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Adelaide Brighton Ltd
ACN 007 596 018

21 February 2013

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

Dear Sir

Results for announcement to the market – full year ended 31 December 2012

We attach Preliminary Final Report – Appendix 4E and management discussion and analysis for release to the market.

Yours faithfully

Marcus Clayton
Company Secretary

For further information please contact:
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Group Corporate Affairs Adviser
Telephone: +61 (0) 418 535 636
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Adelaide Brighton Ltd

ACN 007 596 018

Adelaide Brighton Ltd

Preliminary final report summary – Appendix 4E

Year ended 31 December 2012

Results for announcement to the market

Company Name:	Adelaide Brighton Ltd
ABN:	15 007 596 018
Reporting period:	Financial year ended 31 December 2012
Previous corresponding period:	Financial year ended 31 December 2011
Release date:	21 February 2013

				A$m
Revenue from continuing operations	**up**	6.9%	**to**	1,176.2
Earnings before interest and tax	**up**	1.0%	**to**	225.6
Net profit for the period attributable to members	**up**	3.9%	**to**	154.2

Dividends	Amount per security		Franked amount per security
	Current period	Previous corresponding period	
Final ordinary dividend	9.0¢	9.0¢	100%
Interim ordinary dividend	7.5¢	7.5¢	100%

Record date for determining entitlements to the final dividend	7 March 2013

Annual General Meeting

Pursuant to listing rule 3.13.1 notice is hereby given that the 2013 Annual General Meeting of Adelaide Brighton Ltd will be held on Wednesday 22 May 2013 at the InterContinental Adelaide, North Terrace, Adelaide, SA, commencing at 11.00 am.

	31 Dec 2012	31 Dec 2011
Net tangible asset backing per ordinary share	$1.29	$1.22

Dividend Reinvestment Plan

Adelaide Brighton advised in the Appendix 4E Preliminary Final Report Summary released to the Australian Securities Exchange on 18 February 2010, that the Board has suspended the Company's Dividend Reinvestment Plan until further notice. That suspension continues.

Adelaide Brighton Ltd

ACN 007 596 018

Adelaide Brighton Ltd

Preliminary final report summary

Year ended 31 December 2012

KEY FEATURES OF FULL YEAR RESULT

- Revenue of $1,176.2 million – a 6.9% increase over the previous corresponding period (pcp)
- Earnings before interest, tax, depreciation and amortisation of $290.8 million – a 3.4% increase over pcp
- Earnings before interest and tax of $225.6 million – a 1.0% increase over pcp
- Profit before tax of $209.2 million – a 1.4% increase over pcp
- Net profit attributable to members of $154.2 million – an increase of 3.9% over pcp
- Earnings per share increased by 3.9% to 24.2 cents (vs 23.3 cents pcp)
- Final dividend of 9.0 cents per share, franked to 100%, in addition to the interim dividend of 7.5 cents per share, franked to 100%. Dividends for the full year of 16.5 cents per share (fully franked) versus 16.5 cents per share (fully franked) in the prior year
- Cash flow from operations increased by $35.2 million to $186.5 million
- Gearing[1] increased to 31.0% (vs 26.0% pcp) due to higher levels of capital expenditure
- Interest cover improved to 13.8 times EBIT (vs 13.1 times EBIT pcp)

FINANCIAL SUMMARY	**12 months ended 31 December**		
($ millions)	**2012**	**2011**	**% change pcp**
Revenue	**1,176.2**	**1,100.4**	**6.9**
Depreciation and Amortisation	(65.2)	(57.8)	12.8
Earnings before interest and tax ("EBIT")	**225.6**	**223.4**	**1.0**
Net interest [2]	(16.4)	(17.0)	(3.5)
Profit before tax	**209.2**	**206.4**	**1.4**
Tax expense	(55.1)	(58.0)	(5.0)
Net profit after tax	**154.1**	**148.4**	**3.8**
Non-controlling interests	0.1	-	
Net profit attributable to members	**154.2**	**148.4**	**3.9**
Earnings per share (cents)	24.2	23.3	3.9
Ordinary dividends – fully franked (cents/share)	16.5	16.5	-
Net debt ($ millions)	312.3	248.4	25.7
Net debt/equity (%)	31.0%	26.0%	

[1] *Net debt/equity*
[2] *Interest shown gross in the Income Statement with interest income included in revenue*

Summary

Adelaide Brighton Ltd, a leading integrated construction materials and lime producing group of companies, is pleased to report record sales and net profit after tax (NPAT) for the year ended 31 December 2012. Revenue of $1,176.2 million rose 6.9%, driven by increasing demand from resources and project work in South Australia, Western Australia and the Northern Territory notwithstanding general weakness in both the residential and non-residential building sectors. Earnings before interest and tax (EBIT) increased by 1.0% to $225.6 million and profit before tax increased 1.4% to $209.2 million. NPAT increased by 3.8% to $154.1 million.

