 mths Dec 2000	12 mths June 1999	18 mths Dec 2000	12 mths June 1999
- - 9 999	-	4	-	4
10 000 - 19 999	-	-	-	-
30 000 - 39 999	1	-	1	-
40 000 - 49 999	1	-	1	-
50 000 - 59 999	-	1	-	1
60 000 - 69 999	-	1*	-	1*
80 000 - 89 999	1	-	1	-
90 000 - 99 999	1	1*	1	1*
110 000 - 119 999	-	1	-	1
140 000 - 149 999	1	-	1	-
210 000 - 219 999	1	-	1	-
550 000 - 559 999	1	-	1	-
1 020 000 - 1 029 999	-	1*	-	1*

* Remuneration includes lump sum termination payments

The remuneration bands are not consistent with the emoluments disclosed in the Directors' Report as the basis of calculation differs due to the differing requirements of the Corporations Law and the Accounting Standards.

	\$	\$	\$	\$
Total income paid or payable, or otherwise made available, to all Directors of the Company from the Company or any related party	1 170 697	1 346 601	1 170 697	1 346 601
Directors' fees included above	429 542	240 500	429 542	240 500
Voted limit on Directors' fees	487 500	325 000	487 500	325 000

Directors' income does not include amounts paid by the Company during the reporting period to indemnify directors, nor does it include an allocation of insurance premiums paid by the Company or related parties in respect of Directors' and Officers' Liabilities and Legal Expenses insurance contracts.

In order to protect shareholders' funds, the Company carries insurance which the Board considers is sufficient for the size and nature of the Company's business.

29 Executives' remuneration

The remuneration of executives who work wholly or mainly outside Australia is not included in this disclosure.

Executive officers are those officers involved in the strategic direction, general management or control of business at a company or operating division level.

The number of executive officers of the Company and of controlled entities, whose remuneration from the Company or related parties, and from entities in the consolidated entity, falls within the following bands:

\$	Consolidated		The Company	
	18 mths Dec 2000	12 mths June 1999	18 mths Dec 2000	12 mths June 1999
110 000 - 119 999	1	-	-	-
130 000 - 139 999	2*	2	-	-
140 000 - 149 999	1	2*	-	-
150 000 - 159 999	-	2	-	-
160 000 - 169 999	2	2	-	-
170 000 - 179 999	-	1	-	-
180 000 - 189 999	1	-	-	-
190 000 - 199 999	1	-	-	-
200 000 - 209 999	3	-	-	-
210 000 - 219 999	1	-	-	-
220 000 - 229 999	2	-	-	-
240 000 - 249 999	1	1	-	-
250 000 - 259 999	1	1	-	-
260 000 - 269 999	1	-	-	-
270 000 - 279 999	2	-	-	-
300 000 - 309 999	1*	-	-	-
310 000 - 319 999	1*	-	-	-
360 000 - 369 999	3*	1	-	-
390 000 - 399 999	-	-	-	-
400 000 - 409 999	1	-	-	-
420 000 - 429 999	-	-	-	-
500 000 - 509 999	-	-	-	-
550 000 - 559 999	1	1*	-	-
580 000 - 589 999	-	1*	-	-
690 000 - 699 999	1*	-	-	-
800 000 - 809 999	-	-	-	-

* Remuneration includes lump sum redundancy payments

The remuneration bands for executive officers are not consistent with the emoluments disclosed in the Directors' Report as the basis of calculation differs due to the differing requirements of the Corporations Law and the Accounting Standards.

	\$	\$	\$	\$
Total income received, or due and receivable from entities in the consolidated entity, and related parties by executive officers whose income is \$100 000 or more.	7 229 659	3 377 728	-	-

Executives' remuneration does not include amounts paid by the consolidated entity during the reporting period to indemnify executive officers, nor does it include an allocation of insurance premiums paid by the consolidated entity or related parties in respect of executive officers' liabilities and legal expenses.

Insurance cover for executive officers liability is extended to the Group under a global policy effected by RMC Group p.l.c. under its insurance portfolio.

