ADELAIDE BRIGHTON LTD
AND ITS CONTROLLED ENTITIES
ABN 15 007 596 018

FINANCIAL REPORT
FOR THE 12 MONTH PERIOD
1 JANUARY 2010 TO 31 DECEMBER 2010

Directors' report

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 year ended 31 December 2010.

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

M A Kinnaird AC (retired 19 May 2010)
C L Harris
R D Barro
L V Hosking
G F Pettigrew
K B Scott-Mackenzie (appointed 26 July 2010)
M P Chellew

Principal activities
During the year the principal activities of the Group consisted of the manufacture and distribution of cement, and cementitious products, lime, premixed concrete, aggregates, sand and concrete products.

Review of operations
A summary of the financial results for the year ended 31 December 2010 is set out below:

	2010 $ million	2009 $ million
Revenue	**1,072.9**	987.2
Depreciation and Amortisation	**(52.8)**	(56.8)
Earnings before interest and tax ("EBIT")	**216.2**	185.3
Net interest	**(14.0)**	(16.7)
Profit before tax	**202.2**	168.6
Income tax expense	**(50.8)**	(45.4)
Net profit after tax	**151.4**	123.2
Attributable to:		
Members of Adelaide Brighton Ltd	**151.5**	123.1
Non-controlling interests	**(0.1)**	0.1
Basic earnings per share (cents)	**23.9**	20.4
Ordinary dividend per share (cents)	**16.5**	13.5
Special dividend per share (cents)	**5.0**	-
Franking (%) – all dividends	**100%**	100%
Net debt	**148.4**	175.4
Net debt/equity (%)	**15.9%**	19.6%

Adelaide Brighton reported record sales and profit for the year ended 31 December 2010. Net profit after tax attributable to members increased to $151.5 million, up 23.1% over the previous corresponding period. Revenue of $1,072.9 million increased by 8.7% primarily due to stronger demand for cement from projects in South Australia and Western Australia.

Earnings before interest and tax (EBIT) increased by 16.7% to $216.2 million. Margins improved due to increased selling prices, effective management of costs despite increased energy prices and improved import margins as a result of the strong Australian dollar. Cost management programs delivered benefits of $10 million, which helped to offset rising energy prices which had an adverse impact of about $10 million in 2010.

Profit before tax increased 19.9% to $202.2 million. Net interest reduced by 16.2% to $14.0 million on lower levels of debt, offset partially by increased interest rates.

The strong 2010 performance has resulted in a 17.2% increase in earnings per share from 20.4 cents to 23.9 cents.

Cement
Sales of cement were significantly ahead of 2009 levels as a result of increased demand from infrastructure and mining projects in South Australia, the resources industry in Western Australia and continued strength of construction activity in Victoria.

The increase in sales volume was greater than the estimated 4% increase in the national cement market.

Cement net selling prices increased marginally higher than CPI.

Cement margins improved as price increases and the benefits from cost management helped offset cost pressures. Clinker kiln capacity was fully utilised during the year.

Adelaide Brighton's successful import strategy saw sales volumes in excess of domestic production being met through imports of clinker and cement, addressing increased market demand and achieving optimal asset utilisation. The Australian dollar was stronger against the US dollar and Japanese yen throughout 2010 compared with the previous year and as a result import margins improved, particularly in the first half.

Lime

Lime volumes increased due to strong demand from the Western Australian non-alumina sector. Margins improved as price increases and efficiency improvements more than covered input cost increases.

The Munster (Western Australia), Angaston (South Australia) and Mataranka (Northern Territory) lime kilns continued to operate at full capacity, while the Dongara (Western Australia) plant operated efficiently supplying peak market demand when required.

Concrete and Aggregates

Premixed concrete volumes improved generally in line with the east coast market. Sales of aggregate increased in northern New South Wales with supply to the Pacific Highway upgrade. Austen Quarry (west of Sydney) volumes continued to improve. 2010 included the first full 12 months of operations for the Tinda Park (New South Wales) sand operation, which was acquired in December 2009. This operation exceeded forecast volumes and profitability. Concrete pricing advanced marginally in 2010 and increases in prices of aggregate products were achieved.

Concrete gross margins improved marginally in 2010. In the aggregates operations, improvements in plant throughput were achieved during the year, contributing to an improvement in profitability.

Concrete Products

Market conditions remain weak and extremely competitive in all masonry markets. Adbri Masonry total product volume was down by 3% compared with the previous year. This decrease was due mainly to continued weakness in the Queensland market, exasperated by very wet weather along the east coast of Australia in the second half of the year.

Over the past two years, output volumes have been adjusted to meet market demand nationally. Cost management programs have helped offset the decline in volumes, maintaining gross margins in the face of increased competition.

Joint Ventures

Independent Cement and Lime reported improved earnings due to increased construction activity in Victoria driven by major projects. Margins improved as a result of increased pricing and cost control.

Sunstate Cement reported increased earnings despite weakness in the south east Queensland market in 2010. Lower volumes for the year were offset by a decrease in clinker transfer (input) prices.

The Mawsons concrete and aggregates joint venture which operates in northern Victoria and southern regional New South Wales, had a strong year with on-going demand from the mining sector and water infrastructure projects.

Operational results

Strong trading and continued working capital management facilitated a lift in operating cash flow to $188.5 million during 2010. Trade receivables decreased by $1.8 million to $144.2 million and debtor days improved from the prior year, decreasing by 2.6 days. This result was further complemented by a reduction in 2010 bad debt expense with no material customer failures occurring during the year.

Inventory levels increased by $10 million to $117.8 million due to the timing of shipments. Capital expenditure amounted to $51.7 million for the year, an increase from the prior year and in line with "stay in business" levels. Net debt decreased by $27.0 million to $148.4 million due to strong free cash flows. As a result, year end gearing fell to 15.9% versus 19.6% at the end of 2009. The Company's cash flow and balance sheet position is strong and provides capacity for Adelaide Brighton to fund modest acquisitions and planned organic growth opportunities.

Dividends paid or declared by the Company

During the 2010 financial year, the following dividends were paid:

- A final dividend in respect of the year ended 31 December 2009 of 8.0 cents per share (fully franked) was paid on 12 April 2010. This dividend totalled $50,731,598.
- An interim dividend in respect of the year ended 31 December 2010 of 7.5 cents per share (fully franked) was paid on 11 October 2010. This dividend totalled $47,634,961.
- An interim special dividend in respect of the year ended 31 December 2010 of 2.5 cents per share (fully franked) was paid on 11 October 2010. This special dividend totalled $15,878,320.

Since the end of the financial year the Directors have approved the payment of a final dividend of 9.0 cents per share (fully franked) to be paid on 11 April 2011. In addition, a special dividend of 2.5 cents per share (fully franked) was declared payable coincident with the final dividend on 11 April 2011.

State of affairs

No significant changes occurred in the state of affairs of the Group during the financial year.

Events subsequent to the end of the financial year

As at the date of this report, no other matter or circumstance has arisen since 31 December 2010 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations

Likely developments in the operations of the Group, known at the date of this report, and the expected results of those operations, have been covered generally within the financial report.

Further information on likely developments in the operations of the Group and the expected results of operations in the future financial years have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Group.

Environmental performance

The Group is subject to various Commonwealth, State and Territory laws concerning the environmental performance of Adelaide Brighton's operations. Management ensures that any regulations, licences or permits required for the Group's operations are obtained and observed. All operations have access to safety and environmental legislation summaries specific to their activities and a Group Safety, Health and Environmental management system is in place for monitoring, reporting and addressing matters raised. Two sites, Birkenhead and Angaston, are certified to the environmental management system standard ISO 14001.

The Group monitors environmental performance by site and business division, and information about the Group's performance is reported and reviewed by the Group's senior management, the Safety, Health & Environment Committee of the Board and the Board.

All Adelaide Brighton facilities complied with Commonwealth and State environmental requirements and during 2010 no environmental prosecutions were commenced.

Three reviews were conducted in 2010 which verify the quality of mandatory government reporting for National Pollutant Inventory (NPI), Energy Efficiency Opportunities (EEO) and National Greenhouse and Energy Reporting (NGER) as follows:

- The NPI review was conducted by the Western Australian Department of Environment and Conservation at the Company's Dongara plant.
- The EEO verification was conducted at the Company's Birkenhead plant by the Department of Resources Energy and Tourism. The government EEO report is pending.
- A reasonable assurance engagement was conducted by PricewaterhouseCoopers over the Group's Emission Intensive Trade Exposed (EITE) data submission for the period 1 July 2004 to 31 December 2008. EITE assistance was recognised for Adelaide Brighton's clinker and lime production.

Directors profiles

Director	Experience	Special responsibilities
Christopher Harris BEc, FCPA, FAICD Age 64	Independent non-executive Director since March 1995. An economics graduate and qualified accountant with more than 21 years public company experience as an executive and non-executive Director. Former CEO and Managing Director of FH Faulding & Co Ltd, Chairman of Evogenix Ltd and Deputy Chairman of Adelaide Bank Ltd. Chairman, Argo Investments Ltd and Director, DMP Asset Management Ltd. Previous Director of Australian Vintage Ltd (formerly McGuigan Simeon Wines Limited) (appointed 28 June 2002 and resigned 24 June 2009) and Cephalon Australia Pty Ltd (formerly Arana Therapeutics Limited) (appointed 28 August 2007 and resigned 1 July 2009).	Appointed Chairman 19 May 2010 Member, Nomination and Remuneration Committee Member, Audit, Risk and Compliance Committee Member, Corporate Governance Committee Member, Independent Directors' Committee
Les Hosking Age 66	Independent non-executive Director since June 2003. Extensive experience in commercial and financial matters with 16 years experience as Chief Executive of the Sydney Futures Exchange and former Chief Executive Officer of Axiss Australia and Managing Director of National Electricity Market Management Company (NEMMCO). Director, AGL Energy Limited and Australian Energy Market Operator Limited and Carbon Market Institute Limited and Member, Innovation Australia.	Member, Audit, Risk and Compliance Committee Chairman, Corporate Governance Committee Chairman, Nomination and Remuneration Committee Member, Independent Directors' Committee
Graeme Pettigrew FPNA, FAIM, FAICD Age 62	Independent non-executive Director since August 2004. Extensive experience in the building materials industry and former Chief Executive Officer of CSR Building Products and broad management experience gained in South East Asia and the United Kingdom through former positions as Managing Director of Chubb Australia Limited and Wormald Security Australia Pty Ltd. Director, Lafarge Plasterboard Pty Ltd, Bisalloy Steel Group Ltd and Capral Ltd.	Chairman, SH&E Committee Chairman, Audit, Risk and Compliance Committee Member, Independent Directors' Committee Member, Nomination and Remuneration Committee
Mark Chellew BSc, ME, Grad Diploma Mgt Age 54	Executive Director and Managing Director since September 2001. Mechanical Engineer with over 29 years experience in the heavy building materials and related industries gained in Australia and the United Kingdom. Previously held the position of Managing Director of Blue Circle Cement in the United Kingdom and senior management positions within the CSR group of companies in Australia and the United Kingdom.	Member, Independent Directors' Committee Member, SH&E Committee
Raymond Barro BBus, CPA, ACIS Age 49	Non-executive Director since August 2008. Over 21 years experience in the premixed concrete and construction materials industry. Managing Director of Barro Group Pty Ltd.	Member, SH&E Committee

Director	Experience	Special responsibilities
Ken Scott-Mackenzie B.E(Mine), Dip Law Age 60	Independent non-executive Director since July 2010. Mining Engineer with over 35 years experience in infrastructure, construction and mining services gained in Australia and South Africa, as well as extensive experience in financial, legal and commercial aspects of projects. Director, Macmahon Holdings Limited and External Member, Critical Skills Investment Fund Advisory Board.	Member, Independent Directors' Committee

Directors' meetings
The number of Directors' meetings and meetings of committees of Directors held during the financial year and the number of meetings attended by each Director is as follows:

Director	Board Meetings		Audit, Risk and Compliance Committee		Nomination and Remuneration Committee		Corporate Governance Committee		Independent Directors' Committee		SH&E Committee	
	A	**H**	**A**	**H**	**A**	**H**	**A**	**H**	**A**	**H**	**A**	**H**
M A Kinnaird*	4	4	2	2	3	3	1	1	0	0	1	1
C L Harris	9	9	4	4	6	6	2	2	0	0		
R Barro	9	9									2	2
L V Hosking	9	9	4	4	6	6	2	2	0	0		
G F Pettigrew	9	9	4	4	6	6			0	0	2	2
M P Chellew	9	9							0	0	2	2
K B Scott-Mackenzie**	3	4							0	0		

A Number of meetings attended
H Number of meetings held during period of office
* M A Kinnaird retired on 19 May 2010
** K B Scott-Mackenzie appointed on 26 July 2010

Throughout 2010, the general business of the Corporate Governance Committee was dealt with at the Company's Board Meetings and no separate committee meetings were held.

Particulars of the Company's corporate governance practices, including the roles of each Board Committee, are set out on pages 21 to 29 of this report.

Directors' interests
The relevant interest of each Director in the share capital of the Company at the date of this report is as follows:

	Ordinary shares
C L Harris	70,479
L V Hosking	4,739
G F Pettigrew	7,739
M P Chellew	448,366
R D Barro	148,329,642
K B Scott-Mackenzie	-

Full details of the interests in share capital of Directors of the Company are disclosed in Note 30 to the Financial Statements on page 69 of this report. Full details of the interests in Awards of Directors of the Company are set out in the Remuneration Report on pages 9 to 20 of this report.

Director and executive remuneration

Details of the Company's remuneration policies and the nature and amount of the remuneration of the Directors and certain senior executives are set out in the Remuneration Report on pages 9 to 20 of this report.

Company Secretaries

The Company's principal Company Secretary is Marcus Clayton, who has been employed by the Company in the two separate offices of General Counsel and Company Secretary since 24 February 2003. He is a legal practitioner admitted in South Australia with 24 years experience.

Two other employees of the Company also hold the office of Company Secretary to assist with secretarial duties should the principal Company Secretary be absent: the Company's Chief Financial Officer, Michael Kelly, a Certified Practising Accountant who has been a Company Secretary since 23 November 2010 and the Group's Corporate Affairs Adviser, Luba Alexander, who has been a Company Secretary since 22 March 2001.

Indemnification and insurance of officers

Rule 9 of the Company's constitution provides that the Company indemnifies each person who is or who has been an "officer" of the Company on a full indemnity basis and to the full extent permitted by law, against liabilities incurred by that person in their capacity as an officer of the Company or of a related body corporate.

Rule 9.1 of the constitution defines "officers" to mean:

- Each person who is or has been a Director, alternate Director or executive officer of the Company or of a related body corporate of the Company who in that capacity is or was a nominee of the Company; and
- Such other officers or former officers of the Company or of its related bodies corporate as the Directors in each case determine.

Additionally the Company has entered into Deeds of Access, Indemnity and Insurance with all Directors of the Company, its wholly owned subsidiaries, and nominee Directors on the Board of Independent Cement & Lime Pty Ltd. These deeds provide for indemnification on a full indemnity basis and to the full extent permitted by law against all losses or liabilities incurred by the person as an officer of the relevant Company. The indemnity is a continuing obligation and is enforceable by an officer even if he or she has ceased to be an officer of the relevant Company or its related bodies corporate.

The Company was not liable during 2010 under such indemnities.

Rule 9.5 of the constitution provides that the Company may purchase and maintain insurance or pay or agree to pay a premium for insurance for "officers" (as defined in the constitution) against liabilities incurred by the officer in his or her capacity as an officer of the Company or of a related body corporate, including liability for negligence or for reasonable costs and expenses incurred in defending proceedings, whether civil or criminal and whatever their outcome.

During the year the Company paid the premiums in respect of Directors' and Officers' Liability Insurance to cover the Directors and Secretaries of the Company and its subsidiaries, and the General Managers of each of the divisions of the Group, for the period 1 May 2010 to 30 April 2011. Due to confidentiality obligations under that policy, the premium payable and further details in respect of the nature of the liabilities insured against cannot be disclosed.

Proceedings on behalf of the Company

No person has applied for leave of the Court to bring proceedings on behalf of the Company or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's experience and expertise with the Company and the Group are important.

Details of the amounts paid or payable to PricewaterhouseCoopers for audit and non-audit services provided during the year are set out in Note 31 to the Financial Statements on page 70 of this report.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit, Risk and Compliance Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the Audit, Risk and Compliance Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in Professional Statement F1, including reviewing or auditing the auditor's own work, acting in a management or a decision making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 80.

Rounding off

The Company is of a kind referred to in ASIC Class Order 98/0100 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 hundred thousand dollars, unless otherwise stated.

Dated 3 March 2011.

Signed in accordance with a resolution of the Directors

M Chellew
Managing Director

Remuneration Report

The Directors of the Company present the Remuneration Report prepared in accordance with section 300A of the *Corporations Act 2001* for the Company and the Group for the year ended 31 December 2010. This Remuneration Report, which has been audited by PricewaterhouseCoopers, forms part of the Directors' Report.

Section 1 – Policy and Structure

1.1 Overview of elements of remuneration

An overview of the elements of remuneration is set out in Table 1. A more detailed discussion of each element is contained in this Remuneration Report.

Table 1 – Overview of elements of remuneration

	Elements of remuneration	Directors		Senior executives	Discussion in Remuneration Report
		Non-executive	Executive		
Fixed remuneration	Fees	✓	×	×	Pages 19, 20
	Salary	×	✓	✓	Pages 18, 19
At-risk remuneration	Short term incentive	×	✓	✓	Pages 12-14
	Long term incentive	×	✓	✓	Pages 14-17
Post-employment	Superannuation	✓	✓	✓	Pages 19, 20
	Notice periods & termination payments	×	✓	✓	Page 18

1.2 Board policy on executive remuneration

The Nomination and Remuneration Committee has recommended, and the Board has adopted, a policy that executive remuneration will:

- Be competitive in the markets in which the Group operates in order to attract, motivate and retain high calibre employees;
- Reinforce the short and long term objectives of the Group as set out in the strategic business plans endorsed by the Board; and
- Provide a common interest between employees and shareholders by linking the rewards that accrue to management to the creation of value for shareholders, and ensuring that remuneration policy has regard to market practice and conditions.

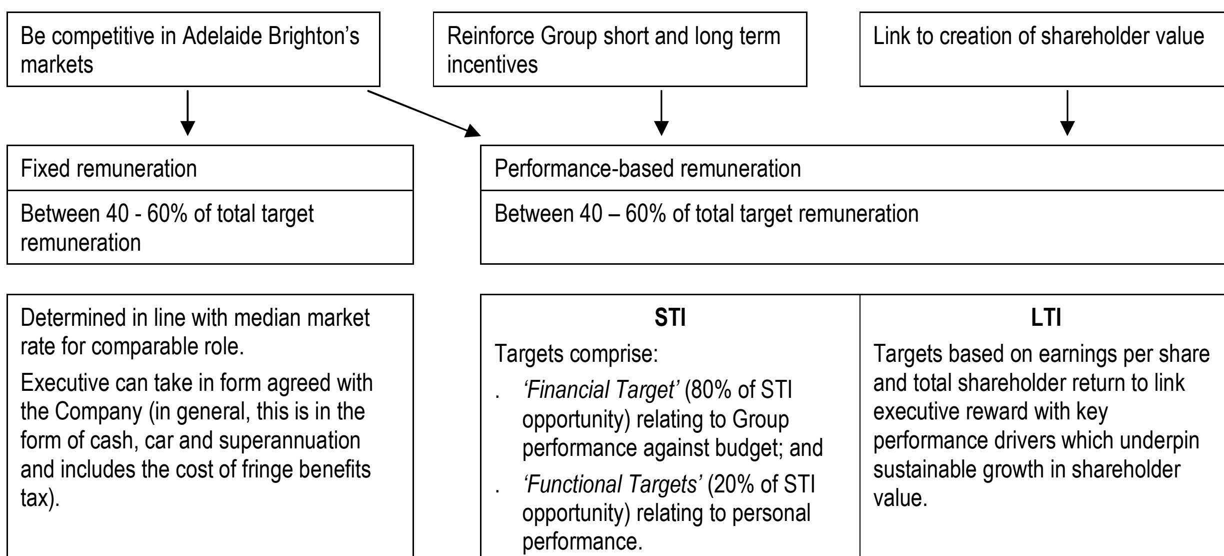
The policy seeks to support the Group's objective to be perceived as "an employer of choice" by:

- Offering remuneration levels which are competitive relative to those offered by comparable employers; and
- Providing strong, transparent linkages between individual and Group performance and rewards.

The Board, based on the recommendations of the Nomination and Remuneration Committee, establishes the remuneration of the Managing Director. Following a comprehensive review undertaken in 2009 by the Nomination and Remuneration Committee taking into account advice from two independent consultants instructed directly by the Chairman of the Nomination and Remuneration Committee, and in the context of the global financial crisis and the challenging market conditions, the Committee recommended, and the Board approved a 'freeze' on the Managing Director's fixed remuneration for 2010 and 2011. That review also considered the short term and long term incentive components of the Managing Director's total remuneration package.

The Nomination and Remuneration Committee, based on the recommendations of the Managing Director, approves the remuneration of senior executives reporting to the Managing Director, including their participation in both short term and long term incentive schemes.

The Board aims to achieve a balance between fixed and performance related components of remuneration that reflect market conditions at each job and seniority level.



