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20 August 2015

The Manager  
Market Announcements  
Australian Securities Exchange Limited  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sir/Madam

**Results for announcement to the market – half year ended 30 June 2015**

We attach Appendix 4D Half Year Report in accordance with Listing Rule 4.2A and management discussion covering the half year ended 30 June 2015 for release to the market.

Yours faithfully

**MRD Clayton**  
**Company Secretary**

For further information please contact:

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## Results for announcement to the market

Company name:	Adelaide Brighton Limited
ABN:	15 007 596 018
Reporting period:	Half year ended 30 June 2015
Previous corresponding period:	Half year ended 30 June 2014
Release date:	20 August 2015

				A\$m
<b>Revenue</b> from continuing operations	<b>up</b>	12.6%	<b>to</b>	678.1
<b>Earnings</b> before interest and tax	<b>up</b>	49.2%	<b>to</b>	116.8
<b>Net profit</b> for the period attributable to members	<b>up</b>	61.3%	<b>to</b>	82.6

Dividend	Amount per security		Franked amount per security
	Current period	Previous corresponding period	
Interim ordinary dividend	8.0¢	7.5¢	100%
Interim special dividend	4.0¢	-	100%

<b>Record date</b> for determining entitlements to the interim dividend	7 September 2015
<b>Payment date</b> for interim dividend	9 October 2015

	30 June 2015	30 June 2014
<b>Net tangible asset backing</b> per ordinary share	\$1.39	\$1.33

### Dividend Reinvestment Plan

The Adelaide Brighton Limited Board advises that the Company's Dividend Reinvestment Plan remains suspended until further notice.



### KEY POINTS

- Revenue of \$678.1 million – an increase of 12.6% over the previous corresponding period (pcp)
- Earnings before interest and tax (EBIT) increased by 49.2% to \$116.8 million
- Underlying<sup>1</sup> EBIT of \$117.3 million – increased 26.8% over the pcp
- Profit before tax (PBT) of \$110.3 million – up 55.1% over the pcp
- Net profit attributable to members (NPAT) of \$82.6 million – up 61.3% over the pcp
- Underlying NPAT of \$83.0 million – up 35.6% over the pcp
- Underlying NPAT includes \$12 million from property transactions
- Interim ordinary dividend of 8.0 cents per share, franked to 100% and special dividend of 4.0 cents per share, franked to 100% (interim ordinary 7.5 cents, 100% franked in the pcp)
- Basic earnings per share of 12.8 cents – up 58.8% from the pcp
- Operating cash flow of \$83.8 million – up 224.8% over the pcp
- Gearing<sup>2</sup> at 29.8% (32.1% at the pcp)

<b>FINANCIAL SUMMARY – Statutory basis</b>	<b>6 months ended 30 June</b>		
(\$million)	<b>2015</b>	<b>2014</b>	<b>% change pcp</b>
<b>Revenue</b>	<b>678.1</b>	<b>602.0</b>	<b>12.6</b>
Depreciation, amortisation and impairments	(37.9)	(36.7)	3.3
<b>Earnings before interest and tax (“EBIT”)</b>	<b>116.8</b>	<b>78.3</b>	<b>49.2</b>
Net finance cost <sup>3</sup>	(6.5)	(7.2)	(9.7)
<b>Profit before tax</b>	<b>110.3</b>	<b>71.1</b>	<b>55.1</b>
Tax expense	(27.7)	(19.9)	39.2
<b>Net profit after tax</b>	<b>82.6</b>	<b>51.2</b>	<b>61.3</b>
Non-controlling interests	-	-	-
<b>Net profit attributable to members (“NPAT”)</b>	<b>82.6</b>	<b>51.2</b>	<b>61.3</b>
Basic earnings per share (EPS) (cents)	12.8	8.0	58.8
Ordinary dividends per share – fully franked (cents)	8.0	7.5	
Special dividends per share – fully franked (cents)	4.0	-	
Net debt <sup>4</sup> (\$ million)	346.1	333.0	
Gearing (%) <sup>2</sup>	29.8%	32.1%	

<sup>1</sup> Underlying results have been adjusted for significant items. An explanation of the adjustments and reconciliation to statutory results is provided on page 10.

<sup>2</sup> Net debt/equity.

<sup>3</sup> Net finance cost is the net of finance costs shown gross in the Income Statement with interest income included in revenue.

<sup>4</sup> Net debt is calculated as total borrowings less cash and cash equivalents.



<b>FINANCIAL SUMMARY – Underlying basis<sup>1</sup></b>	<b>6 months ended 30 June</b>		
(\$million)	<b>2015</b>	<b>2014</b>	<b>% change pcp</b>
<b>Revenue</b>	<b>678.1</b>	<b>602.0</b>	<b>12.6</b>
Underlying depreciation and amortisation	(37.9)	(34.7)	9.2
<b>Underlying earnings before interest and tax</b>	<b>117.3</b>	<b>92.5</b>	<b>26.8</b>
Net finance cost	(6.5)	(7.2)	(9.7)
<b>Underlying profit before tax</b>	<b>110.8</b>	<b>85.3</b>	<b>29.9</b>
Underlying tax expense	(27.8)	(24.1)	15.4
<b>Underlying net profit after tax</b>	<b>83.0</b>	<b>61.2</b>	<b>35.6</b>
Non-controlling interests	-	-	-
<b>Underlying net profit attributable to members</b>	<b>83.0</b>	<b>61.2</b>	<b>35.6</b>
Underlying basic earnings per share (cents)	12.8	9.6	33.3

<sup>1</sup> Underlying results have been adjusted for significant items. An explanation of the adjustments and reconciliation to statutory results is provided on page 10.