In 2012, the group EBIT margin declined from 20.3% to 19.2% as selling price rises were not sufficient to offset higher costs. Margins were negatively impacted by increased energy costs, including the carbon tax and a reduction in the equity accounted contribution from joint ventures. Cost management delivered benefits of $8.5 million, helping to partly offset increasing energy and labour costs.

Earnings include a non-taxable gain of $7.6 million related to fair value accounting adjustments of acquisitions undertaken in 2011, a non-taxable gain of $1.7 million due to the recognition of a deferred tax asset by its Malaysian cement investment, Aalborg Portland Malaysia Sdn. Bhd. (30% interest), and pre-tax redundancy costs of $3.2 million. In the second half, cement EBIT was impacted approximately $6 million due to now resolved operational issues at the Birkenhead, South Australia plant.

Net interest expense decreased by 3.5% to $16.4 million in 2012. Removing capitalised interest ($2.4 million), interest expense ($18.8 million) increased broadly in line with higher average borrowings, albeit reflecting a small decline in underlying average interest rates.

Earnings per share increased by 3.9% to 24.2 cents, which is consistent with the increase in NPAT.

A final ordinary dividend for 2012 of 9.0 cents per share, franked to 100% (pcp – final ordinary dividend 9.0 cents per share, 100% franked), has been declared. The Record Date for the dividend is 7 March 2013 with the dividend payment on 16 April 2013.

Cement

- ***Sales – Increased mining and project demand more than offset the weak building sector***
  Cement sales increased versus prior corresponding period as demand from mining, resources and infrastructure projects in South Australia, Western Australia and the Northern Territory more than offset declining residential construction and ongoing weakness in the non-residential sector. Lower residential sector demand in Victoria impacted cement sales. Clinker sales to Sunstate in Queensland declined as a result of depressed market conditions.

- ***Operations – Higher energy costs and reduced clinker production***
  Average cement selling prices increased slightly more than inflation with the strong Australian dollar and mixed demand restricting domestic price growth. Cement margins were constrained as cost increases offset the increases in average selling price.

Energy costs increased by 8%, including the $3 million after tax impact of the carbon tax. Adelaide Brighton employs a number of strategies to mitigate rising energy costs including fixed price energy contracts for a portion of energy requirements, the use of alternative fuels and continual review for operational improvements.

Cement margins were also impacted by a reduction in clinker production of approximately 80,000 tonnes at the Birkenhead plant in South Australia. Reliability issues resulted in a longer than anticipated maintenance shutdown period in August and September. During this time, cement sales to Independent Cement and Lime (ICL) were supplemented with increased imported product. The cost of imports and maintenance impacted pre-tax profit by approximately $6 million. The reliability issue, caused by a quality issue related to alternative fuel, has been resolved and production has returned to normal.

Demand from projects in remote areas led to higher transport revenue, representing a 2% increase in group sales. Margins on transport revenue are typically lower than product margins.

- ***Logistics and imports – Well positioned to manage strong A$***
  Adelaide Brighton is Australia's largest importer of cement and clinker and has an unmatched network of import terminals that provide cost competitive access to all mainland capital city markets and regional north west Western Australia. This network allows the Company to maintain a highly flexible supply capability into key markets, while at the same time optimising utilisation of manufacturing capacity in Western Australia and South Australia.

  Adelaide Brighton imports of cementitious products, including clinker, cement and blast furnace slag were approximately 1.6 million tonnes in 2012. The higher Australian dollar had a favourable impact on import margins by approximately $1 million versus the previous corresponding period.

Lime

- ***Sales – Demand and margins underpinned by the resources sector***
  Lime sales volume increased by greater than 5% over the year due to robust demand from the alumina and gold sectors, as well as the resumption of operations at a major customer in the Northern Territory. Margins improved due to price increases and efficiency improvements that alleviated rising input costs.

- ***Operations – Competitive operating position***
  The performance of the recently installed bag house filter to kiln 6 at Munster has exceeded expectations for improvement to production capacity. Production and distribution costs remain competitive against imported product despite the high Australian dollar.

Concrete and Aggregates

- ***Sales – Weak demand and weather impacted volumes***
  Concrete volumes were negatively impacted by adverse weather in the first half of the year and weak demand in the eastern states as the residential, commercial and industrial construction sectors continued to contract. Aggregates volumes increased due to demand from the Pacific Highway upgrade and the full year benefit from 2011 acquisitions. These offset overall market weakness and the impact of wet weather.

  Price rises were achieved despite the difficult operating environment. Further price rises in concrete and aggregates have been announced effective 1 April 2013.

- ***Operations – Acquisition integration complete and capacity being reviewed***
  Integration of the businesses acquired in 2011 has been completed. With the continuation of weak demand focus has been placed on ensuring the scale of operational capacity matches demand. Plant and truck utilisation along with staffing capacity has been reviewed to reduce costs without affecting customer service. This process will continue into 2013.