30 Statement of operations of segments

Industry and geographical segments

The Group operates predominantly in the cement and lime industry in Australia. More than 90% of revenue, operating profit and segment assets relate to operations in the cement and lime industry in Australia.

31 Related party disclosures

(a) Directors

The names of each person holding the position of Director of the Company during the 18 month reporting period are Messrs MA Kinnaird AO, CL Harris, CH Perkins AO, D Barro AO, PJ Wright, JA Brooks, GE Clark, PC Crowley, RW Hammond, DA Harding, PA Rabl and RM Sharp. Mr PJ Bowen was an alternate Director for PC Crowley and DA Harding.

Messrs D Barro AO and RM Sharp were appointed Directors on 23 November 1999, PJ Wright on 24 November 1999, JA Brooks and PA Rabl on 3 March 2000 and GE Clark on 2 June 2000. The following Directors resigned during the period: RW Hammond on 30 November 1999, DA Harding and RM Sharp on 3 March 2000, PJ Bowen on 6 March 2000, PC Crowley on 2 June 2000 and PA Rabl on 25 September 2000.

Mr D Barro AO, a Director of Adelaide Brighton Limited, is a Director of Barro Group Pty Ltd, a company in which he has significant influence. Barro Group Pty Ltd and Adelaide Brighton Limited through its 100% owned subsidiary, Adelaide Brighton Management Limited, each control 50% of Independent Cement and Lime Pty Ltd, a distributor of cement and lime in Victoria and NSW. Mr Barro is also a Director of Steel Cement Limited and Building Products Supplies Pty Ltd. Both companies are 100% owned subsidiaries of Independent Cement and Lime Pty Ltd.

From time to time Directors of the Company or its controlled entities, or their Director-related entities, may purchase goods from the consolidated entity. These purchases are on the same terms and conditions as those entered into by other consolidated entity employees. During the reporting period, the Barro Group of Companies purchased goods and materials from and sold goods and materials to Independent Cement and Lime Pty Ltd. The Barro Group of Companies also purchased goods and materials from Sunstate Cement Ltd, a company in which the consolidated entity has a 50% share. These transactions were conducted on standard commercial terms.

The net value of the above transactions with the Directors and their Director-related entities was \$9 522 000 (1999: \$40 951).

(b) Directors' shareholdings

The shareholdings and share transactions in the Company of Directors and their Director related entities during the reporting period were:

	Shares held June 1999	Acquired	Disposed	Shares held Dec 2000
Directors as at 31 December 2000				
Ordinary Shares	379 190	150 250	-	529 440

All share transactions with Directors and their Director-related entities are on normal commercial terms and conditions.

(c) Directors' noteholdings

The convertible note holdings in the Company and convertible note transactions of Directors and their Director-related entities during the period were:

	Notes held June 1999	Acquired	Disposed	Notes held Dec 2000
Directors as at 31 December 2000				
Convertible Notes	-	40 000	-	40 000

All convertible note transactions with Directors and their related entities are on normal commercial terms and conditions.

31 Related party disclosures (continued)

(d) Wholly owned group

Details of interests in wholly owned controlled entities are set out in Note 24. Details of the Company's dealings with these wholly owned entities are set out below.

(i) Loans

A subordinated loan to Adelaide Brighton Cement Limited of \$65 500 000, is repayable based on the conversion of convertible notes to ordinary share capital of the Company. Interest is payable half yearly at the 90 day Bank Bill Swap Reference (BBSW) rate at the beginning of each half year plus a 5.5% premium on the outstanding balance.

A loan to Adelaide Brighton Cement Limited of \$82 860 247 funds a capital reduction payment. The loan is subordinated and is only repayable after full repayment of external borrowings. Interest is charged quarterly at the 90 day BBSW market rate at the beginning of each quarter plus 5.5% premium on the outstanding balance.

A loan from Cockburn Cement Limited to Adelaide Brighton Limited totalling \$14 200 000 was made in December 1999. This loan is non-interest bearing.

