RINKER GROUP LTD
Form 20-F
May 23, 2006

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 20-F

(Mark One)

o REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ý ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED MARCH 31, 2006

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

o SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number: 001-31823

RINKER GROUP LIMITED

ABN 53 003 433 118

(Exact name of Registrant as specified in its charter)

New South Wales, Australia

(Jurisdiction of incorporation or organization)

Level 8, Tower B, 799 Pacific Highway, Chatswood, NSW 2067, Australia

(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Ordinary Shares(1)	**New York Stock Exchange**
American Depositary Shares(2)	**New York Stock Exchange**

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

Indicate the number of outstanding shares of each of the issuer s classes of capital or common stock as of the close of the period covered by the Annual report:

Ordinary shares, fully paid 910,116,219

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ý No o

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes o No ý

Note Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ý No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ý Accelerated filer o Non-accelerated filer o

Indicate by check mark which financial statement item the registrant has elected to follow

Item 17 o Item 18 ý

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes o No ý

(1) Not for trading but only in connection with the listing of the American Depositary Shares.

(2) Evidenced by American Depositary Receipts, each American Depositary Share representing five Ordinary Shares.

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Australian Adoption of Australian Equivalents to International Financial Reporting Standards

Rinker has adopted Australian Equivalents to International Financial Reporting Standards (A-IFRS) for its current fiscal year ended March 31, 2006. Accordingly, Rinker s accounting policies have now been amended to ensure consistency with A-IFRS and results shown for fiscal year 2006 have been prepared under those A-IFRS accounting policies.

In addition, results shown for the year ended March 31, 2005 have been restated to be comparable to the current year.

The principal impact of A-IFRS on reported results is the reduction in goodwill amortization expense to zero. Prior to the adoption of A-IFRS Rinker s goodwill amortization expense during the year ended March 31, 2005 was US$56.3 million. Additional information is included in Note 1 in the financial statements included elsewhere in this annual report.

Compliance with A-IFRS ensures compliance with International Financial Reporting Standards.

Certain definitions

The fiscal year for Rinker ends on March 31. As used throughout this annual report, unless otherwise stated or the context otherwise requires, the fiscal year ended March 31, 2006 is referred to as fiscal year 2006 and other fiscal years are referred to in a corresponding manner. All other references to years are specified and relate to calendar years.

References to tonnes herein are to metric tonnes, each of which equals approximately 2,205 pounds or 1.102 short tons. Certain measures of distance referred to herein are stated in kilometers, each of which equals approximately 0.62 miles. Certain measures of area referred to herein are stated in square kilometers or hectares; one square kilometer equals 0.3861 square miles and one hectare equals 2.47 acres. Certain measures of volume referred to herein are stated in cubic meters, each of which equals approximately 1.31 cubic yard.

Estimates with respect to market size information represent the judgment of the management of Rinker, based on records and experience of Rinker and its subsidiaries as well as information available from industry and government publications and other sources.

Any discrepancies between totals and sums of components in tables contained in this annual report are due to rounding.

Unless otherwise indicated, all references in this annual report to:

A-IFRS means Australian equivalents to International Financial Reporting Standards, which are currently the accounting principles generally accepted in Australia.

ADR means American Depositary Receipt, evidencing American Depositary Shares.

American Depositary Shares or ADSs each represent five ordinary shares.

associate or associated company means in relation to Rinker, an entity other than a consolidated entity, where Rinker has the capacity to influence significantly the financial and operating policies of the entity.

ASX means the Australian Stock Exchange.

consolidated entity, means an entity that Rinker is required to consolidate within the financial statements.

Consolidated means, in relation to the financial statements for the year ended March 31, 2006 and 2005, the consolidated financial statements for Rinker Group Limited and controlled entities.

CSR means CSR Limited, ABN 90 000 001 276, an Australian company.

CSR group means CSR and the entities that CSR must consolidate under A-IFRS.

EBIT means profit before finance and income tax expense in accordance with A-IFRS.

finance means borrowing costs net of interest income.

financial statements means: (i) the audited consolidated balance sheets of the Rinker group as at March 31, 2006 and 2005; and (ii) the audited consolidated income statements, statements of recognized income and expense, and cashflow statements of the Rinker group for each of the one-year periods ended March 31 for the years 2006 and 2005, together with accompanying notes included herein at pages F-1 to F-63.

fiscal year means financial year ended March 31.

GST means Australian goods and services tax.

hedge settlement rate means the 9:55 a.m. hedge settlement rate compiled by the Australian Financial Markets Association at the end of each month in the period, as displayed on the Reuters financial news service.

heritage business means the business excluding all acquisitions that have not been included in Rinker group companies prior year operations for the full prior fiscal year.

