



Adelaide Brighton Ltd (ABL) ASX Year 2000 Disclosure

1. *"Has your company's assessment of its potential exposure to the Year 2000 problem changed materially from what the market has previously been told? If it has, your response should describe the change."*

No

2. *"Has your company initiated any material action to address the Year 2000 problem beyond actions previously disclosed to the market or does it propose to initiate any such action? If it has, your response should describe the action."*

No

3. *"Please provide details of your company's progress in relation to its activities to address the Year 2000 problem, including the date by which your company expects to have completed those activities."*

The focus of ABL's activities in response to the Year 2000 problem continues to be the systems and services that support its critical operations.

Overview

As advised in the March 1999 Disclosure, ABL's main business is to manufacture and supply clinker, cement, lime and related products to domestic and international markets. The prime focus of ABL's Year 2000 activities remains on the information technology (IT) systems and all plant control systems, referred to as 'Embedded Systems.'

As also previously advised, the ability of ABL to service our customers is dependent, in part, on the availability of correctly functioning services provided by other organisations (eg electricity utilities, gas suppliers and telecommunications service providers.)

The March 1999 Disclosure explained the definition of Year 2000 readiness used by ABL. For the sake of completeness, this definition has again been set out below. This Disclosure includes an update on ABL's Year 2000-related activities and a summary Year 2000 status of each of the following areas:

- ABL operations
- external dependencies
- ABL Year 2000 business continuity planning; and
- estimated Year 2000-related costs

Definition of Year 2000 Readiness used by ABL

Unfortunately, there is not one single definition of the term "Year 2000 compliant". In our March Disclosures ABL endorses the ASX view and adopted the nomenclature "Year 2000 Ready".

If ABL states that an ABL system or service is Year 2000 ready, it means the following:

"That through a process of internal reviews that all critical systems and processes are able to manage the transition before, during and after the Year 2000 (including subsequent leap years) without jeopardising safety, the environment and business operations."

ABL Operations

Overview of problems found to date with critical systems.

In the March 1999 Disclosure, it was noted that testing of ABL critical applications had revealed the need to upgrade the Order entry, Sales and Debtors system. Since that time a replacement system was installed on 1 July 1999. Other minor software upgrades have been installed and tested. These have included payroll, plant maintenance and operating systems in use throughout the Group.

ABL systems infrastructure

As advised in the March 1999 Disclosure, the objective of the ABL Year 2000 (Y2K) system infrastructure project is to ensure that all "IT infrastructure" associated with supporting ABL business functions is Year 2000 Ready. The project covers approximately 1,000 items of computer inventory. This phase of our project is now nearing completion.

Embedded systems

As advised in the March 1999 Disclosure, from ABL's perspective, embedded systems refers to:

- i systems that are used to monitor and control the manufacturing processes in the various plants operated by ABL around Australia. Examples of embedded systems are plant monitoring and control systems, security systems, air conditioning and fire monitoring systems.
- ii Year 2000 testing (and associated remedy, where required) has progressed in the following manner:
 - The first stage involved identification and listing of each critical embedded system.
 - The second stage required original equipment supplier certification of Year 2000 readiness and/or testing where possible. If a satisfactory result was not obtained, equipment and associated embedded systems have been replaced or upgraded.

In summary, in excess of 650 critical items were identified as non compliant and, more than 600 have been rectified as at mid September 1999. The balance will be completed by the end of September 1999.

Estimated Cost

The total forecast cost of the ABL Year 2000 project has not changed from the original forecast supplied to the ASX in June 1998 and confirmed in the March 1999 ASX release. The original budget and current forecast is that \$2.2 million will be expended on this project.

The forecast expenditure includes estimates for the completion of the Cockburn Cement Ltd Year 2000 program. Cockburn was merged into the ABL Group on the 30 June 1999.

The table below provides an update to the information provided in ABL's ASX March disclosure.

