Financial results A fifth consecutive year of profit improvement has provided a 29.4% compound average growth rate in shareholder return since 2001. The 19.0% increase in dividend to 12.5 cents per share has raised the payout ratio to 66.4%, rising to 98.3% when the fully franked special dividend is taken into account.

Andrew Poulter
Chief Financial Officer

Profits

Adelaide Brighton's net profit after tax attributable to members, before tax consolidation benefits, was $100.0 million, a 13.9% increase over 2005. The underlying profit before tax was $133.6 million, an 11.2% increase over 2005.

Sales revenue

Sales improved by 10.3% to a record $791.2 million due to the increased demand for cement and lime from the construction and resource sectors in Western Australia and Queensland and continued strong demand in South Australia and Northern Territory. Sales have doubled since 2001, underpinned by the Company's strategy of expansion through selective vertical integration and its exposure to the growing resources, engineering and infrastructure sectors.

Gross margins

Gross margins, including the share of profits from joint ventures, were maintained at 24.6% as sales price increases and operational cost improvements were achieved at levels sufficient to recover base raw materials, energy and labour cost increases. Operational improvements were most visible in Hy-Tec and C&M Brick as a result of improvements in operating efficiencies and distribution costs.

Dividends and earnings per share

A final dividend of 7.5 cents per share was declared, giving a total fully franked dividend for 2006 of 12.5 cents per share, a 19.0% increase over 2005. In addition, the Board declared a fully franked 6.0 cents per share special dividend.

Earnings per share improved to 18.8 cents, an 11.9% increase over the prior year. This represents the seventh consecutive year of earnings growth since the Company returned to profitability in 2000.

Cash flow

Operating cash flow increased by 16.9% to $144.3 million driven by improved profitability and continued focus on working capital management. Through tight credit management, trade accounts receivable grew by 7.9% to $119.7 million, a real reduction when set against the 10.3% sales growth with the net impact being a 1.4 day reduction in debtor days sales at the year end.

Finished product inventory levels increased due to the timing of cement coastal shipments at year end and the expansion of inventory levels in C&M Brick as a result of the expanded product lines held by all sales outlets.

Income tax payments increased by $6.2 million to $34.2 million, in line with increased taxable profits and higher opening tax payable balances. Dividend payments increased by $16.3 million to $61.0 million.

Borrowings

Net debt at 31 December 2006 was level at $226.9 million and, as a result, gearing (net debt to equity) reduced to 33.6% from 35.8% in 2005.

The Company refinanced its short term six month rolling $260 million credit facility and put in place $300 million medium term credit facilities and a $40 million working capital facility with three leading Australian banks.

These facilities will provide the basis for both future capital management and acquisitive growth needs.

Interest and taxation

Net interest expense increased to $15.2 million due to the higher average net borrowings and the 0.75% increase in the cash rate progressively introduced throughout the year.

The transition to tax consolidation was completed in 2005 and the Company finalised its tax position in 2006 bringing to account a further $2.1 million of tax benefit. In addition, the Company brought to account the carry forward Premier Resources Ltd operating losses in accordance with accounting standards. This benefit, together with other one off tax adjustments, resulted in a further $2.0 million credit to the tax charge.

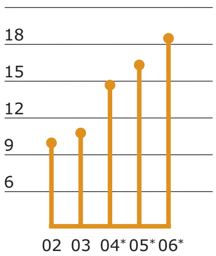
As a result of these adjustments, the net 2006 effective tax rate was 23.2% compared with 26.9% in the prior corresponding period.

Capital investments

Capital expenditure reduced to $81.5 million with underlying sustaining capital expenditure at $43.7 million. The key development investments included Phases 1 and 2 of the Austen Quarry, Angaston kiln 1 and 3 upgrades, Munster lime kiln 5 upgrade and the acquisition of the Rawlinna limestone quarry near Kalgoorlie.

Key environmental investments included the depressurising of the Birkenhead clinker handling systems and the design and planning for the Woodman Point shellsand washing plant upgrade.

Earnings per share
Cents per share



**Reported under AIFRS and before adjustments for the tax benefit on implementation of tax consolidation*

Interest cover
EBITDA basis
Times