

ADELAIDE BRIGHTON LTD
AND ITS CONTROLLED ENTITIES
A.C.N. 007 596 018

**12 MONTH PERIOD ENDED 30 JUNE 2000
OF AN 18 MONTH REPORTING PERIOD
ENDING 31 DECEMBER 2000**

ADELAIDE BRIGHTON LTD AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

The Directors present their report together with the consolidated financial report of the consolidated entity, consisting of Adelaide Brighton Ltd and its controlled entities, for the twelve month period ended 30 June 2000 and the auditor's review report thereon.

Directors

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

MA Kinnaird AO, DUniv, BE, Hon FIEAust, FTS
Age 66

Director since September 1996
Appointed Chairman January 1997
Chairman, United Water International Pty Ltd
Chairman, Sydac Pty Ltd
Chairman, A.G. O'Connor Pty Ltd
Director, National Electricity Market
Management Company Ltd (NEMMCO)
Director, South Australia Mariculture Pty Ltd
Director, Louminco Pty Ltd

CL Harris BEc, FCPA, FAICD
Age 53

Director since March 1995
Chairman, Argo Investments Limited (Group)
Deputy Chairman, Simeon Wines Limited
Director, Adelaide Bank Limited (Group)
Director, Bounty Investments Limited (Group)
Director, Wakefield Investments (Aust) Limited

PJ Bowen BE Hon, PhD
Age 55

Director since July 1999
Alternate Director for PC Crowley, DA Harding
and CH Perkins
Resigned as a Director March 2000

D Barro
Age 78

Director since November 1999
Chairman and Managing Director, Barro Group
of Companies
Director, Steel Cement Ltd

RW Hammond BSoc Sc
Age 56

Director since December 1991
Appointed Managing Director 1996
Chief Executive Officer of Adelaide Brighton
Cement Ltd (1993 – 96)
Resigned as a Director 30 November 1999

PJ Wright FAICD
Age 47

Director since November 1999
Appointed Managing Director December 1999

PC Crowley BA, BEcon
Age 43

Director since July 1999
Executive Director Cement and Lime,
The Rugby Group PLC
Resigned as a Director June 2000

DA Harding BA, FCMA
Age 53

Director since July 1999
Group Finance Director, The Rugby Group PLC
Resigned as a Director March 2000

CH Perkins FAICD
Age 61

Director since July 1999
Chairman, Wesfarmers Limited
Chairman, Westralian Farmers Co-operative Ltd
Chairman, Gresham Partners Management Ltd
Chairman, Western Australian Institute for
Medical Research
Director, Scientific Services Limited
Chancellor, Curtin University of Technology

RM Sharp
Age 56

Director since November 1999
Corporate Development Director,
The Rugby Group PLC
Resigned as a Director March 2000

JA Brooks
Age 52

Director since March 2000
Director and Head of Corporate Planning,
RMC Group p.l.c.

PA Rabi
Age 54

Director since March 2000
Director, RMC International Cement Ltd,
RMC Group p.l.c.

GE Clark
Age 45

Director since June 2000
Director of International Cement Operations,
RMC Group p.l.c.

**ADELAIDE BRIGHTON LTD
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**GROUP RESULTS AND DIVIDEND
RESULT FOR THE TWELVE MONTH PERIOD ENDED 30 JUNE 2000**

PERIOD COVERED BY THE REPORT

This report covers the first twelve months of an eighteen month reporting period for the restructured Adelaide Brighton Ltd ("ABL") Group.

The results reported for the comparative year ended 30 June 1999 are prior to the Merger transaction with The Rugby Group PLC, whereby ABL acquired Cockburn Cement, and the acquisition of the 49% of Adelaide Brighton Cement not previously owned.

Shares were issued to give effect to these transactions and ABL's issued capital increased from 157.4 million shares to 473.4 million shares. The Rugby Group PLC ended up with a controlling shareholding in ABL with 55% of the issued shares. The RMC Group p.l.c subsequently acquired The Rugby Group PLC during January 2000, thereby acquiring the 55% shareholding in ABL.