Section 2 - Group performance 2010

2.1 Shareholders' wealth

The Company's long term incentive arrangements for senior executives (described in section 3.3 below) are judged against two performance measures – total shareholder return (TSR) and earnings per share (EPS), which the Board believes are indicators of the long term creation of shareholder wealth.

As set out in section 3.3 below, the long term incentive rewards sustained performance in relation to growth in these measures (TSR when compared to performance against the chosen indices and EPS based on percentage growth) over 2, 3 and 4 year periods. In this way, the Board strives to link executive rewards to shareholder value creation over the longer term, through which executives focus on medium to longer term strategic decision making as opposed to taking decisions which result in short term gains alone.

TSR measures the change in shareholder wealth over time – being the dividends paid by the Company, changes in share price and any return of capital over the relevant period. EPS divides earnings by the number of shares on issue (which includes the effect of capital raisings).

The Company's 5 year TSR and EPS performance is set out in Table 2 below, together with details of dividends paid, the closing price of Adelaide Brighton shares on 31 December in each year and details of operating cash flow.

Table 2 – Shareholders' wealth improvement from 2006 to 2010

	Year ended 31 Dec 10	Year ended 31 Dec 09	Year ended 31 Dec 08	Year ended 31 Dec 07	Year ended 31 Dec 06
Share price (A$)[1]	3.30	2.75	2.10	3.48	2.81
Total dividends paid (cents)	21.5	13.5	15.0	18.5	18.5
Franked dividends	100%	100%	100%	100%	100%
Operating cash flow	$188.5m	$188.1m	$150.1m	$140.4m	$144.3m
EPS (Ac)	23.9	20.4	22.2	21.0	18.4
TSR (%)	27.8%	37.4%	(35.3%)	30.4%	42.6%
Compound Annual Growth Rate since 2004	16.6%	15.6%	12.5%	32.4%	34.9%

1 The amount disclosed is the closing price of the Company's shares on the ASX on 31 December of the relevant year.

As can be seen from these results, over the past 5 years, the Company has:

- Delivered compound annual growth in TSR of 16.6%;
- Maintained a strong dividend payout ratio to profit earned;
- Increased operating cash flow through tight controls over working capital, and
- Generated an average annual increase in EPS of 9.5%

2.2 Earnings

The Group's record result in 2010, posting a 23.1% increase in net profit after tax of $151.5 million, and a 8.7% improvement in revenue to $1,072.9 million, resulted from the growth in cement sales and improved prices, together with cost management initiatives and improved operating efficiency.

Table 3 sets out the Group's sales revenue, earnings before interest and tax (EBIT), Profit Before Tax (PBT) and Net Profit After Tax (NPAT) over the past 5 financial years.

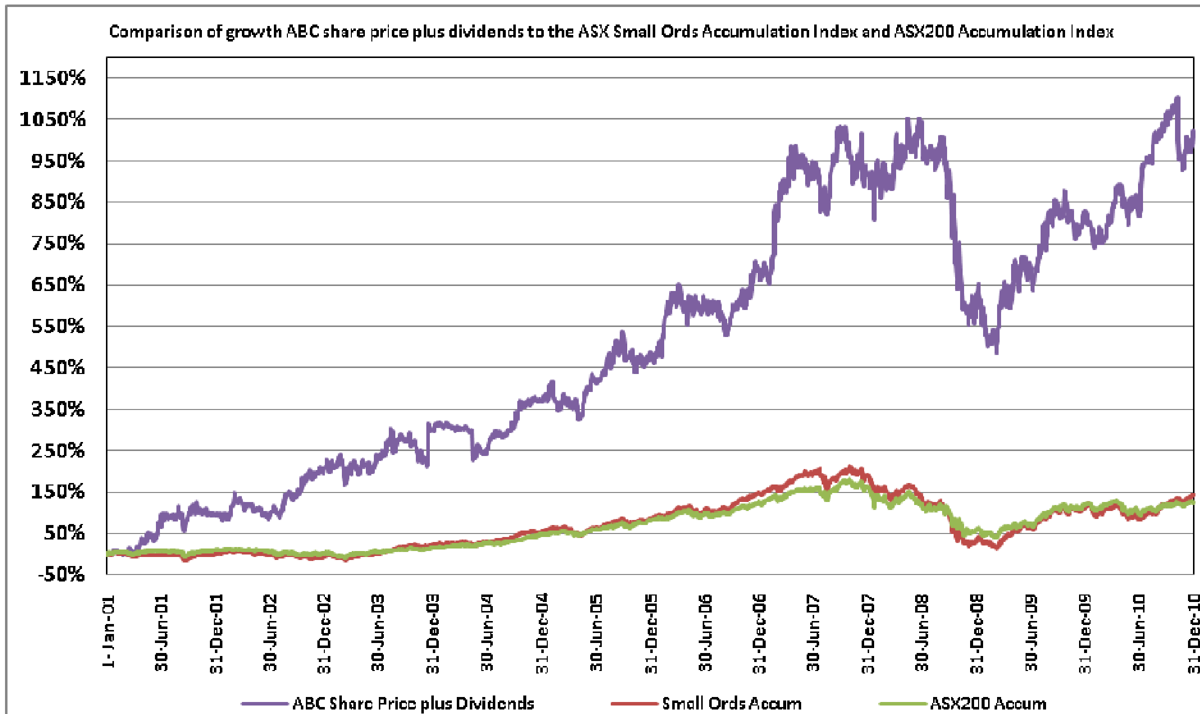
Table 3 – Earnings improvement from 2006 to 2010

	Year ending 31 Dec 10 $ million	Year ending 31 Dec 09 $ million	Year ending 31 Dec 08 $ million	Year ending 31 Dec 07 $ million	Year ending 31 Dec 06 $ million
Revenue	1,072.9	987.2	1,022.4	888.4	794.7
EBIT	216.2	185.3	189.1	171.3	148.8
EBIT margin %	20.2%	18.8%	18.5%	19.3%	18.7%
Profit before tax (PBT)	202.2	168.6	155.3	149.6	133.6
Net profit after tax (NPAT)	151.5	123.1	120.8	113.9	102.1

PBT is the key component of the Group's short term incentive arrangements for senior executives (set out in section 3.2 below). As PBT for the 2010 year increased to $202.2 million, management exceeded 110% of budgeted profit before tax and earned all of the Financial Target applicable to the short term incentive.

The Group's committed executive team, who have overseen a consistent strategy over the 5 year period shown in Table 3, have seen underlying EBIT increase from $148.8 million in 2006 to $216.2 million in 2010 (a 45.3% increase) and PBT increase from $133.6 million in 2006 to $202.2 million in 2010 (a 51.3% increase).

The graph below depicts the performance of Adelaide Brighton's share price plus dividends, versus the ASX Small Ords Accumulation Index (AS38) and the ASX 200 Materials Accumulation Index (ASX51MATL) from 1 January 2001 to 31 December 2010. The Adelaide Brighton share price has outperformed both indices, reflecting the strength of its core markets in the resources and construction materials sectors and the success of Adelaide Brighton's strategy.



Section 3 - Managing Director and senior executive remuneration

The following disclosures in relation to the remuneration of the Managing Director, Mr Mark Chellew, and members of the executive team, are provided on the basis that these executives ("senior executives") had the authority and responsibility for planning, directing and controlling the activities of the Company and the Group during the financial year. This includes the Managing Director and the five most highly remunerated senior executives of the Company and the Group during the financial year as required under section 300A of the *Corporations Act 2001*.

Executives	Position
Managing Director	
M P Chellew	Managing Director and CEO
Senior executives	
M Kelly	Chief Financial Officer and Executive General Manager, Strategy and Business Development
M R D Clayton	General Counsel and Company Secretary
M Brydon	Executive General Manager, Cement and Lime
M A Finney	Executive General Manager, Concrete and Aggregates
S B Rogers	Executive General Manger, Concrete Products
S J Toppenberg	Executive General Manger, Human Resources

3.1 Fixed remuneration

The terms of employment for all senior executives contain a fixed remuneration component. This is expressed as a dollar amount that the executive may take in a form agreed with the Company.

This amount of remuneration is determined in line with the median market rate for a comparable role within comparable companies. Executive remuneration levels were reviewed during 2009 as part of the extensive review conducted, separately, by two independent consultants instructed directly by the Chairman of the Nomination and Remuneration Committee, which provided independent expert advice directly to the Committee for its consideration.

As part of the comprehensive review undertaken by the Nomination and Remuneration Committee, and considering the independent expert advice provided by two separate firms of consultants, the Managing Director's fixed remuneration was reviewed in 2009 for the 2010 year, and set at $1.5 million per annum in order to bring it in line with the Group's policy of setting fixed remuneration in line with the median market rate. As noted above, in the context of the global financial crisis and the challenging market conditions, in 2009 the Board determined to 'freeze' the Managing Director's fixed remuneration for 2010 and 2011. His fixed remuneration will not be reviewed again until November 2011, for the 2012 year.

3.2 At-risk remuneration - Short Term Incentive (STI)

3.2.1 2010 Actual Performance

For 2010, the Group's actual PBT, as defined in section 3.2.2 below, was $202.2 million. The Managing Director and senior executives satisfied the Financial Component of the performance conditions applicable to the 2010 STI as the Group achieved in excess of 110% of budgeted PBT after exceptional, abnormal and extraordinary items. Tier 4 (Stretch) of the STI was reached, resulting in a maximum STI opportunity equal to 80% for senior executives and 100% for the Managing Director of fixed remuneration.

In accordance with the 2010 STI scheme detailed below, 80% of the maximum STI opportunities was payable based on a Financial Target in relation to the Group's performance against budget in the 2010 financial year. The proportion of the remaining 20% Functional Targets which was determined to be payable was dependent on each individual's success in achieving personal targets. The achievement of these personal targets by the individuals varied between 62% and 98% of the Functional Targets.

Specific information relating to the percentage of the 2010 and 2009 STI which was paid and the percentage that was forfeited for the Managing Director and senior executives of the Company and Group is set out in Table 5.

3.2.2 Summary of STI program

What is the STI and who participates?

The STI program involves linking specific annual performance targets (predominantly financial) with the opportunity to earn cash incentives based on a percentage of fixed remuneration.

Participation in the STI is generally offered to the Managing Director and senior executives who are able to influence the generation of shareholder wealth, and thus have a direct impact on the Group's performance against the relevant performance hurdles.

What is the maximum amount that executives can earn?

If the relevant performance measures are met:

Table 4 – Maximum STI opportunity

2010 Group performance against budget		% of fixed remuneration	
		Managing Director	Senior executives
Initial Target (Tier 1)	90% - 99%	12%	10%
Target (Tier 2)	100%	60%	50%
Partial Stretch (Tier 3)	101% - 109%	64% - 96%	53% - 77%
Stretch (Tier 4)	110% or greater	100%	80%

How are performance criteria set?

The performance criteria are set by the Board and agreed with the executive, in general, by the end of February in each year.

What were the performance conditions applicable under the 2010 STI program?

In 2010, the amount payable to the Managing Director and eligible senior executives is based on two separate performance measures:

(1) 80% is tested on the Group's performance against budget *(Financial Target)*; and

(2) 20% is tested on both the Group's performance against its budget and the senior executive/Managing Director meeting personal targets agreed with the Managing Director/Board *(Functional Targets).*

The cash bonus is, therefore, dependent on both the Group's performance and the individual's performance.

Why were these performance conditions chosen?

The key financial measure used is Profit Before Tax, which the Board believes is an appropriate annual performance target, aligned to Group budget.

Profit Before Tax is defined for STI purposes as net profit after interest but before income tax expense, exceptional, abnormal, extraordinary items and the effect of any acquisitions made during the financial period. A percentage of the executive's 2010 STI is also subject to additional personal functional performance hurdles appropriate to each executive's role.

How is performance against the performance conditions assessed?

In assessing the extent to which these performance conditions were satisfied, the Board reviews the budgeted targets for the year, focusing on PBT financial measure, and assesses the degree to which the Group met these targets. Where applicable, abnormal, extraordinary or unanticipated factors, which may have affected the Group's performance during the year, are considered and where necessary, the Group's performance is adjusted.

The Board also considers the Managing Director's performance against the agreed functional targets, and those of the senior executives based on the recommendation of the Managing Director.

When is performance against criteria determined and the cash award paid?

Assessment of performance against the performance hurdles for the relevant year is determined at the first Board meeting subsequent to the balance date, in conjunction with finalisation of the Group's full year results (generally in February), and is normally paid to the executive by March.

What happens to the STI award on cessation of employment?

In general, where an executive's employment is terminated by the Company (other than for cause) during the course of a performance year, the executive is entitled to a pro-rata STI for that proportion of the current financial year elapsed on the termination date. In general, where an executive's employment ceases by reason of resignation, any STI opportunity lapses.

Table 5 – STI for the 2010 and 2009 financial years

Managing Director & senior executives	Year	STI opportunity as % of fixed remuneration[1] %	Actual STI as a % of STI opportunity[1] %	% of STI opportunity[1] payment not achieved[2] %	Actual STI payment[3] $
M P Chellew	2009	100	99.6	0.4	1,346,952
	2010	**100**	**98.8**	**1.2**	**1,482,000**
A D Poulter[4]	2009	80	96.1	3.9	389,647
	2010	**-**	**-**	**-**	**-**
M R D Clayton	2009	80	97.4	2.6	299,836
	2010	**80**	**99.6**	**0.4**	**322,704**
M Brydon	2009	80	99.4	0.6	503,362
	2010	**80**	**99.4**	**0.6**	**556,640**
M A Finney	2009	80	93.6	6.4	328,424
	2010	**80**	**94.0**	**6.0**	**338,400**
M Kelly	2009	80	95.4	4.6	313,523
	2010	**80**	**93.5**	**6.5**	**437,696**
S J Toppenberg	2009	80	98.4	1.6	270,167
	2010	**80**	**97.8**	**2.2**	**273,840**
S B Rogers	2009	80	93.4	6.6	271,981
	2010	**80**	**92.4**	**7.6**	**310,464**

1 STI opportunity for 2010 is based on stretch STI Tier 4 (2009 stretch STI Tier 4).

2 Where the actual STI payment is less than maximum potential, the difference is forfeited and does not become payable in subsequent years.

3 2010 STI constitutes a cash bonus granted during 2010; determined in conjunction with the finalisation of 2010 results and paid by March 2011.
2009 STI constitutes a cash bonus granted during 2009; determined in conjunction with the finalisation of 2009 results and paid by March 2010.

4 A D Poulter ceased employment effective 1 May 2010.

3.3 At-risk remuneration - Long Term Incentive (LTI)

3.3.1 Actual Performance – Tranche 2 of 2007 Awards

Tranche 2 of the 2007 Awards became exercisable on 1 May 2010. As detailed below, the relevant performance conditions for the 2007 Awards are tied to TSR and EPS.

The Company's TSR growth over the relevant period (1 January 2007 to 31 December 2009) was independently assessed and determined to have exceeded the growth in all three of the relevant indices by more than the required premiums. Accordingly, the 50% of Tranche 2 that was subject to the TSR condition became exercisable.

The average annual growth in EPS of the Company over the relevant period was 8.12%, which exceeded the threshold level of 7% but did not reach the stretch level of 11%. Accordingly, applying the applicable pro rata rate scale to the 50% of Tranche 2 that was subject to the EPS condition, 56.8% of the part of Tranche 2 subject to the EPS condition was exercisable.

As a result, 78.4% of Tranche 2 of the 2007 Awards became exercisable. The 21.6% of Tranche 2 of the 2007 Awards which was not exercisable lapsed immediately.

A detailed discussion of the Group's performance, set specifically against the Group's earnings and the consequences of the Group's performance on shareholder wealth, both in the current financial year and the previous four years, is set out on pages 10 to 11 of this Report.

3.3.2 Summary of Adelaide Brighton Ltd Executive Performance Share Plan ("the Plan")

What is the Plan and who participates?	The Group's LTI arrangements are designed to link executive reward with sustainable growth in shareholder value. The Plan provides for grants of Awards to eligible executives, each Award being an entitlement to a fully paid ordinary share in Adelaide Brighton Ltd, subject to the satisfaction of performance conditions, on terms and conditions determined by the Board. Participation in the Plan is generally offered to the Managing Director and executives who are able to influence the generation of shareholder wealth and thus have a direct impact on the Group's performance against the relevant performance hurdles. In accordance with the requirements of the ASX Listing Rules, the Awards granted to the Managing Director have been approved by shareholders. Awards have been issued under the Plan called the "2007 Award" and the "2010 Award".
What are the performance conditions and why were they chosen?	Both the 2007 Awards and the 2010 Awards are measured against a TSR performance condition (as to 50% of each Award) and an EPS performance condition (as to the other 50%). The Board considers these performance conditions to be appropriate because they ensure that a proportion of each executive's remuneration is linked to the generation of profits (expressed on a per share basis), and shareholder value and ensure that executives only receive a benefit where there is a corresponding direct benefit to shareholders. In particular, the use of a TSR based hurdle: • Ensures alignment between comparative shareholder return and reward for the executive; and • Provides a relative, external market performance measure, having regard to those companies with which the Group competes for capital, customers and talent; While an EPS based hurdle: • Is a fundamental indicator of financial performance, both internally and externally; and • Links directly to the Group's long-term objectives of maintaining and improving earnings. The use of dual performance measures combines a strong external market-based focus through share price growth and dividends (TSR), and a non-market based measure aimed at driving improved Company results and the creation of shareholder wealth (EPS).
Is re-testing permitted	No. No re-testing of either of the performance conditions applicable to a Tranche of Awards is permitted.
What happens to Awards that are not yet exercisable on cessation of employment?	If an executive resigns or is terminated for cause, the Awards in respect of any tranche that is not exercisable will generally be forfeited. The Plan Rules provide that in other circumstances that a pro rata number of Awards, reflecting the part of the LTI earned or accrued up to termination, may become exercisable either at the time of termination of employment or at the end of the original performance period applicable to a tranche.
What other conditions apply to the Awards?	An executive's entitlement to shares under an Award may also be adjusted to take account of capital reconstructions and bonus issues. In the event of a takeover bid (or other transaction likely to result in a change in control of the Company), an executive will only be allowed to exercise his or her Awards to the extent determined by the Board as provided in the Plan Rules. The Awards will lapse if the Board considers that the executive has acted fraudulently, dishonestly or in breach of their obligations to the Company. The Plan Rules contain a restriction on removing the 'at risk' aspect of the instruments granted to executives. Plan Participants may not enter into any transaction designed to remove the 'at risk' aspect of an instrument before it becomes exercisable (eg hedging the Awards). Any shares allocated to the executive following exercise of an Award may only be dealt with in accordance with the Company's Share Trading Policy and subject to the generally applicable insider trading prohibitions.

Tranche 3 of 2007 Awards

When does the final tranche of the 2007 Awards vest?

Tranche 3 of the 2007 Awards are exercisable (subject to satisfaction of relevant performance conditions) on 1 May 2011.

Shares are delivered to the executive on exercise of the Award. Awards are granted at no cost to the executive and no amount is payable by the executive on exercise of the Award. Any unexercised Awards expire on 30 September 2011.

How is the TSR performance condition for tranche 3 of the 2007 Awards measured?

The Company's TSR performance is compared with the TSR performance of other companies in a comparator group.

The TSR hurdle for tranche 3 of the 2007 Awards is that the TSR growth of the Company over the period 1 January 2007 to 31 December 2010 must equal or exceed the growth in the returns of at least two of the three indices below (expressed as a percentage) over the same period plus the percentage premium applicable to the respective indices:

- S&P / ASX Small Ordinaries Accumulation Index (XSO AI) plus 2% premium.
- S&P / ASX 200 Materials Accumulation Index (XMJ AI) plus 2% premium.
- S&P / ASX 200 Accumulation Index (XJO AI) plus 3% premium.

In assessing whether the TSR performance hurdle has been met, the Company receives independent data, which provides both the Company's TSR growth over the relevant performance period and that of the comparator group.

How is the EPS performance condition for tranche 3 of the 2007 Awards measured?

The EPS performance hurdle applicable to tranche 3 of the 2007 Award measures the average annual growth in EPS of the Company from 1 January 2007 until 31 December 2010.

As a threshold before any part of the relevant tranche of the Awards subject to the EPS hurdle will become exercisable, the average annual growth in EPS of the Company (as disclosed in the audited accounts of the Company and before any write downs and capital management initiatives) must equal or exceed 7% per annum growth measured against the EPS for the Company's financial year ended 31 December 2006 (before abnormal or exceptional items, such as (without limitation) capitalised interest and taxation benefits).

Once the 7% threshold is reached, the relevant tranche of Awards subject to the EPS hurdle vests in accordance with the following scale:

Table 6 – EPS hurdle vesting schedule – 2007 Award

	Average annual growth in EPS					
	Below 7%	**7%**	**7% to 9%**	**9%**	**9% to 11%**	**11%**
Percentage of Awards subject to EPS hurdle which become exercisable	Nil	40%	Pro-rata	70%	Pro-rata	100%

2010 Awards

The terms of the 2010 Awards were considered by shareholders at the Company's 2010 Annual General Meeting.

Date of grant of 2010 Awards

To coincide with the start of the performance period, the effective grant date of the 2010 Awards is 1 January 2010.

Any unexercised 2010 Awards will expire on 30 September 2014.

