

Level 1  
157 Grenfell Street  
Adelaide SA 5000

GPO Box 2155  
Adelaide SA 5001



Telephone (08) 8223 8000  
International +618 8223 8000  
Facsimile (08) 8215 0030  
[www.adbri.com.au](http://www.adbri.com.au)

*Adelaide Brighton Ltd*  
ACN 007 596 018

## **MEDIA STATEMENT**

23 August 2006

### **Adelaide Brighton records half year net profit of \$39.7 million**

Adelaide Brighton Ltd today reported a profit after tax of \$39.7 million for the half year ended 30 June 2006, a 3.1% increase over the corresponding prior period.

A fully franked interim dividend of 5.0 cents, payable on 11 October 2006, has been declared. This compares to 4.25 cents interim dividend in 2005.

Commenting on the result, Mr Mark Chellew, Managing Director of Adelaide Brighton Ltd said, "The Company delivered a good result despite the impact of major maintenance costs and increased gas charges in the first half of the year and mixed market conditions.

"Sales revenue increased 4.6% over the same period last year as Adelaide Brighton continues to benefit from its broad geographic and market sector spread.

"Demand for cement was level and the net increase in sales resulted from the flow through of 2005 price increases. Earnings were broadly steady as the significant benefits of increased cement sales prices and improved operating performance were offset by higher maintenance and energy costs in the Cement and Lime Division.

"Lime sales were slightly below last year as variable off-take from the alumina sector and cyclonic activity impacted sales volumes.

Following the successful completion of plant upgrades in C&M Brick, the Concrete Products Division reported an increase in EBIT despite a reduction in sales. This result was based on lower operating costs, improved efficiencies and reduced freight costs. C&M Brick continue to focus on expanding the product range, improving operating performance and recovery of raw material and energy cost inflation through increases in selling prices.

Mr Chellew said, "Performance in the Concrete and Aggregated Division improved despite the continued decline of concrete sales volumes in New South Wales. Increases in sales price, together with more efficient truck utilisation, offset higher raw material costs. Sales volumes, increased prices and a favourable customer mix improved overall margins in Queensland.

"The development of the Austen Quarry continued during the first half with the successful commissioning of the primary crushing and downhill conveyor stages. Phase two of the project is expected to be completed in the first quarter 2007.

"The South Australian alternative fuel programme is now embedded within the Birkenhead plant with a sustained combustion of up to 15 tonnes per hour of demolition wood waste. This innovative fuels programme has the capacity to remove 100,000 tonnes of waste from landfill annually and to reduce Adelaide Brighton's gas consumption in South Australia by 25%."

Gearing at 30 June 2006 increased to 40.4% as a result of an increase in the dividend payout ratio to 64.8%, an increase in capital expenditure to \$41.1 million, the completion of the Cement and Lime annual maintenance programs in the first half of 2006 and increased tax payments.

Commenting on the outlook for the second half of 2006, Mr Chellew said, "Demand for cement is forecast to continue at close to current levels over the medium term as continued demand from the resources, commercial and engineering sectors compensates for any regional downturn in the residential sector.

"We believe there is now little prospect of any measurable recovery in New South Wales until mid 2007. Queensland and Victorian markets are projected to hold at current levels due to continuing infrastructure and non-residential demand.

"Demand for lime from the resources industry is expected to deliver a steady increase in lime demand over the next five years and Adelaide Brighton expects to be selling about 400,000 additional tonnes of lime annually by the end of 2012.

"The Hy-Tec concrete operations expect continued improvement in the second half driven by operational improvements and concrete price increases.

"C&M Brick will continue to focus on operational and cost improvements and development of higher value products in order to mitigate any further weakening in its largest market, New South Wales.

"The successful early completion of the 2006 annual maintenance programs has provided a sound basis for second half operating performance. In addition, second half maintenance costs will be less than in 2005 providing a further comparative uplift in the 2006 second half performance.

Mr Chellew said, "On the basis of our balanced geographical spread and projected operating performance, the Company remains positive about the second half of 2006 and remains on track to meet its full year 2006 net profit after tax target within the range of \$92 - \$96 million.