OVERVIEW

The twelve-month result to 30 June 2000 before abnormals was \$29.6 million compared with \$11.5 million for the corresponding period. Operating cashflow of \$71 million was substantially ahead of the prior year result of \$28 million and has been applied mainly in reduction of debt.

The market during the period under review has been difficult, as was foreshadowed in the last half-year report. Cost reductions and a lower tax charge have offset the sharp reduction in the price of bulk cement in order to counteract the threat of dumped imports from Asia.

Capital projects associated with the closure of Geelong Cement and the rationalisation of the South Australian/Victorian operations have commenced with some improvement possible in the capital outlook.

Earnings per share, on a pre-abnormal basis, declined to 6.3 cents (on expanded capital of 473.4 million shares) from 7.3 cents (on capital of 157.4 million shares).

DIVIDEND

Directors have declared an interim dividend of 1.5 cents per share, fully franked, totalling \$7.1 million.

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FINANCIAL RESULTS

The table below sets out the detailed financial results for Adelaide Brighton Ltd:

	12 months of 18 month reporting period 30 June 2000	Financial year to 30 June 1999
	\$m	\$m
Sales*	439.0	313.6
Depreciation	(34.6)	(25.7)
Earnings before interest & tax	51.8	35.1
Net interest expense	(19.2)	(14.6)
Net profit before tax, abnormal and outside equity interests	32.6	20.5
Income tax expense	(3.0)	(4.0)
Outside equity interests	-	(5.0)
Net profit after tax and outside equity interests before abnormal items	29.6	11.5
Abnormal items after tax and outside equity interests	(8.7)	(49.4)
Net profit/(loss) after tax and abnormal items attributable to members of Adelaide Brighton Ltd	20.9	(37.9)

* Sales only includes transactions with parties external to ABL Group.

Note: The above analysis differs from the format included in the half year financial statements which is prescribed by the Corporations regulations. The Directors believe that it is more relevant to focus on net profit after tax and outside equity interests before abnormal items. Abnormal items are also shown as after tax and outside equity interests.

Abnormal Items

The net abnormal loss comprised:

- An amount of \$2.0 million in respect of redundancies relating to the restructure of the Group operations, principally in Western Australia;
- An amount of \$4.4 million relating to the exit costs from Fuel and Combustion Technology Ltd;
- A reduction in the carrying value of Pavement Technology Malaysia of \$1.0 million and Stabilised Pavements of Australia Pty Ltd of \$3.4 million;
- An amount of \$0.1 million in respect of additional costs relating to the Humes Steelpipe claim; and
- A \$2.2 million profit relating to the sale of surplus land in Western Australia.

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MARKET CONDITIONS & OUTLOOK

Cement & Lime Operations				
Results Summary	Six Months Ended		12 Months Ended	
All figures in \$millions	June 00	Dec 99	June 00	June 99
Sales	196.7	210.5	407.2	275.2
EBIT – wholly owned operations	28.2	31.4	59.6	32.7
EBIT – Joint Ventures	3.1	5.0	8.1	8.5
EBIT – Total Cement & Lime	31.3	36.4	67.7	41.2

The Cement Market

Concrete production has grown strongly over the last 5 years. The increase in the 12 months to June 2000 is estimated to be 12%. The largest increases in the last 12 months have been in Queensland and New South Wales with increases of 15% - 18%. South Australia, Western Australia and Victoria have all been more modest with increases in the range of 3% to 6%. Against the trend, the Northern Territory declined by an estimated 18%.

Australian cement production has increased by an estimated 3% to 7.9 million tonnes. The lower growth in cement is attributed to a reduction in exports, an increase in imports and the continued growth in the usage of extenders (ie fly ash, slags etc) by concrete producers.