Performance period and vesting

The 2010 Awards are divided into 3 tranches as follows:

- Tranche 1: 30% of Award – earliest exercise date is 1 May 2012
- Tranche 2: 30% of Award – earliest exercise date is 1 May 2013
- Tranche 3: 40% of Award – earliest exercise date is 1 May 2014

Each tranche is to be tested against the performance conditions.

Any 2010 Awards which do not vest at the end of the applicable performance period will lapse.

Performance hurdles

The 2010 Awards are subject to two performance hurdles, which are independent and will be tested separately.

Total Shareholder Return (TSR) hurdle

This hurdle requires the Company's total shareholder return between 1 January 2010 and 31 December of the year preceding the earliest exercise date to equal or exceed the growth in the median company of the S&P/ASX 200 Accumulation Index (excluding all GICS Financial companies and selected resources companies) over the same period. This comparator group differs from that applicable to the 2007 Awards to better reflect changes in the Company's market capitalisation since the 2007 Awards were made.

No 2010 Awards will vest if the Company's TSR performance over the relevant performance period is less than the 50th percentile. If performance is in the 50th percentile, then 50% of 2010 Awards will vest. Full vesting will occur at the 75th percentile, with pro rata vesting on a straight line basis between these points.

Earnings Per Share (EPS) hurdle

The EPS hurdle requires growth in the Company's earnings per share (as disclosed in the audited accounts) from 1 January 2010 to the end of the financial year immediately preceding the earliest exercise date for the relevant tranche, to equal or exceed an external benchmark measure (being the Consumer Price Index (CPI) (All Cities) plus a percentage premium). The Board may adjust the EPS to exclude the effects of material business acquisitions or divestments and for certain one-off costs.

The target growth rate over the applicable performance period for 50% vesting is CPI + 2.5% per annum growth, with full vesting occurring where the growth rate equals or exceeds CPI + 5% per annum. Again, the Awards will vest on a straight line basis between these points.

Trading restrictions

Following vesting of an Award, the 2010 Awards can be exercised at any time prior to 30 September 2014. The shares allocated on exercise of an Award may only be disposed of pursuant to an approval under the terms of the Company's share trading policy.

Price payable on grant or exercise of Awards

No amount is payable either on grant of the Awards or on exercise of any tranche of Awards.

Table 7 sets out details of the movement in Awards held by the Managing Director and senior executives during the reporting period.

Table 7 – Movement in Awards during the year

Managing Director & senior executives	Balance at 31 Dec 2009	Granted 2010 Award[1]	Exercised /vested[2] 2007 Award	Number of options lapsed/forfeited during the year	Balance at 31 Dec 2010	Value of Awards at grant date $	Value per share at the date of exercise[3] $	Value at lapse date[4] $
M P Chellew	870,000	1,800,000	341,040	93,960	2,235,000	2,362,500	2.9120	159,732
A D Poulter[5]	200,000	-	78,400	121,600	-	-	2.9200	180,720
M R D Clayton	200,000	300,000	78,400	21,600	400,000	393,750	2.9120	36,720
M Brydon	200,000	600,000	78,400	21,600	700,000	787,500	2.8077	42,768
M A Finney	200,000	325,000	78,400	21,600	425,000	426,564	2.7730	36,720
M Kelly	200,000	500,000	78,400	21,600	600,000	656,250	2.8077	36,720
S J Toppenberg	200,000	200,000	78,400	21,600	300,000	262,500	2.9120	36,720
S B Rogers	200,000	325,000	78,400	21,600	425,000	426,564	3.1537	50,544
Total	**2,270,000**	**4,050,000**	**889,840**	**345,160**	**5,085,000**	**5,315,628**	**-**	**580,644**

1 The grants made to the Managing Director and the senior executives constituted 97.5% of the grants available for the year. As the Awards only vest on satisfaction of performance conditions which are to be tested in future financial periods, none of the Awards set out above vested or were forfeited during the year.

2 All 889,840 Awards which were exercisable were exercised in 2010. The number of Awards vested during the period and exercisable at 31 December 2010 is nil. The number of Awards vested but not yet exercisable at 31 December 2010 is nil.

3 The value per share shown at the date of exercise is the Volume Weighted Average Price (VWAP) calculated by the Australian Securities Exchange Limited on the exercise date. The aggregate value of Awards that vested during the year is $2,583,556 based on the VWAP values per share.

4 The value at lapse date of options that were granted as part of remuneration and that lapsed during the year because a vesting condition was not satisfied. The value is determined at the time of lapsing, but assuming the condition was satisfied.

5 A D Poulter ceased employment effective 1 May 2010.

3.4 Service agreements

The remuneration and other terms of employment for the Managing Director and senior executives are set out in formal Service Agreements. Key details of the Service Agreements are summarised in the discussion below.

All Service Agreements are for an unlimited duration. The agreement may be terminated by the executive giving three months notice of termination or by the Company on five weeks notice (except in cases of termination for cause where termination is immediate). In the case of resignation, no separation payment is made to the executive (only amounts due and payable up to the date of ceasing employment including accrued leave entitlements and unpaid salary).

Where the Company terminates employment by giving notice or where the executive is able to terminate the agreement following a "Fundamental Change", each of the executives reported on in this report is entitled to a separation payment which is equivalent to 12 months total remuneration on termination and, if applicable, any amounts payable pursuant to the Company's redundancy policy. A Fundamental Change includes circumstances where there has been a substantial diminution of responsibility, a material reduction in status or a relocation of the relevant position.

On termination of employment for any reason, the Managing Director and other senior executives are prohibited from engaging in any activity that would compete with the Group for a period of up to 6 months in order to protect the Group's business interests. During the period of the restraint the executive will be paid a monthly amount equivalent to the executive's monthly fixed remuneration at the time of termination.

Under an arrangement entered into some time ago, M Brydon is also entitled to an ex-gratia payment of $10,000 upon termination, as well as payment of accrued sick leave.

Each of the Service Agreements of current key management personnel other than M Kelly was entered into prior to the amendments to the *Corporations Act 2001* regarding the payment of benefits on termination coming into effect on 24 November 2009. In accordance with the Government's intentions, entitlements under the pre-existing contracts are not subject to the new limits on termination payments under those amendments.

M Kelly was appointed Chief Financial Officer on 8 February 2010 following the resignation of A D Poulter. M Kelly's Service Agreement for the internal promotion to this position was entered into during 2010 and while it provides for notice periods in accordance with those which apply for the other executives, noting that the new termination payment provisions of the *Corporations Act* apply to M Kelly, the separation payment to be made to him will not exceed 1 x Base Salary (as that term is defined in the *Corporations Act*). In the event M Kelly resigns, the Company may also prohibit him from engaging in any activity that would compete with the Group for a period of up to 6 months in order to protect the Group's business interests. During the period of the restraint the executive will be paid a monthly amount equivalent to the executive's monthly fixed remuneration at the time of termination.

3.5 Remuneration paid

Details of the remuneration paid to the Managing Director and key management personnel of the Company and the Group, which includes the five senior executives who received the highest remuneration during the 2010 and 2009 financial years are set out in Table 8 below.

Table 8 – Remuneration for the 2010 and 2009 financial years

		Short-term benefits		Post-employment benefits		Share based payments[1]	Total	
	Year	Fixed salary	STI	Superannuation contributions	Termination benefits	Long term incentive		
		$	$	$	$	$	$	%[2]
M P Chellew	2009	1,337,897	1,346,592	14,103	-	265,455	2,964,047	9
	2010	**1,485,170**	**1,482,000**	**14,830**	-	**445,275**	**3,427,275**	**13**
A D Poulter[3]	2009	492,722	389,647	14,103	-	49,943	946,415	5
	2010	**181,846**	**-**	**4,820**	**146,506**[4]	**(72,131)**	**261,041**	**(28)**
M R D Clayton	2009	370,697	299,836	14,103	-	49,943	734,579	7
	2010	**390,170**	**322,704**	**14,830**	-	**70,650**	**798,354**	**9**
M Brydon	2009	618,897	503,362	14,103	-	63,834	1,200,196	5
	2010	**685,170**	**556,640**	**14,830**	-	**123,366**	**1,380,006**	**9**
M A Finney	2009	407,893	328,424	30,707	-	49,943	816,967	6
	2010	**424,800**	**338,400**	**25,200**	-	**74,237**	**862,637**	**9**
M Kelly	2009	381,340	313,523	29,460	-	49,943	774,266	6
	2010	**520,417**	**437,696**	**25,000**	-	**99,344**	**1,082,457**	**9**
S J Toppenberg	2009	316,531	270,167	26,669	-	49,943	663,310	8
	2010	**325,000**	**273,840**	**25,000**	-	**56,303**	**680,143**	**8**
S B Rogers	2009	336,473	271,981	27,527	-	83,423	719,404	12
	2010	**395,000**	**310,464**	**25,000**	-	**138,741**	**869,205**	**16**
Total for the Company and Group	2009	4,262,450	3,723,532	170,775	-	662,427	8,819,184	
	2010	**4,407,573**	**3,721,744**	**149,510**	**146,506**	**935,785**	**9,361,118**	

1 In accordance with the requirements of the Accounting Standards, remuneration includes a proportion of the notional value of equity compensation granted or outstanding during the year. The notional value of equity instruments which do not vest during the reporting period is determined as at the grant date and is progressively allocated over the vesting period. The amount included as remuneration is not related to or indicative of the benefit (if any) that individual executives may ultimately realise should the equity instruments vest. The notional value of Awards as at the date of their grant has been determined in accordance with the accounting policy note 1(v)(iv).

2 % of remuneration for the financial year which consists of Awards issued under the Adelaide Brighton Limited Executive Performance Share Plan.

3 A D Poulter ceased employment effective 1 May 2010.

4 Termination benefits paid to A D Poulter consisted of annual and long service leave entitlements which had not been taken.

Section 4 - Non-executive Directors' remuneration

4.1 Board policy on remuneration

The remuneration of non-executive Directors is determined by the Board on the recommendation of its Nomination and Remuneration Committee within the maximum aggregate amount approved by shareholders. The remuneration of the non-executive Directors consists of Directors' fees, committee fees and superannuation contributions. This remuneration is not linked to the performance of the Group in order to maintain the independence and impartiality of the non-executive Directors.

In setting fee levels, the Nomination and Remuneration Committee, which makes recommendations to the Board, takes into account:

- The Group's existing remuneration policies;
- Independent professional advice;
- Fees paid by comparable companies;
- The general time commitment and responsibilities involved;
- The risks associated with discharging the duties attached to the role of Director; and
- The level of remuneration necessary to attract and retain Directors of a suitable calibre.

A maximum aggregate amount of $1,100,000 per annum was approved at the 2010 Annual General Meeting.

Details of the membership of the Nomination and Remuneration Committee and its responsibilities are set out on pages 24 – 26 of the Corporate Governance Statement.

Fees payable to non-executive Directors are set out in Table 9.

Table 9 – Non-executive Directors' fees

Fee applicable for 2010[1]	Chairman $	Member $
Board	320,000[2]	95,000
Audit, Risk and Compliance Committee	22,500	12,500
Nomination and Remuneration Committee	22,500	10,000
Safety Health and Environment Committee	10,000	7,500
Corporate Governance Committee	7,500	5,000

1 At present, there are no fees payable for the Independent Directors' Committee.
2 The Chairman receives no additional fees for Committee work.

Non-executive Directors' fees are inclusive of contributions to superannuation. No superannuation contributions were made for M A Kinnaird. Consistent with best practice, the Group does not pay non-executive Director retirement benefits other than superannuation contributions.

In accordance with rule 7.3(f) of the Company's constitution, Directors are also permitted to be paid additional fees for special duties or exertions. Such fees may or may not be included in the aggregate amount approved by shareholders, as determined by the Directors. No such fees were paid during the year.

Directors are also entitled to be reimbursed for all business related expenses, including travel, as may be incurred in the discharge of their duties.

4.2 Remuneration

Details of non-executive Directors' remuneration for the years ended 31 December 2010 and 31 December 2009 are set out in Table 10. All values are in A$ unless otherwise stated.

Table 10 – Non-executive Directors' remuneration for the 2010 and 2009 financial years

		Fees and allowances		Post-employment benefits	
	Year	Directors' fees $	Committee fees $	Superannuation contributions[1] $	Total $
M A Kinnaird[2]	2009	309,000	-	-	309,000
	2010	**123,175**	**-**	**-**	**123,175**
C L Harris (Chairman)	2009	84,439	37,379	12,182	134,000
	2010	**228,571**	**-**	**22,273**	**250,844**
L V Hosking	2009	84,439	34,016	11,845	130,300
	2010	**86,450**	**38,117**	**12,457**	**137,024**
G F Pettigrew	2009	84,439	24,652	10,909	120,000
	2010	**86,450**	**34,654**	**11,069**	**132,173**
R D Barro	2009	84,439	6,111	8,150	98,700
	2010	**86,537**	**7,500**	**8,463**	**102,500**
K B Scott-Mackenzie[3]	2009	-	-	-	-
	2010	**37,966**	**-**	**3,420**	**41,386**
Total	2009	646,756	102,158	43,086	792,000
	2010	**649,149**	**80,271**	**57,682**	**787,102**

1 Superannuation contributions are made on behalf of non-executive Directors to satisfy the Group's obligations under applicable Superannuation Guarantee Charge legislation.

2 M A Kinnaird retired on 19 May 2010.

3 K B Scott-Mackenzie appointed as a Director effective 26 July 2010.

Former Non-executive Director					
J D McNerney[1]	2009	27,671	3,090	-	30,761

1 J D McNerney resigned as a Director effective 21 May 2009, therefore remuneration details are shown for comparative purposes only.

Corporate Governance Statement

The Board is committed to conducting the Company's business ethically and in accordance with high standards of corporate governance. To this end, the Board (together with the Company's management) regularly reviews the Company's policies, practices and other arrangements governing and guiding the conduct of the Company and those acting on its behalf.

This statement provides an outline of the main corporate governance practices that the Company had in place during the past financial year.

The Board believes that the Company's policies and practices are consistent in all substantial respects with corporate governance best practice in Australia, including the ASX Corporate Governance Council Principles and Recommendations.

1 The Board lays solid foundations for management and oversight

1.1 Role of the Board

The role of the Board of Directors is to protect and optimise the performance of the Group and, accordingly, the Board takes accountability for setting strategic direction, establishing policy, overseeing the financial position and monitoring the business and affairs of the Group on behalf of shareholders. Details of the skills, experience and expertise of each Director and their period of office are set out on page 5 and 6 of this report.

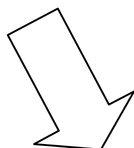
The Board operates in accordance with the general principles set out in its charter, which is available from the corporate governance section of the Company's website at www.adbri.com.au.

In accordance with the provisions of its constitution, the Board has delegated a number of powers to Board committees (see section 2 following) and responsibility for the day-to-day management of the Company to the Managing Director and senior management. The respective roles and responsibilities of the Board and management are outlined further in the Board charter.

The Board has also reserved for itself the following specific responsibilities:

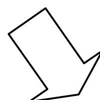
Strategy and monitoring	Monitoring the business and affairs / relations with management	Risk management, compliance and internal controls
• Input into and final approval of management's development of corporate strategy, including setting performance objectives and approving operating budgets	• Selecting, appointing and evaluating from time to time the performance of, determining the remuneration of, and planning for the successor of, the Group Managing Director	• Reviewing and guiding systems of risk management and internal control and ethical and legal compliance • Monitoring and reviewing processes aimed at ensuring integrity of financial and other reporting
• Monitoring corporate performance and implementation of strategy and policy	• Reviewing procedures for appointment of senior management, monitoring performance and reviewing executive development activities. This includes ratifying the appointment and the removal of the Chief Financial Officer and the Company Secretary • Approving major capital expenditure, acquisitions and divestitures, cessation of any significant business activity and monitoring capital management	• Monitoring and reviewing policies and processes in place relating to occupational health and safety, compliance with laws, and the maintenance of high ethical standards • Formulating the Company's policy in relation to, and monitoring implementation of, sustainable resource use and the impact of the Company's operations on the environment, community and stakeholders

1.2 The Board is structured to add value



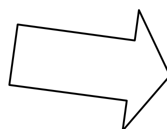
The Board ensures that its members have the time and commitment to devote to the role

- Prior to appointment, Directors provide details of other commitments and acknowledge that they will have adequate time to meet expectations
- Directors to consult with the Chairman before accepting outside appointments
- Letter of appointment sets out Director's term of appointment, powers, expectations and rights and obligations



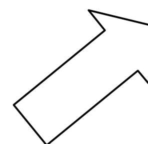
The Board is committed to a majority of independent views being brought to bear in decision-making (see 1.2.1 below)

- Directors expected to bring independent views and judgment to discussions
- Four of the six Board members are independent
- Board has adopted Financial Services Council Blue Book definition



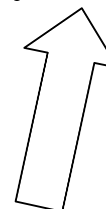
Comprehensive induction processes equip directors to perform in their role

- Comprehensive induction process upon appointment
- Obligation on new Directors to familiarise themselves with Company's practices through induction process or by making enquiries of the Chairman, the Company Secretary or management



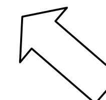
Conflicts are managed (see 1.2.2)

- Actual and perceived conflicts considered and managed on an ongoing basis
- Protocols around disclosure, and procedures around management, of potential conflicts have been adopted



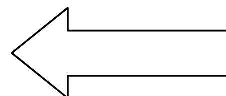
Board members have access to management and independent advice to assist in discharge of their duties

- Access to senior executives and to any further information required to make informed decisions
- Right to seek independent professional advice at the Company's expense to assist in effective discharge of duties



Board and Director performance is regularly evaluated to facilitate continuous improvement (see 1.2.3)

- Board, Committee and individual Director performance reviewed annually
- Directors to undergo a performance appraisal before standing for re-election
- One third of the non-executive Directors retire (and are eligible for re-election) at each AGM



Board keeps informed of regulatory and industry developments to challenge status quo and strengthen knowledge base (see 1.2.4)

- Directors expected to participate in ongoing education
- Board program developed having regard to business and industry developments and matters identified during annual performance evaluations

The Board is structured to add value and Board decision-making is enhanced through education and support

- Broad range of skills and experience reflecting the character of the Group's business to best guide, review and challenge management
- Independent Chairman leads the Board, facilitates constructive decision-making, and manages Board/ management relationship
- To maintain independent oversight, roles of Chairman and Managing Director are undertaken by different individuals

Corporate Governance Statement (continued)

1.2.1 Directors' independence

In general, Directors are considered independent where they are free of any interest and any business or other relationship which could, or could reasonably be perceived, to materially interfere with the Director's ability to act in the best interests of the Company. An assessment will be made on a case-by-case basis of whether the Director's ability to act in the best interests of the Company has been materially impaired.

In ensuring that the Board comprises Directors with a broad range of skills and experience reflecting the character of the Group's business, the Board may from time to time appoint Directors who are not considered to be independent. It is, however, the Board's policy that it should comprise a majority of independent Directors to ensure that independent oversight is maintained.

In the context of his executive position with the Company, Mr M Chellew is not considered to be independent. Having regard to the guidelines of independence adopted, the Directors are of the view that Mr R D Barro is the only non-executive Director who is not considered "independent" by virtue of his position as the Managing Director and a shareholder of Barro Group Pty Ltd, which controls 50% of the Company's joint venture, Independent Cement & Lime Pty Ltd (ICL), and is a significant shareholder in the Company. ICL has an ongoing trading relationship with the Barro Group of companies.

1.2.2 Conflicts of interest

Directors are expected to avoid any action, position or interest which conflicts (or may be perceived to conflict) with their position as a Director of the Company. In particular, the Board is cognisant of Mr Barro's interest in Barro Group Pty Ltd, a significant shareholder in the Company and 50% joint venture partner in ICL.

During the year, in order to avoid actual and/or perceived conflicts of interest in Board decision-making, Board procedures were followed such that where the possibility of a material conflict arose, the Board considered the nature and extent of the potential conflict and whether it would be appropriate for the relevant Director to participate in Board discussion and decision-making in relation to the issue. Where there was a real potential for a conflict of interest, information was not provided to the Director, and, in accordance with the *Corporations Act 2001*, the Director did not participate in, or vote at, the meeting where the matter was considered.

1.2.3 Performance evaluation

For the 2010 financial year, a performance evaluation was led by the Chairman to assess the performance of individual Directors, the Board as a whole, various aspects of the Board committees such as their performance, membership, roles and Charters, and the Board's and Directors' interaction with management.

As part of this comprehensive review of the Board's performance, processes and operations, the Chairman facilitates individual discussions with each Director which also reviews their individual performance.

As part of the review, the Chairman of the Corporate Governance Committee reviews the Board Chairman's performance individually with Directors. The Chairman of the Corporate Governance Committee discusses the outcome of this review with the Chairman.

The Chairman and the Chairman of the Corporate Governance Committee then report the findings of these reviews to the Board. As a result of recommendations arising from the internal Board review, initiatives are introduced to ensure the continued effectiveness of the Board's performance and enable its sustained focus on key issues for the Company. The implementation of these initiatives is overseen by the Chairman.

Executives and managers are also subject to an annual performance review in which performance is measured against agreed business objectives. The performance of the Managing Director is assessed by the Board against objectives related to the Company's strategy and business plans.