Adelaide Brighton Ltd is a leading integrated construction materials company with operations in all mainland states and territories of Australia and trades under the symbol ABC on the Australian Stock Exchange.

FOR FURTHER INFORMATION CONTACT:

LUBA PRZEDWORSKI  
GROUP CORPORATE AFFAIRS ADVISER  
TELEPHONE 0418 535 636



Adelaide Brighton Ltd

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# Adelaide Brighton Ltd

## Appendix 4D (rule 4.2A)

Half year financial report 30 June 2006

### Results for announcement to the market

**Company Name:** Adelaide Brighton Ltd  
**ABN:** 15 007 596 018  
**Reporting period:** Half year ended 30 June 2006  
**Previous corresponding period:** Half year ended 30 June 2005

				<b>A\$'000</b>
<b>Revenue</b> from continuing operations	<b>up</b>	4.6%	<b>to</b>	363,289
<b>Profit</b> from continuing operations after tax attributable to members	<b>up</b>	3.1%	<b>to</b>	39,735
<b>Net profit</b> for the period attributable to members	<b>up</b>	3.1%	<b>to</b>	39,735

<b>Dividends/distributions</b>	Amount per security	Franked amount per security
Interim dividend (current reporting period)	5.00¢	100%
Interim dividend (previous corresponding period)	4.25¢	100%

<b>Record date</b> for determining entitlements to the interim dividend	12 September 2006
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	30 June 2006	30 June 2005
<b>Net tangible asset backing</b> per ordinary share	\$0.87	\$0.82



Adelaide Brighton Ltd

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# Adelaide Brighton Ltd

## Interim results summary

Half year ended 30 June 2006

### KEY FEATURES OF INTERIM RESULT

- Sales revenue \$363.3 million (\$347.2 million in pcp) up 4.6%
- Net profit attributable to members \$39.7 million (\$38.5 million in pcp) up 3.1%
- Earnings per share increased to 7.3 cents (7.1cents in pcp)
- Interim dividend increased to 5.0 cents, franked to 100% (vs 4.25 cents, 100% franked in pcp)
- \$7.3 million decrease in operating cash flow to \$44.8 million due to a \$9.9 million increase in tax payments
- Gearing<sup>1</sup> at 40.4%, increased due to higher dividends and tax payments (33.4% in pcp)

FINANCIAL SUMMARY	6 months ended 30 June		
	2006	2005	% change pcp
(A\$millions)			
<b>Sales Revenue</b>	<b>363.3</b>	<b>347.2</b>	<b>4.6</b>
Depreciation	(25.8)	(23.0)	(12.2)
<b>Earnings before Interest and Tax ("EBIT")</b>	<b>59.3</b>	<b>59.2</b>	<b>0.2</b>
Net interest <sup>2</sup>	(6.9)	(6.7)	(3.0)
<b>Profit Before Tax</b>	<b>52.4</b>	<b>52.5</b>	<b>(0.2)</b>
Tax expense	(12.4)	(14.2)	12.7
<b>Net Profit After Tax ("NPAT")</b>	<b>40.0</b>	<b>38.3</b>	<b>4.4</b>
Minority interest	(0.3)	0.2	
<b>Net Profit Attributable to Members</b>	<b>39.7</b>	<b>38.5</b>	<b>3.1</b>
Earnings per share (cents)	7.3	7.1	2.8
Dividends per share (cents)	5.0	4.25	17.6
Franking (%)	100%	100%	
Net Debt (A\$millions)	258.3	203.2	27.1
Net Debt/Equity (%)	40.4	33.4	

<sup>1</sup> Net Debt/Equity

<sup>2</sup> Interest charge shown gross in the Income Statement with interest income included in other income



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# Adelaide Brighton Ltd

## Interim results summary

Half year ended 30 June 2006

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### REVIEW OF OPERATIONS

Sales revenue showed a modest 4.6% increase over 2005 as Adelaide Brighton benefited from its broad geographic and market sector spread. Overall, demand for cement was level and the net increase in sales resulted from the flow through of 2005 price increases partially offset by weaker sales from the New South Wales based operations of C&M Brick and Hy-Tec.