## Summary of Results

Adelaide Brighton Limited reported net profit after tax (NPAT) for the half year ended 30 June 2015 of \$82.6 million, an increase of 61.3% compared to the previous corresponding period (pcp). Adjusted for significant items, underlying NPAT of \$83.0 million was 35.6% higher than the pcp. Property transactions contributed \$12 million to NPAT.

Revenue of \$678.1 million was 12.6% higher than the pcp supported by higher cement and lime volumes, improved prices, property revenue and the contribution from acquisitions completed in the second half of 2014.

Earnings before interest and tax (EBIT) increased 49.2% to \$116.8 million. EBIT was constrained in the pcp by significant items totalling \$14.2 million, including the rationalisation of clinker production at Munster, acquisition expenses and corporate restructuring costs.

Underlying EBIT of \$117.3 million increased 26.8% on the pcp, supported by \$13 million pre-tax profit (pcp \$1 million) from property transactions. Excluding property, underlying EBIT increased 14% on pcp, which was approximately in line with revenue growth. The underlying EBIT margin improved to 17.3% from 15.4% in the pcp. Excluding property earnings, the underlying EBIT margin was 15.4% up slightly from 15.2% in the pcp.

The geographic mix of cement sales, lower earnings from joint ventures and rising import costs due to the weaker Australian dollar, all adversely impacted margins. However, these pressures were more than offset by increased volumes, and like-for-like selling prices and rationalisation benefits, allowing modest margin expansion (excluding property earnings).

Net finance cost was marginally higher than the prior year. While average borrowings were up following the 2014 acquisitions, interest rates were lower.

An interim ordinary dividend of 8.0 cents per share and a special dividend of 4.0 cents per share have been declared, both franked to 100% (ordinary dividend of 7.5 cents, 100% franked in the pcp).

The special dividend takes into consideration Adelaide Brighton's strong cash flows, lower gearing, capital expenditure outlook and franking credits. The Record Date for the dividend is 7 September 2015 and it will be paid on 9 October 2015.



## Review of Operations

### Cement and Clinker

#### **Sales – Improved demand led by the residential sector**

Total cement and clinker sales volumes increased versus the pcp. Demand growth on the east coast of Australia, led by strength in the residential sector more than compensated for lower sales volumes in South Australia. Demand from the resources sector was stable.

Recovering demand in Victoria was encouraging, supported by growth in both the residential and non-residential segments.

South Australia was affected by the loss of some contracted volume as previously advised to the market, a decline in the non-residential sector due to the completion of major projects and a pause in sales of back fill binder to some mining operations, while the residential sector was stable versus pcp. There is currently a lull in major projects in South Australia, ahead of the start of several major infrastructure projects slated for 2016 and beyond.

The New South Wales, Queensland and Western Australian markets were supported by growth in residential construction. Sales volume of cement to major resource projects in Western Australia and the Northern Territory were in line with the previous corresponding period, albeit with the Northern Territory modestly affected by an extended wet season.

Selling price increases were achieved in the majority of markets during the first half, however the average realised cement and clinker price was lower, reflecting a change in sales mix toward lower priced markets.

Import volumes continued to grow as the Company took advantage of competitive offshore supply to meet domestic demand growth while rationalising domestic manufacture. The volume of imported cementitious material is on track to exceed 2.1 million tonnes on an annualised basis in 2015, representing more than 20% of estimated industry demand.

#### **Operations – Benefits from clinker rationalisation and cost reduction programs**

Excluding property transactions, underlying cement margins improved versus the first half of 2014, supported by higher sales volumes, improved Birkenhead production performance, benefits from the rationalisation of clinker production in Western Australia, lower energy costs and other cost reduction initiatives.

With a more consistent operating performance, clinker production from the Birkenhead plant, South Australia, recovered from the operational issues that affected the previous corresponding period. The annual maintenance shutdown was successfully completed in May 2015.

Clinker production largely ceased at the Munster site in Western Australia at the end of 2014. Demand is being supplied by imported clinker, which is ground into cement at Munster for the local market. Cost savings from the rationalisation are on track to meet the full year target of \$5 million pre-tax.

Import profitability was adversely impacted by approximately \$2 million before tax versus the pcp due to the decline in the Australian dollar and subsequent rise in the cost of imported product. First half 2015 earnings included a mark-to-market gain on foreign currency contracts of \$0.3 million compared to a loss of \$0.5 million in the pcp.

Further strengthening of demand in Victoria has supported the utilisation of Birkenhead milling capacity upgraded at a cost of \$60 million in 2012 to supply the Victorian market.



## Lime

### Sales – Improved volumes

Lime sales volumes increased by approximately 5% on pcp, supported by improved demand from the non-alumina sector and the resumption of production at a major customer whose operations had been suspended in the prior period.

Average selling prices increased. The devaluation of the Australian dollar increased the cost of competing imported products. However, the threat of lime imports remains.

### Operations – Improved profit

Lime profit improved versus pcp due to the resumption of sales to a major customer in the Northern Territory, improved volumes and pricing. The lime operations continue to benefit from the significant investment in environmental performance completed in the first half of 2013, which also had important cost and capacity benefits.

## Concrete and Aggregates

### Sales – Improved demand across all markets

In 2014, Adelaide Brighton completed three acquisitions in South Australia and north Queensland, in line with its strategy to further develop the vertical integration of its businesses. Excluding the newly acquired businesses, concrete and aggregates demand was higher across all relevant markets supported by rising demand from residential construction and commercial projects.

Average selling prices for concrete improved by more than CPI compared to the prior half year, while aggregates selling prices improved by significantly more than CPI.