For the 2010 financial year, the performance of the Managing Director was reviewed by the Chairman, the Nomination and Remuneration Committee and the Board against the financial performance of the business, and the Managing Director's achievement of the agreed objectives. The performance of the Company's senior executives during 2010 was reviewed by the Managing Director, and by the Nomination and Remuneration Committee, led by the Managing Director and the Executive General Manager, Human Resources.

1.2.4 Ongoing education

During the year, the Board's ongoing education calendar incorporated a number of site visits to the Company's operational facilities and presentations by management on a number of topics regarding developments impacting, or likely to impact, its business. The Board is informed by leading expertise from within the Company on matters such as management of energy requirements, carbon emissions and product development.

2 Committees of the Board

To assist the Board in fulfilling its responsibilities, the Board has established a number of committees with responsibility for particular areas.

Each committee has a specific charter or constitution. The charters for the Audit, Risk and Compliance Committee and the Nomination and Remuneration Committee are available on the corporate governance section of the Company's website at www.adbri.com.au. The Board periodically reviews each Board committee's charter, role and responsibilities.

Generally, minutes of committee meetings are tabled at the immediately subsequent Board meeting. Additional requirements for specific reporting by the committees are addressed in the charter of the individual committees.

2.1 Key standing committees

	Audit, Risk and Compliance Committee	***Nomination and Remuneration Committee***
Members	G F Pettigrew (Chairman) C L Harris L V Hosking Details of these Directors' qualifications are set out on pages 5 and 6 of this report. M A Kinnaird was a member of the Committee until his retirement from the Board effective 19 May 2010.	L V Hosking (Chairman) C L Harris G F Pettigrew Details of these Directors' qualifications are set out on pages 5 and 6 of this report. M A Kinnaird was a member of the Committee until his retirement from the Board effective 19 May 2010.
Composition	• Consist of a minimum of 3 members, all of whom are independent non-executive Directors • An independent chair, who is not Chairman of the Board	• Consist of a minimum of three members, all of whom are independent non-executive Directors
Key functions	• To review, assess and approve the annual financial reports, the half-year financial report and the results of external audit or review including assessing all external reporting for its adequacy for shareholder needs; and all other financial information published by the Company or released to the market; • To review the appropriateness of accounting principles adopted by management in the composition and presentation of financial reports and to approve any change in the accounting principles applied in preparing the Company and Group reports; • To evaluate the independence of both the non-executive Directors and external auditors and to monitor the implementation of the Board's policy in relation to the provision of non-audit services by the Company's auditor; • To recommend to the Board the appointment, removal and remuneration of the external auditors, to review the terms of their engagement, the scope and quality of the audit and to assess performance; • To determine the scope of the internal audit function and ensure that it has adequate resources to fulfil its role, to assess its performance including independence and to advise on the appointment and dismissal of the head of internal audit; • To determine whether new policies or training should be implemented to safeguard against	• To review (and recommend to the Board) the fees paid to non-executive Directors, within the limits approved by shareholders; • To review (and recommend to the Board) the compensation arrangements for the Managing Director, including short term and long term incentives; • To review performance targets, and approve recommendations from the Managing Director on total levels of remuneration, for senior executives; • To oversee the implementation of the Company's short term and long term incentive arrangements, including assessing the extent to which performance conditions are satisfied and making relevant awards; • To assess the appropriate mix of skills, experience and expertise required on the Board and assess the extent to which these required skills are represented on the Board; • To establish processes for the identification of suitable candidates for appointment to the Board, engage appropriate search firms to assist in identifying suitable candidates and make a recommendation regarding the most appropriate candidates to the Board which ultimately will appoint the new Directors; • To oversee or design induction and ongoing training and education programs for the Board to ensure that non-executive Directors are

	Audit, Risk and Compliance Committee	*Nomination and Remuneration Committee*
	possible risks or non-compliance with applicable laws, regulations or Company policies; • To monitor compliance with the Company's policies and procedures that recognise the Company's business, environmental and statutory responsibilities; and • To report the results of the Committee's review of risk management and internal compliance and control systems to the Board.	provided with adequate information regarding the operations of the business, the industry and their legal responsibilities and duties; • To monitor the tenure of Board members, considering succession planning and identifying the likely order of retirement by rotation of non-executive Directors; and • To establish processes for the review of the performance of individual non-executive Directors, the Board as a whole and the operation of Board committees.
Key activities during 2010	• G F Pettigrew replaced L V Hosking as Chairman of the Committee; • Ongoing review and consideration of financial and non-financial risks and the Company's system of identifying and managing risks; • Monitoring and overseeing of the Company's implementation of the SAP enterprise resource planning system; • Monitoring the performance, outcomes and actions of the Company's internal audit program; • Receiving the external auditors' reports, monitoring issues reported and actions taken; • Reviewing and overseeing of the Company's 2010 Half Year and Full Year Financial Reporting and associated audit; • Establishing the internal audit plan for 2011 and reviewing and approving the internal and external auditors' fees; • Monitoring the Group's insurance renewal programme; and • Reviewing the Group's accounting policies and treatment of particular issues.	• L V Hosking replaced C L Harris as Chairman of the Committee; • Establishing criteria, selecting and assessing candidates and arranging appointment of new independent Non-executive Directors; • Responding to request by Barro Group Pty Ltd for additional representation on the Company's Board and requisition of EGM; • Granting long term incentive awards to the Managing Director and senior management in accordance with shareholder approval at the 2010 AGM; • Reviewing and recommending to the Board the compensation arrangements for the senior executive team; and • Reviewing and recommending to the Board fees payable to non-executive Directors for 2011, including seeking shareholder approval at the 2010 AGM for an increase to the limit approved by shareholders to provide further flexibility with respect to future non-executive Director remuneration, including providing the capacity to appoint further Directors to the Board.
Attendance	Details of attendance at Audit, Risk and Compliance Committee meetings are set out on page 6 of this report.	• Details of attendance at Nomination and Remuneration Committee meetings are set out on page 6 of this report.
Consultation	Members of management may attend meetings of the Committee at the invitation of the Committee Chairman. It is the practice of the Committee that the Managing Director, the Chief Financial Officer and the Company Secretary attend all Audit, Risk and Compliance Committee meetings. The Group Risk Manager generally attends meetings of the Committee when non-financial risk management matters are considered. In fulfilling its responsibilities, the Committee has rights of access to management and to auditors (external and internal) without management present and may seek explanations and additional information. The Committee has met with the Company's auditors without any member of	It has been the practice of the Nomination and Remuneration Committee on occasions to invite other Directors to attend Committee meetings. Members of management, particularly the Executive General Manager, Human Resources or the Managing Director, may also attend meetings of the Committee at the invitation of the Committee Chairman, whenever particular matters arise that require management participation, such as reviewing senior executive performance. The Committee and the Chairman of the Committee directly without the involvement of the Company's executive management instruct expert professional advisors and obtain their advice concerning matters

	Audit, Risk and Compliance Committee	***Nomination and Remuneration Committee***
	management present.	of executive remuneration and the selection of suitable candidates for appointment as independent Non-executive Director.

2.2 Other Board committees

2.2.1 Safety Health and Environment Committee

The members of the Safety, Health and Environment Committee (SH&E Committee) are G F Pettigrew (Chairman), R D Barro and M P Chellew (Managing Director). M A Kinnaird AC was a member of the Committee until his retirement as a Director effective 19 May 2010.

The Committee has a broad role in reviewing specific occupational health and safety and environmental matters across the Group. Committee meetings are also attended by the Company's Executive General Manager, HR & SH&E, Chief Financial Officer and its General Counsel.

Generally when the SH&E Committee meeting is held prior to a Board meeting, the SH&E Committee Chairman subsequently reports to the Board about the Committee's proceedings.

2.2.2 Corporate Governance committee

The Corporate Governance Committee, which comprises L V Hosking (Chairman) and C L Harris, is responsible for overseeing the Company's implementation and compliance with best practice in corporate governance applicable to the circumstances of the Company. Committee meetings are also attended by the Company's Managing Director, the Company Secretary and General Counsel and the Chief Financial Officer, and are generally held in conjunction with Board meetings, so that all of the Company's Directors are present. M A Kinnaird AC was a member of the Committee until his retirement as a Director effective 19 May 2010.

During 2010 the Committee completed changes to the Company's charters and policies following the 2009 review. The Board established a charter for the Corporate Governance Committee and implemented changes to charter of the Nomination and Remuneration Committee in light of the recommendations of the Productivity Commission. The Company's Share Trading Policy was reviewed in the context of recent changes to the requirements under the ASX Listing Rules.

2.2.3 Independent Directors' Committee

The role of the Independent Directors' Committee is to investigate and consider corporate proposals made to the Company. The Committee comprises Directors who do not have any conflict of interest concerning the matters considered by the Committee. The present members of the Committee are C L Harris (Chairman), L V Hosking, G F Pettigrew, K B Scott-Mackenzie and M P Chellew (Managing Director). M A Kinnaird AC was a member of the Committee until his retirement as a Director effective 19 May 2010.

Details of members' attendance at each of these Committee meetings in 2010 are set out on page 6.

3 The Board recognises and manages risk and safeguards the integrity of financial reporting

3.1 Framework

The Board has approved the following framework within which the Company discharges its risk management function:

Leading a culture of compliance and ensuring that risk management practices are appropriate and effective in the context of the Company's business objectives.

Oversight: The Board, through the Audit, Risk and Compliance Committee, is responsible for implementing and overseeing the Company's risk management policies and compliance and control systems.

These policies and systems provide for management to identify and manage both financial and non-financial risks to the Company's businesses. The Board, through the Committee, regularly review the effectiveness of the Company's risk management system and management of identified business risks.

Purpose: The Company's risk management framework is designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives.

Internal controls framework

A robust control environment is fundamental to the effectiveness of the Company's risk management framework. Delegations of authority and Board and management accountability is clearly demarcated.

All Directors, executives and employees are required to adhere to the Code of Conduct (described below) and the Board actively promotes a culture of quality and integrity.

Accounting, financial reporting and internal control policies and procedures designed to manage business risks (both financial and non-financial) have been established at the Board and executive management levels. These are designed to safeguard the assets and interests of the Company, and ensure the integrity of financial reporting.

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will prevent all errors and irregularities. To assist in discharging this responsibility, the Board has instigated an internal control framework that can be described as follows:

Financial reporting:
- Comprehensive budgeting system with an annual budget reviewed and approved by the Board
- Monthly actual results are reported against budget and revised forecasts for the year are prepared regularly
- Procedures to ensure that price sensitive information is reported to the ASX in a timely manner (see section 5 below)

Operating unit controls:
- Financial controls and procedures including information systems controls are in operation throughout the consolidated entity
- Operating units confirm compliance with these procedures to the Board annually

Functional speciality reporting:
- The Group has identified a number of key areas which are subject to regular reporting to the Board, such as safety and environment, risk management, taxation, finance and administration

Investment appraisal:
- Clearly defined guidelines for capital expenditure
- Eg annual budgets, detailed appraisal and review procedures, levels of delegated authority and due diligence requirements where businesses are being acquired or divested

Internal audit:
- Assists the Board in ensuring compliance with internal controls
- The Audit, Risk and Compliance Committee reviews and approves the selection and engagement of internal auditors, the internal audit programme to be conducted, and the scope of the work to be performed at each location
- Internal auditors provide the Committee with comments and recommendations about the identification of areas perceived to be of a greater level of risk than others, and any areas requiring particular scrutiny
- The Committee receives and reviews the reports of the internal auditors

Delegated authorities and restrictions:
- Comprehensive procedure which provides a framework that enables employees to operate and act within clearly defined and communicated parameters.

Financial risk: The Managing Director and Chief Financial Officer have made the following certifications to the Board:

- That the Company's financial reports present a true and fair view, in all material respects, of the financial condition and performance of the Company and the consolidated entity and are in accordance with relevant accounting standards;
- That the Company has adopted an appropriate system of risk management and internal compliance and control which implements the policies adopted by the Board and forms the basis for the statement given above; and
- That the Company's risk management and internal compliance and control system to the extent it relates to financial reporting is operating efficiently and effectively in all material respects.

Non-financial risk: Management has also reported to the Board on strategic and operational issues, including an assessment of the material business risks facing the Company and the effectiveness of the systems and policies in place to manage those risks.

Corporate Governance Statement (continued)

3.2 Audit Services

The Company and Audit, Risk and Compliance Committee policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and consideration is given to inviting applications for tender of external audit services, taking into account the assessment of performance, existing value and tender costs. PricewaterhouseCoopers remains the external auditor of the Company for the Group's financial report for the year ended 31 December 2010.

The Board has adopted a policy in relation to the provision of non-audit services by the Company's external auditor. It is based on the principle that work that may detract from the external auditor's independence and impartiality (or that may be perceived as doing so) should not be carried out by the external auditor. Details and the break down of fees for non-audit services and an analysis of fees paid or payable to external auditors are provided in Note 31 to the Financial Statements.

4 The Board is committed to promoting ethical and responsible decision-making

4.1 Code of conduct and whistleblower program

The Company is committed to upholding the highest ethical standards of corporate behaviour. A Code of Conduct has been adopted, which requires that all Directors, senior management and employees act with the utmost integrity and honesty. It aims to further strengthen the Company's ethical climate by promoting practices that foster the Company's key values of:

- Acting with fairness, honesty and integrity;
- Being aware of and abiding by laws and regulations;
- Individually and collectively contributing to the wellbeing of shareholders, customers, the economy and the community;
- Maintaining the highest standards of professional behaviour;
- Avoiding or managing conflicts of interest; and
- Striving to be a good corporate citizen, and to achieve community respect.

The Code of Conduct is publicly available on the Company's website at www.adbri.com.au.

The Company has also adopted policies requiring compliance with (among others) occupational health and safety, environmental, privacy, equal employment opportunity and competition and consumer law. The Company monitors the effectiveness of these policies.

Employees are encouraged to attend training or seminars presented by the Company, or external service providers, to ensure that they remain up-to-date with relevant industry and regulatory developments.

The Code requires all officers, employees, contractors, agents or people associated with the Company to report any potential breaches to the Company Secretary under the whistleblower program. This may be done anonymously.

4.2 Shareholdings of Directors and employees

The Board has a policy that Directors and employees may not buy or sell Adelaide Brighton Ltd shares except within the period of one month following the annual and half year results announcements and the period from the release of the Company's annual report until one month after the annual general meeting. The policy was reviewed to ensure compliance with the recent amendments to the ASX Listing rules, and the periods in which the trading of shares is strictly prohibited, being from financial period end to the announcement of results (referred to as "Blackout Periods) was clarified for this purpose. A copy of the revised policy (which complies with the requirements of the ASX Listing Rules) was lodged with the ASX. The policy also supplements the *Corporations Act 2001* provisions that preclude Directors and employees from trading in securities when they are in possession of "inside information".

The Board has also adopted a policy that prohibits executives from hedging (or otherwise locking in a profit over) unvested securities issued under the Company's Share Plans.

The Company's Share Trading Policy and the Award/Share Hedging Policy are available on the Company's website at www.adbri.com.au.

Corporate Governance Statement (continued)

5 The Board is committed to timely and balanced disclosure and respects the rights of shareholders

5.1 Continuous disclosure

The Company is committed to providing relevant and timely information to its shareholders and to the broader market, in accordance with its obligations under the *Corporations Act 2001* and the ASX continuous disclosure regime.

The Company's Continuous Disclosure Policy is available on the Company's website and sets out guidelines and processes to be followed in order to ensure that the Company's continuous disclosure obligations are met. Material information must not be selectively disclosed prior to being announced to the ASX. These policies and procedures are supplemented by the Shareholder Communications Policy (also published on the Company's website) which includes arrangements the Company has in place to promote communication with shareholders and encourage effective participation at general meetings.

The Company Secretary has been nominated as the person responsible for communicating with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements and overseeing and coordinating (with the Group Corporate Affairs Adviser) information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

5.2 Communication with shareholders

The Company's website contains copies of annual reports, financial accounts, presentations, media releases and other investor relations publications. All relevant announcements made to the market, and any related information, are also posted on the Company's website as soon as they have been released to the ASX.

The Board encourages full participation of shareholders at the Annual General Meeting in order to promote a high level of accountability and discussion of the Company and the Groups strategy and goals.

The external auditor will attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditors' report.

Income statement

For the year ended 31 December 2010

	Notes	Consolidated 2010 $ million	2009 $ million
Revenue from continuing operations	3	**1,072.9**	987.2
Cost of sales		**(667.4)**	(635.0)
Freight and distribution costs		**(143.7)**	(136.9)
Gross profit		**261.8**	215.3
Other income	3	**8.5**	24.1
Marketing costs		**(25.4)**	(25.1)
Administration costs		**(58.5)**	(55.0)
Finance costs	4	**(16.3)**	(18.3)
Share of net profits of joint ventures accounted for using the equity method	11(c)	**32.1**	27.6
Profit before income tax		**202.2**	168.6
Income tax expense	5(a)	**(50.8)**	(45.4)
Profit for the year		**151.4**	123.2
Profit attributable to:			
Owners of the Company		**151.5**	123.1
Non-controlling interests		**(0.1)**	0.1
		151.4	123.2
		Cents	Cents
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company:			
Basic earnings per share	36	**23.9**	20.4
Diluted earnings per share	36	**23.7**	20.3

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

Statement of comprehensive income

For the year ended 31 December 2010

	Notes	Consolidated 2010 $ million	2009 $ million
Profit for the year		**151.4**	123.2
Other comprehensive income			
Actuarial (losses)/gains on retirement benefit obligation	22(d)	**(2.7)**	5.8
Exchange differences on translation of foreign operations		**-**	(0.1)
Income tax relating to components of other comprehensive income	5(c)	**0.8**	(1.8)
Other comprehensive income for year, net of tax		**(1.9)**	3.9
Total comprehensive income for the year		**149.5**	127.1
Total comprehensive income for the year attributable to:			
Owners of the Company		**149.6**	127.0
Non-controlling interests		**(0.1)**	0.1
Total comprehensive income for the year		**149.5**	127.1

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

Balance sheet
As at 31 December 2010

	Notes	Consolidated 2010 $ million	2009 $ million
Current assets			
Cash and cash equivalents	6	**2.8**	25.5
Trade and other receivables	7	**153.3**	162.8
Inventories	8	**117.8**	107.8
		273.9	296.1
Assets classified as held for sale	9	**0.2**	12.7
Total current assets		**274.1**	308.8
Non-current assets			
Receivables	10	**30.4**	30.4
Investments accounted for using the equity method	11	**87.7**	72.5
Property, plant and equipment	12	**760.6**	774.3
Intangible assets	14	**179.1**	169.0
Total non-current assets		**1,057.8**	1,046.2
Total assets		**1,331.9**	1,355.0
Current liabilities			
Trade and other payables	15	**105.4**	106.1
Borrowings	16	**1.0**	0.4
Current tax liabilities		**27.1**	16.7
Provisions	17	**21.6**	24.4
Other liabilities	18	**3.9**	14.3
Total current liabilities		**159.0**	161.9
Non-current liabilities			
Borrowings	19	**150.2**	200.5
Deferred tax liabilities	20	**51.5**	59.8
Provisions	21	**32.6**	29.9
Retirement benefit obligations	22(b)	**4.2**	5.8
Other non-current liabilities		**0.1**	0.1
Total non-current liabilities		**238.6**	296.1
Total liabilities		**397.6**	458.0
Net assets		**934.3**	897.0
Equity			
Contributed equity	23	**692.7**	690.4
Reserves	24	**2.6**	2.9
Retained earnings	24(c)	**236.0**	200.6
Capital and reserves attributable to owners of the Company		**931.3**	893.9
Non-controlling interests		**3.0**	3.1
Total equity		**934.3**	897.0

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

Statement of changes in equity

As at 31 December 2010

Consolidated	Attributable to owners of Adelaide Brighton Ltd					
	Contributed equity $ million	**Reserves $ million**	**Retained earnings $ million**	**Total $ million**	**Non-controlling interests $ million**	**Total equity $ million**
Balance at 1 January 2010	**690.4**	**2.9**	**200.6**	**893.9**	**3.1**	**897.0**
Total comprehensive income for the year	**-**	**-**	**149.6**	**149.6**	**(0.1)**	**149.5**
Transactions with owners in their capacity as owners:						
Dividends provided for or paid	-	-	(114.2)	(114.2)	-	(114.2)
Executive performance share plan	2.3	(0.3)	-	2.0	-	2.0
	2.3	(0.3)	(114.2)	(112.2)	-	(112.2)
Balance at 31 December 2010	**692.7**	**2.6**	**236.0**	**931.3**	**3.0**	**934.3**
Balance at 1 January 2009	**540.4**	**3.5**	**155.0**	**698.9**	**3.0**	**701.9**
Total comprehensive income for the year	-	**(0.1)**	**127.1**	**127.0**	**0.1**	**127.1**
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs	111.0	-	-	111.0	-	111.0
Dividends provided for or paid	-	-	(81.5)	(81.5)	-	(81.5)
Dividend reinvestment plan	35.9	-	-	35.9	-	35.9
Executive performance share plan	3.1	(0.5)	-	2.6	-	2.6
	150.0	(0.5)	(81.5)	68.0	-	68.0
Balance at 31 December 2009	**690.4**	**2.9**	**200.6**	**893.9**	**3.1**	**897.0**

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

Statement of cash flows

For the year ended 31 December 2010

		Consolidated	
		2010	2009
	Notes	**$ million**	$ million
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**1,187.7**	1,074.0
Payments to suppliers and employees (inclusive of goods and services tax)		**(964.4)**	(877.3)
Distributions received		**16.9**	22.7
Interest received		**2.2**	1.6
Other income		**7.0**	13.8
Interest paid		**(13.4)**	(15.8)
Income taxes paid		**(47.5)**	(30.9)
Net cash inflow from operating activities	35	**188.5**	188.1
Cash flows from investing activities			
Payments for property, plant and equipment		**(51.7)**	(43.1)
Proceeds from sale of property, plant and equipment		**4.5**	4.1
Loans to joint venture entities		**(0.1)**	(2.1)
Net cash (outflow) from investing activities		**(47.3)**	(41.1)
Cash flows from financing activities			
Proceeds from issue of shares		**-**	113.5
Share issue transaction costs		**-**	(2.5)
Repayment of borrowings		**(50.5)**	(210.0)
Dividends paid to Company's shareholders	25	**(114.2)**	(45.6)
Net cash (outflow) from financing activities		**(164.7)**	(144.6)
Net (decrease) increase in cash and cash equivalents		**(23.5)**	2.4
Cash and cash equivalents at the beginning of the financial year	6	**25.5**	23.1
Cash and cash equivalents at the end of year	6	**2.0**	25.5

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

1 Summary of significant accounting policies

Adelaide Brighton Ltd (the Company) is a Company limited by shares, incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange.

