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Adelaide Brighton Ltd
ACN 007 596 018

20 February 2014

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

Dear Sir/Madam

Results for announcement to the market – full year ended December 2013

We attach Appendix 4E Preliminary final report and management discussion covering the year ended December 2013 for release to the market.

Yours faithfully

MRD Clayton
Company Secretary

For further information please contact:
Luba Alexander
Group Corporate Affairs Adviser
Telephone 0418 535 636
Email luba.alexander@adbri.com.au

Adelaide Brighton Ltd

ACN 007 596 018

Adelaide Brighton Ltd

Preliminary final report – Appendix 4E

Year ended 31 December 2013

Results for announcement to the market

Company Name:	Adelaide Brighton Ltd
ABN:	15 007 596 018
Reporting period:	Financial year ended 31 December 2013
Previous corresponding period:	Financial year ended 31 December 2012
Release date:	20 February 2014

				A$m
Revenue from continuing operations	**up**	3.8%	**to**	1,228.0
Earnings before interest and tax	**up**	0.3%	**to**	222.7
Net profit for the period attributable to members	**down**	1.2%	**to**	151.1

Dividends	Amount per security		Franked amount per security
	Current period	Previous corresponding period	
Final ordinary dividend	9.0¢	9.0¢	100%
Final special dividend	3.0¢	-	100%
Interim ordinary dividend	7.5¢	7.5¢	100%

Record date for determining entitlements to the final dividend	6 March 2014
Payment date for final dividend	15 April 2014

Annual General Meeting

Pursuant to listing rule 3.13.1 notice is hereby given that the 2014 Annual General Meeting of Adelaide Brighton Ltd will be held on Wednesday 21 May 2014 at the InterContinental Adelaide, North Terrace, Adelaide, SA, commencing at 10.00 am.

	31 Dec 2013	31 Dec 2012
Net tangible asset backing per ordinary share	$1.38	$1.29

Dividend Reinvestment Plan

Adelaide Brighton advised in the Appendix 4E Preliminary Final Report 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

Year ended 31 December 2013

KEY FEATURES OF FULL YEAR 2013 RESULT

- Revenue of $1,228.0 million – a 3.8% increase over the previous corresponding period
- Earnings before interest, tax, depreciation and amortisation (EBITDA) of $293.3 million – 2.1% higher than 2012
- Earnings before interest and tax (EBIT) of $222.7 million – up 0.3% over 2012
- Profit before tax (PBT) of $208.6 million – 0.5% higher than 2012
- Net profit attributable to members (NPAT) of $151.1 million – down 1.2% over 2012
- Excluding a $7.6 million gain in 2012 from fair value accounting on an acquisition, 2013 NPAT was $5.8 million (3.9%) higher than 2012
- Earnings per share decreased by 1.3% to 23.7 cents (24.0 cents in 2012)
- Final fully franked dividend of 12.0 cents per share, comprising a final ordinary dividend of 9.0 cents plus a special dividend of 3.0 cents
- Total full year dividends of 19.5 cents per share (fully franked) up from 16.5 cents (fully franked) in the prior year
- Cash flow from operations increased by $40.4 million to $227.3 million during the year
- Net debt[1] declined $62.5 million over the year to $248.0 million and gearing[2] declined to 23.4% at year end (30.9% in 2012)
- Interest cover improved to 15.8 times EBIT (15.2 times EBIT in 2012)

FINANCIAL SUMMARY	**12 months ended 31 December**		
($ millions)	**2013**	**2012**	**% change pcp**
Revenue	**1,228.0**	**1,183.1**	**3.8**
Depreciation and Amortisation	(70.6)	(65.2)	8.3
Earnings before interest and tax (“EBIT”)	**222.7**	**222.1**	**0.3**
Net interest [3]	(14.1)	(14.6)	(3.4)
Profit before tax	**208.6**	**207.5**	**0.5**
Tax expense	(57.5)	(54.6)	5.3
Net profit after tax	**151.1**	**152.9**	**(1.2)**
Non-controlling interests	-	0.1	N/A
Net profit attributable to members	**151.1**	**153.0**	**(1.2)**
Earnings per share (cents)	23.7	24.0	(1.3)
Total dividends – fully franked (cents/share)[4]	19.5	16.5	18.2
Net debt ($ millions)	248.0	310.5	(20.1)
Net debt/equity (%)	23.4%	30.9%	

[1] *Net debt is calculated as total borrowings less cash and cash equivalents, and cash term deposits disclosed as other financial assets*
[2] *Net debt/equity*
[3] *Interest shown gross in the Income Statement with interest income included in revenue*
[4] *Includes special dividend of 3.0 cents per share in 2013*

Financial information for the 31 December 2012 year has been restated due to changes in accounting policies as set out in Note 10.

Summary

Adelaide Brighton Limited, a leading construction materials and lime producer, is pleased to report record sales of $1,228.0 million, for the year ended 31 December 2013 up 3.8% on 2012. Net profit after tax of $151.1 million, was down 1.2% on the previous corresponding period (pcp). Excluding a $7.6 million gain in 2012 from fair value accounting on an acquisition, net profit after tax (NPAT) was $5.8 million (3.9%) higher than 2012. The NPAT impact of the carbon tax in 2013 was $4.2 million, compared to $3 million in 2012.