Kiewit means Rinker Materials Western, Inc. (formerly known as Kiewit Materials Company), a company incorporated in Delaware, and its subsidiaries, which was acquired by Rinker Materials in September 2002.

NYSE means the New York Stock Exchange.

ordinary shares means fully paid ordinary shares in the issued capital of Rinker.

Readymix means Rinker Australia Pty Limited, ABN 87 099 732 297, an Australian corporation, and its subsidiaries.

Rinker means Rinker Group Limited, ABN 53 003 433 118, an Australian corporation.

Rinker Materials means Rinker Materials Corporation, a company incorporated in Georgia, and its subsidiaries.

Rinker group means Rinker and its consolidated entities.

SEC means the Securities and Exchange Commission.

Superseded Australian GAAP means accounting principles accepted in Australia, prior to the adoption of A-IFRS.

trading revenue means revenue received from customers (net of discounts, returns and allowances), including fees for services as agent, rents and royalties.

US GAAP means accounting principles generally accepted in the United States of America.

Where you can find more information about Rinker Group Limited

Rinker is subject to the reporting obligations contained in the Securities Exchange Act of 1934. You may read and copy any document that Rinker files at the SEC s public reference room located at 100 F Street, N.E., Washington, D.C. 20549. Rinker s filings with the SEC are available over the Internet at the SEC s website at www.sec.gov. Copies of these filings can also be obtained from Rinker upon request. Requests should be directed to Rinker Group Limited, Level 8, Tower B, 799 Pacific Highway, Chatswood, New South Wales 2067, Australia; Attention: Investor Relations. Telephone requests may be directed to the attention of Investor Relations at +61 2 9412 6608.

Forward-Looking Statements

This annual report contains a number of forward-looking statements. Such statements can be identified by the use of forward-looking words such as may, should, expect, anticipate, estimate, scheduled or continue or the negative thereof or comparable terminology. Rinker ca assurances that the expected impact on financial condition, anticipated trading results or returns of entities in the Rinker group would not differ materially from the statements contained in this annual report.

Such forward-looking statements are not guarantees of future results or performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Rinker, which may cause actual results of the Rinker group or industry results to differ materially from those expressed or implied in the statements contained in this annual report. Such factors include, among other things, the following:

general economic and business conditions in the United States (including the regional economies within the United States) and Australia;

trends and business conditions in the United States and Australian building and construction industries;

changes in interest rates;

competition from other suppliers in the industries in which the Rinker group operates;

changes in the Rinker group s strategies and plans regarding acquisitions, dispositions and business development;

the Rinker group s ability to efficiently integrate past and future acquisitions;

compliance with, and potential changes to, governmental regulations related to the environment, employee safety and welfare and other matters related to the entities of the Rinker group; and changes in exchange rates, in particular the rate of exchange between United States dollars and Australian dollars.

The foregoing list of factors is not exhaustive. When relying on forward-looking statements to make decisions with respect to investing in Rinker shares, a potential investor should carefully consider the foregoing factors and other uncertainties and potential events. Rinker does not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by Rinker or on Rinker s behalf. For a discussion of certain of these factors, see Item 3.D. - Risk Factors, and see also Item 3. - Key Information, Item 4. - Information on the Rinker group, Item 5. - Operating and Financial Review and Prospects, Item 8. - Financial Information and Item 11. - Quantitative and Qualitative Disclosures about Market Risks.

PART I

Item 1 Identity of Directors, Senior Management and Advisors

Not applicable.

Item 2 Offer Statistics and Expected Timetable

Not applicable.

Item 3 Key Information

Currency of Presentation and Exchange Rates

Rinker Materials maintains its financial records in US dollars and Readymix maintains its financial records in Australian dollars. Under A-IFRS, Rinker s presentation currency is US$, although Rinker intends to continue to disclose Readymix results in both US$ and A$. In this annual report, unless otherwise specified herein or the context requires, references to US$ or US dollars are to United States dollars and references to A$ or Australian dollars are to Australian dollars.

For the year ended March 31, 2006, around 80% of the Rinker group s trading revenue was generated by Rinker Materials in the United States. For the years ended March 31, 2006 and 2005 there were virtually no movements of currency between US dollars and Australian dollars that resulted in a material amount of realized exchange gains or losses. As a result, the only significant impact of changes in the US dollar/Australian dollar exchange rate is one of accounting translation for financial reporting purposes. An appreciation of the A$ relative to the US$ would be expected to have a favorable impact on the Rinker group s reported US$ results.