### Acquisitions – Performing to expectations

Acquisitions completed in 2014 in South Australia and north Queensland added approximately 9% to Group revenue versus pcp. Earnings from these acquisitions were overall in line with expectations. Aggregates prices have been better than expected offset by slightly lower volumes in South Australia compared to initial expectations. Synergies have been delivered on an accelerated program in line with prior guidance with significant benefits realised at the Penrice quarry.

The initial period of ownership of the assets has confirmed the Company's view that the acquired businesses offer highly valuable and strategic long term positions. The operations are well positioned for growth in infrastructure activity expected in the medium term.

## Concrete Products

### Sales – Demand improvement

Revenue increased 8.2% on pcp in the Concrete Products business, assisted by stronger demand in most markets from the residential and commercial construction segments. Selling prices increased in line with CPI.

### Operations – Production investment and restructuring benefits

Rationalisation of production facilities and restructuring undertaken over the last few years has delivered benefits as market demand improved. Along with the improvement in demand and pricing, these benefits contributed to a \$1.2 million increase in Concrete Products' EBIT compared to the pcp.

## Joint Arrangements and Associates

### **Independent Cement and Lime Pty Ltd (ICL) (50%)**

ICL is a specialist supplier of cement and cement blended products to a wide variety of industries and retail outlets throughout Victoria and New South Wales. Demand improved in Victoria from the slow start experienced in the pcp, while the high level of demand in New South Wales was maintained. However, price increases did not cover higher input costs under long term supply agreements, resulting in lower margins. ICL reported a lower contribution to Group net profit of \$3.0 million, down from \$5.1 million in the pcp. A decline in input costs and price increases of approximately 2.5% effective May 2015 are expected to assist margins in the second half.

### **Sunstate Cement Limited (Sunstate) (50%)**

Sunstate is a joint venture with a cement milling, storage and distribution facility at Fisherman Islands, Port Brisbane. Demand in south east Queensland supported stronger volumes. While the market remained competitive, improved volumes in the half and price increases effective from February 2015 saw earnings from Sunstate increase by \$1.0 million on pcp to \$4.4 million.

### **Mawson Group (Mawsons) (50%)**

Mawsons is the largest premixed concrete and quarry operator in northern regional Victoria, and also operates in southern regional New South Wales. Mawsons is a significant aggregates producer in the region, holding number one and number two positions in the markets it serves. Earnings from the joint venture declined slightly from strong levels due to a slowdown in major projects, weaker residential and competitive pressures across markets.

### **Aalborg Portland Malaysia (APM) (30%)**

Aalborg Portland Malaysia manufactures and sells white cement and clinker for the domestic Malaysian markets and exports to Australia and markets throughout south east Asia.

Equity accounted earnings for APM declined due to the slower than anticipated commissioning of the plant's capacity expansion. Earnings are expected to improve in the second half with the plant's expansion now commissioned. Deliveries of white clinker to Adelaide Brighton commenced from late 2014 as part of the rationalisation of the Group's clinker production at Munster, Western Australia.

## Strategic Developments

Adelaide Brighton continues a successful long term strategy to grow shareholder returns through investment in three key areas:

1. Cost reduction and continuous improvement across the Company;
2. Growth of the lime business to supply the resources sector in WA, SA and NT; and
3. Focused and relevant vertical integration into downstream aggregates, concrete, logistics and masonry businesses.

Adelaide Brighton undertook a number of initiatives in 2014 to progress its strategy, including:

- the investment in downstream concrete and aggregates businesses;
- rationalisation of clinker capacity; and
- a corporate restructure.

The focus in 2015 has been on maximising the benefit to shareholders from these initiatives. These initiatives have supported returns in the first half and are expected to provide further benefits over the remainder of the year and in the long term.



In 2015, Adelaide Brighton continues to explore alternatives to grow shareholder value through the execution of its long term strategy. The operating efficiency of production facilities remains a key priority in the medium term. While the lime operations are already among the most efficient in the world, the ongoing focus is on continual improvement to maximise the efficiency of supply to the resources sector and underpin long term growth in shareholder returns.

In logistics and imports, the Company continues to examine ways to further enhance the scale and efficiency of its operations in a range of markets and leverage industry leading infrastructure and competitive long term supply arrangements.

In the downstream businesses, total aggregate sales including through joint ventures is expected to exceed 6 million tonnes in 2015. A measured approach to building on these highly strategic aggregates positions remains a focus.

Industry consolidation remains a powerful long term trend influencing returns at the local, national and international level. This trend is expected to continue and Adelaide Brighton, as always, will look to participate where it adds value for shareholders.

## 1 Cost reduction and continuous improvement

### 2014 operational improvement initiatives deliver

Adelaide Brighton took significant steps in 2014 to lower costs and is on track to deliver \$7 million in pre-tax savings for the full 2015 year compared to 2014.

- **Rationalisation of clinker manufacture at Munster, Western Australia**

The rationalisation of clinker production at Munster was largely completed in December 2014. The rationalisation leveraged Adelaide Brighton's industry leading import position and the investment in APM for white clinker production and supply. EBIT benefits of \$5 million were realised in 2014, with full year savings on target for an additional \$5 million in 2015.

- **Corporate restructure**

A Group wide review of operational, human resources, information technology and administration functions resulted in a restructuring of these areas. Following \$4 million of pre-tax benefits in 2014, a further \$2 million is expected for the full year 2015. Adelaide Brighton continually assesses its operations to drive efficiency and to adapt to changes in the operating environment as new challenges emerge.

### Import strategy delivers competitive supply into key markets

Adelaide Brighton is Australia's largest importer of cementitious materials (cement, clinker and blast furnace slag) utilising more than two million tonnes of imported product in 2014.