Record revenue was supported by continued demand from projects in South Australia and the resources sector in Western Australia and the Northern Territory, and a residential recovery in New South Wales. Demand in Queensland improved further in the second half of the year. These markets offset lower demand in Victoria. Demand from residential building generally improved in major markets in the second half of the year, while activity in the non-residential building sector remained subdued.

Earnings before interest and tax (EBIT) increased 0.3% to a record $222.7 million over the year. Group EBIT margin was 18.1%. Excluding the $7.6 million gain on acquisition in 2012, EBIT margin was stable. Adelaide Brighton faced energy and labour cost pressures, increased depreciation charges and a reduction in the contribution from joint ventures. Despite these pressures, underlying EBIT margins were maintained as a result of benefits from capital investments and cost management programs. Operational improvement delivered EBIT benefits of $20.2 million, including $8.0 million cost savings resulting from the newly commissioned grinding mill at Birkenhead, South Australia.

Profit before tax was up 0.5% to a record $208.6 million in 2013. Net interest expense declined 3.4% to $14.1 million due to reduced borrowings and historically low interest rates, partially offset by a $1.2 million reduction in capitalised interest as major capex was completed.

Earnings per share declined 1.3% to 23.7 cents, consistent with the change in net profit after tax.

Operating cash flow improved by $40.4 million during 2013, to $227.3 million due to the stronger underlying operating performance and effective management of working capital. Strong cash flow and lower capex allowed a $62.5 million net debt reduction, lowering gearing to 23.4% as at 31 December 2013.

Adelaide Brighton declared a final ordinary dividend for 2013 of 9.0 cents per share, franked to 100% (in line with 2012). A fully franked special dividend of 3.0 cents per share brings the total final dividend to 12.0 cents per share fully franked, and total dividends for 2013 to 19.5 cents fully franked. The special dividend takes into consideration Adelaide Brighton’s strong cash flows, low levels of gearing, capital expenditure outlook and availability of franking credits. The Record Date for the dividend is 6 March 2014 with payment on 15 April 2014.

Cement and clinker

- ***Sales – Mining and project demand continues***
  Cement and clinker sales increased marginally in 2013 due to increased demand from projects in South Australia and resources projects in Western Australia and the Northern Territory. Cement sales volumes to major projects were approximately 200,000 tonnes representing about 5% of group revenue, which is similar to the prior year.

  While non-residential construction activity remains subdued, residential construction recovered in the second half of the year. Despite an improvement in the second half of 2013, sales to Victoria for the year declined, negatively impacted by the residential sector. Clinker sales to Sunstate Cement improved throughout the year, with strengthening demand in south east Queensland in the second half.

- ***Operations – Improvement program and capital projects supported margins***
  In 2013, underlying cement EBIT margins were in line with 2012. Competitive pressures and the high Australian dollar reduced the ability to pass on input cost increases to customers. However, the new cement mill at Birkenhead, South Australia, contributed $8.0 million to EBIT in 2013.

  Energy costs increased almost 10% driven by higher electricity prices in South Australia and the $4.2 million NPAT cost 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; careful demand management during extreme price movements; and continual review for operational improvements.

  Cement and clinker production volumes and expenditure on major maintenance programs were similar to 2012.

- ***Logistics and imports – import margins maintained, hedging benefits***
  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 northwest Western Australia. This network allows us to maintain highly flexible supply into key markets, while at the same time optimising utilisation of manufacturing capacity. The import strategy is supported by long term agreements with two Japanese suppliers for grey clinker and Aalborg Portland Malaysia Sdn. Bhd. (APM) for white clinker.

  Adelaide Brighton's imports of cementitious products, including clinker, cement and blast furnace slag, were consistent with the prior year. Through hedging of currency exposure toward the end of the first half of the year and a higher proportion of imports being denominated in Japanese Yen, the Group was able to maintain margins on imported products despite the weakening Australian Dollar.

Lime

- ***Sales – Stable volumes despite decline in non-alumina sector and import threats***
  Lime sales volumes were consistent with 2012 which is below expectations. Sales volumes to the non-alumina sector declined during the year with gold mine closures resulting in an annualised reduction in overall lime sales volumes of 3%. Demand from the alumina sector improved versus the previous year.

- ***Operations – Capital projects deliver operational improvements***
  Recent significant investments in the two lime kilns at Munster, Western Australia have lifted production capacity by 25% and delivered significant operational and environmental improvements. This has positioned Adelaide Brighton to compete effectively with imported product while assisting environmental compliance.

  Modest price growth and efficiency benefits of $3 million offset rising input costs including energy, labour and depreciation, resulting in higher EBIT and EBIT margins.

Concrete and Aggregates

- ***Sales – Slight improvement in demand led by Sydney multi-residential***
  After a soft first half, a volume recovery in concrete in the second half delivered slight volume growth in 2013, which was in line with market demand. Volumes increased in New South Wales and Queensland driven by stronger demand in the second half offsetting subdued conditions in Victoria. Demand from the housing sector has improved in most markets, led by strength in the multi-residential sector in Sydney. Aggregate sales volumes declined marginally as sales to sections of the Pacific Highway upgrade were delayed until late in the year and into 2014. Returns from the Austen Quarry in New South Wales continued to improve with better pricing and volumes increasing in line with the market.

  Modest price rises were achieved across most markets despite the mixed operating environment. Pricing pressure was evident in Queensland and Victoria. Further price rises in concrete and aggregates have been announced effective 1 April 2014.