The directors believe that the best measure of performance for Rinker Materials in the United States and Readymix in Australia is their respective local currencies in as much as each generates all revenue and incurs all costs in that local currency. Set out below is selected financial data for the Rinker group in US dollars.

For the purposes of this annual report, A$ transactions are translated into US$ at the average of the hedge settlement rate at the end of each month in the period presented and A$ balances are translated into US$ at the hedge settlement rate at fiscal year end, consistent with the requirements of A-IFRS and US GAAP.

The following are the average of the monthly rates expressed in US dollars per A$1.00 that have been used to translate Readymix A$ transaction amounts in this annual report:

Year ended March 31, 2006	0.7471
Year ended March 31, 2005	0.7357

Unless otherwise stated the following year-end rates, expressed in US dollars per A$1.00 have been used to translate Readymix A$ balances at March 31 into US dollars in this annual report:

March 31, 2006	0.7155
March 31, 2005	0.7713

The Australian dollar is convertible into United States dollars at freely floating rates and there are currently no restrictions on the flow of Australian currency between Australia and the United States.

A. Selected Financial Data

The following table presents selected financial data of the Rinker group in United States dollars. This table should be read in conjunction with Item 5. - Operating and Financial Review and Prospects, and the audited financial statements that are included elsewhere in this annual report.

The US GAAP financial statements and other information for the fiscal years ended March 31, 2003 and 2002 have been prepared on a carve-out basis and include the balance sheet, income statement and cash flows of Rinker Materials US businesses and the Readymix businesses that were transferred to the Rinker group from CSR prior to the demerger of Rinker group from CSR effective March 28, 2003. These financial statements have been prepared from historical accounting records of the CSR group and present all of the operations of the business as if the Rinker group had been a separate economic entity inclusive of all of these businesses for all periods presented. The historical financial information presented for fiscal years prior to 2004 is not indicative of the Rinker group s future financial performance.

The balance sheet data as of March 31, 2006 and 2005 and income statement data for the years ended March 31, 2006 and 2005, set forth below are derived from, and are qualified in their entirety by reference to, the Rinker group s audited financial statements that are included elsewhere in this annual report. With respect to the US GAAP selected financial data, information for the Rinker group is provided for fiscal years 2006, 2005, 2004, 2003 and 2002.

The Rinker group s financial statements are prepared in accordance with A-IFRS, which differs in certain material respects from US GAAP. See Note 40 to the financial statements that are included elsewhere in this annual report for a description of the principal differences between A-IFRS and US GAAP as they relate to the Rinker group and a reconciliation of net profit and shareholders equity for the years and as at the dates therein indicated.

As permitted by SEC Form 20-F, historical data for fiscal year 2004 and prior fiscal years has not been prepared under A-IFRS and therefore has not been presented for comparative purposes.

	Note	As of and for the year ended March 31 in $ millions except number of shares, per share data and employees 2006 US$	2005 US$
Amounts in accordance with A-IFRS			
Balance Sheet Data			
Total assets		4,457	4,419
Total liabilities		1,770	1,868
Contributed equity		1,139	1,476
Net assets		2,687	2,551
Income Statement Data			
Trading revenue		5,108	4,310
Profit before finance and income tax expense (EBIT)	(1)	1,146	775
Borrowing costs net of interest income (finance costs)		(20)	(32)
Income tax expense		(382)	(245)
Net profit attributable to minority interests		3	5
Net profit attributable to members of Rinker	(2)	740	493
Per Share Information			
Weighted average number of ordinary shares (millions)			
Basic		919.8	941.2
Diluted		922.6	942.2
Basic and diluted earnings (US dollars) per share			
Basic		0.80	0.52
Diluted		0.80	0.52
Dividends provided for (US dollars) per share	(3)	0.21	0.11
Other			
Capital Expenditure Operating	(4)	198	193
Capital Expenditure Development	(5)	347	121
Depreciation, depletion and amortization		209	195
Employees at fiscal year end		14,358	13,279

	Note	2006	2005	2004	2003	2002
		As of and for the year ended March 31 US$ in millions except per share data				
Amounts in accordance with US GAAP						
Total assets		4,535	4,581	4,206	3,815	2,845
Net assets		2,727	2,617	2,235	1,785	1,272
Trading revenue		5,108	4,312	3,706	2,956	2,577
Net profit attributable to members of Rinker	(2)	738	490	346	259	168
Basic earnings (US dollars) per share	(6) (7)	0.80	0.52	0.37	0.27	0.18
Diluted earnings (US dollars) per share	(6) (7)	0.80	0.52	0.37	0.27	0.18
Dividends provided for or paid per share	(3)	0.21	0.11	0.09	0.01	

(1) Throughout this annual report EBIT means profit before finance and income tax expense in accordance with A-IFRS.