This industry leading position underpins supply chain efficiency in procurement, transport, storage and distribution. The use of imported materials allows the supply of competitively priced product into a range of markets where demand exceeds the Company's manufacturing capacity.

The import strategy is supported by long term agreements with two Japanese suppliers for grey clinker, Aalborg Portland Malaysia Sdn. Bhd. for white clinker and a major Japanese trading house for the supply of granulated blast furnace slag.

### Energy

Adelaide Brighton continues to be focused on managing its energy costs. During 2015, the use of alternative fuels will be doubled at the Birkenhead plant. Savings in energy costs in Western Australia from 2016, due to declining gas costs, are expected to fully offset increasing gas costs elsewhere, including South Australia.



### **Progression of land sales to realise capital**

Proceeds from the property program are \$32 million since the beginning of 2013, including property transactions in the first half of 2015 that realised \$16.2 million in proceeds and \$12 million NPAT. In the second half property transactions are expected to deliver additional cash proceeds of \$32 million and NPAT of \$20 million.

Adelaide Brighton has been actively engaged in selling and preparing for sale properties released by the rationalisation and improvement program. Including expected H2 2015 property transactions, the portfolio of properties targeted for sale could realise in excess of an additional \$100 million in proceeds over the medium to long term.

## **2 Lime growth**

### **Efficient operations with strong competitive position**

The Munster, Western Australia, lime business, which is operating at 80% of capacity, is well positioned to benefit from future growth in lime sales volumes, through its low cost position. As a result of a reduction in gas costs, operating margins are expected to improve in 2016.

## **3 Downstream integration**

### **Acquisitions delivering value**

The 2014 investment in concrete and aggregate operations in South Australia and north Queensland for an enterprise value of \$172 million is delivering in line with expectations. This investment provided access to strategically located assets across important markets for the Group, increasing exposure to concrete and quarrying operations.

Operational performance has met expectations and synergies are being delivered. The overall investment represented a 7.8 times EBITDA multiple after synergies. Adelaide Brighton will continue to pursue its strategy of acquiring quality downstream acquisitions that deliver shareholder value.



## Financial Review

### Cash flow and borrowings – strong cash flow and balance sheet

Cash flow from operations increased by \$58.0 million on pcp to \$83.8 million as a result of the improvement in earnings and lower income tax payments.

Working capital increased \$19.6 million from 31 December 2014 due primarily to an increase in inventory of \$10.3 million and the final payment of \$14.0 million relating to the Group's carbon tax liability for the year ended 30 June 2014. Inventory increased due to the timing of import shipments and the build up of inventory to supply major projects. Receivables increased \$3.1 million, or 1.8%, which is below the growth in revenue, with outstanding debtor days lower compared to June 2014. Trade creditors and provisions increased by \$8.3 million over the period.

Income tax payments decreased over the pcp by \$10.4 million. Tax payments in 2014 were elevated as a result of the Federal government's introduction of monthly income tax instalments (previously quarterly) and the timing of deductions related to the carbon tax, which increased income tax payments.

Capital expenditure of \$28.9 million, down \$22.6 million on the pcp, was due to reduced acquisition related spending. Capital expenditure for the full year 2015 is currently expected to be \$95 million. Proceeds from sale of assets of \$17.6 million were largely due to property transactions.

Dividend payments were \$15.0 million lower than the pcp which included a special dividend. Ordinary dividend payments were higher than pcp.

Net debt increased \$13.1 million to \$346.1 million compared to 30 June 2014, representing a net debt to equity gearing ratio of 29.8%. This is within the Board's target range of 25% to 45%.

### Funding facilities – financial flexibility

The Company has funding facilities with major lenders of \$540 million, of which \$150 million is unutilised. The facilities were renewed in 2014 to expand the facility limits, reduce borrowing margins and extend maturity. The facilities have the following maturity:

<b>Maturity</b>	<b>Limit</b>
January 2017	\$330 million
January 2018	\$210 million

### Finance cost and tax – lower effective tax rate

Net finance costs of \$6.5 million were \$0.7 million lower than the first half of 2014. Average debt levels increased following acquisitions, but due to lower interest rates interest costs increased only marginally. Mark-to-market movements on foreign currency contracts generated a gain of \$0.3 million in 2015 compared to a loss of \$0.5 million in the prior year.

Income tax expense increased \$7.8 million to \$27.7 million driven by higher earnings. The effective tax rate of 25.1% was down from 28.0% in the pcp primarily as a result of the recognition of \$3.2 million of capital losses.



## Dividends

The Board has declared an interim ordinary dividend of 8.0 cents per share (7.5 cents pcp) and a special dividend of 4.0 cents per share (0 cents pcp), both franked to 100%. The ordinary dividend payout ratio is 62.5%, compared to the Board's target range of 65% to 75%.

The special dividend reflects Adelaide Brighton's consistent strategy to distribute surplus capital to shareholders, where prudent to do so, while maintaining an efficient and resilient capital structure.

The successful integration of the 2014 acquisitions, healthy operating environment, strong cash flow and declining debt has allowed Adelaide Brighton to deliver strong fully franked shareholder returns through a half year special dividend without hindering the ability to invest for long term growth.

The record date for determining eligibility to the interim dividend is 7 September 2015 and the payment date is 9 October 2015.

## Reconciliation of underlying profit

"Underlying" measures of profit exclude significant items of revenue and expenses, such as the costs related to restructuring, rationalisation and acquisitions, in order to highlight the underlying financial performance across reporting periods. In the first half of 2015 underlying net profit was essentially in line with reported profit given significant items were not material. Profits from the Company's long term restructuring and land sales program are included in underlying profit despite the timing being difficult to predict. Land transactions contributed \$13 million pre-tax and \$12 million after tax to underlying profit during the first half of 2015.