- ***Operations – Operational improvements continue***
  Operational improvements and business restructuring initiatives have been undertaken over the last two years. These improvements, together with a continued focus on cost control and modest price increases have resulted in an improvement in margins.

Concrete Masonry Products

- ***Sales – Difficult market conditions continue***
  Concrete Masonry Products sales volumes declined in 2013, on subdued demand. Sales volumes to the commercial sector declined, while the residential sector improved particularly in the second half, led by New South Wales.

  Profitability of the Concrete Masonry business improved modestly over 2012 through improved prices and cost savings. Redundancy costs were $1.5 million in 2013, compared to $1.2 million in 2012.

  Price increases to be implemented in 2014 are expected to further assist the Division's profitability. Price increases of 5% on average, effective from 1 April 2014 have been announced and it is anticipated that further price increases may be announced later in the year.

- ***Operations – Restructuring benefits realised***
  The mothballing of excess capacity and related reduction in labour costs led to an improvement in profitability in the second half of the year. The restructuring reduced operating costs, while maintaining flexibility to participate in the market recovery. Further benefits from the 2013 restructuring are expected in the current year.

Joint arrangements 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 and any related body corporate in these states.

  Independent Cement and Lime reported a reduced contribution due to weak Victorian demand, higher input costs and competitive pricing and volume 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.

  The south east Queensland market continues to be challenging. Sunstate reported lower earnings with competitive pressures limiting the ability to recover increases to input costs. A recovery in demand was evident in the second half.

- ***Mawson Group (Mawsons) (50%)***
  The Mawsons concrete and aggregates joint venture reported a decline in earnings and lower volumes due to the weaker general construction market, the completion of flood reconstruction projects and pressure on prices.

- ***Aalborg Portland Malaysia Sdn. Bhd. (APM) (30%)***
  APM is a joint venture between Cementir (70%) and Adelaide Brighton Ltd. APM manufactures and sells white cement and clinker. Its sells products to the domestic Malaysian market and exports to Australia and markets through-out south east Asia.

  Equity accounted earnings from Aalborg Portland Malaysia were better than expectations and broadly in line with 2012. The prior year was supported by government investment allowances and 2013 reflects the first full year of returns from the investment. The US$18.6 million planned capacity expansion that is underway is progressing well and is expected to be commissioned in the second half of 2014.

Carbon Tax

The net impact of the carbon tax in 2013 was $4.2 million after tax.

While political uncertainty makes estimation of the carbon tax's impact on 2014 profit difficult, it is expected that the tax could impact 2014 profit by between $2 million and $4 million prior to further mitigation measures. The lower end of this range assumes the carbon tax applies only until 30 June 2014, while upper end assumes it applies for the whole year.

The Federal Government is currently developing its Direct Action Plan. At this stage the design of the Direct Action Plan is highly uncertain. However, as currently expressed, the Federal Government's Direct Action policy is unlikely to have a material impact on Adelaide Brighton's long term growth strategy.

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 recently completed a $112 million investment program to improve capacity, efficiency and sustainability in the Cement and Lime Division. These programs which are expected to be accretive to long term shareholder value, have resulted in improved environmental performance and additional capacity at our lime kilns at Munster, Western Australia, and expanded cement milling capacity at Birkenhead, South Australia.

In 2013, reduced capital expenditure and strong operating cash flow has allowed debt repayments, leading to a reduction in gearing from 30.9% to 23.4%. Adelaide Brighton will continue to pursue organic and acquisitive growth in a measured and low risk manner in order to maximise long term shareholder value. The Company's first priority is enhancing shareholder long term value through growth. Capital management remains an important tool to ensure optimal utilisation of the balance sheet and maximise total shareholder return.

Cement

- ***Operational improvement***

  Operational improvement programs delivered benefits of $20.2 million. Of this, approximately $8 million relates to the new cement mill at Birkenhead, approximately $5 million to the management of energy costs, including the use of alternative fuels, $3 million from improved efficiency at the Munster lime kilns and circa $3 million for labour and overhead savings.

  The $60 million upgrade and expansion of the Birkenhead, South Australia, site was completed in the first half of 2013. The expenditure increased cement milling capacity by 750,000 tonnes per annum, upgraded ship loading facilities, and installed new facilities to process slag.

  The additional milling capacity at Birkenhead allows the replacement of imported cement with domestically produced cement. Returns on this investment are currently below medium term projections due to a cyclical downturn in the key Victorian market. However, returns remain above Adelaide Brighton's cost of capital and it is anticipated that through the cycle, returns from the project will be in line with expectations.

  The management of energy costs again delivered significant cost benefits during 2013. Since 2009 increases in the cost of energy, including gas, electricity and the carbon tax incurred by Adelaide Brighton have increased costs by more than $40 million, an increase in excess of 40%. In addition to this, it is estimated that over this period Adelaide Brighton has mitigated a further $27 million in potential energy cost increases through fuel switching and the use of alternative fuels.

- ***Rationalisation of domestic clinker manufacture***

  In February 2014, the Directors approved a strategy to rationalise the production of clinker at its Munster site in Western Australia. It is proposed to reduce the volume of clinker produced at the site during 2014. Subject to all necessary legal and supply chain arrangements being in place, it is intended that by 2016 all of the 400,000 tonnes of clinker previously produced at Munster will be replaced by imported clinker, which will be milled into cement utilising the Kwinana import facility and the existing cement mills at Munster.