The financial report was authorised for issue by the Directors on 3 March 2011.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Adelaide Brighton Ltd and its subsidiaries.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

Historical cost convention
These financial statements have been prepared under the historical cost convention, except for the circumstances when fair value method has been applied as detailed in the accounting policies below.

Compliance with IFRS
The consolidated financial statements of Adelaide Brighton Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(b) Principles of consolidation

(i) Subsidiaries
The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Adelaide Brighton Ltd as at 31 December 2010 and the results of all controlled entities for the year then ended. The Company and its controlled entities together are referred to in this financial report as “the Group”.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Group (refer to note 1(h)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Adelaide Brighton Ltd. Such investments include both investments in shares issued by the subsidiary and other parent entity interests that in substance form part of the parent entity’s investment in the subsidiary. These include investments in the form of interest-free loans which have no fixed repayment terms and which have been provided to subsidiaries as an additional source of long term capital. Trade amounts receivable from subsidiaries in the normal course of business and other amounts advanced on commercial terms and conditions are included in receivables.

(ii) Employee Share Trust
The Group has formed a trust to administer the Group’s employee share scheme. The company that acts as the Trustee is consolidated as the company is controlled by the Group. The Adelaide Brighton employee share plan trust is not consolidated as it is not controlled by the Group.

(iii) Joint venture entities
The interest in joint ventures is accounted for in the consolidated financial statements using the equity method and is carried at cost by the parent entity. Under the equity method, the share of the profits or losses of the joint venture is recognised in the income statement, and the share of post-acquisition movements in reserves is recognised in other comprehensive income. Profits or losses on transactions establishing the joint ventures and transactions with the joint venture are eliminated to the extent of the Group’s ownership interest until such time as they are realised by the joint ventures on consumption or sale, unless they relate to an unrealised loss that provides evidence of the impairment of an asset transferred.

1 Summary of significant accounting policies (continued)

(b) Principles of consolidation (continued)

(iv) Non-controlling interests
Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement and balance sheet respectively. The Group applies a policy of treating transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is deducted from equity. The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director.

Change in accounting policy
The Group has adopted AASB 8 *Operating Segments* from 1 January 2009. AASB 8 replaces AASB 114 *Segment Reporting.* The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in a change to the reportable segments presented. In addition, the segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. There has been no other impact on the measurement of the Company's assets and liabilities.

(d) Foreign currency translation

(i) Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Adelaide Brighton Ltd's functional and presentation currency.

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(iii) Group companies
The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences is reclassified to profit or loss, as part of the gain or loss on sale where applicable.

(e) Revenue recognition

Revenue is measured at the fair value of consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. Revenue is recognised for the major business activities as follows:

(i) Sales revenue
Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is considered probable, the associated costs and possible return of

1 Summary of significant accounting policies (continued)

(e) Revenue recognition (continued)

goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. Sales of services are recognised in the accounting period in which the services are rendered.

(ii) Deferred income
Income received in advance in relation to contracts is deferred in the balance sheet and recognised as income on a straight-line basis over the period of the contract.

(iii) Interest income
Interest income is recognised using the effective interest rate method.

(iv) Dividends
Dividends are recognised as revenue when the right to receive payment is established.

(f) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit and loss, except to the extent it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Tax consolidations
Adelaide Brighton Ltd and its wholly owned Australian subsidiaries implemented the tax consolidation legislation as of 1 January 2004. Adelaide Brighton Ltd, as the head entity in the tax consolidated group, recognises current tax liabilities and tax losses (subject to meeting the "probable test") relating to all transactions, events and balances of the tax consolidated group as if those transactions, events and balances were its own.

The entities in the tax consolidated group are part of a tax sharing agreement which, in the opinion of the Directors, limits the joint and several liability of the wholly-owned entities in the case of default by the head entity, Adelaide Brighton Ltd. Amounts receivable or payable under an accounting tax sharing agreement with the tax consolidated entities are recognised separately as tax-related amounts receivable or payable. Expenses and revenues arising under the tax sharing agreement are recognised as a component of income tax expense.

The wholly-owned entities fully compensate Adelaide Brighton Ltd for any current tax payable assumed and are compensated by Adelaide Brighton Ltd for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Adelaide Brighton Ltd under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

1 Summary of significant accounting policies (continued)

(f) Income Tax (continued)

Individual tax consolidated entities recognise tax expenses and revenues and current and deferred tax balances in relation to their own taxable income, temporary differences and tax losses using the separate taxpayer within the group method. Entities calculate their current and deferred tax balances on the basis that they are subject to tax as part of the tax consolidated group.

Deferred tax balances relating to assets that had their tax values reset on joining the tax consolidated group have been remeasured based on the carrying amount of those assets in the tax consolidated group and their reset tax values. The adjustment to these deferred tax balances is recognised in the consolidated financial statements against income tax expense.

(g) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(h) Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving equities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(i) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash flows from other assets or groups of assets (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

1 Summary of significant accounting policies (continued)

(j) Cash and cash equivalents

For the purpose of presentation in the statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(k) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful receivables. Trade receivables are due for settlement no more than 30 to 45 days from the end of the month of invoice.

The collectibility of trade receivables is reviewed regularly. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial.

The amount of the provision is recognised in the income statement. When a trade receivable for which a provision for doubtful receivables has been recognised becomes uncollectible in a subsequent period, it is written off against the provision account. Subsequent recoveries of amounts previously written off are credited against expenses in the income statement.

(l) Inventories

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(m) Financial assets

The Group classifies its financial assets in the following categories: loans and receivables, and financial assets at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date, which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet.

(ii) Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(n) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. Derivative instruments entered into by the Group do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement and are included in other income or finance expense.

1 Summary of significant accounting policies (continued)

(o) Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable.

An impairment loss is recognised for any initial or subsequent write down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

(p) Property, plant and equipment

Property, plant and equipment are shown at historical cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

(i) Mineral reserves
Mineral reserves are amortised based on annual extraction rates over the estimated life of the reserves. The remaining useful life of each asset is reassessed at regular intervals. Where there is a change during the period to the useful life of the mineral reserve, amortisation rates are adjusted prospectively from the beginning of the reporting period.

(ii) Complex assets
The costs of replacing major components of complex assets are depreciated over the estimated useful life, generally being the period until next scheduled replacement.

(iii) Leasehold property
The cost of improvements to or on leasehold properties is amortised over the unexpired period of the lease or the estimated useful life, whichever is the shorter. Amortisation is over 5 – 30 years.

(iv) Other fixed assets
Freehold land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or deemed cost amounts, over their estimated useful lives, as follows:

- Buildings 20 – 40 years
- Plant and equipment 3 – 40 years
- Leased plant and equipment 6 – 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(i)). Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

(q) Intangible assets

(i) Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/joint venture at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of joint ventures is included in investments in joint ventures.

Goodwill is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and

1 Summary of significant accounting policies (continued)

(q) Intangible assets (continued)

losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units are consistent with the Group's reporting segments.

(ii) Lease rights
Lease rights acquired have a finite useful life. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives, which varies from 2 to 5 years.

(iii) IT development and software

Costs incurred in developing products or systems and costs incurred in acquiring software and licences that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service and direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight-line basis over periods generally ranging from 5 to 10 years.

IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the Group has an intention and ability to use the asset.

(r) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(s) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(t) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 - 60 days of recognition.

(u) Provisions

Provisions are recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(i) Dividends
Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the period but not distributed at balance date.

(ii) Workers' compensation
Certain entities within the Group are self insured for workers compensation purposes. For self-insured entities, provision is made that covers accidents that have occurred and have been reported together with an allowance for incurred but not reported claims. The provision is based on an actuarial assessment.

(iii) Restructuring costs
Liabilities arising directly from undertaking a restructuring program, not in connection with the acquisition of an entity, are recognised when a detailed plan has been developed, implementation has commenced, by entering into binding sales agreement and making detailed public announcements such that the affected parties are in no doubt that the restructuring

1 Summary of significant accounting policies (continued)

(u) Provisions (continued)

program will proceed. The cost of a restructuring program provided for is the estimated future cash flows from implementation of the plan.

(iv) Provisions for close down and restoration costs
Close down and restoration costs include the dismantling and demolition of infrastructure and the removal of residual materials and remediation of disturbed areas. Provisions for close down and restoration costs do not include any additional obligations, which are expected to arise from future disturbance. The costs are estimated on the basis of a closure plan. The cost estimates are reviewed annually during the life of the operation, based on the net present value of estimated future costs.

Estimate changes resulting from new disturbance, updated cost estimates, changes to the lives of operations and revisions to discount rates are capitalised within property, plant and equipment. These costs are then depreciated over the lives of the assets to which they relate.

The amortisation or 'unwinding' of the discount applied in establishing the net present value of provisions is charged to the income statement in each accounting period. The amortisation of the discount is shown in finance costs.

(v) Employee benefits

(i) Short-term obligations
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long-term employee benefit obligations
The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Retirement benefit obligations
All employees of the Group are entitled to benefits from the Group’s superannuation plan on retirement, disability or death. The Group has a defined benefit section and defined contribution section within its plan. The defined benefit section provides defined lump sum benefits on retirement, death, disablement and withdrawal, based on years of service and final average salary. The defined benefit plan section is closed to new members. The defined contribution section receives fixed contributions from Group companies and the Group’s legal or constructive obligation is limited to these contributions.

A liability or asset in respect of defined benefit superannuation plans is recognised in the balance sheet, and is measured as the present value of the defined benefit obligation at the reporting date less the fair value of the superannuation fund’s assets at that date and any unrecognised past service cost.

The present value of the defined benefit obligation is based on expected future payments, which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, outside profit or loss directly in the statement of comprehensive income.

Past service costs are recognised immediately in profit or loss, unless the changes to the superannuation fund are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

Contributions to the defined contribution fund are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

1 Summary of significant accounting policies (continued)

(v) Employee benefits (continued)

(iv) Share-based payments
Share-based compensation benefits are provided to executives via the Adelaide Brighton Ltd Executive Performance Share Plan.

The fair value of Awards granted under the Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the Awards.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the Award, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the Award, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the Award.

The fair value of the Awards granted excludes the impact of any non-market vesting conditions (e.g. earnings per share). Non-market vesting conditions are included in assumptions about the number of Awards that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of Awards that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the income statement with a corresponding entry to equity.

The Adelaide Brighton Ltd Executive Performance Share Plan is administered by the Adelaide Brighton employee share plan trust; see note 1(b)(ii).

(v) Short-term incentives
The Group recognises a liability and an expense for short-term incentives available to certain employees on a formula that takes into consideration agreed performance targets. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(vi) Termination benefits
Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

(w) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, for the purpose of acquisition of a business, are not included in the cost of the acquisition as part of the purchase consideration.

(x) Earnings per share

(i) Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year.

(ii) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(y) Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest one hundred thousand dollar, unless otherwise stated.

1 Summary of significant accounting policies (continued)

(z) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(aa) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate.

(ab) Parent entity financial information

The financial information for the parent entity, Adelaide Brighton Limited, disclosed in note 39 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities
Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Adelaide Brighton Limited. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(ii) Tax consolidation legislation
Adelaide Brighton Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Adelaide Brighton Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Adelaide Brighton Limited also recognises the current tax liabilities (or assets) and the deferred assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Adelaide Brighton Limited for any current tax payable assumed and are compensated by Adelaide Brighton Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Adelaide Brighton Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(iii) Financial guarantees
Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

1 Summary of significant accounting policies (continued)

(ac) New accounting standards and UIG interpretations

In the current year, the Group has adopted all of the new and revised accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current annual reporting period.

Certain new accounting standards and UIG interpretations have been published but are not mandatory for 31 December 2010 reporting periods and have not yet been adopted by the Group. The Group's and the parent entity's assessment of the impact of these new standards and interpretations is set out below.

- AASB 9 *Financial Instruments* and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (effective from 1 January 2013). AASB 9 *Financial Instruments* addresses the classification and measurement of financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The group has decided not to early adopt AASB 9. The group is yet to assess its full impact.
- Revised AASB 124 *Related Party Disclosures* and AASB 2009-12 *Amendments to Australian Accounting Standards* (effective from 1 January 2011). In December 2009 the AASB issued a revised AASB 124 *Related Party Disclosures*. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies and simplifies the definition of a related party. The group will apply the amended standard from 1 January 2011. It is not expected to have any effect on the Group's related party disclosures.
- AASB 2009-10 *Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132]* (effective from 1 January 2011). In October 2009 the AASB issued an amendment to AASB 132 *Financial Instruments: Presentation* which addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The amendment must be applied retrospectively in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. The Group will apply the amended standard from 1 January 2011. As the Group has not made any such rights issues, the amendment will not have any effect on the Group's or parent entity's financial statements.
- AASB 2009-14 *Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement* (effective from 1 January 2011). In December 2009, the AASB made an amendment to Interpretation 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. The amendment removes an unintended consequence of the interpretation related to voluntary prepayments when there is a minimum funding requirement in regard to the entity's defined benefit scheme. It permits entities to recognise an asset for a prepayment of contributions made to cover minimum funding requirements. The Group will apply the amended standard from 1 January 2011. As the Group does not make such prepayments, the amendment will not have any effect on the Group's or parent entity's financial statements.
- AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements* (effective from 1 January 2013). On 30 June 2010 the AASB officially introduced a revised differential reporting framework in Australia. Under this framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial statements. Adelaide Brighton Ltd is listed on the ASX and is therefore not eligible to adopt the new Australian Accounting Standards – Reduced Disclosure Requirements. As a consequence, the two standards will have no impact on the financial statements of the entity.
- AASB 2010-3 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project* and AASB 2010-4 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* (effective from 1 January 2011). In June 2010, the AASB made a number of amendments to Australian Accounting Standards as a result of the IASB's annual improvements project. The Group will apply the amendments from 1 January 2011. The Group does not expect that any adjustments will be necessary as the result of applying the revised rules.
- AASB 2010-6 *Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets* (effective from 1 January 2012). In November 2010, the AASB made amendments to AASB 7 *Financial Instruments: Disclosures* which introduce additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments will affect particularly entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties. They are not expected to have any significant impact on the Group's disclosures.

2 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that are significant to the carrying amounts of assets and liabilities in the next financial year are discussed below.

(a) Provisions for close down and restoration costs

Restoration provisions are based on estimates of the cost to rehabilitate currently disturbed areas based on current costs and legislative requirements. The Group progressively rehabilitates as part of the mining process. Cost estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The detailed accounting treatment is set out in note 1(u)(iv).

(b) Impairment of assets

The Group tests annually whether goodwill and other non-current assets have suffered any impairment, in accordance with the accounting policies stated in notes 1(i) and 1(q). The recoverable amounts of cash generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions. For detailed assumptions refer to note 14.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Notes to the financial statements
For the year ended 31 December 2010

3 Revenue and other income

	Consolidated	
	2010	2009
	$ million	$ million
Revenue from continuing operations		
Sales of goods	**1,069.4**	985.0
Interest from joint ventures	**1.0**	0.7
Interest from other parties	**1.3**	0.9
Royalties	**1.2**	0.6
	1,072.9	987.2
Other income		
Net gain on disposal of property, plant and equipment	**2.6**	1.4
Insurance recovery relating to the Accolade incident	**0.9**	13.4
Other income	**5.0**	9.3
	8.5	24.1
Revenue and other income (excluding share of net profits of joint ventures accounted for using the equity method)	**1,081.4**	1,011.3

4 Expenses

	2010	2009
Profit before income tax includes the following specific expenses:		
Depreciation		
Buildings	**3.1**	3.1
Plant and equipment	**46.9**	52.4
Mineral reserves	**2.0**	1.3
Total depreciation	**52.0**	56.8
Amortisation of intangibles	**0.8**	-
Other charges		
Employee benefits expense	**140.9**	127.5
Operating lease rental charge	**3.0**	2.9
Bad and doubtful debts – trade debtors	**0.8**	1.1
Finance costs		
Interest and finance charges paid / payable	**13.4**	15.7
Unwinding of the discount on restoration provisions and retirement benefit obligation	**2.9**	2.6
Total finance costs	**16.3**	18.3

Notes to the financial statements
For the year ended 31 December 2010

5 Income Tax

		Consolidated	
		2010	2009
		$ million	$ million
(a)	**Numerical reconciliation of income tax expense to prima facie tax payable**		
	Profit before income tax expense	**202.2**	168.6
	Tax at the Australian tax rate of 30% (2009: 30%)	**60.7**	50.6
	Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
	Non allowable expenses	**0.3**	0.2
	Non assessable capital profits	**(4.8)**	(1.1)
	Share of net profits of joint ventures	**-**	0.1
	Rebateable dividends	**(5.7)**	(4.7)
	Investment allowance	**(0.2)**	(0.3)
	Sundry items	**(0.5)**	0.5
	Under provided in prior years	**1.0**	0.1
	Aggregate income tax expense	**50.8**	45.4
	Aggregate income tax expense comprises:		
	Current taxation provision	**58.0**	47.0
	Net deferred tax (note 13 & 20)	**(8.2)**	(1.7)
	Under provided in prior year	**1.0**	0.1
		50.8	45.4
(b)	**Amounts recognised directly in equity**		
	Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly (credited) debited to equity		
	Current tax	**(0.5)**	0.5
	Net deferred tax	**(1.3)**	1.8
		(1.8)	2.3
(c)	**Tax (income) expense relating to items of other comprehensive income**		
	Actuarial (losses) gains on retirement benefit obligation (note 22 (d))	**(0.8)**	1.8
(d)	**Tax losses**		
	Unused tax losses for which no deferred tax asset has been recognised:		
	Capital losses	**17.8**	21.7

This benefit for tax losses will only be obtained if:

(i) the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised,

(ii) the Group continues to comply with the conditions for deductibility imposed by tax legislation, and

(iii) no changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the losses.

The accounting policy in relation to tax consolidation legislation is set out in note 1(f).

6 Current assets – cash and cash equivalents

	Consolidated	
	2010 $ million	2009 $ million
Cash at bank and in hand	**-**	23.1
Deposits at call	**2.8**	2.4
Cash and cash equivalents	**2.8**	25.5

(a) Reconciliation to cash at the end of the year
The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

	2010	2009
Balances as above	**2.8**	25.5
Bank overdrafts (note 16)	**(0.8)**	-
Balances per statement of cash flows	**2.0**	25.5

7 Current assets – trade and other receivables

	2010	2009
Trade receivables	**127.3**	130.3
Provision for doubtful receivables	**(2.1)**	(2.0)
	125.2	128.3
Amounts due by joint ventures	**16.9**	15.7
Prepayments	**5.6**	7.0
Other receivables	**5.6**	11.8
	153.3	162.8

(a) Past due but not impaired
Included in the Group's trade receivables balance are debtors with a carrying value of $4.5 million (2009: $5.2 million) which are past due but not impaired. The Group has not provided for these amounts as there has not been a significant change in credit quality or for debtors which there is no recent history of default. The Group believes these amounts are still recoverable. The ageing analysis is as follows: 60 days $4.5 million (2009: 60 days $3.4 million, 90 days $1.8 million).

(b) Impaired trade receivables
As at 31 December 2010 current trade receivables of the Group with a nominal value of $2.4 million (2009 - $2.5 million) were impaired. The amount of the provision was $2.1 million (2009 - $2.0 million). The individually impaired receivables mainly relate to customers which are in unexpectedly difficult economic situations. It was assessed that a portion of the receivables is expected to be recovered.

The ageing of these receivables is as follows:	Consolidated	
	2010 $ million	2009 $ million
1 to 3 months	**0.1**	0.1
3 to 6 months	**-**	0.1
Over 6 months	**2.3**	2.3
	2.4	2.5

Movement in provision for doubtful receivables

	2010	2009
Opening balance at 1 January	**2.0**	4.6
Amounts written off during the year	**(0.7)**	(3.7)
Provision for doubtful receivables recognised during the year	**0.8**	1.1
Closing balance at 31 December	**2.1**	2.0

(c) Fair value and credit, interest and foreign exchange risk
Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value. All receivables are denominated in Australian dollars. Information concerning the fair value and risk management of both current and non-current receivables is set out in note 26.