All other loans to and from group entities are repayable at call.

Interest revenue and expense brought to account by the Company in relation to these loans during the period was:

	<i>The Company</i>	
	18 mths Dec 2000 \$'000	12 mths June 1999 \$'000
Interest revenue	44 741	11 680
Interest expense	189	-
(ii) <i>Dividends</i>		
Dividends received or due and receivable by the Company from wholly owned controlled entities	3 290	17 450

(iii) Other transactions

Tax losses are transferred between entities within the wholly owned group at cost, in accordance with Division 170 of the Income Tax Assessment Act 1997. The Company acquired tax losses to the value of \$12 309 590 (1999: \$2 134 314) from Mataranka Lime Pty Ltd, Adelaide Brighton Management Limited and Abcem Pty Ltd during the period.

(iv) Balances with entities within the wholly owned group

The aggregate amounts receivable from, and payable to, wholly owned controlled entities by the Company at balance date were:

	<i>The Company</i>	
	Dec 2000 \$'000	June 1999 \$'000
Receivables		
Other loans - current	94 875	65 508
Other loans - non-current	148 360	148 360
Payables		
Other loans - current	(10 442)	(2 709)
Other loans - non-current	(14 200)	-

(v) Other related parties

The aggregate amount of debts, other than trade debts, due and receivable from and payable to other related parties by the Company and the consolidated entity at balance date were:

	<i>Consolidated</i>		<i>The Company</i>	
	Dec 2000 \$'000	June 1999 \$'000	Dec 2000 \$'000	June 1999 \$'000
Receivables				
Current	12 240	12 074	-	-
Non-current	-	400	-	-
	12 240	12 474	-	-
Other Loans				
Non-current	204 800	95 585	-	-

31 Related party disclosures (continued)

ADELAIDE BRIGHTON LIMITED
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ENTITIES

NOTES TO AND FORMING
PART OF THE FINANCIAL
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(e) Other related parties

Details of interests in partly owned controlled entities are set out in Note 24. Details of dealings with these entities are set out below.

(i) Balances with partly owned controlled entities

The aggregate amount receivable from, and payable to, partly owned controlled entities by the Company at balance date were:

	The Company	
	Dec 2000 \$'000	June 1999 \$'000
Receivables		
Current	4	-
	4	-

(ii) Associated companies and business undertakings

Details of interests in associated companies and business undertakings is set out in Note 26. Details of dealings with these entities are set out below.

(iii) Loans

Loans to associated companies: A loan to Stabilised Pavements of Australia Pty Ltd was interest free and has since been repaid in full. A loan to Independent Cement and Lime Pty Ltd has interest charged quarterly at the ruling commercial rates on the outstanding balance. Interest revenue brought to account by the consolidated entity during the reporting period on this loan was \$837 000 (1999: \$369 000).

(iv) Dividends and distributions

Refer Note 26.

(v) Other transactions

During the reporting period other transactions with related corporations were:

- Adelaide Brighton Cement Limited supplied finished products and raw materials to related corporations Sunstate Cement Limited and Independent Cement and Lime Pty Ltd.
- Pavement Technology Limited purchased raw materials from Independent Cement and Lime Pty Ltd.
- Pavement Technology Limited hired equipment to, and hired equipment from, Stabilised Pavements of Australia Pty Ltd.

All transactions are on normal commercial terms and conditions and transactions for the supply of raw materials and finished products are covered by shareholder agreements.

The value of transactions for the reporting period was:

	Consolidated		The Company	
	18 mths Dec 2000 \$'000	12 mths June 1999 \$'000	18 mths Dec 2000 \$'000	12 mths June 1999 \$'000
Sales	58 672	90 341	-	-
Purchases	4 795	23 457	-	-

(vi) Balances with associated companies and business undertakings

The aggregate amounts receivable from, and payable to, associated companies and business undertakings by the consolidated entity at balance date were:

	Consolidated		The Company	
	Dec 2000 \$'000	June 1999 \$'000	Dec 2000 \$'000	June 1999 \$'000
Receivables				
Current	4 241	24 154	-	-
Non-current	10 617	400	-	-
Payables				
Current	413	2 448	-	-

These amounts include trade debtors, trade creditors, loans and distributions/dividends receivable.