Concrete Masonry Products

- ***Sales – Difficult market conditions continue***
  Soft demand across the eastern states, particularly in the housing and commercial sectors, resulted in depressed trading conditions in masonry markets. Despite the difficult market, revenue increased by 2.9% due to improved prices and some isolated project work.

  Further improvements in prices are expected in 2013 with price increases planned from 1 June 2013 to mitigate inflationary cost pressures and improve the profitability of the division to a more acceptable level.

  Weakness across most markets, particularly in south east Queensland, was exacerbated by very wet weather along the east coast of Australia early in the year.

- ***Operations – Cost focus and capacity management***
  Review of production capacity and key processes has led to structural changes within the business and these have lowered production and overhead costs. The savings have only been realised in part and further benefits are expected in the coming year.

Joint Ventures and Associates

- ***Independent Cement and Lime Pty Ltd (ICL) (50%)***
  ICL, a joint venture between Adelaide Brighton and Barro Group Pty Ltd, is a specialist supplier of cement throughout Victoria and New South Wales, and is the exclusive distributor of cement for Adelaide Brighton Limited and any related body corporate in these regions. Adelaide Brighton is ICL's exclusive supplier of cement in these States, with cement supplied to ICL from Port Kembla in New South Wales and into Port Melbourne, Victoria via ship from Adelaide Brighton's clinker and cement manufacturing operations at Birkenhead in South Australia.

  Independent Cement and Lime reported a decline in earnings as demand softened due to lower residential activity and the completion of several major projects. ICL's markets remain subdued. Competitive pressures are restricting price increases to recover inflationary cost pressures.

- ***Sunstate Cement Limited (Sunstate) (50%)***
  Sunstate is a joint venture between Adelaide Brighton and Boral Cement with a clinker import and milling facility at Fisherman Islands, Port Brisbane. Cement is milled on site predominantly from clinker imported from Asia.

  Sunstate reported lower earnings due to weakness in South East Queensland demand and a reduction in off-take from the joint venture's largest customer.

- ***Mawson Group (Mawsons) (50%)***
  The Mawsons concrete and aggregates joint venture reported a decline in earnings. The reduction reflects a return to normal trading following the lift in volumes as a result of demand from reconstruction work of flood damaged infrastructure.

- ***Aalborg Portland Malaysia Sdn. Bhd. (APM) (30%)***
  Adelaide Brighton acquired a 30% interest in APM on 5 December 2012. During December 2012, the board of APM approved a US$18.6 million project to expand white clinker capacity from 180,000 to 330,000 tonnes per annum. Following this, APM recorded a A$5.7 million tax benefit recognising that previously granted government investment allowances would be utilised to reduce future tax payments. Adelaide Brighton's 30% share of this benefit totalled A$1.7 million.

Carbon Tax

The carbon tax became effective from 1 July 2012 following the enactment of the Federal Government's Clean Energy Legislation. The Company has navigated the initial six months of the scheme, including the successful application for permits under the Jobs and Competitiveness Program. The net impact of the carbon tax during the scheme's first six month of application was approximately $3 million after tax. It is estimated that the carbon tax will impact 2013 net profit after tax by approximately $6 million, before mitigation.

Adelaide Brighton is committed to reducing its carbon footprint in Australia through the use of imported materials, supplementary cementitious materials such as fly ash and slag, the use of alternative fuels and changes to cement standards.

Strategic Developments

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

1. Operational improvement
2. Growth in the lime business
3. Vertical integration into downstream markets

The Company has now completed most of its planned $112 million investment to improve efficiency, sustainability and environmental performance in the Cement and Lime Division. Expenditure for these projects on the Munster lime kilns and on a new Birkenhead cement mill now totals $92.5 million including $68.5 million in 2012. Also in 2012, the Company completed the acquisition a 30% interest in Aalborg Portland Malaysia Sdn. Bhd. (APM) for $28.7 million. Despite the significant investment program, balance sheet gearing of 31.0% remains within the target range of 25-45% supported by healthy operating cash flow.

Adelaide Brighton will continue to pursue both organic and acquisitive growth in a measured and low risk manner in order to maximise shareholder value.

Operational improvement programs delivered cost benefits of $8.5 million. The major items were labour reductions, circa $2 million, and the use of alternative fuels and energy management, circa $5 million.

As previously advised, Adelaide Brighton expects to realise approximately $100 million from its significant land bank over the next decade. This will be supported by the rationalisation of operating assets as part of long term operational improvement.

Cement

- ***Operational improvement***

  The $60 million upgrade and expansion of the Birkenhead (South Australia) site is nearing completion. The upgrade consists of increasing cement milling capacity by 750,000 tonnes per annum, upgrading of ship loading facilities, and installing facilities to process slag. This expansion will reduce the Group's reliance on imported cement and includes expenditure to upgrade the ship loading facilities at Birkenhead, which will bring environmental benefits through improved dust collection.