Sales

Cement and Lime operations constitute approximately 90% of the Company's turnover. These in turn are more or less equally divided between Cockburn Cement ("CC"), in Western Australia, and Adelaide Brighton Cement ("ABC"), being the eastern operations including South Australia, Northern Territory, Victoria and Queensland. The Company has only a low exposure to New South Wales.

Cement: Sales have been steady year on year. The market growth in the areas served by the Company has been largely offset by imports. The Company estimates that its loss of sales to imports in the 12 months has been approximately 100,000 tonnes.

More significant has been the effect on prices in the eastern states caused by imports being sold at dumped prices. Sales in Western Australia have only been marginally affected as this market has been at import parity levels for a number of years.

The Company estimates that imports have cost it approximately \$24 million in earnings before interest and tax ("EBIT") in the last twelve months. The annualised effect of the falls caused by imports is estimated at \$30 million.

Sales are expected to fall in the second half following the widely forecast downturn in construction activity.

Lime: The lime volumes in Western Australia are down nearly 2% for the year owing to closure of a number of gold mines during the year, the effects of commissioning new capacity in the alumina sector and the lower intensity of usage following commissioning of the new facilities.

Next half sales are expected to be stronger, however demand from gold will still be soft. Lime remains a growth opportunity for ABL and a number of market opportunities are currently being assessed.

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Production and Costs

Cockburn Cement: The rationalisation and restructuring program in Western Australia has been completed and the associated \$8 million in merger benefits have been achieved on an annualised basis. All bagging activities are now carried out on one site at Kwinana.

Adelaide Brighton Cement: Capital projects associated with the closure of Geelong Cement and the rationalisation of the South Australian/Victorian operations have commenced. Industrial disruption in Victoria, related to the construction of the new cement terminal, has caused a two-month amendment to the schedule with final closure of Geelong Cement now planned for June 2001. A potential \$16 million overrun in capital, announced in the previous half-year report, has been significantly reduced during the latest six months and attention is being directed to reducing this further. The forecast benefits are still expected to be realised in full following the closure of Geelong.

Birkenhead production exceeded 1.1 million tonnes for the year to June, which is its highest for three years. Significantly improved understanding of process has resulted in improved process stability which, together with a development blueprint, will lead to progressive improvements in Birkenhead output to nameplate capacity, of 1.3 million tonnes, over the next two years. The current period, to December 2000, will only include five months production at Birkenhead owing to a major planned closure for kiln rebricking, maintenance and other improvement works.

Customs Inquiry into Cement Dumping

After almost 12 months of analysis and investigation by the Australian Customs Service, a Statement of Essential Facts has been released by Customs in the Cement Dumping Inquiry.

While finding significant dumping by exporters in Indonesia, Malaysia and Thailand the Customs Statement contains two key findings. The first that cement exports from China to Australia have not been dumped and the second that the injury caused by dumped imports is not material. The Cement Industry has strongly refuted these findings and believes that, after careful consideration by Customs, these findings will be reversed. This inquiry is a long way from being over and the Company remains optimistic of a successful outcome.

CASH FLOWS

The Company cash operating earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 55% to \$96 million, compared with corresponding period last year.

The free cash flow generated (after capital expenditure) of \$59 million is high, relative to reported earnings, owing to the goodwill amortisation and the high depreciation charges.

INTEREST COSTS

Borrowings have reduced by \$44 million, or 14% of the debt at the beginning of the period, and cash on hand increased by \$15 million. This has improved gearing (on a net debt to equity basis) to 54% from 69%. Net interest cover on an earnings pre-goodwill basis has improved to 3.2 times from 2.5 times.

TAXATION

The effective tax rate at less than 10% is low and the charge relates to the first half. Tax rates over the next two years are expected to decline further owing to the continuing utilisation of tax losses brought forward.

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DIVIDEND

Directors have declared an interim dividend of 1.5 cents per share, fully franked, totalling \$7.1 million, payable on 16 October 2000 to shareholders registered on 27 September 2000. Shares will go ex dividend at close of business on 20 September 2000 and will start trading "ex" as of 21 September 2000.