31 Related party disclosures (continued)

(f) Controlling entity

Rugby Holdings Limited acquired a 55% interest in Adelaide Brighton Limited on 30 June 1999 and became the immediate parent company of Adelaide Brighton Limited.

Balances with controlling entity

A limited recourse loan of \$12 305 000 was owing to Rugby Holdings Limited at 31 December 2000 (1999: \$12 889 727) by Cockburn Cement Limited, a subsidiary of Adelaide Brighton Limited. This is in respect of real property belonging to Rugby Holdings Limited on loan to Cockburn Cement Limited. The loan is non-interest bearing. See Note 17.

(g) Ultimate Parent Entity

During the reporting period, RMC Group p.l.c., a company registered in the United Kingdom, acquired all the share capital of The Rugby Group PLC. RMC Group p.l.c. is now the ultimate parent company of Adelaide Brighton Limited controlling 55% of the issued shares.

Entities subject to common control

On 20 June 2000, the consolidated entity borrowed \$105 000 000 from the Company's ultimate parent RMC Group p.l.c. as part of its financial arrangement with that company. The money was used to repay bank debt both in Australia and the United Kingdom. At 31 December 2000, the amount owing to RMC Group p.l.c. by the consolidated entity remained at \$105 000 000.

At 31 December 2000, Cockburn Cement Limited owed \$99 800 000 (1999: \$95 000 063) to Gillingham Portland Cement Company Limited, a subsidiary of the Rugby Group Limited. This loan now forms part of the borrowing facility established between Adelaide Brighton Limited and its ultimate parent RMC Group p.l.c. (Note 16).

32 Earnings per share

	<i>Consolidated</i>	
	18 mths Dec 2000 Cents	12 mths June 1999 Cents
Basic earnings per share (cents per share) calculated in accordance with AASB 1027	7.6	(24.1)
Earnings per share (cents per share) calculated by reference to operating profit before abnormal items after income tax and outside equity interests	9.1	7.3
Reconciliation of earnings used in the calculation of earnings per share	\$000's	\$000's
Operating profit after income tax	35 890	(70 070)
Less: Outside equity interests	11	(32 155)
Earnings used in calculation of basic earnings per share (AASB 1027)	35 901	(37 915)
Earnings before abnormal items after income tax and outside equity interests	43 060	11 481
	<i>Number of Shares</i>	
	18 mths Dec 2000	12 mths June 1999
Weighted average number of ordinary shares used in the calculation of basic earnings per share	473 406 940	157 439 770

Potential ordinary shares

27 488 613 (1999: 29 094 661) convertible unsecured notes were potential ordinary shares at balance date. These potential ordinary shares do not have a dilutive effect on the calculation of diluted earnings per share.

Conversion, call, subscription or issue after 31 December 2000

There has been:

- (a) no conversion of convertible notes to ordinary shares;
- (b) no calls of or subscription for ordinary shares; or
- (c) no issues of potential ordinary shares

since the reporting date and before the completion of these financial statements.

33 Notes to the Statements of Cash Flows

ADELAIDE BRIGHTON LIMITED
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ENTITIES

NOTES TO AND FORMING
PART OF THE FINANCIAL
STATEMENTS FOR THE
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(a) Reconciliation of cash

For the purpose of the Statements of Cash Flows, cash includes cash on hand and at bank and short term deposits/ (borrowings) at call, net of outstanding bank overdrafts. Cash as at the end of the reporting period, as shown in the Statements of Cash Flows, is reconciled to the related items in the balance sheets as follows:

	Consolidated		The Company	
	18 mths Dec 2000 \$'000	12 mths June 1999 \$'000	18 mths Dec 2000 \$'000	12 mths June 1999 \$'000
Cash	32 180	14 532	153	154
Bank overdraft	-	(911)	(15 117)	(10 885)
	32 180	13 621	(14 964)	(10 731)