The following table reconciles underlying earnings measures to statutory results.

Half year ended 30 June \$ million	2015			2014		
	Profit before tax	Income tax	Profit after tax	Profit before tax	Income tax	Profit after tax
<b>Statutory profit</b>	<b>110.3</b>	<b>(27.7)</b>	<b>82.6</b>	71.1	(19.9)	51.2
Rationalisation of clinker production	-	-	-	7.4	(2.2)	5.2
Corporate restructuring costs	<b>0.5</b>	<b>(0.1)</b>	<b>0.4</b>	4.8	(1.4)	3.4
Acquisition expenses	-	-	-	2.0	(0.6)	1.4
<b>Underlying profit</b>	<b>110.8</b>	<b>(27.8)</b>	<b>83.0</b>	85.3	(24.1)	61.2

### Rationalisation of clinker production

All costs associated with the rationalisation of clinker production at the Munster site were recognised in 2014. As part of the rationalisation, employee redundancy costs totalled \$5.4 million and asset impairment charges were \$2.0 million.

### Corporate restructuring costs

Redundancies and one-off employment costs were \$0.5 million (2014: \$4.8 million) for the period. These costs result from staff restructuring within the Group, with the prior year also impacted by the retirement of the previous Managing Director.

### Acquisition expenses

The costs associated with acquisitions, including stamp duty, legal and other consulting costs, fluctuate with transaction activity. No external costs relating to acquisitions and potential acquisitions were incurred during the half year (2014: \$2.0 million).



## Outlook

Adelaide Brighton expects 2015 total cement and clinker volumes to be slightly higher than 2014.

A decline in South Australian sales volumes, largely driven by the previously announced loss of a major customer, is expected to be more than offset by improved volumes in other markets, particularly Victoria and New South Wales. Sales of cement to major resource projects are expected to represent approximately 4% (2014: 5%) of total cement and clinker volumes for the full year.

Lime sales volumes for 2015 are anticipated to be slightly higher than 2014 due to rising non-alumina demand and the return to normal operations of a major customer in the Northern Territory.

Small scale lime imports into Western Australia and the Northern Territory have continued, however the deterioration of the Australian dollar has reduced the competitiveness of imports.

On a like-for-like basis, construction materials prices are expected to increase in 2015 on pcp. However, average realised prices for cement are expected to be lower due to an increased portion of cement sales into lower priced markets.

Earnings in both Concrete and Aggregates and Concrete Products are expected to improve over the full year supported by higher prices and volumes and augmented by the 2014 acquisitions.

Higher import costs from a lower Australian dollar are expected to reduce full year pre-tax profit by \$7 million versus 2014.

The decrease in fuel prices compared to the prior year is anticipated to provide a pre-tax benefit of \$4 million in 2015.

Incremental cost savings from the 2014 restructure are expected to be \$7 million pre-tax in 2015, which consist of a further: \$5 million from the Munster clinker rationalisation and \$2 million from corporate restructuring.

Subject to necessary approvals, two further property transactions are expected in the second half of 2015 for cash consideration of circa \$32 million and after tax earnings of approximately \$20 million. If realised, this would take full year 2015 property earnings to approximately \$32 million after tax.

Adelaide Brighton expects 2015 full year underlying net profit after tax will be in the range of \$200 million to \$215 million, including profit from property transactions totalling \$32 million.

### **Martin Brydon**

Chief Executive Officer

20 August 2015

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The Directors present their report on the consolidated entity (“the Group”) consisting of Adelaide Brighton Ltd (“the Company”) and the entities it controlled at the end of, or during, the half year ended 30 June 2015.

#### **Directors**

The Directors of the Company at any time during or since the end of the half year and up to the date of this report are:

**LV Hosking**  
**GF Pettigrew**  
**RD Barro**  
**KB Scott-Mackenzie**  
**AM Tansey**

#### **Review of operations**

A review of the operations of the Group during the half year ended 30 June 2015 is set out on pages 2 to 11 of this report.

#### **Auditor’s independence declaration**

A copy of the auditor’s independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 25.

#### **Rounding off**

The Company is of a kind referred to in Class Order 98/100 issued by ASIC, relating to the “rounding off” of amounts in the Directors’ Report and financial report. Amounts in the Directors’ Report and financial report have been rounded off to the nearest hundred thousand dollars in accordance with that Class Order.

Dated at Sydney this 20th day of August 2015.

This report is made in accordance with a resolution of the Directors.

**LV Hosking**  
**Chairman**



## Consolidated income statement

For the half year ended 30 June 2015

	Notes	2015 \$m	2014 \$m
<b>Revenue from continuing operations</b>	3	<b>678.1</b>	602.0
Cost of sales		<b>(432.9)</b>	(393.9)
Freight and distribution costs		<b>(107.9)</b>	(93.8)
Gross profit		<b>137.3</b>	114.3
Other income	3	<b>16.1</b>	2.0
Marketing costs		<b>(10.3)</b>	(9.6)
Administration costs		<b>(34.1)</b>	(37.9)
Finance costs		<b>(7.3)</b>	(8.0)
Share of net profits of joint venture and associate entities	6	<b>8.6</b>	10.3
<b>Profit before income tax</b>		<b>110.3</b>	71.1
Income tax expense		<b>(27.7)</b>	(19.9)
<b>Net profit for the half year</b>		<b>82.6</b>	51.2
Net profit attributable to:			
Equity holders of the Company		<b>82.6</b>	51.2
Non-controlling interests		-	-
		<b>82.6</b>	51.2
		<b>Cents</b>	Cents
<b>Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company:</b>			
Basic earnings per share		<b>12.8</b>	8.0
Diluted earnings per share		<b>12.7</b>	8.0