This dividend fully utilises the Company's existing franking credits. The low effective tax rate and the availability of franking credits in the future will determine the level of franking going forward. The Company is exploring future alternatives to enable it to provide cash distributions that are tax-efficient in shareholders hands.

A capital return of 3.5 cents per share was made to shareholders on 5 July 1999.

BUSINESS IMPROVEMENT

Considerable changes have been initiated in the last six months in line with the twin goals of achieving the full merger benefits and establishing the Company as a well run, profitable operation for the longer-term.

The more material changes/achievements, in addition to those noted above, are:

- Establishment of a new management team;
- Implementation of a Group-wide planning process identifying clear operational strategy and targets;
- Establishment of clear personal accountabilities for managers;
- Development and implementation of a new safety, health and environmental management system; and
- Refinancing all bank and commercial debt lines through a flexible facility from RMC with estimated cost saving of over \$500,000 a year.

CHANGE TO BOARD COMPOSITION

In June 2000, Mr Graham Clark, Director of International Cement Operations, RMC Group p.l.c. replaced Mr Peter Crowley, formerly of The Rugby Group PLC.

OUTLOOK

In March 2000 the Directors warned of a difficult trading period ahead. This view remains unchanged particularly in light of recent published residential construction forecasts. Earnings are under some pressure as a result of this, and the continued dumping of imports, and it is anticipated that the next half will be weaker. The outlook next year is for continued market weakness, however, there will be some offset owing to the closure of Geelong Cement and its expected savings of \$11.5 million.

Notwithstanding the tough market outlook, the Directors feel that the present share price represents a significant under valuation of the Company as:

- The Cockburn Cement acquisition doubles the size of the business and has far less exposure to dumped imports;
- The Company has a world class lime business that offers long-term growth;
- There is a clearly established operational strategy with significant progress against this;
- There is a new management team in place that is clearly focussed on reducing debt and improving earnings; and

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- The Company's market capitalisation is little more than 3 times cashflow compared with a market average of 9 times for comparable companies.

Since the end of the half-year the Company has announced the initiation of on-market purchases of the 11% Convertible Note securities that are listed on the Australian Stock Exchange. Notes purchased will be cancelled and this is expected to lower interest costs and add to earnings per share.

The Directors remain committed to pursuing value for the benefit of all shareholders.

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.

Dated at Adelaide this day of September 2000.

Signed in accordance with a resolution of the Directors:

Director

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PROFIT AND LOSS STATEMENT

for the twelve months ended 30 June 2000

		Consolidated 2000 \$'000	Consolidated 1999 \$'000
	Note		
Sales revenue		439,005	313,565
Other revenue		19,420	12,878
Total operating revenue		458,425	326,443
Operating profit before abnormal items and income tax	2	32,625	20,462
Abnormal items	3	(9,562)	(106,096)
Operating profit / loss before income tax		23,063	(85,634)
Income tax attributable to operating profit / (loss)		(2,093)	15,565
Operating profit / (loss) after income tax		20,970	(70,069)
Outside equity interests in operating profit / (loss) after income tax		1	32,155
Operating profit / (loss) after income tax attributable to members of the company		20,971	(37,914)
Retained losses at the beginning of the half year		(76,020)	(32,477)
Adjustment to retained profits at the beginning of the financial year on the adoption of revised AASB 1016: Accounting for Investments in Associates		-	(8,516)
Adjustment to retained profits at the beginning of the financial year on the initial adoption of UIG 26: Accounting for Major Cyclical Maintenance		-	2,581
Aggregate of amounts transferred from reserves		-	306
Total available for appropriation		(55,049)	(76,020)
Dividends provided for or paid		(7,101)	-
Retained losses at the end of the twelve month period		(62,150)	(76,020)

The profit and loss statement are to be read in conjunction with the notes to and forming part of the financial statements set out on pages 12 to 17