(b) Reconciliation of operating profit after income tax to net cash provided by operating activities

Operating profit/(loss) after income tax	35 890	(70 069)	23 536	(28 284)
Add/(less) non-cash items:				
Transfer to provisions:				
Doubtful debts	128	(194)	-	-
Depreciation and amortisation	72 748	29 228	293	195
Add/(less) items classified as investing/financing activities:				
Put option	-	1 318	-	-
Research and development funding	(4)	(1 372)	-	-
(Profit)/Loss on sale of non-current assets	(3 774)	1 544	-	-
Write down of property, plant and equipment	-	39 288	-	-
Payments on sale of group entities	1 883	-	1 883	-
Write down of patents, trademarks and brandnames	-	9 432	-	-
Write down of capitalised research and development costs	-	3 032	-	-
Write down and loss on sale of investments	4 428	-	(4 604)	55 611
Share of associates' net profit	(1 994)	606	-	-
Equity in interest in business undertakings	-	-	-	-
Other	3 369	123	-	-
Net cash provided by operating activities before change in assets and liabilities	112 674	12 936	21 108	27 522
Changes in assets and liabilities adjusted for effects of purchase and disposal of controlled entities during the reporting period:				
(Increase)/decrease in deferred expenses	1 328	597	-	189
(Increase)/decrease in inventories	5 614	10 582	-	-
(Increase)/decrease in prepayments	2 512	(621)	-	-
(Increase)/decrease in trade/term debtors	15 989	(8 112)	(30)	-
(Increase)/decrease in inter-company debtors	-	-	(23 397)	(27 068)
Increase/(decrease) in trade creditors	(9 199)	(7 419)	-	544
Increase/(decrease) in provisions	(7 941)	36 955	-	-
Increase/(decrease) in taxes payable	(3 633)	(14 810)	(659)	(199)
Net cash provided by operating activities	117 344	30 108	(2 978)	988

	Consolidated		The Company	
	18 mths Dec 2000 \$'000	12 mths June 1999 \$'000	18 mths Dec 2000 \$'000	12 mths June 1999 \$'000
(c) Other cash flows related to financing and investing activities				
(i) <i>Other cash flows relating to investing activities comprises:</i>				
Purchase of Research and Development Syndication Deposit	-	(54)	-	-
Costs incidental to the acquisition of 49% of Adelaide Brighton Cement Limited	-	(1 466)	-	(1 466)
Other	55	(845)	-	-
	55	(2 365)	-	(1 466)
(ii) <i>Other cash flows relating to financial activities comprise:</i>				
Sale of core technology and advance payments in relation to Research and Development Syndication	-	1 318	-	-
Other	298	(17)	-	-
	298	1 301	-	-

(d) Acquisitions of controlled entities

In 1999, the Company acquired 100% of the shares of Cockburn Cement Limited. The payments in the current period recognise the finalisation of that transaction.

	Consolidated	
	18 mths Dec 2000 \$'000	12 mths June 1999 \$'000
Acquisition costs	1 659	1 012
Cash Acquired	-	(9 184)
Outflow of cash	1 659	(8 172)
Fair value of net assets of entity acquired		
Cash	-	9 247
Receivables	-	17 791
Inventories	-	16 805
Other current assets	-	1 429
Freehold land	-	30 820
Buildings	-	21 930
Plant and equipment	-	133 202
Limestone reserves and mineral tenements	-	8 540
Accounts payable	-	(14 404)
Bank overdraft	-	(63)
Borrowings	-	(116 890)
Provisions	-	(21 733)
	-	86 674
Outside equity interests at acquisition	-	-
Goodwill on acquisition	1 659	144 338
Non-cash consideration - issue of shares (Note 18)	-	(230 000)
Consideration (cash)	1 659	1 012

34 Events subsequent to balance date

There are no material events subsequent to the balance date.