Lime sales were slightly below last year as variable off-take from the alumina sector impacted Adelaide Brighton's sales volumes. The anticipated increase in demand from the steel sector began to take effect in the first half year though further periods of commissioning downtime were incurred during this period.

Earnings were broadly steady as the significant benefits of increased cement sales prices and improved operating performance were offset by the higher maintenance and energy costs in the Cement and Lime Division. The increase in maintenance costs was predominantly due to timing differences and specifically, the completion of the Division's 2006 annual maintenance programmes in the first half of the year. In 2005 the Munster lime kilns' annual shutdowns were deferred into the second half year and the Birkenhead annual shutdown also spanned the half year, being completed in July.

The successful early completion of the 2006 annual maintenance programmes has provided a sound basis for second half operating performance. In addition, second half maintenance costs will be less than in 2005 providing a further comparative uplift in the 2006 second half performance.

The underlying, sustained demand for cement was an important factor in delivering the half year result. The increased demand in Western Australia was offset by weaker demand in New South Wales and the reduced off-take of backfill binder cement by Olympic Dam in South Australia. The weak New South Wales residential market also directly impacted the C&M Brick concrete product and Hy-Tec concrete sales volumes.

While the Company continues to focus on key areas of cost management and efficiency in terms of energy, fuel use and operating performance, first half progress was offset by a significant increase in gas prices in Western Australia in the first quarter.

The three year gas supply contract in Western Australia was renegotiated in the first quarter resulting in both price increases and constraints on supply in terms of available maximum daily quantities of natural gas. While the gas price increases had been anticipated, the supply constraints had not. The following actions were taken in the first half to mitigate both cost increases and to cover the Munster plant's future kiln fuel needs. Three actions were set in place:

1. Expediting the use of coal as a supplementary fuel to overcome the constraint on the gas supply maximum daily quantities. Working closely with the Department of Environment and Conservation in Western Australia, testing and trials for coal firing were concluded in April and May and coal is now being used as a supplementary fuel on an ongoing basis in Munster.
2. The 2006 second half lime kiln maintenance programmes were brought forward, temporarily reducing the first half gas demand. This action was consistent with the short term reduction in lime off-take from the alumina industry.



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## Interim results summary

Half year ended 30 June 2006

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### REVIEW OF OPERATIONS (continued)

3. Alternate short term additional gas supplies were sought from the supply allocations of other major customers and longer term options assessed from other supply pipelines.

These actions enabled the Company to overcome the first half gas supply constraints and to set in place a mechanism to ensure unconstrained kiln operation over the second half of 2006. On a longer term basis, more strategic options will be considered for Western Australia kiln fuels such as seeking additional gas pipeline supplies or switching to coal as a primary fuel - coal is the preferred fuel for cement manufacture worldwide.

The increase in energy and fuel costs has been one of the fundamental drivers behind seeking and achieving first half 2006 cement price increases in the Western Australian market. These increases will allow the company to maintain its margins for the full year.

The South Australian alternative fuel programme is now embedded within the Birkenhead plant with a sustained combustion of up to 15 tonnes per hour of demolition wood waste being achieved. Further investments in the Alternative Fuel Company Joint Venture are being made to increase capacity and the consistency of supply of demolition wood waste fuel to the Birkenhead plant. This investment will also reduce the joint venture's operating costs and improve the fuel's calorific value.

Landfill gate fees have reduced in Adelaide as a result of the unforeseen expansion of landfill operations, thus protracting this environmentally unfriendly method of waste disposal. The Company will continue to work with local authorities in order to encourage policies that promote more sustainable channels of waste recycling. The Adelaide Brighton alternative fuel programme has the capacity to remove 100,000 tonnes of waste from landfill annually and to reduce Adelaide Brighton's gas consumption in South Australia by 25%.

The increase in fuel prices in Western Australia has highlighted the opportunity to develop the Company's alternative fuels strategy in this state. Adelaide Brighton will continue to work closely with all stakeholders to further the key objectives of cost reduction, the reduction in the use of primary fuels and the promotion of sustainable waste management.

Following the successful completion of plant upgrades in C&M Brick, the Concrete Products Division reported a \$2.2 million increase in EBIT to \$3.6 million. This improvement was achieved despite a 4.5% reduction in sales and was based on lower operating costs, improved efficiencies and reduced freight costs. The latter resulting from lower interstate product transfers.