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BALANCE SHEET

as at 30 June 2000

	Note	Consolidated 30 June 2000 \$'000	Consolidated 31 Dec. 1999 \$'000	Consolidated 30 June 1999 \$'000
Current assets				
Cash		29,299	22,980	14,532
Receivables	5	81,003	94,592	84,100
Inventories		42,856	44,350	49,628
Other		4,449	6,000	5,724
Total current assets		157,607	167,922	153,984
Non-current assets				
Receivables	5	7,000	-	15,266
Investments		30,137	33,964	33,348
Property, plant and equipment		501,161	514,726	527,567
Intangibles		156,936	159,906	163,929
Other		20,741	25,978	31,485
Total non-current assets		715,975	734,574	771,595
Total assets		873,582	902,496	925,579
Current liabilities				
Accounts payable		43,172	54,581	49,542
Borrowings		-	29	9,911
Provisions		44,098	37,635	26,642
Total current liabilities		87,270	92,245	86,095
Non-current liabilities				
Borrowings		263,080	287,809	297,160
Provisions		88,820	95,307	116,139
Total non-current liabilities		351,900	383,116	413,299
Total liabilities		439,170	475,361	499,394
Net assets		434,412	427,135	426,185
Shareholders equity				
Share capital	6	462,245	462,236	467,745
Reserves		31,336	31,208	31,478
Retained losses		(62,150)	(69,295)	(76,020)
Shareholders' equity attributable to members of the parent entity		431,431	424,149	423,203
Outside equity interests in controlled entities		2,981	2,986	2,982
Total shareholders' equity		434,412	427,135	426,185

The balance sheet are to be read in conjunction with the notes to and forming part of the financial statements set out on pages 12 to 17

**ADELAIDE BRIGHTON LTD
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STATEMENT OF CASH FLOWS

for the twelve months ended 30 June 2000

	Consolidated 2000 \$'000	Consolidated 1999 \$'000
	Note	
Cash flows from operating activities		
Cash receipts in the course of operations	444,475	307,541
Cash payments in the course of operations	(368,099)	(271,172)
Dividends received from associates	3,982	2,277
Distributions from business undertakings	3,000	3,968
Other income	2,949	1,218
Interest and other items of a similar nature received	3,109	791
Borrowing costs paid	(15,186)	(17,009)
Income tax refunds received	-	2,060
Income taxes paid	(3,328)	(1,081)
Net cash provided by operating activities	70,902	28,593
Cash flows from investing activities		
Payments for property, plant and equipment	(11,306)	(8,374)
Payments for controlled entities	(279)	(1,012)
Proceeds from sale of investments	4,000	-
Proceeds from sale of non-current assets	6,611	1,535
Payments on sale of controlled entity	(1,883)	-
Loans repaid	400	600
Other payments	7(ii) (1,400)	(2,365)
Net cash used in investing activities	(3,857)	(9,616)
Cash flows from financing activities		
Proceeds from issue of shares	-	76,502
Proceeds from borrowings	-	15,692
Repayment of borrowings	(47,465)	(23,200)
Other proceeds	7(ii) 1,570	1,301
Dividends paid	-	(3,936)
Dividends paid to outside equity interests	-	(7,140)
Capital payment to shareholders	(5,511)	(82,860)
Net cash provided by (used in) financing activities	(51,406)	(23,641)
Net increase (decrease) in cash held	15,639	(4,664)
Cash at the beginning of the financial year	13,621	8,946
Cash balances in controlled entities acquired	-	9,184
Effects of exchange rate changes on the balances of cash held in foreign currencies	39	155
Cash at the end of the financial year	7(i) 29,299	13,621

The statement of cash flows is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 12 to 17

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the twelve months ended 30 June 2000

1 Basis of preparation

The twelve months consolidated financial statements are a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Law, Accounting Standard 1029 "Half Year Accounts and Consolidated Accounts" and Urgent Issues Group Consensus Views. It is recommended that these twelve months financial statements and reports be read in conjunction with any public announcements made by Adelaide Brighton Ltd during the last twelve months in accordance with continuous disclosure obligations arising under the Corporations Law.