*The above consolidated income statement should be read in conjunction with the accompanying notes.*



## Consolidated statement of comprehensive income

For the half year ended 30 June 2015

	2015 \$m	2014 \$m
<b>Net profit for the half year</b>	<b>82.6</b>	51.2
<b>Other comprehensive income</b>		
<i>Items that may be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations	-	(0.6)
Income tax associated with these items	-	-
<i>Items that will not be reclassified to profit or loss</i>		
Actuarial gain / (losses) on retirement benefit obligation	5.4	(1.0)
Income tax associated with these items	(1.6)	0.3
Other comprehensive income for the half year, net of tax	<b>3.8</b>	(1.3)
<b>Total comprehensive income for the half year</b>	<b>86.4</b>	<b>49.9</b>
<b>Total comprehensive income for the half year is attributable to:</b>		
Equity holders of the Company	<b>86.4</b>	49.9
Non-controlling interests	-	-
<b>Total comprehensive income for the half year</b>	<b>86.4</b>	<b>49.9</b>

*The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.*



## Consolidated balance sheet

As at 30 June 2015

	30 June 2015 \$m	31 December 2014 \$m
	Notes	
<b>Current assets</b>		
Cash and cash equivalents	44.9	31.7
Trade and other receivables	202.9	199.3
Inventories	164.9	154.7
Current tax prepayment	1.9	-
	<b>414.6</b>	<b>385.7</b>
Assets classified as held for sale	7.9	1.5
<b>Total current assets</b>	<b>422.5</b>	<b>387.2</b>
<b>Non-current assets</b>		
Receivables	32.4	32.7
Retirement benefit asset	2.5	-
Joint arrangements and associate	141.3	139.9
Property, plant and equipment	972.6	989.6
Intangible assets	263.0	263.9
<b>Total non-current assets</b>	<b>1,411.8</b>	<b>1,426.1</b>
<b>Total assets</b>	<b>1,834.3</b>	<b>1,813.3</b>
<b>Current liabilities</b>		
Trade and other payables	130.2	120.4
Borrowings	1.1	1.4
Current tax liabilities	-	1.3
Provisions	26.3	24.7
Provision for carbon emissions	-	14.0
Other liabilities	4.6	4.2
<b>Total current liabilities</b>	<b>162.2</b>	<b>166.0</b>
<b>Non-current liabilities</b>		
Borrowings	389.9	390.1
Deferred tax liabilities	79.0	76.8
Provisions	40.4	41.4
Retirement benefit obligations	-	2.2
Other liabilities	0.1	0.1
<b>Total non-current liabilities</b>	<b>509.4</b>	<b>510.6</b>
<b>Total liabilities</b>	<b>671.6</b>	<b>676.6</b>
<b>Net assets</b>	<b>1,162.7</b>	<b>1,136.7</b>
<b>Equity</b>		
Contributed equity	729.1	727.9
Reserves	3.3	3.3
Retained profits	427.6	402.8
Total equity attributable to equity holders of the Company	1,160.0	1,134.0
Non-controlling interests	2.7	2.7
<b>Total equity</b>	<b>1,162.7</b>	<b>1,136.7</b>

The above consolidated balance sheet should be read in conjunction with the accompanying notes.



## Consolidated statement of changes in equity

For the half year ended 30 June 2015

	Attributable to owners of Adelaide Brighton Ltd			Total	Non- controlling interests	Total equity
	Contributed equity \$m	Reserves \$m	Retained earnings \$m			
<b>Balance at 1 January 2015</b>	<b>727.9</b>	<b>3.3</b>	<b>402.8</b>	<b>1,134.0</b>	<b>2.7</b>	<b>1136.7</b>
Profit for the half year	-	-	82.6	82.6	-	82.6
Other comprehensive income for the half year	-	-	3.8	3.8	-	3.8
<b>Total comprehensive income for the half year</b>	<b>-</b>	<b>-</b>	<b>86.4</b>	<b>86.4</b>	<b>-</b>	<b>86.4</b>
<b>Transactions with owners in their capacity as owners:</b>						
Dividends provided for or paid	-	-	(61.6)	(61.6)	-	(61.6)
Executive Performance Share Plan	1.2	-	-	1.2	-	1.2
	1.2	-	(61.6)	(60.4)	-	(60.4)
<b>Balance at 30 June 2015</b>	<b>729.1</b>	<b>3.3</b>	<b>427.6</b>	<b>1,160.0</b>	<b>2.7</b>	<b>1,162.7</b>
<b>Balance at 1 January 2014</b>	<b>699.1</b>	<b>4.3</b>	<b>355.6</b>	<b>1,059.0</b>	<b>2.8</b>	<b>1,061.8</b>
Profit for the half year	-	-	51.2	51.2	-	51.2
Other comprehensive income for the half year	-	(0.6)	(0.7)	(1.3)	-	(1.3)
<b>Total comprehensive income for the half year</b>	<b>-</b>	<b>(0.6)</b>	<b>50.5</b>	<b>49.9</b>	<b>-</b>	<b>49.9</b>
<b>Transactions with owners in their capacity as owners:</b>						
Dividends provided for or paid	-	-	(76.6)	(76.6)	-	(76.6)
Executive Performance Share Plan	4.2	(2.5)	-	1.7	-	1.7
	4.2	(2.5)	(76.6)	(74.9)	-	(74.9)
<b>Balance at 30 June 2014</b>	<b>703.3</b>	<b>1.2</b>	<b>329.5</b>	<b>1,034.0</b>	<b>2.8</b>	<b>1,036.8</b>