C&M Brick management continued to focus on expanding the C&M product range, improving operating performance and the recovery of raw material and energy cost inflation through increases in selling prices.

Performance in the Concrete and Aggregates Division also showed a measured EBIT improvement over last year. While Hy-Tec concrete sales volumes fell further in New South Wales, increases in sales price, together with more efficient truck utilisation, offset higher raw material costs. Sales volumes showed a modest increase in Queensland due to weather related benefits and this, together with sales price rises and favourable customer mix, improved overall margins.

The Division also tightened its credit control and accounts receivable management processes thus contributing to the increase in its operating cash flow.



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## Interim results summary

Half year ended 30 June 2006

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### STRATEGIC DEVELOPMENTS

Adelaide Brighton's strategy continues to be focused on selected vertical integration into downstream markets, operational improvement and the development of the lime business in Western Australia, South Australia and the Northern Territory.

The Company continues to evaluate downstream opportunities in sand, aggregate and limestone. The expansion of the Company's limestone position in Western Australia was strengthened through the agreement to purchase the business assets for the limestone mining, distribution and sales activities of Loongana Lime Pty Ltd in the Kalgoorlie region.

The development of the Austen Quarry continued during the first half with the successful commissioning of the primary crushing and downhill conveyor stages. This business will continue to employ a temporary secondary crushing operation until the completion of phase two of the project in the first quarter 2007.

### FINANCIAL REVIEW

#### Cash flow and gearing

Gearing at 30 June 2006 increased to 40.4% (33.4% at 30 June 2005 and 35.8% at 31 December 2005). This increase occurred because:

1. The dividend payout ratio increased from 51.7% in 2004 to 64.8% in 2005 on the base of rising profitability. The dividend payment has increased from \$21.7 million in the first half 2005 (final 2004 dividend) to \$33.9 million in the first half 2006 (final 2005 dividend).
2. Capital expenditure increased by \$2.9m to \$41.1m due to strategic investments such as the Austen Quarry and Munster kiln 5 upgrade.
3. The completion of the Cement and Lime annual maintenance programmes in the first half of 2006.
4. Income tax payments increased to bring the 2005 tax instalments to a fully paid status.

The net cash inflow from operating activities for the period was \$44.8 million (\$52.1 million pcp) also as a direct result of the above factors.

#### Dividend

An interim 2006 dividend of 5.0 cents, franked to 100% has been declared (4.25 cents, franked 100% pcp). During the period the Directors declared a fully franked final dividend of 6.25 cents (4.0 cents pcp), for the year ended 31 December 2005. This dividend was paid on 5 April 2006. This further increase in dividend reflects both the continued improvement in profitability, the confidence in the Company's future performance and the Board's intent to increase the dividend payout ratio to within the 65 – 75% range and optimise the use of franking credits.



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## Interim results summary

Half year ended 30 June 2006

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### FINANCIAL REVIEW (continued)

#### Interest expense

The interest expense at \$6.9 million is only marginally ahead of the pcp despite the increase in borrowings. The underlying increase in interest expense was offset by higher interest income and the capitalisation of the notional interest on the funding of the construction of the Austen Quarry.

#### Capital expenditure

Capital expenditure of \$41.1 million (\$38.2 million pcp) was consistent with the \$80.0 million full year expenditure guidance given in February this year. This expenditure included \$11.6 million of major component asset replacement incurred in the Birkenhead annual shutdown and the investment to obtain a further five year maritime certificate for *Accolade II*, the vessel used to transport limestone from the Adelaide Brighton quarry at Klein Point on the Yorke Peninsula to Birkenhead. Other large capital projects included the upgrade of lime kiln 5 and number 4 raw mill at Munster, the completion of Austen Quarry phase I and the progression of the Birkenhead three year environmental upgrade program.

In accordance with current accounting standards and Adelaide Brighton's policy, \$1.3 million of interest expense was capitalised on the Austen Quarry covering the borrowing costs over the phase I construction. Under Adelaide Brighton's accounting policies, compliant with current accounting standards, the Austen Quarry project is deemed a qualifying asset, being of material value and encompassing a construction period of over twelve months.

