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Acquisition of concrete products company Hanson Building Products Pty Ltd

Adelaide Brighton Limited announces that it has acquired the Queensland based concrete products business, Hanson Building Products Pty Ltd ("HBP"), for cash consideration of \$81.0 million (free of debt).

HBP operates eight production facilities, six in Queensland and two in Tasmania, producing a full range of masonry products with approximately 90% of its sales in Queensland, which is the fastest growing and largest masonry market in Australia. Adelaide Brighton expects Queensland market demand to remain strong, driven by the resources sector, significant infrastructure spending over the coming years and long-term population growth in excess of the Australian average.

The combination of HBP and C&M Brick (Adelaide Brighton's concrete products company) establishes the national market leader in the Australian masonry market, which will hold number one or number two market positions in all states of Australia except for Western Australia. HBP and C&M Brick are highly complementary businesses, with minimal production overlap and potential for significant synergies.

Commenting on the acquisition, Mark Chelley, the Managing Director of Adelaide Brighton said, "The Hanson Building Products business, with its leading positions in Queensland and Tasmania, offers an excellent geographical fit with Adelaide Brighton's Concrete Products Division".

"In creating the largest masonry supplier in Australia we have formed a sound foundation for the combination of product and technical expertise, improved business efficiencies and increased procurement scale".

The purchase price of \$81.0 million represents 7.0 times 2007 EBITDA and 5.6 times 2007 EBITDA including pro-forma synergies of \$3.0 million which are expected to be delivered by 2010. The acquisition is expected to be immediately earnings per share accretive. Additionally, low levels of goodwill are expected to arise from this transaction.

As part of the Company's ongoing capital management, Adelaide Brighton intends to reinstate its Dividend Reinvestment Plan for the interim dividend. Further details will be provided at the time of the Company's half year result announcement.

Post transaction, Adelaide Brighton's gearing (net debt/equity) will be at the upper end of the Company's 40%-60% preferred target gearing range.

This acquisition is consistent with Adelaide Brighton's strategy of developing downstream positions in concrete products. In combining C&M Brick and HBP, Adelaide Brighton will deliver specific synergies – rationalisation of administrative and support services, material procurement and supply chain benefits, which are expected to be delivered by 2010.

M Chelley
Managing Director

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