Milestones	Commencement date	Completed or scheduled completion date	% Complete
Embedded Systems			
Inventory of embedded systems	March 98	June 98	100%
Criticality assessment	June 98	August 98	100%
Supplier certification	July 98	December 98	100%
Testing	July 98	August 99	100%
Contingency planning	July 98	August 99	100%
Upgrading and/or replacement of affected equipment	July 98	September 99	99.2%
Final assessment	July 99	December 99	15%
IT			
Business systems - Sales Debtors	February 98	September 99	98%
- All others	December 98	September 99	99%
PC equipment	June 98	September 99	92%
Contingency planning	August 99	October 99	40%
Goods & services providers			
List top 300 critical suppliers	June 98	June 98	100%
Supplier certification of Year 2000 compliance	June 98	July 98	100%
Upgrade or replace non Year 2000 compliant providers - IT)	December 98	August 99	100%
- goods & services)			
Business contingency plans	March 99	October 99	80%

4. "Are there areas of your company's activities where, in your company's assessment, material Year 2000 risks will remain after the company's activities to address the Year 2000 problem are completed? Examples might include dependencies on third parties such as utilities. If there will be remaining risks, your response should describe them."

ABL's response has not altered from the response on this issue given in the March 1999 Disclosure.

Action taken to minimise these material Year 2000 risks

ABL's contingency plans are described in response to the next question. In addition, ABL has been and is continuing to take certain steps to deal with these material risks.

External infrastructure

As advised in the March 1999 Disclosure, ABL is dependent on components of external infrastructure (eg power, gas and telecommunications services) to provide its critical services. The provision of these services is outside of ABL's direct control. However, where considered commercially viable, ABL has taken steps to minimise its exposure to this external infrastructure. For example, ABL has stand-by electricity generators, which can be used to power down critical operating plant in the event of power failure thus avoiding the risk of serious damage to kilns and supporting infrastructure.

Legal issues

In assessing its potential legal liability, ABL has reviewed contracts with critical suppliers and its customers. Where appropriate, ABL negotiates the inclusion of Year 2000 provisions in its contracts.

5. *"Please describe your company's contingency plans in relation to Year 2000 issues."*

ABL has Business Continuity Plans in place for all critical ABL operations. The ABL Year 2000 Task Group, in conjunction with the various ABL business units, has reviewed these Business Continuity Plans in light of potential Year 2000-related problems. Separate and business unit specific Y2K Business Continuity Plans have now been prepared for each critical area of operation.

Each critical business unit identified the critical components required to ensure that normal levels of operation can be maintained without compromise to our safety, health and environment standards. In some circumstances, alternative sources of supply, ie power, gas may not be possible and the only solution will be to wait for the supplier to fix the problem.

As coastal shipping could be an external exposure risk clinker stock holdings at all cement grinding operations related to ABL will be maintained near maximum levels during the critical period.

Close attention has been given to payment of wages and salaries and the status of all accounts receivable.

Where relevant, each business unit has drawn up a checklist to be completed prior to and after midnight on the crucial Year 2000 date change. The plans also include a detailed list of activities to be completed over the transition weekend 1/1/2000 and 2/1/2000.

ABL will continuously review and where possible, improve the Year 2000 Business Continuity Plans in the remaining three months of 1999.

Transition weekend

ABL has Year 2000 plans in place to ensure that the end of period processing and system back-ups are completed in adequate time before midnight on 31 December 1999 (without extending into 1/1/2000.)

Y2K Disclosure

The ABL Year 2000 Task Group is reviewing transition plans for the weekend 1 January 2000 and 2 January 2000. ABL has two main objectives over this weekend:

- i to assess whether ABL's own infrastructure and critical services pass basic start-up tests, and, where feasible, take any necessary remedial action;
- ii to assess whether there are any problems with external infrastructure such as power, gas and telecommunication services.

The transition weekend activities focus upon those process components and services that ABL cannot test prior to 1 January 2000. Examples would be those services that are outside the direct control of ABL (telecommunication services, power, gas and water utility services.)

No detailed application testing will be undertaken over the transition weekend. These activities will have been completed, well in advance of 1 January 2000.



C J FOLL
Company Secretary

Date: 30 September 1999