#### Taxation payment and charges

The increased tax payments of \$24.6 million made in 2005 (\$14.7 million pcp) reflected both the increase in Company profitability and the finalisation of 2005 tax instalments. The reduction in the first half tax expense to \$12.4 million (pcp \$14.2 million) was due to the anticipated bringing to account of a further \$1.5 million of tax benefit arising from the completion of the tax consolidation process.

This tax benefit relates specifically to the recognition of consumable stores under tax consolidation and the accounting for the tax losses associated with the Premier Resources (Hy-Tec) acquisition. This latter effect will continue to feed through into the annual tax charge as the \$12.9 million of tax losses are progressively brought to account over subsequent years.

### OUTLOOK

Adelaide Brighton expects that demand for cement will continue close to current levels over the medium term as continued demand from the resources, commercial, and engineering sectors compensates for any regional downturns in the residential sector. Recent movements in interest rates now make a protracted residential downturn more likely, though it is expected that state infrastructure investment together with continued strong demand in Western Australia will deliver steady, second half 2006 cement volumes in line with Company expectations.

The transparency of measurable inflationary cost pressures in labour, energy, fuel and raw materials and the continued tightness of global cement supply will provide the basis for cost recoveries through further cement price increases in the eastern states in the second half year.



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## Interim results summary

Half year ended 30 June 2006

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### OUTLOOK (continued)

While the projected increase in demand for lime did not eventuate during the first half year due to customer operational off-take interruptions, as opposed to the underlying industry demand, the Company remains optimistic that increased lime volumes will occur in the second half year.

The continued global demand for primary materials such as alumina, steel, gold, nickel and uranium, together with the competitiveness of the Australian resources industry, will see the progressive implementation of the resource sector expansion plans. These investments are expected to deliver a steady increase in lime demand over the next five years. Our internal projections predict that Adelaide Brighton will be selling about 400,000 additional tonnes of lime annually by the end of 2012.

The outlook for the Hy-Tec concrete operations is for continued improvement in the second half year supported by operational improvements and concrete price increases necessary to recover cost inflation in raw materials, labour and fuel expenses.

While we believe there is now little prospect of any measurable recovery in New South Wales until mid 2007, the Queensland and Victorian markets are projected to hold at current levels due to continuing infrastructure and non-residential demand. It is still too early to predict the impact of the recent rises in interest rates and the business will be managed tightly in the event of any further downturn in residential demand.

C&M Brick will continue to focus on operational and cost improvements maximising the returns from their plant upgrade programmes. The Division will continue to develop its higher value block, brick and paving business segments in order to mitigate any further weakening in its largest market, New South Wales.

On the basis of our balanced geographical spread and projected operating performance the Company remains positive about the second half of 2006 and remains on track to meet its FY 2006 NPAT target within the range of \$92 - \$96 million.

**M Chellew**  
**Managing Director**

23 August 2006

FOR FURTHER INFORMATION CONTACT:

ANDREW POULTER  
CHIEF FINANCIAL OFFICER  
0439 492 392

LUBA PRZEDWORSKI  
GROUP CORPORATE AFFAIRS ADVISER  
0418 535 636

The Directors present their report on the consolidated entity ("the Group") consisting of Adelaide Brighton Ltd ("the Company") and the entities it controlled at the end of, or during, the half year ended 30 June 2006.

**Directors**

The Directors of the Company at any time during or since the end of the half year and up to the date of this report are:

**MA Kinnaird AO**  
**D Barro AO**  
**MP Chellew**  
**CL Harris**  
**LV Hosking**  
**JD McNerney**  
**GF Pettigrew**

**Review of operations**

A review of the operations of the Group during the half year ended 30 June 2006 is set out on pages 3 to 7 of this report.

**Auditor's independence declaration**

A copy of auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 17.

**Rounding off**

The Company is of a kind referred to in Class Order 98/0100 issued by ASIC, relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the director's report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

Dated at Sydney this 23rd day of August 2006.

This report is made in accordance with a resolution of the Directors.