  The rationalisation of clinker production is expected to result in an annualised EBIT improvement of circa $5 million. In 2014, cement EBIT will also be impacted by a redundancy provision and asset write-off of approximately $8 million. Subject to obtaining the necessary consent, over the next 2-3 years we expect to realise significant value from the sale of quarry land at the Munster site.

- ***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 2013. This is expected to increase to circa 2.0 million tonnes by 2016 due to the rationalisation of clinker production at Munster in Western Australia. This industry leading position underpins 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.

  The import strategy is supported by long term agreements with two Japanese suppliers for grey clinker and Aalborg Portland Malaysia Sdn. Bhd. (APM) for white clinker.

  APM is an integrated white clinker and white cement producer in Malaysia, 30% owned by Adelaide Brighton. APM is well progressed in its expansion project which will increase 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 self funded project is anticipated to be completed in the later part of 2014. A supply agreement with APM has secured Adelaide Brighton's supply of white clinker for 10 years from 2015. This will provide a replacement for the off-white clinker currently produced at Munster and has enabled the Munster clinker rationalisation. The investment in APM is expected to generate a return in excess of Adelaide Brighton's cost of capital over the long term.

- ***Cement supply contract renewal***

  Agreement has been formalised with a major cement customer securing supply in Western Australia on similar terms, until December 2016.

Lime

- ***Capacity increase, improved efficiency and environmental performance***

  Adelaide Brighton has installed dust filters on the two Munster lime kilns at a cost of $46 million. These investments have resulted in an improvement in the environmental performance of the kilns through reduced emissions, an increase in lime production capacity of about 250,000 tonnes per annum and have delivered efficiency benefits of $3 million in 2013.

- ***Attractive competitive position***

  Adelaide Brighton supplies quicklime to two major alumina producers in Western Australia.

  During 2013, formal agreements were executed with one of these major alumina producers, for the continued supply of their lime requirements for ten years. The new agreement which is effective from 1 June 2014 is expected to deliver EBIT benefits of circa $5 million per annum.

  Also during 2013, an amendment was executed with the second major lime customer varying the terms of their lime supply agreement which expires in 2021. The variation means that Adelaide Brighton now expects to supply circa 100% of the customer's requirement for lime during the contract term.

The improved efficiency and expanded capacity of the lime production facilities at Munster further enhances our cost competitive position relative to lime imports.

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.

Land sales

Significant progress has been made in the 10 year $130 million land sales program in preparing the properties for sale. Cash proceeds from asset sales for the year of $6.5 million mainly relate to the sale of land. Land sale proceeds in 2014 are anticipated to be circa $9 million, mostly in the first half. While there are positive cash flow, efficiency and returns outcomes from the land sale program, the impact on accounting profit was immaterial in 2013 and is expected to remain so in 2014.

Financial Review

Cash flow – Strong cash generation

Operating cash flow improved by $40.4 million to $227.3 million in 2013, due to a stronger underlying operating performance and management of working capital. Working capital, including provisions, decreased on 31 December 2012 primarily due to the timing of cash flows relating to the carbon tax. Inventory and trade debtor levels increased by $1.5 million and $12.2 million respectively, while trade and other payables increased by $10.4 million. Outstanding debtor days as at 31 December 2013 averaged 47.6 days, compared to 46.0 days in the prior year.

Capital expenditure of $67.9 million in 2013 included $13.9 million for the Munster lime kiln 5 and 6 projects, $4.7 million for the cement milling project at Birkenhead and $0.9 million relating to deferred settlement for acquisitions. Cash proceeds from asset sales was $6.5 million.

Net debt decreased by $62.5 million to $248.0 million, bringing net debt to equity gearing to 23.4% which is below the lower end of the Board's targeted range of 25% to 45%.

Adelaide Brighton's strong cash flow and balance sheet position provides capacity to fund value enhancing acquisitions, organic growth opportunities and to consider, subject to the capital requirements of the business, efficient capital management of the balance sheet to maximise shareholder returns.

Funding facilities – Refinancing of facilities completed

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

1 July 2015	1 July 2016
$300 million	$200 million

The Group renegotiated its facilities during the year, extending the maturity profile of the facilities and improving the borrowing margins.

Dividends – Special dividend declared for 2013

A fully franked final ordinary dividend of 9.0 cents per share (fully franked) and a special final dividend of 3.0 cents per share (fully franked) has been declared. The full year fully franked dividend of 19.5 cents per share is 18.2% higher than 2012. The special dividend increases the full year dividend payout ratio to 82.3% compared to 68.2% in 2012.

The record date for determining eligibility to the final ordinary and special dividends is 6 March 2014 and the payment date is 15 April 2014.

Interest and tax – lower interest expense

Net finance costs of $14.1 million were $0.5 million lower than 2012. A reduction in net debt and lower interest rates offset lower capitalised interest due to the completion of the $112 million capital expenditure program.

Tax expense of $57.5 million increased by $2.9 million from 2013. The effective tax rate of 27.6% increased from 26.3% in 2012, as the prior year included a non-taxable accounting gain of $7.6 million in the prior year that reduced the effective rate. The average effective tax rate is expected to remain in the range of 27% to 28% in 2014.

