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Dear Shareholder

The company has changed considerably since I last wrote to you. Adelaide Brighton now has a different structure with the acquisition of Cockburn Cement and the purchase of 49% of Adelaide Brighton Cement previously owned by Australian Cement. The Rugby Group PLC who helped facilitate these transactions had their 55% shareholding in Adelaide Brighton taken over by RMC Group p.l.c. RMC is a major international building materials company based in the United Kingdom and listed on the London Stock Exchange. Its business includes the production of ready mixed concrete and concrete products, aggregates, cement and lime. It is the world's largest supplier of ready mixed concrete.

The Board appointed a new Managing Director, Phil Wright, at the end of last year and he has built a new team within the company which is energetically focused on an improved management strategy. Those four directors representing Rugby's interests have retired from the Board and three new members representing the RMC Group have been appointed.

Market Conditions

Your company has had to contend with the price depression caused by dumped imports. This is at a time when the industry is itself coming off the high volumes of the past two years, as recent interest rate rises and the GST take effect, and government infrastructure spending slows. The results to June 2000 demonstrate the management team has had some success in offsetting these events.

Progress

I can assure all shareholders that our company is in the best shape it has been in for many years. Phil Wright and his team are starting to see the results of their pursuit of improved operational effectiveness, and reduction of waste. Their mission is to be a 'well run, profitable operation by June 2001' and among the best in the world by 2005.

We are a different company :

- The Rugby transaction doubled the size of Adelaide Brighton's (ABL) business. ABL is Australia's largest producer of cement and lime with operations in all mainland states;
- The acquisition of Cockburn Cement gave your company access to a significant cement business and provided it with the dominant market position in lime in Australia. This has diversified ABL's earning base and provides better opportunities for growth in the future;
- The result to 30 June 2000 exceeds the forecast at the time of the Rugby transaction, once the affect of imports (some \$24 million) is taken into account;
- Birkenhead in the 12 months to June 2000 has returned its best production performance in three years – and continues to improve; and
- ABL's balance sheet is the strongest it has been for ten years. Further progress is expected with capital expenditure being kept to a minimum and the company continuing to generate strong cash flows.

Imports

Dumping is where product is exported for less than its manufacture cost in its home country. The issue of imports at dumped prices is very significant to ABL and the cement industry in Australia. Although Customs found dumping was occurring from Indonesia, Thailand and Malaysia, it has as yet been unable to determine the same from China.

We believe the Customs inquiry in relation to China to be fundamentally flawed and are vigorously pursuing this issue with government. We remain optimistic of a successful outcome.

Dividend

Your directors have followed the decline in our share price with great concern and believe the company to be grossly undervalued.

There is no doubt we are a stronger company than we have been for many years although our share price is considerably lower now than in the past. The new management team is demonstrating real progress and we continue to enjoy excellent relations with our major shareholder, RMC, whose practical support has assisted greatly in the advances to date.

We are pleased to declare an interim dividend of **1.5 cents per share fully franked**.

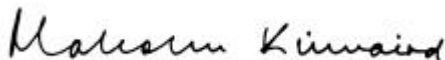
Although this utilises all of our existing franking credits the Board believes that their value should be returned to shareholders now. Management is investigating all options, that subject to trading conditions, will allow tax effective distributions to shareholders in the future.

Outlook

Market conditions will remain difficult this next year and many are forecasting severe declines in residential building activity and little indication of government spending post Olympics. This will impact on our earnings and we expect them not to match the last 12 months, but the company is far better prepared to weather this downturn in the cycle and position itself for any change upward.

Thank you for your ongoing commitment.

Yours sincerely



Malcolm Kinnaird AO
Chairman