The accounting policies have been consistently applied by each entity in the economic entity and, except where there is a change in accounting policy, are consistent with those of the previous financial year ended 30 June 1999 and corresponding half year ended 31 December 1999.

The carrying value of non-current assets are reviewed to determine whether they are in excess of their recoverable amount at 30 June 2000. If the carrying amount of non-current assets exceeds the recoverable amount, the asset is written down to the lower amount. In assessing recoverable amounts the relevant cash flows have not been discounted to their present value.

For the purpose of preparing the twelve months financial statements, the twelve months have been treated as a discrete reporting period.

	Consolidated 2000 \$'000	Consolidated 1999 \$'000
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2 Operating profit

Operating profit before abnormal items and income tax has been arrived at after charging / (crediting) the following items:

Interest revenue	(3,016)	(2,191)
Interest expense (including lease finance charges)	22,225	16,814
Depreciation (including all forms of amortisation)	43,706	27,254

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for the twelve months ended 30 June 2000

	Consolidated 2000 \$'000	Consolidated 1999 \$'000
3 Abnormal items		
Provision for outstanding compensation claims	-	(1,020)
Income tax effect	-	-
	<hr/> -	<hr/> (1,020)
Writedown of investment in associated companies	(4,594)	-
Income tax effect	-	-
	<hr/> (4,594)	<hr/> -
Rationalisation costs	(7,070)	(101,544)
Income tax effect	898	19,511
	<hr/> (6,172)	<hr/> (82,033)
Settlement of legal claim	(88)	(3,532)
Income tax effect	-	-
	<hr/> (88)	<hr/> (3,532)
Profit on sale of land	2,190	-
Income tax effect	-	-
	<hr/> 2,190	<hr/> -
Aggregate abnormal items before income tax	<hr/> (9,562)	<hr/> (106,096)
Net adjustment to deferred income tax liabilities and assets to reflect the decrease in company tax rate 34% / 30% included in income tax attributable to operating profit	<hr/> 3,321	<hr/> -

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the twelve months ended 30 June 2000

	Consolidated 2000 cents	Consolidated 1999 cents
4 Earnings per share		
Basic earnings per share (cents per share) calculated in accordance with AASB 1027	4.4	(24.1)
Earnings per share (cents per share) calculated by reference to operating profit before abnormal items after income tax and outside equity interests	6.3*	7.3*
Reconciliation of earnings used in the calculation of earnings per share	\$'000	\$'000
Operating profit / (loss) after income tax	20,970	(70,069)
Less: Outside equity interests	(1)	(32,155)
Earnings used in calculation of basic earnings per share (AASB 1027)	20,971	(37,914)
Earnings before abnormal items after income tax and outside equity interests*	29,635	11,481

	Consolidated 30 June 2000 \$'000	Consolidated 31 Dec 1999 \$'000	Consolidated 30 June 1999 \$'000
5 Receivables			
Receivables include			
Secured deposits in respect of Research & Development Syndication as follows:			
Current	18,763	17,966	2,723
Non Current	-	-	14,544

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for the twelve months ended 30 June 2000

	Consolidated 30 June 2000 \$'000	Consolidated 31 Dec 1999 \$'000	Consolidated 30 June 1999 \$'000
6 Share Capital			
Issued and paid up capital 473 406 146 (30/6/99: 473 403 660) ordinary shares, fully paid	462,245	462,236	467,745
<hr style="border-top: 3px double black;"/>			
Movement in share capital during the period:			
Opening Balance – 1 July 1999	467,745		
Capital return payment to shareholders (3.5 cents / share)	(5,511)		
Convertible note conversions	11		
Closing balance – 30 June 2000	462,245		
<hr style="border-top: 3px double black;"/>			

7 Notes to the statement of cashflow

Reconciliation of cash

For the purpose of the Statement 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 financial period as shown in the Statement of Cash Flows is reconciled to the related items in the balance sheets as follows:

	Consolidated 2000 \$'000	Consolidated 1999 \$'000
Cash	29,299	14,532
Bank overdraft	-	(911)
	29,299	13,621
<hr style="border-top: 3px double black;"/>		

8 Statement of operations of segments

Industry and geographical segments

The consolidated entity 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.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the twelve months ended 30 June 2000

9 Investments in associates

Details of investments in associates are as follows:

Name	Principal activities	Consolidated interest		Contribution to operating profit	
		2000 %	1999 %	2000 \$'000	1999 \$'000
Sunstate Cement Ltd	Cement manufacture	50	50	4,179	2,571
Independent Cement and Lime	Cement distribution	50	50	4,781	6,918
* Stabilised Pavements of Australia Pty Ltd	Road construction	-	50	-	18
Pavement Technology (M) Sdn Bhd	Road construction	40	40	-	2
Adjustments:					
Amortisation of goodwill arising from investment				(1,190)	(1,385)
Adjustment for unrealised profit in inventory				116	(139)
				7,886	7,985

* Sold 1 February 2000

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the twelve months ended 30 June 2000

10 Contingent liabilities

Adelaide Brighton Ltd ("ABL") has issued proceedings against the State of South Australia and the SA Ports Corporation, through its subsidiary Adelaide Brighton Cement Ltd ("ABCL"). ABCL is claiming refund of wharfage and tonnage charges previously paid. The matter is currently before the Supreme Court of South Australia.

The company's legal advice supports this course of action and the merits of the case. However, should the claim be unsuccessful, the company will be liable for legal costs incurred by SA Ports Corporation in defending the claim. These costs cannot be precisely quantified at this time.

Melcann Pty Ltd has instituted a Supreme Court action against Adelaide Brighton Cement Ltd, alleging breach of the terms of a supply contract. Melcann Pty Ltd is claiming various refunds for freight charges and alleged loss of market share damages to a total of approximately \$1 million. The claim has gone to mediation and is now below \$0.5 million. Adelaide Brighton Ltd will continue to rigorously defend the remaining matter.

Fuel and Combustion Technology International Ltd ("FCT (UK)") received a letter of demand detailing a claim by Kenya Calcium Products Ltd. The claim is in respect of the alleged failure of FCT (UK) to convert the burner system on an existing lime kiln and is for amount STG 1.5 million.

FCT (UK) deny liability and refute the basis on which the claim is made.

FCT (UK) has ceased operations and no provision has been made in respect of this claim.

ABL acquired the 49% minority shareholding in ABCL from Australian Cement Holdings Pty Ltd ("ACH") effective 30 June 1999. Following settlement, ACH has made a claim for a further payment of \$5.97 million. ACH's claim relates to the interpretation of the settlement agreement and calculation of the capital return due to ACH under the agreement. ABL management dispute ACH's claim and believe that the calculation at 30 June 1999 was performed in accordance with the agreement and was the basis on which the audited financial statements of the ABL Group at 30 June 1999 were prepared. If ACH is successful with their claim, the payment will be reflected as an adjustment to the goodwill arising on the acquisition of the 49% shareholding in ABCL.

11 Post Balance Date Events

There have been no material post balance date events.

**ADELAIDE BRIGHTON LTD
AND ITS CONTROLLED ENTITIES**

Directors' Declaration

Twelve Months ended 30 June 2000

In the opinion of the Directors of Adelaide Brighton Ltd:

- (a) the financial statements and notes, set out on pages 9 to 17, are in accordance with Corporations Law, including:
- (i) giving a true and fair view of the financial position of the consolidated entity as at 30 June 2000 and of its performance, as represented by the results of its operations and cash flows, for the twelve month period ended on that date; and
 - (ii) complying with Accounting Standards, the Corporations Regulations and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that Adelaide Brighton Ltd will be able to pay its debts as and when they become due and payable.

Dated at Adelaide this day of September 2000.

Signed in accordance with a resolution of the Directors:

Director