8 Current assets – inventories

	Consolidated 2010 $ million	2009 $ million
Engineering spare parts stores – at cost	**27.7**	27.0
Raw materials and work in progress – at cost	**40.8**	35.2
Finished goods – at cost	**49.3**	45.6
	117.8	107.8

9 Current assets – assets classified as held for sale

	2010	2009
Land	**-**	12.7
Plant & Equipment	**0.2**	-
	0.2	12.7

10 Non-current assets - receivables

	2010	2009
Loans to joint ventures	**28.7**	28.3
Other non-current receivables	**1.7**	2.1
	30.4	30.4

Details of the fair values, effective interest rate and credit risk are set out in note 26.

(a) Impaired receivables and receivables past due

None of the non-current receivables are impaired or past due but not impaired.

11 Non-current assets – investments accounted for using the equity method

Interests in joint ventures are accounted for in the Group's financial statements using the equity method and are carried at cost by the respective parent entity.

(a) Carrying amounts

Name of the Company	Principal activity	Ownership interest 2010 %	2009 %	Group's share of Net Assets Consolidated 2010 $ million	2009 $ million
Sunstate Cement Ltd	Cement manufacture	**50**	50	**20.4**	12.0
Independent Cement and Lime Pty Ltd	Cement distribution	**50**	50	**40.0**	35.8
Alternative Fuel Company Pty Ltd	Processing waste materials	**50**	50	**-**	-
E.B. Mawson & Sons Pty Ltd and Lake Boga Quarries Pty Ltd	Concrete and quarries	**50**	50	**25.5**	23.6
Burrell Mining Services JV	Mining industry products	**50**	50	**1.3**	1.0
Batesford Quarry	Quarry products	**50**	50	**0.5**	0.1
				87.7	72.5

Each of the above Australian joint ventures is incorporated with the exception of Batesford Quarry and Burrell Mining Services JV which are not incorporated. All the joint ventures, except Alternative Fuel Company Pty Ltd, have a balance sheet date of 30 June, which is different to the balance sheet date of 31 December. Financial reports prepared as at 31 December are used for equity accounting purposes.

11 Non-current assets – investments accounted for using the equity method (continued)

		Consolidated	
		2010	2009
		$ million	$ million
(b)	**Movements in carrying amounts**		
	Carrying amount at 1 January	**72.5**	67.6
	Share of net profits	**32.1**	27.6
	Dividends received	**(16.9)**	(22.7)
	Carrying amount at 31 December	**87.7**	72.5
(c)	**Share of joint ventures' profits**		
	Revenues	**266.7**	263.2
	Expenses	**(228.1)**	(228.6)
	Profit before income tax	**38.6**	34.6
	Income tax expense	**(6.5)**	(7.0)
	Profit after income tax	**32.1**	27.6
	Share of net profit – equity accounted	**32.1**	27.6
	Retained profits at 1 January	**17.3**	12.4
	Dividends and distributions	**(16.9)**	(22.7)
	Share of retained profits at 31 December	**32.5**	17.3
(d)	**Summarised financial information of joint ventures**		
	Current assets	**150.0**	136.2
	Non-current assets	**188.9**	178.8
	Total assets	**338.9**	315.0
	Current liabilities	**(43.6)**	(121.9)
	Non-current liabilities	**(138.3)**	(64.3)
	Total liabilities	**(181.9)**	(186.2)
	Net Assets	**157.0**	128.8
	Group's 50% share of joint ventures net assets	**78.5**	64.4
	Adjustments arising from equity accounting:		
	Goodwill	**8.7**	8.7
	Unrealised profit in inventory	**0.5**	(0.6)
	Carrying value at 31 December	**87.7**	72.5
(e)	**Share of joint ventures' expenditure commitments**		
	Lease commitments	**36.1**	35.7
	Capital commitments	**2.0**	3.7
		38.1	39.4

Notes to the financial statements
For the year ended 31 December 2010

12 Non-current assets – property, plant and equipment

Consolidated at 31 December 2010

($ million)	Freehold land	Buildings	Leasehold property	Plant & equipment	Leased Assets	Mineral reserves	Asset retirement cost	In course of con- struction	Total
At cost	113.4	101.5	5.1	1,076.4	1.0	120.3	5.2	30.2	1,453.1
Accumulated depreciation	-	(40.0)	(1.3)	(633.5)	(0.1)	(15.2)	(2.4)	-	(692.5)
Net book amount	**113.4**	**61.5**	**3.8**	**442.9**	**0.9**	**105.1**	**2.8**	**30.2**	**760.6**
Reconciliations									
Carrying amount at 1 January 2010	110.3	52.4	3.6	453.3	1.3	104.9	2.9	45.6	774.3
Additions	1.5	1.0	0.6	16.8	-	0.7	0.1	29.7	50.4
Disposals	-	-	-	(1.4)	-	-	-	-	(1.4)
Reclassification	1.6	11.2	(0.1)	20.8	(0.3)	1.2	-	(45.1)	(10.7)
Depreciation/ amortisation expense	-	(3.1)	(0.3)	(46.6)	(0.1)	(1.7)	(0.2)	-	(52.0)
Carrying amount at 31 December 2010	**113.4**	**61.5**	**3.8**	**442.9**	**0.9**	**105.1**	**2.8**	**30.2**	**760.6**

Consolidated at 31 December 2009

($ million)	Freehold land	Buildings	Leasehold property	Plant & equipment	Leased assets	Mineral reserves	Asset retirement cost	In course of con- struction	Total
At cost	110.3	89.5	4.6	1,058.5	1.9	118.3	5.1	45.6	1,433.8
Accumulated depreciation	-	(37.1)	(1.0)	(605.2)	(0.6)	(13.4)	(2.2)	-	(659.5)
Net book amount	**110.3**	**52.4**	**3.6**	**453.3**	**1.3**	**104.9**	**2.9**	**45.6**	**774.3**
Reconciliations									
Carrying amount at 1 January 2009	123.4	57.4	4.1	450.2	1.7	105.8	3.1	56.2	801.9
Additions	-	0.1	-	9.7	-	-	-	33.3	43.1
Disposals	(0.9)	(1.0)	-	(0.8)	-	-	-	-	(2.7)
Reclassification	(12.2)	(1.0)	(0.3)	46.4	(0.3)	0.1	-	(43.9)	(11.2)
Depreciation/ amortisation expense	-	(3.1)	(0.2)	(52.2)	(0.1)	(1.0)	(0.2)	-	(56.8)
Carrying amount at 31 December 2009	**110.3**	**52.4**	**3.6**	**453.3**	**1.3**	**104.9**	**2.9**	**45.6**	**774.3**

Notes to the financial statements
For the year ended 31 December 2010

13 Non-current assets – deferred tax assets

	Consolidated	
	2010	2009
	$ million	$ million
The balance comprises temporary differences attributable to:		
Property, plant and equipment	**-**	(0.3)
Share based payment reserve	**1.5**	1.7
Defined benefit obligations	**1.3**	1.8
Provisions	**20.7**	20.8
Other assets	**5.1**	-
Tax losses	**3.1**	2.7
Deferred tax assets	**31.7**	26.7
Offset deferred tax liability (note 20)	**(31.7)**	(26.7)
Net Deferred tax assets	**-**	-
Movements:		
Opening balance at 1 January	**26.7**	29.0
Recognised in the income statement	**3.2**	0.1
Recognised in equity	**1.3**	(1.8)
Acquired in business combinations	**0.8**	-
(Under) provision in prior year	**(0.3)**	(0.6)
Offset deferred tax liability (note 20)	**(31.7)**	(26.7)
Closing balance at 31 December	**-**	-

14 Non-current assets – intangible assets

$ million	Consolidated			
31 December 2010	Goodwill	Software	Other intangibles	Total
Cost	**170.3**	**7.8**	**1.8**	**179.9**
Accumulated amortisation	**-**	**(0.8)**	**-**	**(0.8)**
Carrying amount at 31 December 2010	**170.3**	**7.0**	**1.8**	**179.1**
Opening balance at 1 January 2010	**169.0**	**-**	**-**	**169.0**
Additions in current year	**0.6**	**7.8**	**1.8**	**10.2**
Finalisation of prior year acquisitions	**0.7**	**-**	**-**	**0.7**
Amortisation charge	**-**	**(0.8)**	**-**	**(0.8)**
Closing balance at 31 December 2010	**170.3**	**7.0**	**1.8**	**179.1**
31 December 2009				
Cost	169.0	-	-	169.0
Accumulated amortisation	-	-	-	-
Carrying amount at 31 December 2009	169.0	-	-	169.0
Opening balance at 1 January 2009	169.4	-	-	169.4
Acquisitions in current year	-	-	-	-
Finalisation of prior year acquisitions	(0.4)	-	-	(0.4)
Closing balance at 31 December 2009	169.0	-	-	169.0

14 Non-current assets – intangible assets (continued)

(a) Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to business segments. A segment level summary of the goodwill allocation is presented below.

	Consolidated	
	2010 **$ million**	2009 $ million
Cement, Lime and Concrete	**161.5**	160.2
Concrete Products	**8.8**	8.8
	170.3	169.0

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on 2010 actual results and 2011 financial budgets approved by management. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

(b) Key assumptions used for value-in-use calculations

	Gross margin[1]		Growth rate[2]		Discount rate[3]	
	2010 **%**	2009 %	**2010** **%**	2009 %	**2010** **%**	2009 %
Cement, Lime and Concrete	**38.6**	41.8	**2.5**	2.5	**10.0**	10.0
Concrete Products	**27.5**	29.7	**2.5**	2.5	**10.0**	10.0

[1] Budgeted gross margin (excluding fixed production costs)
[2] Weighted average growth rate used to extrapolate cash flows beyond the budget period
[3] Pre-tax discount rate applied to cash flow projections

The assumptions have been used for the analysis of each CGU within the business segment. Management determined budgeted gross margin based on the past performance and its expectations for the future. The discount rates used are pre-tax and reflect specific risks relating to relevant segments.

Considering the current uncertainties surrounding the Government proposed emissions trading scheme, the entity has not made any adjustments to their future estimated cash outflows for any possible impact from the introduction of such a scheme.

15 Current liabilities - trade and other payables

	Consolidated	
	2010 **$ million**	2009 $ million
Trade payables and accruals	**102.9**	103.3
Loans from joint ventures	**2.5**	2.8
	105.4	106.1

(a) Risk exposure

Information about the Group's exposure to foreign exchange risk is provided in note 26.

16 Current liabilities – borrowings

Secured		
Lease liabilities (note 28)	**0.2**	0.4
Unsecured		
Bank overdraft	**0.8**	-
	1.0	0.4

Details of the Group's exposure to interest rate changes and fair value of borrowings are set out in note 26.

17 Current liabilities – provisions

	Consolidated	
	2010	2009
	$ million	$ million
Employee benefits	**17.4**	17.9
Workers' compensation (note 1 (u)(ii))	**1.1**	0.9
Restoration provisions (note 1 (u)(iv))	**1.5**	3.9
Other provisions	**1.6**	1.7
	21.6	24.4

Movements in each class of provision during the financial year, other than employee benefits, is set out below.

	Workers' compensation $ million	Restoration provisions $ million	Other provisions $ million
Opening balance at 1 January 2010	0.9	3.9	1.7
Adjustments to income statement	0.2	-	2.0
Provisions reclassified	-	(1.6)	(0.6)
Payments	-	(0.8)	(1.5)
Closing balance at 31 December 2010	1.1	1.5	1.6

18 Current liabilities – other liabilities

	Consolidated	
	2010	2009
	$ million	$ million
Limited recourse loan	**-**	12.3
Other	**3.9**	2.0
	3.9	14.3

A limited recourse loan of $12.3 million was owing to Rugby Holdings Ltd at 31 December 2009 by Cockburn Cement Ltd, a subsidiary of Adelaide Brighton Ltd, and this loan was repaid in 2010. The loan was in respect of real property belonging to Rugby Holdings Ltd on loan to Cockburn Cement Ltd and the loan was non-interest bearing. Rugby Holdings Ltd was the direct parent Company of Adelaide Brighton Ltd in the period from July 1999 to December 2003.

19 Non-current liabilities – borrowings

	Consolidated	
	2010	2009
	$ million	$ million
Secured		
Lease liabilities (note 28)	**0.7**	0.9
Unsecured		
Bank loans	**149.5**	199.6
	150.2	200.5

Lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default. The carrying amount of plant & equipment under finance lease is $0.9 million (2009 - $1.3 million). Details of the Group's exposure to interest rate changes and fair values of borrowings is set out in note 26.

20 Non-current liabilities – deferred tax liabilities

	Consolidated	
	2010	2009
	$ million	$ million
The balance comprises temporary differences attributable to:		
Property, plant and equipment	**72.0**	72.7
Inventories	**7.9**	8.5
Other	**3.3**	5.3
Deferred tax liabilities	**83.2**	86.5
Offset deferred tax assets (note 13)	**(31.7)**	(26.7)
Net deferred tax liabilities	**51.5**	59.8
Movements:		
Opening balance at 1 January	**86.5**	86.4
Recognised in the income statement	**(5.0)**	(1.6)
Acquired in business combinations	**0.5**	-
Under provision in prior year	**1.2**	1.7
Closing balance at 31 December	**83.2**	86.5

21 Non-current liabilities – provisions

	2010	2009
Employee benefits	**2.9**	2.8
Restoration provisions (note 1(u)(iv))	**29.7**	27.1
	32.6	29.9

Movement in each class of provision during the financial year, other than employee benefits, are set out below.

	Restoration provisions $ million
Opening balance at 1 January 2010	**27.1**
Discount unwinding to finance costs	**0.3**
Adjustments to income statement	**0.1**
Provisions reclassified from current	**2.2**
Closing balance at 31 December 2010	**29.7**

22 Non-current liabilities – retirement benefit obligations

(a) Superannuation plan

The majority of Adelaide Brighton Ltd employees are members of the consolidated superannuation entity being the Adelaide Brighton Group Superannuation Plan (“the Plan”), a sub-plan of the Mercer Super Trust (“MST”). The MST is a superannuation master trust arrangement governed by an independent trustee, Mercer Investment Nominees Ltd. The Plan commenced in the MST on 1 August 2001.

Membership is in either the Defined Benefit or Accumulation categories of the Plan. The defined contribution section receives fixed contributions from Group companies and the Group’s legal or constructive obligation is limited to these contributions. The following sets out details in respect of the defined benefit section only.

Defined benefit members receive lump sum benefits on retirement, death, disablement and withdrawal. The defined benefit section of the Plan is closed to new members. All new members receive accumulation only benefits. During the 12 months to 31 December 2010, all new employees, who are members of this fund, have become members of the accumulation category of the Plan. The limited number of employees who are not members of the Plan are in complying superannuation funds as specified by the Enterprise Bargaining Agreements (WA and Victoria Award covered employees) that cover their employment.

22 Non-current liabilities – retirement benefit obligations (continued)

(b) Balance sheet amounts

	Consolidated	
	2010 $ million	2009 $ million
Present value of the defined benefit obligation	**55.4**	52.1
Fair value of defined benefit plan assets	**(51.2)**	(46.3)
Net liability in the balance sheet	**4.2**	5.8

The Group has a legal obligation to make quarterly contributions of $554,000 to finance the deficit with a view to return the Plan to a satisfactory financial position by 31 March 2012, assuming 7.0% pa future investment returns.

(c) Reconciliations

	Consolidated	
	2010 $ million	2009 $ million
Reconciliation of the present value of defined benefit obligation, which is wholly funded:		
Opening balance at 1 January	**52.1**	54.9
Current service costs	**2.0**	2.3
Interest costs	**2.6**	2.2
Actuarial losses (gains)	**1.2**	(1.6)
Contributions by plan participants	**1.3**	1.5
Benefits, expenses and insurance premium paid	**(3.9)**	(7.3)
Transfers in	**0.1**	0.1
Closing balance at 31 December	**55.4**	52.1
Reconciliation of the fair value of plan assets		
Opening balance at 1 January	**46.3**	42.3
Expected return on plan assets	**3.1**	2.8
Actuarial (losses) gains	**(1.5)**	4.2
Employer contributions	**5.8**	2.7
Contributions by plan participants	**1.3**	1.5
Benefits, expenses and insurance premium paid	**(3.9)**	(7.3)
Transfers in	**0.1**	0.1
Closing balance at 31 December	**51.2**	46.3

(d) Amounts recognised in income statement and statement of comprehensive income

The amounts recognised in the income statement are as follows:

	2010	2009
Current service costs	**2.0**	2.3
Interest costs	**2.6**	2.2
Expected return on plan assets	**(3.1)**	(2.8)
Total included in employee benefits expense	**1.5**	1.7
Actual return on plan assets	**1.6**	7.0

The amounts recognised in the statement of comprehensive income are as follows:

	2010	2009
Actuarial loss/(gain) recognised in the year	**2.7**	(5.8)
Cumulative actuarial losses recognised in statement of comprehensive income	**10.7**	8.0

22 Non-current liabilities – retirement benefit obligations (continued)

(e) Categories of plan assets

	Consolidated	
	2010	2009
	$ million	$ million
The major categories of plan assets are as follows:		
Australian Equity	**14.3**	15.3
International Equity	**13.8**	13.0
Fixed income	**7.2**	4.6
Property	**5.1**	4.2
Cash	**5.1**	6.0
Other	**5.7**	3.2
	51.2	46.3

(f) Principal actuarial assumptions

The principal actuarial assumptions used were as follows:

	Consolidated	
	2010	2009
	%	%
Discount rate	**4.9**	5.1
Expected return on plan assets	**7.0**	7.0
Future salary increases	**4.0**	4.0

The expected rate of return on assets is based on historical and future expectations of returns for each of the major categories of asset classes (equities, property, fixed interest and cash) as well as the expected actual allocation of plan assets to these major categories. This resulted in the selection of a 7.0% rate of return net of tax and expenses. The discount rate used to value the defined benefit obligation is based on the 10 year government bond rate.

(g) Employer contributions

Employer contributions to the defined benefit section of the plan are based on recommendations by the plan's actuary. Actuarial assessments are made at no more than three yearly intervals, and the last assessment was made as at 1 July 2010.

Total employer contributions expected to be paid by Group companies for the year ended 31 December 2011 are $4.2 million which includes $2.2m of quarterly top up contributions made to finance the deficit.

(h) Historic summary

	2010	2009	2008	2007	2006
	$ million	$ million	$ million	$ million	$ million
Defined benefit obligation	**(55.4)**	(52.1)	(54.9)	(57.9)	(55.9)
Plan assets	**51.2**	46.3	42.3	60.6	56.0
(Deficit) surplus	**(4.2)**	(5.8)	(12.6)	2.7	0.1
Experience adjustments arising on plan liabilities	**1.5**	(4.2)	18.8	(2.2)	(2.4)
Experience adjustments arising on plan assets	**0.7**	1.3	(6.4)	2.1	3.2

23 Contributed equity

		Consolidated	
		2010	2009
		$ million	$ million
(a)	**Share capital**		
	Issued and paid up capital		
	635,132,810 (2009: 634,144,970) ordinary shares, fully paid	**692.7**	690.4
(b)	**Movements in ordinary share capital**		
	Opening balance at 1 January	**690.4**	540.4
	987,840 shares issued under Executive Performance Share Plan (2009: 1,130,000) *(i)*	**2.3**	3.1
	Nil shares issued under Final Dividend Reinvestment Plan (2009: 10,068,621)	**-**	17.9
	Nil shares issued under Interim Dividend Reinvestment Plan (2009: 6,673,768)	**-**	18.0
	Nil shares issued under institutional equity raising (2009: 47,752,809)	**-**	85.0
	Nil shares issued under Share Purchase Plan (2009: 16,031,235)	**-**	28.5
	Equity raising transaction costs	**-**	(2.5)
	Closing balance at 31 December	**692.7**	690.4

(i) Ordinary shares issued under the Adelaide Brighton Ltd Executive Performance Share Plan (refer note 29).

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote and, on a poll, each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

(d) Dividend reinvestment plan

In February 2010 the Company suspended the dividend reinvestment plan with immediate effect until further notice.

(e) Capital risk management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue shares as well as the issue of new debt or the redemption of existing debt. The Group monitors capital on the basis of the gearing ratio.

The Company has an implied BBB+ credit rating and chooses not to apply for an official credit rating. The gearing ratios at 31 December were as follows:

	Consolidated	
	2010	2009
	$ million	$ million
Total borrowings	**151.2**	200.9
Less: cash and cash equivalents	**(2.8)**	(25.5)
Net debt	**148.4**	175.4
Total equity	**934.3**	897.0
Total capital	**1,082.7**	1,072.4
Gearing ratio	**15.9%**	19.6%

Notes to the financial statements
For the year ended 31 December 2010

24 Reserves and retained earnings

	Consolidated	
	2010	2009
	$ million	$ million
(a) Reserves		
Foreign currency translation reserve	**-**	-
Share-based payment reserve	**2.6**	2.9
	2.6	2.9
Foreign currency translation reserve		
Opening balance at 1 January	**-**	0.1
Currency translation differences arising during the year	**-**	(0.1)
Closing balance at 31 December	**-**	-
Share-based payment reserve		
Opening balance at 1 January	**2.9**	3.4
Awards expense	**1.1**	0.8
Deferred tax	**(0.1)**	0.4
Issue of shares to employees	**(1.3)**	(1.7)
Closing balance at 31 December	**2.6**	2.9
(b) Retained earnings		
Opening balance at 1 January	**200.6**	155.0
Net profit for the year	**151.5**	123.1
Actuarial (loss)/gain on defined benefit obligation (net of tax)	**(1.9)**	4.0
Dividends	**(114.2)**	(81.5)
Closing balance at 31 December	**236.0**	200.6

(c) Nature and purpose of reserves

(i) Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entities (Adelaide Brighton Cement Inc., Fuel and Combustion Technology International Inc., and Fuel and Combustion Technology International Ltd) are taken to the foreign currency translation reserve, as described in note 1(d)(iii).