*The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.*



## Consolidated statement of cash flows

For the half year ended 30 June 2015

	Notes	2015 \$m	2014 \$m
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of goods and services tax)		741.9	647.6
Payments to suppliers and employees (inclusive of goods and services tax)		(631.8)	(587.4)
Joint venture distributions received		7.1	7.0
Interest received		0.8	0.8
Interest paid		(7.1)	(6.9)
Other income and receipts		2.8	5.0
Income taxes paid		(29.9)	(40.3)
<b>Net cash inflow from operating activities</b>		<b>83.8</b>	<b>25.8</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant, equipment and intangibles		(28.9)	(29.8)
Payments for acquisition of business, net of cash acquired		-	(21.7)
Proceeds from sale of property, plant and equipment		17.6	9.1
Loans to joint ventures and other related parties		-	-
Repayment of loans from other parties		0.2	0.3
<b>Net cash (outflow) from investing activities</b>		<b>(11.1)</b>	<b>(42.1)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		2.8	8.1
Proceeds from borrowings		-	120.0
Repayment of borrowings		(0.8)	-
Dividends paid to Company's shareholders	4	(61.6)	(76.6)
<b>Net cash (outflow)/inflow from financing activities</b>		<b>(59.6)</b>	<b>51.5</b>
<b>Net increase in cash and cash equivalents held</b>		<b>13.1</b>	<b>35.2</b>
Cash and cash equivalents at the beginning of the half year		31.7	11.1
Net impact of foreign exchange on cash		0.1	-
<b>Cash and cash equivalents at the end of the half year</b>		<b>44.9</b>	<b>46.3</b>

*The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.*



## Notes to the financial statements

For the half year ended 30 June 2015

### 1 Basis of preparation of half year report

This condensed consolidated interim financial report for the half year reporting period ended 30 June 2015 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2014 and any public announcements made by Adelaide Brighton Ltd during the interim reporting period in accordance with continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

### 2 Segment reporting

#### (a) Description of segments

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer. These reports are evaluated regularly in deciding how to allocate resources and in assessing performance.

The two reportable segments have been identified as follows:

- Cement, Lime, Concrete and Aggregates
- Concrete Products

The operating segments, Cement, Lime, Concrete and Aggregates individually meet the quantitative thresholds required by AASB 8 as well as meeting the aggregation criteria allowing them to be reported as one segment. Concrete Products meets the quantitative threshold and is therefore reported as a separate segment. Joint arrangements and associates related to the reportable segments form part of the above two reportable segments.

The major end use markets of Adelaide Brighton's products include residential and non-residential construction, engineering construction, alumina and steel production and mining.



## Notes to the financial statements

For the half year ended 30 June 2015

### 2 Segment reporting (continued)

#### (b) Segment information provided to the Chief Executive Officer

The segment information provided to the Chief Executive Officer for the reportable segments is as follows:

<b>Half year 2015</b>	<b>Cement, Lime, Concrete and Aggregates</b>	<b>Concrete Products</b>	<b>Unallocated</b>	<b>Total</b>
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
Total segment operating revenue	735.4	67.3	-	802.7
Inter-segment revenue	(31.0)	-	-	(31.0)
Revenue from external customers	704.4	67.3	-	771.7
Depreciation and amortisation	(32.0)	(4.1)	(2.0)	(38.1)
EBIT	131.3	3.2	(17.7)	116.8
Share of net profits of joint venture and associate entities	8.6	-	-	8.6

#### Half year 2014

Total segment operating revenue	637.1	62.2	-	699.3
Inter-segment revenue	(14.7)	-	-	(14.7)
Revenue from external customers	622.4	62.2	-	684.6
Depreciation and amortisation	(29.5)	(3.7)	(1.5)	(34.7)
Impairment	(2.0)	-	-	(2.0)
EBIT	93.6	2.0	(17.3)	78.3
Share of net profits of joint venture and associate entities	10.3	-	-	10.3

Sales between segments are carried out at arms length and are eliminated on consolidation.

The operating revenue assessed by the Chief Executive Officer includes revenue from external customers and a share of revenue from the joint ventures and associate in proportion to the Group's ownership interest, excluding freight, interest and royalty revenue. A reconciliation of segment operating revenue to revenue from continuing operations is provided as follows:

	Consolidated	
	2015	2014
	\$m	\$m
Total segment operating revenue	802.7	699.3
Inter-segment revenue elimination	(31.0)	(14.7)
Freight revenue	66.7	61.9
Interest revenue	0.8	0.8
Royalties	0.3	0.3
Elimination of joint venture and associate revenue	(161.4)	(145.6)
Revenue from continuing operations	678.1	602.0



## Notes to the financial statements

For the half year ended 30 June 2015

### 2 Segment reporting (continued)

#### (b) Segment information provided to the Chief Executive Officer (continued)

The Chief Executive Officer assesses the performance of the operating segments based on a measure of EBIT. This measurement basis excludes the effect of net interest. A reconciliation of the EBIT to operating profit before income tax is provided as follows:

	Consolidated	
	2015	2014
	\$m	\$m
EBIT	116.8	78.3
Net finance cost	(6.5)	(7.2)
Profit before income tax	110.3	71.1

### 3 Operating profit

#### Revenue from continuing operations

Sale of goods	677.0	600.9
Interest revenue	0.8	0.8
Royalties	0.3	0.3
	678.1	602.0

#### Other income

Net gain related to sale of property, plant and equipment	13.3	1.0
Rental income	1.4	0.6
Miscellaneous income	1.4	0.4
Total other income	16.1	2.0

Revenue and other income

	694.2	604.0
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#### Finance cost