Outlook

Adelaide Brighton anticipates demand for cement and clinker in 2014 to be similar to 2013 levels. Demand from projects in Western Australia and the Northern Territory, and a recovery in the residential sector is expected to balance continued weakness in the non-residential sector and a decline in project demand in South Australia.

The operational improvement program and extracting further benefits from the recently commissioned capital upgrades and enhancements will be a particular focus to support margins in the current financial year. In particular, we hope to consolidate returns from the cement mill upgrade at Birkenhead in South Australia, which were only partly realised in 2013.

Lime sales volumes are expected to be similar to 2013 with increased demand from the alumina sector expected to offset weakness in demand from gold producers. The threat of small scale lime imports in Western Australia and the Northern Territory remains but further price increases are expected from major contracts.

It is anticipated that the removal of the carbon tax by 1 July 2014 could provide an after tax benefit of circa $2 million compared to 2013. However there is political uncertainty around the repeal process and a significant component of these savings are dependent on a reduction in energy costs from suppliers.

While first half 2014 imports have been fully hedged, the deterioration in the Australian dollar will increase the direct cost of imported materials for Adelaide Brighton. Assuming the value of the Australian dollar remains at around Yen90 and USD0.90, costs are expected to increase by circa $6 million, prior to mitigation through price increases.

The rationalisation of clinker production is expected to result in an annualised EBIT improvement of circa $5 million. In 2014, cement EBIT will also be impacted by a redundancy provision and asset write-off of approximately $8 million.

Management will continue to focus on efficiency across all product groups as demand improves due to an anticipated recovery in residential construction.

Mark Chellew
Managing Director

20 February 2014

FOR FURTHER INFORMATION CONTACT:

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Consolidated income statement

For the year ended 31 December 2013

	Notes	2013 $m	2012 $m
Revenue from continuing operations	3	**1,228.0**	1,183.1
Cost of sales		**(745.6)**	(720.4)
Freight and distribution costs		**(196.1)**	(187.3)
Gross profit		**286.3**	275.4
Other income	3	**4.7**	9.7
Marketing costs		**(21.3)**	(22.0)
Administration costs		**(69.4)**	(66.2)
Finance costs		**(15.9)**	(17.1)
Share of net profits of joint venture entities accounted for using the equity method	9	**24.2**	27.7
Profit before income tax		**208.6**	207.5
Income tax expense		**(57.5)**	(54.6)
Net profit		**151.1**	152.9
Net profit attributable to:			
Equity holders of the Company		**151.1**	153.0
Non-controlling interests		**-**	(0.1)
		151.1	152.9
		Cents	Cents
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company:			
Basic earnings per share	6	**23.7**	24.0
Diluted earnings per share	6	**23.4**	23.8

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 2013

	2013 $m	2012 $m
Net Profit	**151.1**	152.9
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	**1.0**	-
Income tax associated with these items	**-**	-
Items that will not be reclassified to profit or loss		
Actuarial gain / (losses) on retirement benefit obligation	**7.6**	1.7
Income tax associated with these items	**(2.3)**	(0.5)
Other comprehensive income, net of tax	**6.3**	1.2
Total comprehensive income	**157.4**	154.1
Total comprehensive income is attributable to:		
Equity holders of the Company	**157.4**	154.2
Non-controlling interests	**-**	(0.1)
Total comprehensive income	**157.4**	154.1

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

Consolidated balance sheet

As at 31 December 2013

	Notes	**2013 $m**	2012 $m	2011 $m
Current assets				
Cash and cash equivalents	4	**11.1**	8.8	13.1
Trade and other receivables		**182.4**	170.2	170.0
Inventories		**136.3**	134.8	123.9
Carbon units		**52.5**	48.0	-
		382.3	361.8	307.0
Assets classified as held for sale		**7.9**	1.9	-
Total current assets		**390.2**	363.7	307.0
Non-current assets				
Receivables		**31.4**	29.6	27.2
Investments accounted for using the equity method		**138.5**	129.0	94.3
Property, plant and equipment		**889.7**	902.5	851.4
Intangible assets		**183.9**	184.8	182.9
Carbon units		**-**	3.5	-
Total non-current assets		**1,243.5**	1,249.4	1,155.8
Total assets		**1,633.7**	1,613.1	1,462.8
Current liabilities				
Trade and other payables		**105.4**	95.0	99.2
Borrowings		**-**	20.0	0.7
Current tax liabilities		**19.0**	7.7	8.2
Provisions		**26.7**	26.1	21.8
Provision for carbon emissions		**39.7**	25.2	-
Other liabilities		**20.4**	19.5	4.6
Total current liabilities		**211.2**	193.5	134.5
Non-current liabilities				
Borrowings		**259.1**	299.3	258.7
Deferred tax liabilities		**64.3**	66.7	69.8
Provisions		**28.5**	31.2	35.0
Retirement benefit obligations		**0.5**	8.0	9.6
Provision for carbon emissions		**8.2**	8.4	-
Other non-current liabilities		**0.1**	0.1	0.1
Total non-current liabilities		**360.7**	413.7	373.2
Total liabilities		**571.9**	607.2	507.7
Net assets		**1,061.8**	1,005.9	955.1
Equity				
Contributed equity		**699.1**	696.6	694.6
Reserves		**4.3**	2.1	2.3
Retained profits	7	**355.6**	304.4	255.3
Total equity attributable to equity holders of the Company		**1,059.0**	1,003.1	952.2
Non-controlling interests		**2.8**	2.8	2.9
Total equity		**1,061.8**	1,005.9	955.1