(ii) Share-based payment reserve

The share-based payment reserve is used to recognise the fair value of Awards issued but not exercised.

25 Dividends

	The Company	
	2010	2009
	$ million	$ million
Dividends paid during the year		
2009 final dividend of 8.0 cents (2008 – 8.5 cents) per fully paid ordinary share, franked at 100% (2008 – 100%) paid on 12 April 2010	**50.7**	47.0
2010 interim dividend of 7.5 cents (2009 – 5.5 cents) per fully paid ordinary share, franked at 100% (2009 – 100%) paid on 11 October 2010	**47.6**	34.5
2010 special dividend of 2.5 cents per fully paid ordinary share, franked at 100% paid on 11 October 2010	**15.9**	-
Total dividends	**114.2**	81.5
Paid in cash	**114.2**	45.6
Satisfied by issue of shares under the Dividend Reinvestment Plan	**-**	35.9

25 Dividends (continued)

	The Company	
	2010	2009
	$ million	$ million
Dividends not recognised at year end		
Since the end of the year the Directors have recommended the payment of a final dividend of 9.0 cents (2009 – 8.0 cents) per fully paid share, franked at 100% (2009 – 100%). The aggregate amount of the proposed final dividend to be paid on 11 April 2011, not recognised as a liability at the end of the reporting period, is	**57.2**	50.7
In addition a special dividend of 2.5 cents (2009 – nil) franked at 100% was declared payable coincident with the final dividend. The aggregate amount of the proposed special dividend expected to be paid on 11 April 2011, not recognised as a liability at the end of the reporting period, is	**15.9**	-

Franked dividends

The franked portions of the dividends proposed as at 31 December 2010 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 31 December 2011.

	Consolidated	
	2010	2009
	$ million	$ million
Franking credits available for subsequent financial years based on a tax rate of 30% (2009 – 30%)	**53.4**	53.1

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

(a) franking credits that will arise from the payment of any current tax liability
(b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
(c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

The impact on the franking account of the dividend recommended by the Directors since year end, but not recognised as a liability at year end, will be a reduction in the franking account of $31.3 million (2009: $21.7 million).

26 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The Board approves written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and investment of excess liquidity. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, and ageing analysis for credit risk. The Group uses derivative financial instruments in the form of foreign exchange contracts to hedge certain currency risk exposures.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured at their fair value at each reporting date. The Company does not utilise hedge accounting as permitted under AIFRS.

The Group's Corporate Treasury Function provides services to the business, co-ordinates access to domestic financial markets and monitors and manages the financial risks relating to the operations of the Group. The Group Corporate Treasury Function reports to the Board on a monthly basis an analysis of exposures by degree and magnitude of risk.

26 Financial risk management (continued)

(a) Market risk

(i) Foreign exchange risk

The Group's activities through its overseas cement, clinker and equipment purchases expose it to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar and the Japanese Yen.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities that are denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The Group enters into foreign exchange forward contracts to hedge its foreign exchange risk on these overseas trading activities against movements in the Australian dollar.

The Group Treasury's risk management policy is to hedge commitments for purchases for up to six months forward. Longer hedge positions are deemed too expensive versus the value at risk due to the respective currencies' interest rate spread. Derivative instruments entered into by the Group do not qualify for hedge accounting.

(ii) Cash flow interest rate risk

The Group's main interest rate risk arises from bank borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Due to the historically low levels of gearing, Group policy is to take on senior debt facilities on a one to five year term with fixed bank lending margins associated with each term. Cash advances to meet short and medium term borrowing requirements are drawn down against the senior debt lending facilities on a 30, 60 or 90 day basis, at a variable lending rate comprising the fixed bank margin applied to the daily bank bill swap rate effective at the date of each bank bill. During both 2010 and 2009, the Group's borrowings at variable rate were denominated in Australian Dollars.

The Group analyses its interest rate exposure on a dynamic basis. Periodically, various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on forecast profit and loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions. Based on the latest calculations performed, the impact on profit and equity of a 100 basis-point movement would be a maximum increase/decrease of $1.5 million (2009: $2.0 million). A 100 basis-point sensitivity has been selected as this is considered reasonable given the current level of both short term and long term Australian dollar interest rates.

(iii) Summarised sensitivity analysis

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to interest rate risk and foreign exchange risk.

			Interest rate risk		Foreign exchange risk	
	Notes	Carrying Value	-1.0%	+1.0%	-10%	+10%
2010		**Consolidated**	**Consolidated**		**Consolidated**	
$ million			**Profit & Equity**		**Profit & Equity**	
Financial assets						
Cash	6	2.8	-	-	-	-
Receivables	7 & 10	183.7	(0.3)	0.3	-	-
		186.5	**(0.3)**	**0.3**	**-**	**-**
Financial liabilities						
Borrowings	16 & 19	151.2	1.5	(1.5)	-	-
Payables	15	105.4	-	-	-	-
		256.6	**1.5**	**(1.5)**	**-**	**-**
Total increase/(decrease)			**1.2**	**(1.2)**	**-**	**-**

26 Financial risk management (continued)

(a) Market risk (continued)

2009 $ million	Notes	Carrying Value Consolidated	Interest rate risk -1.0%	 +1.0%	Foreign exchange risk -10%	 +10%
			Consolidated Profit & Equity		Consolidated Profit & Equity	
Financial assets						
Cash	6	25.5	(0.3)	0.3	-	-
Receivables	7 & 10	193.2	(0.3)	0.3	-	-
		218.7	(0.6)	0.6	-	-
Financial liabilities						
Borrowings	16 & 19	200.9	2.0	(2.0)	-	-
Payables	15	106.1	-	-	-	-
Limited recourse loan	18	12.3	-	-	-	-
		319.3	2.0	(2.0)	-	-
Total increase/(decrease)			1.4	(1.4)	-	-

(b) Credit risk

Credit risk is managed on a group basis using delegated regional authority limits. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

For banks and financial institutions, only independently rated parties with a minimum rating of ‘A’ are accepted. For trading credit risk wholesale customers are rated using external independent agency ratings and if there is no independent rating, Credit Control assesses the credit quality of the customer, taking into account its financial position, past experience, external credit agency reports and credit references. Individual risk limits are set based on internal or external ratings in accordance with delegated authority limits set by the Board. The compliance with credit limits by credit approved customers is regularly monitored by line credit management. Sales to retail customers are settled either in cash or using major credit cards, mitigating credit risk.

Credit risk further arises in relation to financial guarantees given to certain parties. Such guarantees are only provided in exceptional circumstances and are subject to appropriate approval.

The Group has no significant concentration of credit risk. The Group has policies and procedures in place to ensure that sales are made to customers with an appropriate credit history. With a small number of customers, with uncertain credit history, the Group has taken out personal guarantees in order to cover credit exposures. As at 31 December 2010, the Group held no collateral over outstanding debts. Consequently, the maximum exposure to credit risk represents the carrying value of receivables and derivatives. Derivative counterparties and cash transactions are limited to high credit quality institutions.

(c) Liquidity risk

The ultimate responsibility for liquidity risk management rests with the Board which has established an appropriate risk management framework for the management of the Group’s short, medium and long-term funding and liquidity management requirements. The Group’s Corporate Treasury Function manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included below is a statement of undrawn facilities that the Group and Company has at its disposal to further reduce liquidity risk.

26 Financial risk management (continued)

(c) Liquidity risk (continued)

Financing arrangements

	Consolidated	
Unrestricted access was available at balance date to the following lines of credit:	**2010 $ million**	2009 $ million
Credit standby arrangements		
Total facilities		
Bank overdrafts	**4.0**	4.0
Bank facilities – external parties	**360.0**	520.0
Lease liabilities	**0.9**	1.3
	364.9	525.3
Used at balance date		
Bank overdrafts	**0.8**	-
Bank facilities – external parties	**149.5**	199.6
Lease liabilities	**0.9**	1.3
	151.2	200.9
Unused at balance date		
Bank overdrafts	**3.2**	4.0
Bank facilities – external parties	**210.5**	320.4
	213.7	324.4

The table below analyses the Group's financial liabilities that will be settled on a gross basis. The amounts disclosed are the contractual undiscounted cash flows. The interest rate used is 7% (2009: 6%) based on current bank borrowing rates and current expectations.

	Consolidated	
	2010 $ million	2009 $ million
Ageing of financial liabilities into relevant maturity groups:		
Less than 1 year		
Lease liabilities (note 16)	**0.2**	0.4
Bank overdraft (note 16)	**0.8**	-
	1.0	0.4
Between 1 and 2 years		
Bank borrowings – external parties (note 19)	**160.0**	211.6
Lease liabilities (note 19)	**0.7**	0.9
	160.7	212.5

(d) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The carrying amounts of financial assets and liabilities of the Group and the Company at balance date equate fair values. Fair value is exclusive of costs which would be incurred on realisation of an asset, and inclusive of costs which would be incurred on settlement of a liability.

27 Contingencies

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

	Consolidated	
	2010 $ million	2009 $ million
(a) Guarantees		
Bank guarantees	**15.3**	12.3

(b) Litigation

At the time of preparing this financial report some companies included in the Group are parties to pending legal proceedings, the outcome of which is not known. The entities are defending, or prosecuting, these proceedings. The Directors have assessed the impact on the Group from the individual actions. No material losses are anticipated in respect of any of the above contingent liabilities.

28 Commitments for expenditure

	Consolidated	
	2010 $ million	2009 $ million
(a) Capital commitments – Property, plant & equipment		
Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:		
Within one year	**15.4**	11.3
(b) Lease commitments		
(i) Finance leases		
Commitments in relation to finance leases are payable as follows:		
Within one year	**0.2**	0.4
Later than one year but not later than five years	**0.7**	0.9
Minimum lease payments	**0.9**	1.3
Less: Future finance charges	**-**	-
Recognised as a liability	**0.9**	1.3
Representing lease liabilities:		
Current (note 16)	**0.2**	0.4
Non-current (note 19)	**0.7**	0.9
	0.9	1.3
(ii) Operating leases		
Commitments in relation to operating leases contracted for at the reporting date, but not recognised as liabilities, are payable as follows:		
Within one year	**2.5**	2.6
Later than one year but not later than five years	**5.3**	5.5
Later than five years	**26.2**	16.4
	34.0	24.5

Commitments for operating lease payments relate mainly to rental leases on property.

	2010	2009
(iii) Other purchase commitments		
Commitments in relation to other purchases contracted for at the reporting date, but not recognised as liabilities, are payable as follows:		
Within one year	**48.4**	34.9
Later than one year but not later than five years	**176.0**	198.6
Later than five years	**34.1**	60.0
	258.5	293.5

Commitments for other purchases relate mainly to energy purchases.

29 Share-based payment plans

(a) Employee Share Plan

The establishment of the Adelaide Brighton Ltd Employee Share Plan was approved by special resolution at the Annual General Meeting of the Company held on 19 November 1997. All full time employees of the Company and its controlled entities who have been continuously employed by the Company or a controlled entity for a period of one year are eligible to participate in the plan. Casual employees and contractors are not eligible to participate in the Plan.

No shares were issued under the Employee Share Plan during the year (2009 – nil). In subsequent years, the Board will decide whether, considering the profitability of the Company and the demands of the business, further invitations to take up grants of shares should be made.

(b) Executive Performance Share Plan

The Adelaide Brighton Ltd Executive Performance Share Plan (“the Plan”) provides for grants of Awards to the Managing Director and eligible executives. This plan was approved by shareholders at the Annual General Meeting held on 19 November 1997. In accordance with the requirements of the ASX Listing Rules, the Awards since granted to the Managing Director have been approved by shareholders.

Under the Plan, eligible executives are granted Awards (each being an entitlement to a fully paid ordinary share of Adelaide Brighton Ltd, subject to the satisfaction of performance conditions) on terms and conditions determined by the Board.

2007 Award
Under the Plan, Participants were invited to apply to take up an Award up to a maximum number of shares, divided into three equal tranches exercisable no earlier than 1 May 2009, 1 May 2010 and 1 May 2011 respectively. The total number of Awards granted under the 2007 Award was 3,650,000 with 1,002,840 exercised during the period (2009 – 1,115,000). During the period 60,000 Awards were granted. The grant date of the 2007 Awards is set out on page 67.

The total number of Awards that lapsed during the period was 372,160 (2009 – Nil).

2010 Award
Under the Plan, Participants were invited to apply to take up an Award up to a maximum number of shares, divided into three equal tranches exercisable no earlier than 1 May 2012, 1 May 2013 and 1 May 2014 respectively. The total number of awards granted under the 2010 Award was 4,155,000 with none exercised by 31 December 2010. During the period 4,155,000 Awards were granted. The grant date of the 2010 Awards is set out on page 68.

Performance conditions
Detailed discussion of 2007 Award and 2010 Award performance conditions is set out in the Remuneration Report on pages 15 to 17.

During 2010, 987,840 shares were issued under the Plan on the exercise of Tranche 2 under the 2007 Award, following the Board’s determination that:

- Earnings per share exercise condition applicable to 50% of exercisable Awards had been partially satisfied for Tranche 2; and
- Total Shareholder Return exercise condition applicable to 50% of exercisable Awards had been satisfied for Tranche 2.

The value per share at the date of exercise is the Volume Weighted Average Price (VWAP) calculated by the Australian Securities Exchange Limited on the exercise date. The aggregate value of Awards exercised during the year is $2,917,624 based on the VWAP on the date of exercise.

Balance of Awards
As at 31 December 2010, if the exercise conditions are satisfied and the remaining balance of all currently approved Awards are exercised, the Company would be obliged to transfer:

- 1,160,000 shares to the Participants, under the 2007 Award (2009 – 2,460,000 shares)
- 4,155,000 shares to the Participants, under the 2010 Award (2009 – Nil shares)

The Plan does not entitle the Participants to participate in any other share issues of the Company and the unexercised Awards do not attract dividend or voting rights. The Plan is accounted for by the Company in accordance with note 1(v)(iv), with $1,117,656 (2009 - $803,442) recognised as an expense during the year.

30 Key management personnel disclosures

(a) Compensation of key management personnel

	Consolidated	
	2010	2009
	$ million	$ million
Short-term employee benefits	**8.9**	8.8
Post-employment benefits	**0.2**	0.2
Share-based payments	**0.9**	0.7
Termination benefits	**0.1**	-
	10.1	9.7

The Company has applied the exemption under Amendment to Australian Accounting Standard - Key Management Personnel Disclosures by Disclosing Entities which exempts disclosing companies from the application of AASB 124 paragraphs AUS 25.2 to AUS 25.6 and AUS 25.7.1 and AUS 25.7.2 as the requirements are now incorporated into the *Corporations Act* and are provided in the section titled Remuneration Report included in the Directors Report designated as audited on pages 9 to 20.

(b) Awards holdings of key management personnel

The number of Awards granted as compensation and details of Awards vested, exercised or lapsed during the year are disclosed in the Remuneration Report on page 17.

For the purposes of pricing model inputs, the exercise price of awards is based on the closing published share price at grant date. The assessed fair value at grant date of Awards granted to the individuals is allocated equally over the period from grant date to vesting date. Fair values at the grant date are independently determined using Black Scholes option pricing model that takes into account the exercise price, the term of the Awards, the lack of marketability, the impact of TSR vesting condition (applicable to 50% of Awards), the expected future dividends and the risk free interest rate for the term of the Award.

2007 Awards grant – pricing model inputs

	Number of Awards	**Grant date**	**Exercise price $**	**Value per Award at grant date $**	**Expected annual dividends $**	**Risk-free interest rate %**	**Lack of marketability discount %**	**TSR condition discount %**
M P Chellew								
Tranche 1	435,000	31/12/06	2.81	1.495	0.125	6.10	3.0	50.0
Tranche 2	435,000	31/12/06	2.81	1.275	0.125	6.10	6.0	50.0
Tranche 3	435,000	31/12/06	2.81	1.080	0.125	6.10	9.0	50.0
M Brydon								
Tranche 1	100,000	01/03/07	3.31	1.745	0.145	5.92	3.0	50.0
Tranche 2	100,000	01/03/07	3.31	1.485	0.145	5.92	6.0	50.0
Tranche 3	100.000	01/03/07	3.31	1.260	0.145	5.92	9.0	50.0
A D Poulter, M R D Clayton, M A Finney, M Kelly and S J Toppenberg								
Tranche 1	100,000	31/12/06	2.81	1.495	0.125	6.10	3.0	50.0
Tranche 2	100,000	31/12/06	2.81	1.275	0.125	6.10	6.0	50.0
Tranche 3	100.000	31/12/06	2.81	1.080	0.125	6.10	9.0	50.0
S B Rogers								
Tranche 2	100,000	03/03/08	3.37	1.755	0.165	6.14	6.6	50.0
Tranche 3	100.000	03/03/08	3.37	1.480	0.165	6.14	9.6	50.0

30 Key management personnel disclosures (continued)

(b) Awards holdings of key management personnel (continued)

2010 Awards grant – pricing model inputs

	Number of Awards	Grant date	Exercise price $	Value per Award at grant date $	Expected annual dividends $	Risk-free interest rate %	Lack of marketability discount %	TSR condition discount %
M P Chellew								
Tranche 1	540,000	04/06/2010	2.81	1.585	0.17	4.79	3.0	50.0
Tranche 2	540,000	04/06/2010	2.81	1.330	0.18	4.79	6.0	50.0
Tranche 3	720,000	04/06/2010	2.81	1.095	0.19	4.79	9.0	50.0
M Brydon								
Tranche 1	180,000	04/06/2010	2.81	1.585	0.17	4.79	3.0	50.0
Tranche 2	180,000	04/06/2010	2.81	1.330	0.18	4.79	6.0	50.0
Tranche 3	240,000	04/06/2010	2.81	1.095	0.19	4.79	9.0	50.0
M Kelly								
Tranche 1	150,000	04/06/2010	2.81	1.585	0.17	4.79	3.0	50.0
Tranche 2	150,000	04/06/2010	2.81	1.330	0.18	4.79	6.0	50.0
Tranche 3	200,000	04/06/2010	2.81	1.095	0.19	4.79	9.0	50.0
M A Finney and S B Rogers								
Tranche 1	97,500	04/06/2010	2.81	1.585	0.17	4.79	3.0	50.0
Tranche 2	97,500	04/06/2010	2.81	1.330	0.18	4.79	6.0	50.0
Tranche 3	130,000	04/06/2010	2.81	1.095	0.19	4.79	9.0	50.0
M R D Clayton								
Tranche 1	90,000	04/06/2010	2.81	1.585	0.17	4.79	3.0	50.0
Tranche 2	90,000	04/06/2010	2.81	1.330	0.18	4.79	6.0	50.0
Tranche 3	120,000	04/06/2010	2.81	1.095	0.19	4.79	9.0	50.0
S J Toppenberg								
Tranche 1	60,000	04/06/2010	2.81	1.585	0.17	4.79	3.0	50.0
Tranche 2	60,000	04/06/2010	2.81	1.330	0.18	4.79	6.0	50.0
Tranche 3	80,000	04/06/2010	2.81	1.095	0.19	4.79	9.0	50.0

30 Key management personnel disclosures (continued)

(c) Shareholdings of key management personnel

The movement during the reporting period in the number of ordinary shares in Adelaide Brighton Ltd held directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

Number of shares held in Adelaide Brighton Limited at 31 December 2010

	Balance at start of year	Received on exercise of EPSP	Other changes	Balance at end of year
Non-executive Directors				
M A Kinnaird*	98,764	-	(98,764)	-
C L Harris	70,479	-	-	70,479
L V Hosking	4,739	-	-	4,739
G F Pettigrew	7,739	-	-	7,739
R D Barro	29,258,979	-	117,920,663	147,179,642
K B Scott-McKenzie**	-	-	-	-
Executive Director				
M P Chellew	448,366	341,040	(341,040)	448,366
Senior executives				
A D Poulter***	122,600	78,400	(201,000)	-
M R D Clayton	23	78,400	(78,350)	73
M Brydon	7,739	78,400	(86,139)	-
M A Finney	244,688	78,400	(244,688)	78,400
M Kelly	44,615	78,400	(113,015)	10,000
S J Toppenberg	-	78,400	(78,400)	-
S B Rogers	-	78,400	(78,400)	-
Total	**30,308,731**	**889,840**	**116,600,867**	**147,799,438**

** M A Kinnaird retired on 19 May 2010 therefore his equity holding has been reduced to nil at 31 December 2010 through 'other changes'.*
*** K B Scott-McKenzie appointed 26 July 2010*
**** A D Poulter ceased employment effective 1 May 2010 therefore his equity holding has been reduced to nil at 31 December 2010 through 'other changes'.*

Number of shares held in Adelaide Brighton Limited at 31 December 2009

	Balance at start of year	Received on exercise of EPSP	Other changes	Balance at end of year
Non-executive Directors				
M A Kinnaird	74,286	-	24,478	98,764
C L Harris	65,001	-	5,478	70,479
J D McNerney*	101,000	-	(101,000)	-
L V Hosking	2,000	-	2,739	4,739
G F Pettigrew	5,000	-	2,739	7,739
R D Barro	18,001,696	-	11,257,283	29,258,979
Executive Director				
M P Chellew	440,149	435,000	(426,783)	448,366
Senior executives				
A D Poulter	101,613	100,000	(79,013)	122,600
M R D Clayton	4,357	100,000	(104,334)	23
M Brydon	5,000	100,000	(97,261)	7,739
M A Finney	170,000	100,000	(25,312)	244,688
M Kelly	936	100,000	(56,321)	44,615
S J Toppenberg	-	100,000	(100,000)	-
S B Rogers	-	-	-	-
Total	**18,971,038**	**1,035,000**	**10,302,693**	**30,308,731**

** J D McNerney resigned on 21 May 2009 therefore his equity holding has been reduced to nil at 31 December 2009 through 'other changes'.*

30 Key management personnel disclosures (continued)

(d) Other transactions with key management personnel

R D Barro a Director of Adelaide Brighton Ltd, is Managing Director of Barro Group Pty Ltd. Barro Group Pty Ltd and Adelaide Brighton Ltd, through its 100% owned subsidiary, Adelaide Brighton Management Ltd, each control 50% of Independent Cement and Lime Pty Ltd, a distributor of cement and lime in Victoria and New South Wales.