**M Chellew**  
Managing Director

**Adelaide Brighton Ltd**  
**Consolidated income statement**  
For the half year ended 30 June 2006

	<b>Half year June 2006 \$'000</b>	Half year June 2005 \$'000
<b>Revenue</b>	<b>363,289</b>	347,194
Cost of sales	<b>(244,636)</b>	(226,624)
Freight and distribution costs	<b>(48,548)</b>	(47,367)
<b>Gross Profit</b>	<b>70,105</b>	73,203
Other income	<b>4,512</b>	4,211
Marketing costs	<b>(5,217)</b>	(5,326)
Administration costs	<b>(19,061)</b>	(20,767)
Other expenses		
Finance costs	<b>(8,073)</b>	(7,672)
Shares of net profits of joint venture entities accounted for using the equity method	<b>10,112</b>	8,877
<b>Profit before income tax</b>	<b>52,378</b>	52,526
Income tax expense	<b>(12,404)</b>	(14,159)
<b>Profit for the half year</b>	<b>39,974</b>	38,367
Loss / (Profit) attributable to minority interest	<b>(239)</b>	163
<b>Profit attributable to members of Adelaide Brighton Ltd</b>	<b>39,735</b>	38,530
	<b>Cents</b>	Cents
<b>Earnings per share for profit attributable to the ordinary equity holders of the company:</b>		
Basic earnings per share	<b>7.3</b>	7.1
Diluted earnings per share	<b>7.3</b>	7.1

*The above consolidated income statement should be read in conjunction with the accompanying notes.*

**Adelaide Brighton Ltd**  
**Consolidated balance sheet**  
As at 30 June 2006

	30 June 2006 \$'000	31 December 2005 \$'000
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	22,999	24,603
Receivables	120,540	110,957
Inventories	75,893	75,391
Derivative financial instruments	54	-
Other	47	31
<b>Total current assets</b>	<b>219,533</b>	<b>210,982</b>
<b>Non-current assets</b>		
Receivables	25,350	23,365
Investments accounted for using the equity method	40,523	38,062
Other financial assets	32	32
Property, plant and equipment	680,682	665,619
Deferred tax assets	18,508	18,963
Intangible assets	164,776	164,995
<b>Total non-current assets</b>	<b>929,871</b>	<b>911,036</b>
<b>Total assets</b>	<b>1,149,404</b>	<b>1,122,018</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	78,722	72,988
Interest bearing liabilities	525	250,425
Current tax liabilities	2,353	20,347
Provisions	24,253	24,146
Derivative financial instruments	-	31
Other	14,126	13,784
<b>Total current liabilities</b>	<b>119,979</b>	<b>381,721</b>
<b>Non-current liabilities</b>		
Interest bearing liabilities	280,822	971
Deferred tax liabilities	84,444	79,293
Provisions	24,558	24,537
Retirement benefit obligations	497	1,418
Other	102	102
<b>Total non-current liabilities</b>	<b>390,423</b>	<b>106,321</b>
<b>Total liabilities</b>	<b>510,402</b>	<b>488,042</b>
<b>Net assets</b>	<b>639,002</b>	<b>633,976</b>
<b>EQUITY</b>		
Contributed equity	513,255	513,255
Reserves	12,939	14,034
Retained profits	104,293	98,412
Parent entity interest	630,487	625,701
Minority interest	8,515	8,275
<b>Total equity</b>	<b>639,002</b>	<b>633,976</b>

*The above consolidated balance sheet should be read in conjunction with the accompanying notes.*

**Adelaide Brighton Ltd**  
**Consolidated statement of recognised income and expense**  
For the half year ended 30 June 2006

	<b>Half year June 2006 \$'000</b>	<b>Half year June 2005 \$'000</b>
Actuarial gain / (loss) on defined benefit plan	372	363
Exchange differences taken to equity	(16)	17
Employee share options	(1,601)	569
Income tax on items taken directly to or transferred from equity	180	-
	(1,065)	949
Profit for the half year	39,974	38,367
<b>Total recognised income and expense for the period</b>	<b>38,909</b>	<b>39,316</b>
Attributable to:		
Members of Adelaide Brighton Ltd	38,670	39,479
Minority interest	239	(163)
	<b>38,909</b>	<b>39,316</b>