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 2013

	Attributable to owners of Adelaide Brighton Ltd					
	Contributed equity	**Reserves**	**Retained earnings**	**Total**	**Non-con-trolling interests**	**Total equity**
	$m	**$m**	**$m**	**$m**	**$m**	**$m**
Balance at 1 January 2013	**696.6**	**2.1**	**304.4**	**1,003.1**	**2.8**	**1,005.9**
Profit for the year	-	-	151.1	151.1	-	151.1
Other comprehensive income	-	1.0	5.3	6.3	-	6.3
Total comprehensive income for the year	**-**	**1.0**	**156.4**	**157.4**	**-**	**157.4**
Transactions with owners in their capacity as owners:						
Dividends provided for or paid	-	-	(105.2)	(105.2)	-	(105.2)
Executive Performance Share Plan	2.5	1.2	-	3.7	-	3.7
	2.5	1.2	(105.2)	(101.5)	-	(101.5)
Balance at 31 December 2013	**699.1**	**4.3**	**355.6**	**1,059.0**	**2.8**	**1,061.8**
Balance at 1 January 2012	694.6	2.3	257.3	954.2	2.9	957.1
Adjustment on change in accounting policy (net of tax)	-	-	(2.0)	(2.0)	-	(2.0)
Restated total equity at the beginning of the financial year	**694.6**	**2.3**	**255.3**	**952.2**	**2.9**	**955.1**
Profit for the year	-	-	153.0	153.0	(0.1)	152.9
Other comprehensive income	-	-	1.2	1.2	-	1.2
Total comprehensive income for the year	**-**	**-**	**154.2**	**154.2**	**(0.1)**	**154.1**
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**	**304.4**	**1,003.1**	**2.8**	**1,005.9**

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 2013

	Notes	2013 $m	2012 $m
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**1,334.0**	1,297.7
Payments to suppliers and employees (inclusive of goods and services tax)		**(1,084.6)**	(1,070.2)
Joint venture distributions received		**16.4**	21.6
Interest received		**1.8**	2.5
Receipts from sale of carbon units		**20.0**	-
Other revenue received		**5.0**	4.3
Interest paid		**(16.0)**	(18.8)
Income taxes paid		**(49.7)**	(54.9)
Income taxes refunded		**0.4**	4.7
Net cash inflow from operating activities		**227.3**	186.9
Cash flows from investing activities			
Payments for property, plant and equipment		**(66.9)**	(121.3)
Payments for acquisition of businesses, net of cash acquired		**(0.6)**	-
Payments for investment in associates		**(0.4)**	(28.7)
Proceeds from sale of property, plant and equipment		**6.5**	3.2
Loans (to) / from joint ventures and other related parties		**(1.9)**	(2.4)
Loan repayments from other parties		**0.1**	-
Net cash (outflow) from investing activities		**(63.2)**	(149.2)
Cash flows from financing activities			
Proceeds from issue of shares		**3.7**	3.3
Repayment of borrowings		**(60.2)**	-
Proceeds from borrowings		**-**	59.8
Dividends paid to Company's shareholders	5	**(105.2)**	(105.1)
Net cash (outflow) from financing activities		**(161.7)**	(42.0)
Net increase / (decrease) in cash and cash equivalents held		**2.4**	(4.3)
Cash and cash equivalents at the beginning of the reporting period		**8.8**	13.1
Net impact of foreign exchange on cash		**(0.1)**	-
Cash and cash equivalents at the end of the reporting period	4	**11.1**	8.8

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 2013

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.

Other than the changes to accounting policies disclosed in Note 10, the accounting policies adopted are consistent with those of the previous financial year.

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 2013

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 2013 is as follows:

2013	**Cement, Lime and Concrete**	**Concrete Products**	**All other segments**	**Total**
	$m	$m	$m	$m
Total segment operating revenue	1,202.2	124.4	88.9	1,415.6
Inter-segment revenue	(25.7)	-	-	(25.7)
Revenue from external customers	**1,176.5**	**124.4**	**88.9**	**1,389.9**
Depreciation and amortisation	55.0	7.4	8.3	70.7
EBIT	**226.5**	**2.1**	**(5.9)**	**222.7**
2012				
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	49.9	7.9	7.4	65.2
EBIT	**220.9**	**0.4**	**0.8**	**222.1**

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	
	2013	2012
	$m	$m
Total segment operating revenue	**1,415.6**	1,357.1
Inter-segment revenue elimination	**(25.7)**	(37.1)
Freight revenue	**128.3**	129.4
Interest revenue	**1.8**	2.6
Royalties	**0.7**	0.5
Elimination of joint venture and associate revenue	**(292.7)**	(269.4)
Revenue from continuing operations	**1,228.0**	1,183.1

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	
	2013	2012
	$m	$m
EBIT	**222.7**	222.1
Net interest	**(14.1)**	(14.6)
Profit before income tax from continuing operations	**208.6**	207.5

Notes to the financial statements

For the year ended 31 December 2013

3 Operating profit

	Consolidated	
	2013	2012
	$m	$m
Revenue		
Sale of goods	**1,225.5**	1,180.1
Interest revenue	**1.8**	2.5
Royalties	**0.7**	0.5
	1,228.0	1,183.1
Other income		
Insurance proceeds	**-**	0.2
Fair value accounting gain on prior year acquisition	**-**	7.6
Other income	**4.7**	1.9
	4.7	9.7
Revenue and other income	**1,232.7**	1,192.8