During the year, the Barro Group of Companies purchased goods and materials from and sold goods, materials and services to Independent Cement and Lime Pty Ltd. The Barro Group of Companies also purchased goods and materials from Sunstate Cement Ltd, a Company in which the Group has a 50% share.

M P Chellew, an executive Director of Adelaide Brighton Ltd and M Brydon, a senior executive of Adelaide Brighton Ltd, are Directors of Sunstate Cement Ltd. M Brydon, a senior executive of Adelaide Brighton Ltd, is a Director of Independent Cement and Lime Pty Ltd. During the year, the Group traded significantly with both Independent Cement and Lime Pty Ltd and Sunstate Cement Ltd.

All transactions involving the Barro Group Pty Ltd and Adelaide Brighton Ltd and its subsidiaries, Independent Cement and Lime Pty Ltd and its subsidiaries and Sunstate Cement Ltd were conducted on standard commercial terms.

From time to time Directors of the Company or its controlled entities, or their related parties, may purchase goods from the Group. These purchases are on the same terms and conditions as those entered into by other Group employees. These transactions are conducted on standard commercial terms.

	Consolidated	
	2010	2009
	$	$
Aggregate amounts of the above transactions with the Directors and their related parties:		
Sales to Director related parties	**54,635,103**	47,953,384
Purchases from Director related parties	**5,703,412**	5,973,628

31 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated	
	2010	2009
	$	$
(a) Audit services		
Pricewaterhouse Coopers Australian firm		
Audit and review of financial statements	**805,245**	762,233
Total remuneration for audit services	**805,245**	762,233
(b) Non-audit services		
Pricewaterhouse Coopers Australian firm		
Other assurance services	**152,865**	92,184
Total remuneration for non-audit services	**152,865**	92,184

Notes to the financial statements
For the year ended 31 December 2010

32 Related parties

(a) Key management personnel

Disclosures relating to key management personnel are set out in note 30.

(b) Controlled entities

Details of interests in controlled entities are set out in note 33. The ultimate parent Company is Adelaide Brighton Ltd.

(c) Joint venture entities

Details of interests in joint venture entities are set out in note 11(a). Nature of transactions with joint venture entities:

Adelaide Brighton Cement Ltd and Morgan Cement International Ltd supplied finished products and raw materials to Sunstate Cement Ltd and Independent Cement and Lime Pty Ltd. Hy-Tec Industries (Victoria) Pty Ltd, Hy-Tec Industries (Queensland) Pty Ltd, Adbri Masonry Group Pty Ltd and Adelaide Brighton Cement Ltd purchased raw materials from Sunstate Cement Ltd and Independent Cement and Lime Pty Ltd. Alternative Fuel Company Pty Ltd supplied waste fuel materials to Adelaide Brighton Cement Ltd.

All transactions are on normal commercial terms and conditions and transactions for the supply of raw materials and finished products are covered by shareholder agreements.

(d) Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	2010	2009
	$'000	$'000
Sales of goods		
- Joint venture entities	**183,758**	137,093
Purchases of materials and goods		
- Joint venture entities	**32,863**	29,550
Interest revenue		
- Joint venture entities	**985**	697
- Other related parties	**105**	205
Dividend income		
- Joint venture entities	**16,910**	22,695
Superannuation contributions		
- Contributions to superannuation funds on behalf of employees	**442**	210
Loans advanced to/(from):		
- Joint venture entities	**421**	3,214
- Other related parties	**(262)**	(287)

32 Related parties (continued)

(e) Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2010	2009
	$'000	$'000
Current receivables		
- Joint venture entities (interest)	**507**	288
- Joint venture entities (trade)	**16,357**	15,375
Non-current receivables		
- Joint venture entities (loans)	**28,655**	28,234
- Other related parties (loans)	**1,473**	1,735
Current payables		
- Joint venture entities (trade)	**2,497**	2,824

Outstanding balances are unsecured and repayable in cash. No provisions for doubtful receivables have been raised in relation to any outstanding balances.

(f) Loans to related parties

A loan to Adelaide Brighton Cement Ltd of $82,860,247 funds a capital reduction payment. The loan is subordinated and is only repayable after full repayment of external borrowings. There was no interest charged on the outstanding balance during the reporting year. All other loans to and from Group entities are repayable at call.

The Company has provided Adbri Masonry Group Pty Ltd with a loan of $42,718,929. There was no interest charged on the outstanding balance during the reporting year.

A loan to Independent Cement and Lime Pty Ltd has interest charged at the ruling commercial rates on the outstanding balance. Interest revenue brought to account by the Group during the reporting year on this loan was $985,000 (2009: $697,000).

A loan to Alternative Fuel Company Pty Ltd has no interest charged due to an interest waiver deed waiving the requirement of interest being paid until 28 February 2011.

The Company has provided MCB Wingfield Pty Ltd (MCBW), with a loan of $2.75 million to fund the construction of the waste processing plant at the site owned by MCBW at Wingfield, South Australia. The site and the plant are leased to Alternative Fuel Company Pty Ltd and Resourceco. MCBW's obligations to the Company under the loan documents are secured by various securities including a deed of charge over all of the assets and undertaking of MCBW and a real property mortgage over the entire parcel of land. Interest revenue brought to account by the Group during the reporting year on this loan was $105,000 (2009: $205,000).

Notes to the financial statements
For the year ended 31 December 2010

33 Investments in controlled entities

Name of entity	Place of incorporation	Class of shares	**2010** %	2009 %
Adelaide Brighton Ltd				
Adelaide Brighton Cement Ltd[2]	South Australia	Ord	100	100
Adelaide Brighton Cement Inc	Washington USA	Ord	80	80
Adelaide Brighton Cement Investments Pty Ltd[2]	South Australia	Ord	100	100
Adelaide Brighton Management Ltd[2]	South Australia	Ord	100	100
Adelaide Brighton Cement International Pty Ltd[1]	South Australia	Ord	100	100
Adelaide Brighton Intellectual Property Pty Ltd[1]	South Australia	Ord	100	100
Cement Resources Consolidated Pty Ltd[1]	South Australia	Ord	100	100
Cockburn Cement Ltd[2]	Western Australia	Ord	100	100
Hy-Tec Industries (Queensland) Pty Ltd[2]	South Australia	Ord	100	100
Northern Cement Ltd[2]	Northern Territory	Ord	100	100
Premier Resources Ltd[2]	New South Wales	Ord	100	100
Adbri Masonry Group Pty Ltd[2]	Victoria	Ord	100	100
Adelaide Brighton Cement Ltd				
Exmouth Limestone Pty Ltd[1]	Western Australia	Ord	51	51
Adelaide Brighton Cement Inc				
Adelaide Brighton Cement (Florida) Inc	Florida USA	Ord	100	100
Adelaide Brighton Cement (Hawaii) Inc	Hawaii USA	Ord	100	100
Hileah (Florida) Management Inc	Florida USA	Ord	100	100
Adelaide Brighton Management Ltd				
Accendo Pty Ltd[1]	South Australia	Ord	100	100
Global Cement Australia Pty Ltd[1]	New South Wales	Ord	100	100
Hurd Haulage Pty Ltd[1]	Victoria	Ord	100	100
K.C. Mawson Pty Ltd[1]	New South Wales	Ord	100	100
Adelaide Brighton Cement International Pty Ltd				
Adelaide Brighton Cement Inc	Wash. State USA	Ord	20	20
Fuel & Combustion Technology International Ltd	United Kingdom	Ord	100	100
Fuel & Combustion Technology International Ltd				
Fuel & Combustion Technology International Inc	USA	Ord	100	100
Northern Cement Ltd				
Mataranka Lime Pty Ltd[1]	South Australia	Ord	100	100
Cockburn Cement Ltd				
Cockburn Waters Pty Ltd[1]	Western Australia	Ord	100	100
Hydrated Lime Pty Ltd[1]	Western Australia	Ord	100	100
Chemical Unit Trust[1]	Western Australia	Units	100	100
Kalgoorlie Lime & Chemical Company Pty Ltd[1]	Western Australia	Ord	100	100
Premier Resources Ltd				
Hy-Tec Industries Pty Ltd[2]	New South Wales	Ord	100	100
Hy-Tec Industries (Victoria) Pty Ltd[2]	New South Wales	Ord	100	100
Bonfoal Pty Ltd[1]	New South Wales	Ord	100	100
Aus-10 Rhyolite Pty Ltd[1]	New South Wales	Ord	100	100
Morgan Cement International Pty Ltd[2]	New South Wales	Ord	100	100
Hy-Tec Industries (Victoria) Pty Ltd				
CRC2 Pty Ltd[1]	Victoria	Ord	100	100
CRC3 Pty Ltd[1]	Victoria	Ord	100	100
Hy-Tec Industries (Victoria) No 1 Pty Ltd[1]	New South Wales	Ord	100	100
Hy-Tec Industries (Victoria) No 2 Pty Ltd[1]	New South Wales	Ord	100	100
Sheltacrete Pty Ltd[1]	New South Wales	Ord	100	100
Adbri Masonry Group Pty Ltd				
Adbri Masonry Pty Ltd[2]	Queensland	Ord	100	100
Adbri Mining Products Pty Ltd[2]	Queensland	Ord	100	100
C&M Masonry Products Pty Ltd[2]	South Australia	Ord	100	100
Betta Brick Pty Ltd[1]	Victoria	Ord	100	100
C&M Brick (Bendigo) Pty Ltd[1]	Victoria	Ord	100	100
C&M Design/Construct Pty Ltd[1]	Victoria	Ord	100	100

1 Small proprietary Company as defined by the *Corporations Act* and is not required to be audited for statutory purposes.

2 These controlled entities have been granted relief from the necessity to prepare financial reports in accordance with Class Order 98/1418 issued by the Australian Securities & Investments Commission. For further information see note 34.

34 Deed of cross guarantee

As at the date of this report, Adelaide Brighton Ltd, Adelaide Brighton Cement Ltd, Cockburn Cement Ltd, Adelaide Brighton Cement Investments Pty Ltd, Adelaide Brighton Management Ltd, Northern Cement Ltd, Premier Resources Ltd, Hy-Tec Industries Pty Ltd, Hy-Tec Industries (Victoria) Pty Ltd, Hy-Tec Industries (Queensland) Pty Ltd, Morgan Cement International Pty Ltd, Adbri Masonry Group Pty Ltd, C&M Masonry Products Pty Ltd and Adbri Masonry Pty Ltd are parties to a Deed of Cross Guarantee (the Deed) under which each Company guarantees the debts of the others. By entering into the Deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and Directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities & Investments Commission. The above companies represent a "Closed Group" for the purposes of the Class Order, and as there are no other parties to the Deed that are controlled by the Company, they also represent the "Extended Closed Group".

Set out below is a consolidated balance sheet as at 31 December 2010 of the Closed Group.

	2010	2009
Current assets	**$ million**	$ million
Cash and cash equivalents	**-**	21.0
Trade and other receivables	**230.0**	245.3
Inventories	**109.4**	99.8
	339.4	366.1
Assets classified as held for sale	**0.2**	12.7
Total current assets	**339.6**	378.8
Non-current assets		
Receivables	**30.4**	30.5
Investments accounted for using the equity method	**83.7**	68.5
Other financial assets	**10.2**	10.2
Property, plant and equipment	**673.2**	683.2
Intangible assets	**178.4**	169.0
Total non-current assets	**975.9**	961.4
Total assets	**1,315.5**	1,340.2
Current liabilities		
Trade and other payables	**163.8**	164.9
Borrowings	**2.3**	0.4
Current tax liabilities	**26.0**	16.1
Provisions	**21.4**	24.2
Other liabilities	**3.9**	14.3
Total current liabilities	**217.4**	219.9
Non-current liabilities		
Borrowings	**150.2**	200.5
Deferred tax liabilities	**39.9**	48.2
Provisions	**32.6**	29.9
Retirement benefit obligations	**4.2**	5.8
Other non-current liabilities	**0.1**	0.1
Total non-current liabilities	**227.0**	284.5
Total liabilities	**444.4**	504.4
Net assets	**871.1**	835.8
Equity		
Contributed equity	**692.7**	690.4
Reserves	**2.6**	2.9
Retained earnings	**175.8**	142.5
Total equity	**871.1**	835.8

34 Deed of cross guarantee (continued)

Set out below is a condensed consolidated income statement, a consolidated statement of comprehensive income and a summary of movements in consolidated retained profits for the year ended 31 December 2010 of the Closed Group.

	Consolidated	
	2010 $ million	2009 $ million
Profit before income tax	**199.4**	165.6
Income tax expense	**(50.0)**	(44.6)
Profit for the year	**149.4**	121.0
Retained earnings 1 January	**142.5**	99.0
Profit for the year	**149.4**	121.0
Transactions recognised directly in retained earnings	**(1.9)**	4.0
Dividends paid	**(114.2)**	(81.5)
Retained earnings 31 December	**175.8**	142.5

35 Reconciliation of profit after income tax to net cash inflow from operating activities

	Consolidated	
	2010 $ million	2009 $ million
Profit for the year	**151.5**	123.1
Doubtful debts	**0.2**	(2.6)
Depreciation and amortisation	**52.8**	56.8
Share based payments expense	**1.1**	0.8
Finance charges on remediation provision	**0.3**	0.4
(Gain) on sale of non-current assets	**(2.6)**	(1.0)
Share of profits of joint ventures	**(15.2)**	(4.8)
Non-cash retirement benefits expense	**1.5**	1.7
Other	**(2.2)**	3.9
Net cash provided by operating activities before changes in assets and liabilities	**187.4**	178.3
Changes in operating assets and liabilities, net of effects from purchase of controlled entity:		
(Increase) decrease in inventories	**(10.0)**	8.3
Decrease (increase) in prepayments	**1.4**	(0.5)
Decrease (increase) in receivables	**8.0**	(10.7)
Increase in trade creditors	**1.3**	8.1
(Decrease) in provisions	**(0.1)**	(2.0)
Increase in taxes payable	**10.4**	11.0
(Decrease) increase in deferred taxes payable	**(8.3)**	2.4
(Decrease) in other operating liabilities	**(1.6)**	(6.8)
Net cash inflow from operating activities	**188.5**	188.1

36 Earnings per share

	Consolidated	
	2010 Cents	2009 Cents
Basic earnings per share	**23.9**	20.4
Diluted earnings per share	**23.7**	20.3

	Consolidated	
	2010 Number	2009 Number
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**634,851,343**	603,750,770
Adjustment for calculation of diluted earnings per share:		
Awards	**5,315,000**	2,460,000
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**640,166,343**	606,210,770

	Consolidated	
	2010 $ million	2009 $ million
Reconciliation of earnings used in calculating earnings per share		
Basic and diluted earnings per share		
Profit after tax	**151.4**	123.2
Profit attributable to non-controlling interests	**0.1**	(0.1)
Profit attributable to ordinary equity holders of the Company used in calculating basic and diluted earnings per share	**151.5**	123.1

37 Events occurring after the balance sheet date

As at the date of this report, no other matter or circumstance has arisen since 31 December 2010 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

38 Segment reporting

(a) Description of segments

Management has determined the operating segments based on the reports reviewed by the Managing Director. 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 and Concrete
- Concrete Products

The operating segments, Cement, Lime and Concrete, all 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 therefore is reported as a separate segment. The Cement, Lime and Concrete Products Joint Ventures form part of the above two reportable segments as they meet the aggregation criteria.

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

38 Segment reporting (continued)

(b) Segment information provided to the Managing Director

The segment information provided to the Managing Director for the reportable segments for the year ended 31 December 2010 is as follows:

2010	**Cement, Lime and Concrete $ million**	**Concrete Products $ million**	**All other segments $ million**	**Total $ million**
Total segment operating revenue	1,084.4	131.5	61.6	1,277.5
Inter-segment revenue	(35.3)	-	-	(35.3)
Revenue from external customers	**1,049.1**	**131.5**	**61.6**	**1,242.2**
Depreciation and amortisation	39.1	7.9	5.8	52.8
EBIT	**223.7**	**3.8**	**(11.3)**	**216.2**
2009				
Total segment operating revenue	1,007.2	132.8	54.2	1,194.2
Inter-segment revenue	(31.2)	-	-	(31.2)
Revenue from external customers	976.0	132.8	54.2	1,163.0
Depreciation and amortisation	44.6	8.1	4.1	56.8
EBIT	185.1	4.4	(4.2)	185.3

The operating revenue assessed by the Managing Director includes revenue from external customers and the 50% share of revenue from the Joint Ventures and excludes freight revenue, interest revenue and royalties. A reconciliation of segment operating revenue to revenue from continuing operations is provided as follows:

	Consolidated	
	2010 $ million	2009 $ million
Total segment operating revenue	**1,277.5**	1,194.2
Inter-segment revenue elimination	**(35.3)**	(31.2)
Freight revenue	**93.9**	86.5
Interest revenue	**2.3**	1.6
Royalties	**1.2**	0.6
Elimination of joint venture revenue	**(266.7)**	(264.5)
Revenue from continuing operations	**1,072.9**	987.2

The Managing Director 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	
	2010 $ million	2009 $ million
EBIT	**216.2**	185.3
Net interest	**(14.0)**	(16.7)
Profit before income tax	**202.2**	168.6

Notes to the financial statements
For the year ended 31 December 2010

39 Parent entity financial information

(a) Summary financial information

The individual financial statements for the Company show the following aggregate amounts:

	2010 $ million	2009 $ million
Balance sheet		
Current assets	**552.0**	734.8
Total assets	**1,087.2**	1,267.9
Current liabilities	**250.6**	370.3
Total liabilities	**401.5**	569.9
Net assets	**685.7**	698.0
Shareholders' equity		
Issued capital	**685.6**	683.2
Reserves		
Share-based payments	**2.6**	2.9
Retained earnings	**(2.5)**	11.9
Total shareholders' equity	**685.7**	698.0
Profit for the year	**99.9**	43.6
Total comprehensive income	**99.9**	43.6

(b) Guarantees entered into by the parent entity

Bank guarantees	**2.3**	2.6

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 31 December 2010 or 31 December 2009 other than the Bank guarantees detailed above.

Directors' declaration

In the Directors' opinion:

(a) the financial statements and notes set out on pages 30 to 78 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 consolidated entity's financial position as at 31 December 2010 and of its performance for the financial 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

(c) at the date of this declaration, there are reasonable ground to believe that the members of the Extended Closed Group identified in note 34 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the Deed of Cross Guarantee described in note 34.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Managing Director and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

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

M Chellew
Managing Director

Dated 3 March 2011

Auditor's Independence Declaration

As lead auditor for the audit of Adelaide Brighton Ltd for the year ended 31 December 2010, 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 audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Adelaide Brighton Ltd and the entities it controlled during the year.

AG Forman
Partner
PricewaterhouseCoopers

Adelaide
3 March 2011

PricewaterhouseCoopers, ABN 52 780 433 757
Level 14, 91 King William Street, Adelaide SA 5000 GPO Box 418 ADELAIDE SA 5001
T +61 8 8218 7000, F +61 8 8218 7999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

Independent auditor’s report to the members of Adelaide Brighton Ltd.

Report on the financial report

We have audited the accompanying financial report of Adelaide Brighton Ltd (the company), which comprises the balance sheet as at 31 December 2010, and the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors’ declaration for the Adelaide Brighton Ltd group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors’ responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards.*

Auditor’s responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

PricewaterhouseCoopers, ABN 52 780 433 757
Level 14, 91 King William Street, Adelaide SA 5000 GPO Box 418 ADELAIDE SA 5001
T +61 8 8218 7000, F +61 8 8218 7999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

Independent auditor's report to the members of Adelaide Brighton Ltd. (continued)

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of Adelaide Brighton Ltd is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001;* and

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 9 to 20 of the directors' report for the year ended 31 December 2010. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Adelaide Brighton Ltd for the year ended 31 December 2010, complies with section 300A of the *Corporations Act 2001.*

PricewaterhouseCoopers

AG Forman
Partner

Adelaide
3 March 2011