*The above consolidated statement of recognised income and expense should be read in conjunction with the accompanying notes.*

**Adelaide Brighton Ltd**  
**Consolidated cash flow statement**  
30 June 2006

	<b>Half year June 2006 \$'000</b>	Half year June 2005 \$'000
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of goods and services tax)	389,473	379,562
Payments to suppliers and employees (inclusive of goods and services tax)	<b>(325,246)</b>	(315,510)
Interest received	1,160	952
Distributions received from joint ventures	7,650	6,583
Other revenue	3,031	1,767
Interest paid	<b>(6,655)</b>	(6,548)
Income taxes paid	<b>(24,612)</b>	(14,674)
<b>Net cash inflow from operating activities</b>	<b>44,801</b>	52,132
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	<b>(41,063)</b>	(38,220)
Payments for controlled entities and operations	-	-
Proceeds from sale of property, plant and equipment	520	546
Proceeds from sale of controlled entities	-	-
Loans to joint venture entities	<b>(1,911)</b>	(1,502)
<b>Net cash (outflow) from investing activities</b>	<b>(42,454)</b>	(39,176)
<b>Cash flows from financing activities</b>		
Proceeds from issues of shares and other equity securities	-	480
Proceeds from borrowings	30,000	10,000
Repayment of borrowings	<b>(49)</b>	-
Dividends paid to company's shareholders	<b>(33,885)</b>	(21,674)
Dividends paid to minority interests in controlled entities	-	-
<b>Net cash (outflow) from financing activities</b>	<b>(3,934)</b>	(11,194)
<b>Net increase in cash and cash equivalents</b>		
Cash and cash equivalents at the beginning of the half year	24,603	21,646
Effects of exchange rate changes on cash and cash equivalents	<b>(17)</b>	18
<b>Cash and cash equivalents at end of the half year</b>	<b>22,999</b>	23,426

*The above consolidated cash flow statement should be read in conjunction with the accompanying notes.*

## 1 Basis of preparation of half year report

This general purpose financial report for the interim half year reporting period ended 30 June 2006 has been prepared in accordance with Australian Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2005 and any public announcements made by Adelaide Brighton Ltd during the interim reporting period in accordance with continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

## 2 Segment reporting

<b>Half year 2006</b>	Construction and Mining Materials \$'000	Building Products \$'000	Other \$'000	Unallocated \$'000	Consolidated \$'000
Total segment revenue	321,181	42,108	-		363,289
Shares of net profits of joint ventures	10,112	-	-		10,112
Other income	1,984	208	1,137		3,329
Total revenue and other income	333,277	42,316	1,137		376,730
Segment result	60,372	3,627	(4,731)		59,268
Net interest expense				(6,890)	(6,890)
Profit before income tax					52,378
<b>Half year 2005</b>	Construction and Mining Materials \$'000	Building Products \$'000	Other \$'000	Unallocated \$'000	Consolidated \$'000
Total segment revenue	303,122	44,072	-		347,194
Shares of net profits of joint ventures	8,877	-	-		8,877
Other income	1,658	1,565	22		3,245
Total revenue and other income	313,657	45,637	22		359,316
Segment result	64,192	1,404	(6,364)		59,232
Net interest expense				(6,706)	(6,706)
Profit before income tax					52,526

### 3 Profit for the half year

	<b>Half year</b>	
	<b>2006</b>	2005
	<b>\$'000</b>	\$'000
<b>Net finance costs</b>		
Interest and finance charge paid / payable	7,965	6,548
Unwinding of the discount on restoration provisions and retirement benefit obligation	1,503	1,328
Less		
Exchange gains on foreign currency forward contracts	(85)	(204)
Interest capitalised in respect of qualifying assets	(1,310)	-
<b>Total finance costs</b>	<b>8,073</b>	7,672
Less interest income	(1,183)	(966)
<b>Net finance costs</b>	<b>6,890</b>	6,706