Adelaide Brighton Limited and its controlled entities

Directors' Declaration for the 18 month reporting period ended 31 December 2000

In the opinion of the Directors of Adelaide Brighton Limited:

- (a) the financial statements and notes, set out on pages 30 to 66, are in accordance with the Corporations Law, including:
 - (i) giving a true and fair view of the financial position of the Company and consolidated entity as at 31 December 2000 and of their performance, as represented by their operations and cash flows, for the period ended on that date; and
 - (ii) complying with Accounting Standards, and the Corporations Regulations and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the Company and all entities within the consolidated entity will be able to pay their debts as and when they become due and payable.

Dated at Adelaide this 16th day of March 2001.

Signed in accordance with a resolution of the Directors:



Phil Wright
Managing Director

Independent Audit Report to the Members of Adelaide Brighton Limited

Scope

We have audited the financial report of Adelaide Brighton Limited (the Company) for the financial period ended 31 December 2000, as set out on pages 30 to 67. The Company's Directors are responsible for the financial report which includes the financial statements of the Company and the consolidated financial statements of the consolidated entity comprising the Company and the entities it controlled at the end of, or during, the financial period. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the Company.

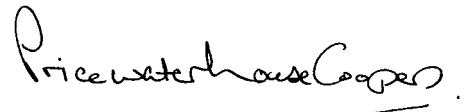
Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements and the Corporations Law in Australia so as to present a view which is consistent with our understanding of the Company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

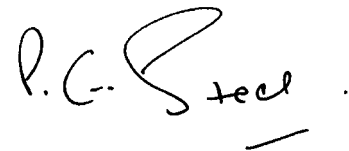
Audit opinion

In our opinion, the financial report of Adelaide Brighton Limited is in accordance with:

- (a) the Corporations Law, including:
 - (i) giving a true and fair view of the Company's and consolidated entity's financial position as at 31 December 2000 and of their performance for the financial period ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations; and
- (b) other mandatory professional reporting requirements.