  This project is expected to be fully commissioned in the first half of 2013 and deliver EBIT benefits of between $5 million and $6 million in 2013.

- ***Supply contract renewal***

  The Company executed major customer agreements during the year which support the utilisation of key manufacturing and distribution assets.

  During 2012, Adelaide Brighton executed agreements with a major cement customer in Western Australia and South Australia. These agreements are for the supply of cement through to 31 December 2014, on similar terms and volumes to those previously in operation.

  In December 2012, a contract was executed with Independent Cement and Lime (ICL) for the continuation of its exclusive supply arrangements for a period of 10 years from 1 January 2013. The supply arrangements, which appoint ICL as exclusive distributor in Victoria and New South Wales for Adelaide Brighton Limited and any related body corporate, were renewed on substantially similar commercial terms to those previously in operation.

- ***Import strategy***

  Adelaide Brighton is Australia's largest importer of cementitious materials (cement, clinker and blast furnace slag) utilising more than 1.6 million tonnes of imported product in 2012. The scale of this industry leading position supports the supply chain efficiency in procurement, transport, storage and distribution. The use of imported materials allows us to supply customers with competitively priced product into a range of markets where demand exceeds the Company's manufacturing capacity.

During 2012, Adelaide Brighton executed two clinker supply agreements with Japanese suppliers which underpin the Company's long term import position. These agreements, for terms of 7 and 10 years, secure a significant part of Adelaide Brighton's long term requirements. The contracts represent the continuation of existing strong relationships, as well as a move to diversify the supply base, while at the same time reducing exposure to fluctuations in the exchange rate.

As part of the recent acquisition of a 30% stake in Aalborg Portland Malaysia (APM), an agreement with APM was executed for the supply of white clinker from Malaysia to Adelaide Brighton for a term of 10 years from 2015.

The Company's imports of cementitious products are expected to increase from approximately 1.6 million tonnes in 2012 to more than 2.0 million tonnes in 2016 as a result of ongoing rationalisation of domestic manufacture and growth in market demand.

- ***Investment in Malaysian white clinker business***

  In December 2012, Adelaide Brighton acquired 30% of APM for $28.7 million, an integrated white clinker and white cement production facility situated in Malaysia. The plant comprises a 180,000 tonne capacity per annum white clinker kiln, a circa 200,000 tonne capacity per annum grinding mill and a packaging plant.

  APM will expand its white clinker capacity by 150,000 tonnes per annum to 330,000 tonnes per annum from 2015 at a cost of US$18.6 million. This will be funded through APM's existing cash balances, internal cash flow and a small increase in debt within the entity.

  A supply agreement with APM will secure Adelaide Brighton's supply of white clinker for 10 years from 2015 and provide further options for Adelaide Brighton around the efficient leveraging of the Company's Australian production footprint. It is expected that on a standalone basis, returns will exceed the Company's cost of capital following completion of the capacity expansion in late 2014.

Lime

- ***Capacity improvement and environmental expenditure***

  The upgrade of kiln 6 at the Munster (Western Australia) lime facility was successfully commissioned in 2012. The $34 million investment consists of a new cooler bag house and replacing the electrostatic precipitator with a heat exchanger and bag filter.

  This is anticipated to improve the environmental performance of the facility through reduced dust and odour emissions, and increased lime production capacity of 100,000 tonnes per annum. Since commissioning, the upgraded plant has performed ahead of expectations.

  As part of the renewal of the EPA license for the site in 2012, the Group is required to install a bag house filter on the second Munster lime kiln (kiln 5) by 30 June 2013. The $18 million project is well advanced and will further reduce emissions, as well as deliver further capacity increases at the site.

- ***Attractive competitive position***

  Formal agreements were executed with a major alumina producer in Western Australia, effective 1 July 2011, for the continued supply of their lime requirements. The agreement covers supply for periods ranging between five and ten years.

  It is expected that Adelaide Brighton will supply 100% of the customer's requirements in 2013, reflecting the Company's competitive offering in that market.

Concrete and Aggregates – Vertical integration

Adelaide Brighton continues to evaluate potential acquisition opportunities in line with its strategy of selected downstream vertical integration. The expansion of Adelaide Brighton's position in aggregates continues to be a key factor in future strategic growth.

Financial Review

Cash flow and borrowings

Cash flow from operating activities was $186.5 million, an increase of $35.2 million versus pcp due to effective management of working capital and a reduction in income tax payments.

Working capital increased compared with 31 December 2011. Inventory and trade debtor levels increased by $10.8 million and $0.7 million respectively, while trade and other payables decreased $4.0 million. Outstanding debtor days as at 31 December 2012 averaged 46.0 days, a slight improvement compared to the prior year.