### 4 Dividends

	<b>Half year</b>	
	<b>2006</b>	2005
	<b>\$'000</b>	\$'000
<b>Ordinary shares</b>		
Dividends provided for or paid during the half year		
Final dividend of 6.25 cents (June 2005: 4.0 cents) per fully paid share	33,885	21,674
<b>Dividends not recognised at the end of the half year</b>		
In addition to the above dividends, since the end of the half year the directors have recommended the payment of an interim dividend of 5.0 cents per fully paid ordinary share (June 2005 – 4.25 cents), fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 11 October 2006 out of retained profits, but not recognised as a liability at the end of the half year, is	27,146	23,042
	<b>27,146</b>	23,042

### 5 Equity securities issued

	<b>Half year</b>		<b>Half year</b>	
	<b>June 2006</b>	June 2005	<b>June 2006</b>	June 2005
	<b>Shares</b>	Shares	<b>\$'000</b>	\$'000
<b>Issues of ordinary shares during the half year</b>				
Shares issued under the Adelaide Brighton Ltd Executive Performance Share Plan	-	292,560	-	480
	-	292,560	-	480

## 6 Investments in joint ventures

Investments in joint ventures are accounted for in the consolidated financial statements using the equity method of accounting.

Name of company	Ownership interest		Aggregate share of profits		Contribution to net profit	
	2006 %	2005 %	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Sunstate Cement Ltd	50	50	<b>6,023</b>	5,029	<b>6,023</b>	5,029
Independent Cement & Lime Pty Ltd	50	50	<b>4,414</b>	4,269	<b>4,414</b>	4,269
Alternative Fuel Company Pty Ltd	50	50	-	-	-	-
Unrealised profit in inventory					<b>(325)</b>	(421)
<b>Share of profits equity accounted</b>					<b>10,112</b>	<b>8,877</b>

## 7 Contingencies

No changes occurred in contingent liabilities or contingent assets since the last annual reporting date.

## 8 Events occurring after the balance sheet date

At the date of this report, no matter or circumstance has arisen since 30 June 2006 that has significantly affected, or may significantly affect:

- (a) the Group's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the Group's state of affairs in future financial years.

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 9 to 15 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Group's financial position as at 30 June 2006 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the half year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

**M Chellew**  
Director

Dated at Sydney on the 23rd day of August 2006

## Independent review report to the members of Adelaide Brighton Ltd

### Matters relating to the electronic presentation of the reviewed financial report

This review report relates to the financial report of Adelaide Brighton Ltd (the Company) for the half-year ended 30 June 2006 included on Adelaide Brighton Ltd's web site. The Company's directors are responsible for the integrity of the Adelaide Brighton Ltd web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the financial report identified below. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

### Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Adelaide Brighton Ltd:

- does not give a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of the Adelaide Brighton Group (defined below) as at 30 June 2006 and of its performance for the half-year ended on that date; and
- is not presented in accordance with the *Corporations Act 2001*, Accounting Standard AASB 134: *Interim Financial Reporting* and other mandatory financial reporting requirements in Australia, and the *Corporations Regulations 2001*.

This statement must be read in conjunction with the rest of our review report.

### Scope

#### The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, statement of recognised income and expense, cash flow statement, accompanying notes to the financial statements, and the directors' declaration for the Adelaide Brighton Group (the consolidated entity), for the half-year ended 30 June 2006. The consolidated entity comprises both Adelaide Brighton Ltd (the company) and the entities it controlled during that half-year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for

the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

### Review approach

We conducted an independent review in order for the company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements. For further explanation of a review, visit our website <http://www.pwc.com/au/financialstatementaudit>.

We performed procedures in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report does not present fairly, in accordance with the *Corporations Act 2001*, Accounting Standard AASB 134: *Interim Financial Reporting* and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the consolidated entity's financial position, and its performance as represented by the results of its operations, changes in equity and cash flows.

We formed our statement on the basis of the review procedures performed, which included:

- inquiries of company personnel; and
- analytical procedures applied to financial data.

Our procedures include reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

### Independence

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.



PricewaterhouseCoopers



DR Clark  
Partner

Adelaide  
23 August 2006

## Auditor's Independence Declaration

As lead auditor for the review of Adelaide Brighton Ltd for the half-year ended 30 June 2006, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Adelaide Brighton Ltd and the entities it controlled during the period.



DR Clark  
Partner  
PricewaterhouseCoopers

Adelaide  
23 August 2006