Net gains and expenses

Profit before income tax includes the following expenses:

Depreciation		
Buildings	**3.8**	3.7
Plant and equipment	**61.7**	56.7
Mineral reserves	**3.6**	3.7
Total depreciation	**69.1**	64.1
Amortisation of intangibles	**1.5**	1.1
Finance costs		
Interest and finance charges paid / payable	**16.0**	18.7
Unwinding of the discount on restoration provisions and retirement benefit obligation	**1.2**	0.8
Exchange gain on foreign exchange contracts	**(0.1)**	-
Total finance costs before capitalised interest	**17.1**	19.5
Less interest capitalised as cost of fixed asset	**(1.2)**	(2.4)
Finance costs	**15.9**	17.1
Less interest income	**(1.8)**	(2.5)
Net interest	**14.1**	14.6

4 Current assets – cash and cash equivalents

Cash at bank and in hand	**9.1**	6.9
Term deposits	**2.0**	1.9
Cash and cash equivalents	**11.1**	8.8

Notes to the financial statements
For the year ended 31 December 2013

5 Dividends

	2013 $m	2012 $m
Dividends provided or paid during the year		
2012 final dividend of 9.0 cents (2011 – 9.0 cents) per fully paid ordinary share, franked at 100% (2011 – 100%) paid on 16 April 2013	**57.4**	57.3
2013 interim dividend of 7.5 cents (2012 – 7.5 cents) per fully paid ordinary share, franked at 100% (2012 - 100%) paid on 9 October 2013	**47.8**	47.8
Total dividends – paid in cash	**105.2**	105.1

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 12.0 cents (2012 – 9.0 cents) per fully paid ordinary share, franked at 100% (2012 – 100%). The aggregate amount of the proposed final dividend expected to be paid on 15 April 2014, not recognised as a liability at the end of the reporting period, is	**76.6**	57.4

6 Earnings per share

	2013 Cents	2012 Cents
Basic earnings per share	**23.7**	24.0
Diluted earnings per share	**23.4**	23.8

	2013 Number	2012 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	**638,099,312**	637,014,563
Adjustments for calculation of diluted earnings per share:		
Awards	**6,262,180**	5,975,030
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**644,361,492**	642,989,593

7 Retained profits

	2013 $m	2012 $m
Retained profits at the beginning of the financial year	**304.4**	255.3
Net profit attributable to members of Adelaide Brighton Ltd	**151.1**	153.0
Actuarial gain / (loss) on defined benefit plan, net of tax	**5.3**	1.2
Dividends paid (note 5)	**(105.2)**	(105.1)
Retained profits at the end of the financial year	**355.6**	304.4

Notes to the financial statements
For the year ended 31 December 2013

8 Contingencies

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

Guarantees	2013 $m	2012 $m
Bank guarantees	**15.6**	14.3

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.

Name of joint venture or associate	Ownership interest 2013 %	2012 %
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
Aalborg Portland Malaysia Sdn Bhd	30	30

Contribution to net profit	2013 $m	2012 $m
Sunstate Cement Ltd	**6.7**	8.1
Independent Cement & Lime Pty Ltd	**13.1**	13.8
Other	**4.4**	5.8
Share of profits equity accounted	**24.2**	27.7

10 Changes to Accounting Policies

a) Summary of changes

The Group has adopted Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that have mandatory application from 1 January 2013. The nature and effect of the changes in accounting policies are further explained below.

i) Stripping costs

Interpretation 20 requires the cost of removing overburden from a surface mine, commonly referred to as stripping costs, to be recognised as an asset if the costs can be attributed to an identifiable component of the ore body (reserve), the costs relate to the improved access to that component can be measured reliably and it is probable that future economic benefits associated with the stripping activity (improved access to the reserve) will flow to the entity.

Notes to the financial statements

For the year ended 31 December 2013

10 Changes to Accounting Policies (continued)

a) Summary of changes (continued)

i) Stripping costs (continued)

The Group previously recognised an asset for stripping costs on a total site basis, recognising an expense in the income statement as reserves were extracted. A site by site review of previously deferred stripping costs indicated that the majority of stripping costs deferred as an asset by the Group were not able to be attributed to identifiable components of the reserve and consequently did not meet the initial recognition criteria of Interpretation 20. In accordance with the transitional requirements of the Interpretation, the Group has retrospectively applied the policy resulting in the carrying value of the deferred stripping asset of $4.2 million that did not meet the initial recognition criteria to be recognised in retained earnings, net of tax expense.

ii) Employee benefits

The AASB released a revised standard on the accounting for employee benefits (AASB 119 Employee Benefits) which requires the recognition of all re-measurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called “corridor” method) and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset. This replaces the expected return on plan assets that is currently included in the income statement. The standard also introduces a number of additional disclosures for defined benefit liabilities/assets and guidance on the timing of the recognition of termination benefits.

As this accounting standard is operative from 1 January 2013, the Group has retrospectively applied the requirements of the standard.

iii) Joint arrangements

AASB 11 introduces a principles based approach to joint arrangements. This standard classifies joint arrangements into two categories, Joint Ventures or Joint Operations, depending upon the exposure the investor has to the ownership in the underlying assets and obligation for liabilities of the joint arrangement. Joint Ventures are equity accounted, while Joint Operations are proportionally consolidated.