Capital expenditure of $149.3 million included:

- $28.7 million for the acquisition of a 30% interest in Aalborg Portland Malaysia Sdn. Bhd. (APM). The acquisition of APM, a specialist white cement clinker producer based in Ipoh, Malaysia, provides the Group with flexibility in supply of materials in Australia.
- $48.0 million for the Birkenhead upgrade including a new cement mill and upgrade of ship loading facilities.
- $20.5 million for the Munster lime kiln 5 and 6 projects.

Net debt increased by $63.9 million to $312.3 million, bringing net debt to equity gearing to 31.0% which is within the Board's targeted range of 25% to 45%.

The Company's strong cash flow and balance sheet position provides capacity for Adelaide Brighton to fund value enhancing acquisitions and planned organic growth opportunities.

Funding facilities
The Company has facilities totalling $500 million with the following maturity profile:

1 July 2013	1 July 2014	1 July 2015
$200 million	$140 million	$160 million

Preliminary discussions with the facility providers regarding refinancing the facilities maturing on 1 July 2013 have commenced. The Company expects to successfully conclude these discussions during the current half year.

Dividends
A fully franked final ordinary dividend of 9.0 cents per share has been declared. The resulting full year fully franked ordinary dividends of 16.5 cents per share is in line with the 2011 fully franked ordinary dividends of 16.5 cents per share. The full year dividend payout ratio is 68.2%.

The record date for determining eligibility to the final dividend is 7 March 2013 and the payment date is 16 April 2013.

Interest and tax
Net finance costs of $16.4 million were $0.6 million lower than 2011. Capitalised interest on the capex program was $2.4 million. Average interest rates were lower than the corresponding period. Inclusive of the capitalised interest, interest paid increased broadly in line with average debt levels.

Tax expense of $55.1 million decreased by $2.9 million from 2011. The non-taxable gain on acquisition of $7.6 million has lead to a lower effective tax rate of 26.3% (2011 - 28.1%). The tax rate is expected to revert to a range of 27% to 28% in 2013.

Outlook

Adelaide Brighton anticipates demand for cement in 2013 to be similar to 2012 levels. Demand from projects in South Australia, Western Australia and the Northern Territory is expected to balance continued weakness in the residential and non-residential sectors.

The efficient operation of key cement assets and commissioning of capital upgrades and enhancements, in particular at Birkenhead in South Australia, will be a particular focus to support margins in the current financial year.

In 2013, lime sales volumes are expected to be marginally higher given demand from the resources sector. However, the threat of small scale lime imports in Western Australia and the Northern Territory remains. The completion of the new Munster kiln 5 bag house in Western Australia remains an operational priority in 2013.

Management will continue to focus on efficiency in masonry, pre-mixed concrete and aggregates where demand growth remains subdued. The operations are positioning for any emergent cyclical recovery in housing and non-residential building activity. Further improvements in concrete and aggregate prices are expected, with customers advised of price increases effective from 1 April 2013.

The strong Australian dollar, competitive pressures and the threat of imports in some markets may limit the scope for price increases to recover expected cost increases.

The carbon tax is anticipated to impact 2013 net profit after tax by approximately $6 million before mitigation. Adelaide Brighton continues to focus on cost management across the Group to maintain margins.

Mark Chellew
Managing Director

21 February 2013

FOR FURTHER INFORMATION CONTACT:

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Consolidated income statement

For the year ended 31 December 2012

	Notes	2012 $m	2011 $m
Revenue from continuing operations	3	**1,176.2**	1,100.4
Cost of sales		**(716.1)**	(681.0)
Freight and distribution costs		**(187.2)**	(161.6)
Gross profit		**272.9**	257.8
Other income	3	**9.7**	12.4
Marketing costs		**(22.0)**	(25.8)
Administration costs		**(62.7)**	(51.0)
Finance costs		**(18.9)**	(19.4)
Other expenses		**-**	(3.3)
Share of net profits of joint venture entities accounted for using the equity method	9	**30.2**	35.7
Profit before income tax		**209.2**	206.4
Income tax expense		**(55.1)**	(58.0)
Net profit		**154.1**	148.4
Net profit attributable to:			
Equity holders of the Company		**154.2**	148.4
Non-controlling interests		**(0.1)**	-
		154.1	148.4
		Cents	Cents
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company:			
Basic earnings per share	6	**24.2**	23.3
Diluted earnings per share	6	**24.0**	23.2

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

Consolidated statement of comprehensive income

For the year ended 31 December 2012

	2012 $m	2011 $m
Net Profit	**154.1**	148.4
Other comprehensive income		
Actuarial gain / (losses) on retirement benefit obligation	**0.3**	(8.8)
Exchange differences on translation of foreign operations	**-**	-
Income tax relating to components of other comprehensive income	**(0.1)**	2.5
Other comprehensive income, net of tax	**0.2**	(6.3)
Total comprehensive income	**154.3**	142.1
Total comprehensive income is attributable to:		
Equity holders of the Company	**154.4**	142.1
Non-controlling interests	**(0.1)**	-
Total comprehensive income	**154.3**	142.1