PricewaterhouseCoopers
Chartered Accountants



PG Steel
Partner
Adelaide 16 March 2001

Ten Year Financial Summary

Year Ended (A\$ million unless stated)	Dec 2000	Dec 1999	Jun 1999	Jun 1998	Jun 1997	Jun 1996	Jun 1995	Jun 1994	Jun 1993	Jun 1992	Jun 1991
Profit & Loss											
Sales	401.90	378.70	313.60	318.20	368.50	404.90	397.90	354.10	281.10	238.40	222.70
Depreciation	31.30	27.20	25.70	23.00	23.00	24.40	25.60	22.10	17.60	14.90	10.70
Earnings before interest & tax	48.60	48.30	35.10	39.10	52.50	49.10	56.40	54.70	44.30	32.20	26.70
Net interest earned (paid)	(19.50)	(18.30)	(14.60)	(14.80)	(20.20)	(23.10)	(20.60)	(18.70)	(20.80)	(24.40)	(3.70)
Profit before tax, abnormal & extraordinary items											
	29.10	30.00	20.50	24.30	32.30	26.00	35.80	36.00	23.50	7.80	23.00
Tax expense	-	3.00	4.00	6.30	9.90	8.00	9.70	9.80	4.30	2.30	9.10
Minority interest	-	3.20	5.00	6.00	6.70	4.40	6.70	8.70	4.10	-	-
Net profit after tax & outside equity interest before abnormal & extraordinary items											
	29.10	23.80	11.50	12.00	15.70	13.60	19.40	17.50	15.10	5.50	13.90
Abnormal & extraordinary items after tax & outside equity interest	-	(49.10)	(49.40)	0.30	(8.10)	(62.90)	(50.80)	-	-	(26.60)	(6.30)
Net profit (loss) after tax, abnormal & extraordinary items											
	29.10	(25.30)	(37.90)	12.30	7.60	(43.90)	(31.40)	17.50	15.10	(21.10)	7.60
Group balance sheet											
Current assets	136.40	167.90	154.00	117.20	174.00	145.30	173.50	161.70	170.60	112.60	186.40
Property, plant & equipment	509.10	514.70	527.60	405.40	391.90	376.60	413.80	426.50	398.10	292.30	302.40
Receivables	10.90	-	15.30	14.50	14.20	14.50	0.20	0.30	-	-	0.20
Investments	26.90	34.00	33.30	62.50	62.60	106.50	117.70	135.50	146.60	137.20	73.30
Intangibles	152.70	159.90	163.90	12.50	11.60	14.70	15.30	14.70	15.00	4.70	10.30
Other non-current assets	29.60	26.00	31.50	23.40	20.00	20.00	18.10	13.00	11.90	15.20	17.60
Total assets	865.60	902.50	925.60	635.50	674.30	677.60	738.60	751.70	742.20	562.00	590.20
Current borrowings & creditors	99.40 ³	54.60	59.50	43.90	78.40	44.00	60.40	46.10	69.40	40.80	129.90
Current provisions	52.20	37.70	26.60	25.60	27.00	24.60	27.50	27.60	16.30	13.30	17.50
Non-current borrowings	204.90	300.10 ³	309.50 ³	208.40 ³	177.60	226.30	206.60	186.60	171.20	162.70	177.40
Deferred income tax & other non-current provisions	66.90	83.00	103.80	59.30	51.70	48.60	37.40	30.40	24.90	25.70	38.60
Total liabilities	423.40	475.40	499.40	337.20	334.70	343.50	331.90	290.70	281.80	242.50	363.40
Net assets	442.20	427.10	426.20	298.30	339.60	334.10	406.70	461.00	460.40	319.50	226.80
Share Capital	462.20	462.20	467.70	78.70 ⁹	136.80 ³	136.80 ³	135.60 ³	133.50 ³	132.30 ³	131.50 ³	72.50
Reserves	30.80	31.20	31.50	140.10	144.60	141.70	163.00	172.00	174.00	138.90	79.70
Retained Profits	53.80	(69.30)	(76.00)	(32.50)	(41.50)	40.10	11.00	58.60	56.10	48.80	74.60
Shareholders' equity attributable to members of the company											
	439.20	424.10	423.20	186.30	239.90	238.40	309.60	364.10	362.40	319.20	226.80
Outside equity interest	3.00	3.00	3.00	112.00	99.70	95.80	97.10	96.90	98.00	0.30	-
Total Shareholders' funds	442.20	427.10	426.20	298.30	339.60	334.20	406.70	461.00	460.40	319.50	226.80
Share information											
Asset Backing (A\$/share)	0.61	0.56	0.56	1.10	1.22	1.20	1.68	2.04	2.05	1.82	1.57
Basic earnings per share (¢/share)	6.10	(5.30)	(24.10)	7.80	4.80	(0.90)	5.60	11.70	10.20	(6.60)	5.30
Alternative earnings (¢/share)	6.10	5.00	7.30	7.60	10.00	8.70	12.70	11.70	10.20	3.40	8.60
Total dividend (¢/share)	3.00	-	-	5.00	5.00	5.00	10.00	10.00	7.50	5.00	8.50
Interim dividend (¢/share)	1.50 ²	-	-	2.50 ⁷	2.50 ⁶	2.50 ⁴	5.00 ²	5.00 ²	3.50 ²	2.00 ²	5.50 ²
Final dividend (¢/share)	1.50 ²	-	-	2.50 ⁸	2.50 ⁵	2.50 ⁵	5.00 ²	5.00 ²	4.00 ²	3.00 ²	3.00 ²

¹ Excluding extraordinary items

² Fully franked

³ Includes convertible notes

⁴ 60% Franked

⁵ 80% Franked

⁶ Unfranked

⁷ 75% Franked

⁸ 20% Franked

⁹ In accordance with AASB1033

Presentation and Disclosure of Financial Instruments Convertible Notes of \$58.2 million have been reclassified from share capital to non-current borrowings as at 1 July 1997