The Group has previously recognised all joint ventures using the equity method of accounting. Two joint ventures, Burrell Mining Services JV and Batesford Quarry, qualify as Joint Operations, while the remainder meet the criteria as a Joint Venture and continue to be equity accounted.

Due to the nature of the two entities, the change in accounting method for the Joint Operations does not impact on the Net Assets in the Consolidated Balance Sheet, nor the Profit after tax in the Consolidated Income Statement.

Notes to the financial statements
For the year ended 31 December 2013

10 Changes to Accounting Policies (continued)

b) Impact on financial statements

The restatement of the affected financial statement line items for the prior periods is as follows:

Balance sheet (extract)

	2012 $million	Increase/ (Decrease) $million	2012 (Restated) $million
Cash and cash equivalents	7.0	1.8	8.8
Trade and other receivables	169.6	0.6	170.2
Inventories	138.7	(3.9)	134.8
Investments accounted for using the equity method	132.1	(3.1)	129.0
Property, plant & equipment	901.4	1.1	902.5
Intangible assets	184.9	(0.1)	184.8
Total assets	**1,616.7**	**(3.6)**	**1,613.1**
Trade and other payables	94.5	0.5	95.0
Provisions	26.0	0.1	26.1
Deferred tax liabilities	67.7	(1.0)	66.7
Retirement benefit obligations	9.0	(1.0)	8.0
Total liabilities	**608.6**	**(1.4)**	**607.2**
Net assets	1,008.1	(2.2)	1,005.9
Retained earnings	306.6	(2.2)	304.4
Total equity	**1,008.1**	**(2.2)**	**1,005.9**

Balance sheet (extract)

	2011 $million	Increase/ (Decrease) $million	2011 (Restated) $million
Cash and cash equivalents	11.0	2.1	13.1
Trade and other receivables	168.9	1.1	170.0
Inventories	127.9	(4.0)	123.9
Investments accounted for using the equity method	97.2	(2.9)	94.3
Property, plant & equipment	851.0	0.4	851.4
Intangible assets	183.0	(0.1)	182.9
Total assets	**1,466.2**	**(3.4)**	**1,462.8**
Trade and other payables	98.5	0.7	99.2
Provisions	21.7	0.1	21.8
Deferred tax liabilities	70.7	(0.9)	69.8
Retirement benefit obligations	10.9	(1.3)	9.6
Total liabilities	**509.1**	**(1.4)**	**507.7**
Net assets	957.1	(2.0)	955.1
Retained earnings	257.3	(2.0)	255.3
Total equity	**957.1**	**(2.0)**	**955.1**

Notes to the financial statements
For the year ended 31 December 2013

10 Changes to Accounting Policies (continued)

b) Impact on financial statements

Income statement (extract)

	2012 $million	Profit Increase/ (Decrease) $million	2012 (Restated) $million
Revenue from continuing operations	1,176.2	6.9	1,183.1
Cost of sales	(716.1)	(4.3)	(720.4)
Freight and distribution costs	(187.2)	(0.1)	(187.3)
Administration costs	(62.7)	(3.5)	(66.2)
Finance costs	(18.9)	1.8	(17.1)
Share of net profits accounted for using the equity method	30.2	(2.5)	27.7
Profit before income tax	**209.2**	**(1.7)**	**207.5**
Income tax expense	(55.1)	0.5	(54.6)
Profit for the year	**154.1**	**(1.2)**	**152.9**
Profit is attributable to:			
Equity holders of the Company	154.2	(1.2)	153.0
Non-controlling interests	(0.1)	-	(0.1)
	154.1	(1.2)	152.9

Statement of comprehensive income (extract)

	2012 $million	Other Comprehensive Income Increase/ (Decrease) $million	2012 (Restated) $million
Profit for the year	154.1	(1.2)	152.9
Actuarial gain / (losses) on retirement benefit obligation	0.3	1.4	1.7
Income tax relating to components of other comprehensive income	(0.1)	(0.4)	(0.5)
Other comprehensive income for the year, net of tax	0.2	1.0	1.2
Total comprehensive income for the year	154.3	(0.2)	154.1
Total comprehensive income for the year is attributable to:			
Equity holders of the Company	154.4	(0.2)	154.2
Non-controlling interests	(0.1)	-	(0.1)
Total comprehensive income for the year	154.3	(0.2)	154.1

Basic and diluted earnings per share for the prior year have also been restated. The amount of the correction for both basic and diluted earnings per share was a decrease of 0.1 cents per share.

Notes to the financial statements

For the year ended 31 December 2013

11 Events occurring after reporting date

In February 2014, the Directors approved a strategy to rationalise the production of clinker at its Munster site in Western Australia. It is proposed to reduce the volume of clinker produced at the site during 2014. Subject to all necessary legal and supply chain arrangements being in place, it is intended that by 2016 all of the 400,000 tonnes of clinker previously produced at Munster will be replaced by imported clinker, which will be milled into cement utilising the Kwinana import facility and the existing cement mills at Munster.

The financial effects of this event have not been brought to account at 31 December 2013. A provision for redundancy provision and asset write-off of approximately $8 million will be recognised in 2014.

No other matter or circumstance has arisen since 31 December 2013 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.