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

Consolidated balance sheet

As at 31 December 2012

	Notes	2012 $m	2011 $m
Current assets			
Cash and cash equivalents	4	**7.0**	11.0
Trade and other receivables		**169.6**	168.9
Inventories		**138.7**	127.9
Carbon units		**48.0**	-
		363.3	307.8
Assets classified as held for sale		**1.9**	-
Total current assets		**365.2**	307.8
Non-current assets			
Receivables		**29.6**	27.2
Investments accounted for using the equity method		**132.1**	97.2
Property, plant and equipment		**901.4**	851.0
Intangible assets		**184.9**	183.0
Carbon units		**3.5**	-
Total non-current assets		**1,251.5**	1,158.4
Total assets		**1,616.7**	1,466.2
Current liabilities			
Trade and other payables		**94.5**	98.5
Borrowings		**20.0**	0.7
Current tax liabilities		**7.7**	8.2
Provisions		**26.0**	21.7
Provision for carbon emissions		**25.2**	-
Other liabilities		**19.5**	4.6
Total current liabilities		**192.9**	133.7
Non-current liabilities			
Borrowings		**299.3**	258.7
Deferred tax liabilities		**67.7**	70.7
Provisions		**31.2**	35.0
Retirement benefit obligations		**9.0**	10.9
Provision for carbon emissions		**8.4**	-
Other non-current liabilities		**0.1**	0.1
Total non-current liabilities		**415.7**	375.4
Total liabilities		**608.6**	509.1
Net assets		**1,008.1**	957.1
Equity			
Contributed equity		**696.6**	694.6
Reserves		**2.1**	2.3
Retained profits	7	**306.6**	257.3
Total equity attributable to equity holders of the Company		**1,005.3**	954.2
Non-controlling interests		**2.8**	2.9
Total equity		**1,008.1**	957.1

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

Consolidated statement of changes in equity

For the year ended 31 December 2012

	Attributable to owners of Adelaide Brighton Ltd					
	Contributed equity	**Reserves**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
	$m	**$m**	**$m**	**$m**	**$m**	**$m**
Balance at 1 January 2012	694.6	2.3	257.3	954.2	2.9	957.1
Profit for the year	-	-	154.2	154.2	(0.1)	154.1
Other comprehensive income	-	-	0.2	0.2	-	0.2
Total comprehensive income for the year	**-**	**-**	**154.4**	**154.4**	**(0.1)**	**154.3**
Transactions with owners in their capacity as owners:						
Dividends provided for or paid	-	-	(105.1)	(105.1)	-	(105.1)
Executive Performance Share Plan	2.0	(0.2)	-	1.8	-	1.8
	2.0	(0.2)	(105.1)	(103.3)	-	(103.3)
Balance at 31 December 2012	**696.6**	**2.1**	**306.6**	**1,005.3**	**2.8**	**1,008.1**
Balance at 1 January 2011	692.7	2.6	236.0	931.3	3.0	934.3
Profit for the year	-	-	148.4	148.4	-	148.4
Other comprehensive income	-	-	(6.3)	(6.3)	-	(6.3)
Total comprehensive income for the year	**-**	**-**	**142.1**	**142.1**	**-**	**142.1**
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs						
Dividends provided for or paid	-	-	(120.8)	(120.8)	(0.1)	(120.9)
Dividend Reinvestment Plan						
Executive Performance Share Plan	1.9	(0.3)	-	1.6	-	1.6
	1.9	(0.3)	(120.8)	(119.2)	(0.1)	(119.3)
Balance at 31 December 2011	**694.6**	**2.3**	**257.3**	**954.2**	**2.9**	**957.1**

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

Consolidated statement of cash flows

For the year ended 31 December 2012

	Notes	2012 $m	2011 $m
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**1,290.1**	1,189.0
Payments to suppliers and employees (inclusive of goods and services tax)		**(1,065.5)**	(993.1)
Joint venture distributions received		**23.9**	26.2
Interest received		**2.5**	2.4
Other revenue received		**4.3**	9.7
Interest paid		**(18.7)**	(17.3)
Income taxes paid		**(54.9)**	(65.6)
Income taxes refunded		**4.8**	-
Net cash inflow from operating activities		**186.5**	151.3
Cash flows from investing activities			
Payments for property, plant and equipment		**(120.6)**	(91.3)
Payments for acquisition of businesses, net of cash acquired		**-**	(47.6)
Payments for investment in associates		**(28.7)**	-
Proceeds from sale of property, plant and equipment		**3.2**	1.6
Loans (to) / from joint ventures and other related parties		**(2.4)**	3.2
Net cash (outflow) from investing activities		**(148.5)**	(134.1)
Cash flows from financing activities			
Proceeds from issue of shares		**3.3**	3.7
Repayment of borrowings		**-**	-
Proceeds from borrowings		**59.8**	109.0
Dividends paid to Company's shareholders	5	**(105.1)**	(120.8)
Dividends paid to outside equity interests		**-**	(0.1)
Net cash (outflow) from financing activities		**(42.0)**	(8.2)
Net increase / (decrease) in cash and cash equivalents held		**(4.0)**	9.0
Cash and cash equivalents at the beginning of the reporting period		**11.0**	2.0
Cash and cash equivalents at the end of the reporting period	4	**7.0**	11.0