Interest and finance charges	7.5	7.0
Unwinding of the discount on restoration provisions and retirement benefit obligation	0.4	0.6
Exchange (gain)/loss on foreign exchange contracts	(0.3)	0.5
Gross finance cost	7.6	8.1
Interest capitalised in respect of qualifying assets	(0.3)	(0.1)
Total finance cost recognised in the income statement	7.3	8.0
Less interest revenue	(0.8)	(0.8)
Net finance cost	6.5	7.2

#### Impairment

No impairment charge has been recognised in the current reporting period. In the prior reporting period an impairment charge against plant and equipment of \$2.0 million was recognised in cost of sales in the income statement for the year relating to the cement segment of the Group. As a result of the rationalisation of clinker production at the Munster site in 2014, an impairment charge was recognised for the excess of the written down value compared to the recoverable amount of the assets impacted by the rationalisation.



## Notes to the financial statements

For the half year ended 30 June 2015

### 4 Dividends

	<b>2015</b>	<b>2014</b>
	<b>\$m</b>	<b>\$m</b>
<b>Dividends provided or paid during the half year</b>		
2014 final dividend of 12.5 cents (2013 – 12.0 cents) per fully paid ordinary share, franked at 100% (2013 – 100%) paid on 16 April 2015	<b>61.6</b>	76.6
Total dividends paid in cash	<b>61.6</b>	76.6
<b>Dividends not recognised at the end of the half year</b>		
Since the end of the half year the Directors have recommended the payment of an interim ordinary dividend of 8.0 cents and special dividend of 4.0 cents (June 2014 – ordinary dividend 7.5 cents, special dividend nil) per fully paid ordinary share per fully paid ordinary share franked at 100% (June 2014 – 100%). The aggregate amount of the proposed dividend expected to be paid on 9 October 2015, not recognised as a liability at the end of the half year, is	<b>77.9</b>	48.0

### 5 Equity

Securities issued – Issue of ordinary shares during the half year

	<b>2015</b>	2014	<b>2015</b>	2014
	<b>Shares</b>	Shares	<b>\$m</b>	\$m
Shares issued under the Adelaide Brighton Ltd Executive Performance Share Plan	<b>618,080</b>	2,078,332	<b>1.2</b>	4.2



## Notes to the financial statements

For the year half year ended 30 June 2015

### 6 Investments in joint arrangements and associate

Investments in joint arrangements are classified into Joint Ventures, which are accounted for in the consolidated financial statements using the equity method of accounting, and Joint Operations, which are accounted for using the proportional consolidation method. Associates are accounted for using the equity method.

Name of joint arrangement / associate	Nature of relationship	Ownership interest	
		2015	2014
		%	%
Aalborg Portland Malaysia Sdn Bhd	Associate	30	30
Batesford Quarry	Joint operation	50	50
Burrell Mining Services JV	Joint operation	50	50
EB Mawson & Sons Pty Ltd	Joint venture	50	50
Independent Cement & Lime Pty Ltd	Joint venture	50	50
Lake Boga Quarries Pty Ltd	Joint venture	50	50
Peninsula Concrete Pty Ltd	Joint venture	50	-
Sunstate Cement Ltd	Joint venture	50	50

#### Contribution to net profit

	2015	2014
	\$m	\$m
Sunstate Cement Ltd	4.4	3.4
Independent Cement & Lime Pty Ltd	3.0	5.1
Other joint ventures and associates	1.2	1.8
Share of net profits of joint venture and associate entities	8.6	10.3
Profit from joint operations	1.2	1.2
<b>Total profit from joint arrangements and associates</b>	<b>9.8</b>	<b>11.5</b>

### 7 Contingencies

Details and estimates of maximum amounts of contingent liabilities are as follows:

#### Guarantees

Bank guarantees	<b>23.0</b>	17.8
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No material losses are anticipated in respect of the above contingent liabilities.



## Notes to the financial statements

For the half year ended 30 June 2015

### 8 Events occurring after reporting date

No matter or circumstance has arisen since 30 June 2015 that has significantly affected, or may significantly affect:

- (a) The Group's (consolidated entity) operations in future financial years, or
- (b) The results of those operations in future financial years, or
- (c) The Group's state of affairs in future financial years.



In the Directors' opinion:

- (a) The financial statements and notes set out on pages 12 to 23 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Group's financial position as at 30 June 2015 and of its performance for the half year ended on that date; and
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

This declaration is made in accordance with a resolution of the Directors.

**LV Hosking**  
**Chairman**

Dated at Sydney on the 20th day of August 2015



## Auditor's Independence Declaration

As lead auditor for the review of Adelaide Brighton Limited for the half-year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Adelaide Brighton Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Kevin Reid', written over a faint, light-colored signature line.

Kevin Reid  
Partner  
PricewaterhouseCoopers

Adelaide  
20 August 2015



## **Independent auditor's review report to the members of Adelaide Brighton Limited**

### ***Report on the Half-Year Financial Report***

We have reviewed the accompanying half-year financial report of Adelaide Brighton Limited (the Company) and Adelaide Brighton Group (the consolidated entity), which comprises the consolidated balance sheet as at 30 June 2015, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for the consolidated entity. The consolidated entity comprises the company and the entities it controlled during that half-year.

### ***Directors' responsibility for the half-year financial report***

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

### ***Auditor's responsibility***

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Adelaide Brighton Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### ***Independence***

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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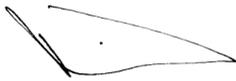
### *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Adelaide Brighton Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the half-year ended on that date;
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*PricewaterhouseCoopers*

PricewaterhouseCoopers



Kevin Reid  
Partner

Adelaide  
20 August 2015