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

Notes to the financial statements
For the year ended 31 December 2012

1 Accounting policies

This report has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. It has been prepared under the historical cost convention, except for derivative financial instruments that have been measured at fair value through profit or loss.

The accounting policies adopted are consistent with those of the previous financial year with the exception of the introduction of a policy for carbon emissions. The Australian Federal government introduced a price on carbon from 1 July 2012 under the Clean Energy Legislation. As a result of the introduction of this new legislation with its associated requirements, a specific accounting policy has been implemented to account for the resulting transactions as detailed below.

Carbon Accounting

An entity within the Group is a Liable Entity under the Clean Energy Legislation (the Scheme) and also qualifies for assistance under the Jobs and Competitiveness Program (JCP). The Group is required to surrender eligible emission units to the Clean Energy Regulator (the Regulator) for covered emissions, and units are issued at zero cost based upon production volumes of eligible products.

(i) Provision for Carbon Emissions

Where a facility is anticipated to produce covered emissions in excess of the threshold in an assessment year, a provision is recognised for the cost of eligible emission units as covered emissions are emitted. A provision for unit shortfall charges is recognised at the time a shortfall in units surrendered to the Regulator occurs or at the time a shortfall has been identified. The provision is recognised in the income statement as incurred unless qualifying for an alternative treatment under another accounting standard or policy.

The measurement of the provision for carbon emissions is in accordance with the Group's accounting policy for provisions, which is consistent with the previous financial year.

(ii) Carbon Unit Asset

An asset is recognised at fair value for units under the JCP as units are received or receivable where activity in the form of eligible production is undertaken that meets the criteria of the JCP. Units are recorded at fair value in the income statement as eligible production activity is undertaken. JCP units received in advance are recognised as deferred income and released to the income statement as eligible production activity is undertaken.

During the initial fixed price period of the Clean Energy Legislation, units purchased from the Regulator are automatically surrendered to the Regulator as a remission of liability under the scheme and are recognised as a reduction of the provision for carbon emissions.

Carbon units are classified into current and non-current based upon the anticipated timing of disposal of the unit, either through remission of liability under the Scheme or sale.

2 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.

Notes to the financial statements

For the year ended 31 December 2012

2 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 2012 is as follows:

2012	**Cement, Lime and Concrete**	**Concrete Products**	**All other segments**	**Total**
	$m	$m	$m	$m
Total segment operating revenue	1,147.3	123.7	86.1	1,357.1
Inter-segment revenue	(37.1)	-	-	(37.1)
Revenue from external customers	**1,110.2**	**123.7**	**86.1**	**1,320.0**
Depreciation and amortisation	55.4	7.9	1.9	65.2
EBIT	**219.1**	**0.4**	**6.1**	**225.6**
2011				
Total segment operating revenue	1,124.9	120.2	77.3	1,322.4
Inter-segment revenue	(40.7)	-	-	(40.7)
Revenue from external customers	**1,084.2**	**120.2**	**77.3**	**1,281.7**
Depreciation and amortisation	42.9	8.0	6.9	57.8
EBIT	**225.2**	**1.8**	**(3.6)**	**223.4**

The operating revenue assessed by the Managing Director includes revenue from external customers and a share of joint venture and associate revenue in proportion with the Company's ownership interest, excluding freight revenue, interest revenue and royalties. A reconciliation of segment operating revenue to revenue from continuing operations is provided as follows:

	Consolidated	
	2012	2011
	$m	$m
Total segment operating revenue	**1,357.1**	1,322.4
Inter-segment revenue elimination	**(37.1)**	(40.7)
Freight revenue	**129.4**	102.7
Interest revenue	**2.6**	2.4
Royalties	**0.5**	1.2
Elimination of joint venture revenue	**(276.3)**	(287.6)
Revenue from continuing operations	**1,176.2**	1,100.4

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	
	2012	2011
	$m	$m
EBIT	**225.6**	223.4
Net interest	**(16.4)**	(17.0)
Profit before income tax from continuing operations	**209.2**	206.4

Notes to the financial statements
For the year ended 31 December 2012

3 Operating profit

	Consolidated	
	2012	2011
	$m	$m
Revenue		
Sale of goods	**1,173.2**	1,096.8
Interest revenue	**2.5**	2.4
Royalties	**0.5**	1.2
	1,176.2	1,100.4
Other income		
Insurance proceeds	**0.2**	2.4
Other income	**9.5**	10.0
	9.7	12.4
Revenue and other income	**1,185.9**	1,112.8

Net gains and expenses
Profit before income tax includes the following expenses:

Depreciation		
Buildings	**3.7**	3.4
Plant and equipment	**56.7**	50.8
Mineral reserves	**3.7**	2.7
Total depreciation	**64.1**	56.9
Amortisation of intangibles	**1.1**	0.9
Finance costs		
Interest and finance charges paid / payable	**18.7**	17.2
Unwinding of the discount on restoration provisions and retirement benefit obligation	**2.6**	3.1
Total finance costs before capitalised interest	**21.3**	20.3
Less interest capitalised as cost of fixed asset	**(2.4)**	(0.9)
Finance costs	**18.9**	19.4
Less interest income	**(2.5)**	(2.4)
Net interest	**16.4**	17.0

4 Current assets – cash and cash equivalents

Cash at bank and in hand	**5.1**	9.1
Term deposits	**1.9**	1.9
Cash and cash equivalents	**7.0**	11.0

(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:

Balances as per above	**7.0**	11.0
Bank overdrafts	**-**	-
Cash and cash equivalents in the statement of cash flows	**7.0**	11.0

Notes to the financial statements
For the year ended 31 December 2012

5 Dividends

	2012 $m	2011 $m
Dividends provided or paid during the year		
2011 final dividend of 9.0 cents (2010 – 9.0 cents) per fully paid ordinary share, franked at 100% (2010 – 100%) paid on 10 April 2012	**57.3**	57.2
2010 final special dividend of 2.5 cents per fully paid ordinary share, franked at 100% paid on 11 April 2011. No special dividend has been declared or paid in relation to the 2011 or 2012 years.	**-**	15.9
2012 interim dividend of 7.5 cents (2011 – 7.5 cents) per fully paid ordinary share, franked at 100% (2011 – 100%) paid on 8 October 2012	**47.8**	47.7
Total dividends – paid in cash	**105.1**	120.8

Dividends not recognised at the end of the year

Since the end of the year the Directors have recommended the payment of a final dividend of 9.0 cents (2011 – 9.0 cents) per fully paid ordinary share, franked at 100% (2011 – 100%). The aggregate amount of the proposed final dividend expected to be paid on 16 April 2013, not recognised as a liability at the end of the reporting period, is	**57.4**	57.3

6 Earnings per share

	2012 Cents	2011 Cents
Basic earnings per share	**24.2**	23.3
Diluted earnings per share	**24.0**	23.2

	2012 Number	2011 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	**637,014,563**	635,895,098
Adjustments for calculation of diluted earnings per share:		
Awards	**5,975,030**	3,952,500
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**642,989,593**	639,847,598

7 Retained profits

	2012 $m	2011 $m
Retained profits at the beginning of the financial year	**257.3**	236.0
Net profit attributable to members of Adelaide Brighton Ltd	**154.2**	148.4
Actuarial gain / (loss) on defined benefit plan, net of tax	**0.2**	(6.3)
Dividends paid (note 5)	**(105.1)**	(120.8)
Retained profits at the end of the financial year	**306.6**	257.3

Notes to the financial statements

For the year ended 31 December 2012

8 Contingencies

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

Guarantees	2012 $m	2011 $m
Bank guarantees	**14.3**	14.2

No material losses are anticipated in respect of the above contingent liabilities.

9 Equity accounted investments in joint ventures and associates

Investments in joint ventures and associates are accounted for in the consolidated financial statements using the equity method of accounting.

	Ownership interest	
Name of joint venture or associate	**2012**	2011
	%	%
Sunstate Cement Ltd	50	50
Independent Cement & Lime Pty Ltd	50	50
EB Mawson & Sons Pty Ltd	50	50
Lake Boga Quarries Pty Ltd	50	50
Burrell Mining Services	50	50
Batesford Quarry	50	50
Aalborg Portland Malaysia Sdn Bhd	30	-

Contribution to net profit	2012 $m	2011 $m
Sunstate Cement Ltd	**8.1**	9.6
Independent Cement & Lime Pty Ltd	**13.8**	18.9
Other	**8.3**	7.2
Share of profits equity accounted	**30.2**	35.7

The Group acquired a 30% interest in Aalborg Portland Malaysia Sdn Bhd (APM) on 5 December 2012, a white cement clinker manufacturer based in Ipoh, Malaysia. APM are considered an associate of the Group and its results will be recognised using the equity method.

10 Events occurring after reporting date

No matter or circumstance has arisen since 31 December 2012 that has significantly affected, or may significantly affect:

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

Audit statement

This report is based on accounts to which one of the following applies.

☐	The accounts have been audited.	☐	The accounts have been subject to review.
☑	The accounts are in the process of being audited or subject to review.	☐	The accounts have not yet been audited or reviewed.