(2) Income from continuing operations is the same as net profit attributable to members of Rinker, and income from continuing operations per share is the same as basic earnings per share.

(3) Dividends shown for 2006, 2005 and 2004 represent the amounts provided for. The dividends in 2003 represent amounts paid to CSR when Rinker was a wholly owned subsidiary. Dividend per share information for fiscal years 2003 and 2002 has therefore been based on the 944.7 million shares issued and outstanding subsequent to the demerger. These amounts are not necessarily representative of the amounts that would have been paid if Rinker had been a separate publicly listed company.

(4) Operating capital expenditure represents capital expenditure required to maintain existing operating capabilities.

(5) Development capital expenditure represents capital expenditure to acquire businesses, expand operating capabilities and extend market coverage.

(6) As a result of the demerger from CSR, 944.7 million Rinker ordinary shares were listed on the ASX on March 31, 2003 (on a deferred settlement basis), prior to being issued on April 11, 2003. Prior to that time Rinker was a 100% owned subsidiary of CSR. The weighted average number of ordinary shares assumes that same number of shares existed throughout fiscal years 2003 and 2002.

(7) During the year ended March 31, 2005 Rinker issued 0.2 million shares as part of the Employee Universal Share Plan USP . During the year ended March 31, 2006, Rinker purchased 31.1 million shares as part of an on-market buy-back. See Item 16E Purchase of Equity Securities by the Issuer and Affiliated Purchasers for further details.

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Rinker group entities are subject to various risks resulting from changing economic, political, social, industry, business and financial conditions, particularly in the United States and Australia. Certain of these risks are described below. Rinker group entities could also be subject to other risks that management has not anticipated.

Rinker group s operations are dependent to a significant extent on demand across the construction industry economic cycle and the Rinker group s revenues and profits in future periods may fluctuate with that cycle.

The activity of businesses in the Rinker group is dependent on the level of activity in the construction industry in the various regional markets in the United States and in Australia where Rinker group companies operate. The construction industry in a given geographic market has historically tended to be cyclical. Within each geographic region construction industry spending can vary significantly from peak to trough through the business cycle. The construction industry is also very sensitive to fluctuations in general economic activity in the particular economy. Rinker estimates that a 1% revenue change related to volumes across the Rinker group as a whole, without regard to the different cycles within each industry, region, or market, would have an annual impact on revenue of approximately US$51 million and on EBIT of approximately US$12 million. Rinker is not able to predict the timing, extent or duration of the business cycles or economic downturns in the construction industry in the geographic regions in which Rinker group companies operate. Because many of Rinker group s costs are fixed, if an extended downturn in one or more segments of the construction industry occurs, particularly in Florida or Arizona in the US or in Australia, companies in the Rinker group may not readily be able to reduce their costs in proportion to the extent of the downturn. Any significant or extended downturn in the construction industry in those geographic regions will negatively affect the Rinker group s financial performance and condition where revenues fail to grow or fall and costs do not move to compensate. An overview of the United States and Australian markets is included in Item 4 Information on the Rinker group .

The Rinker group s operations are dependent to a significant extent on demand in selected key US states and the Rinker group s revenues and hence profits in future periods may fluctuate with the underlying industry economic cycle of those states.

A significant proportion of the Rinker group s revenue was generated from Florida (44%) and Arizona (13%) in the year ended March 31, 2006. As a result, fluctuations in the underlying economic cycle may result in variations in EBIT in similar proportion to the overall margin impact on Rinker as previously described for the construction industry cycle. The Rinker group is especially dependent on market demand for its heavy building materials products in those markets. A downturn in demand in the residential or other heavy building materials markets in these states could have a significant adverse impact on the Rinker group s financial performance and condition where revenues fail to grow or fall and costs do not move to compensate. Any adverse impacts on the Florida economy arising from the cessation or significant restriction of quarrying operations in the Lake Belt could also have a material adverse effect on Rinker. See Legal Proceedings in Item 8.A. Consolidated Statements and Other Financial Information on page 120.

Government funded construction activity in the US may be lower in future periods and the Rinker group s revenues and profits in future periods may fluctuate depending on the level of Government funding of civil construction.

The Rinker group s largest exposure to the US civil construction sector is in roads, highways and bridges. Approximately 13% of the Rinker group s revenue for the year ended March 31, 2006 is estimated to be related to the US civil construction sector. Any significant decrease in future US federal or state infrastructure funding levels may negatively affect the Rinker group s financial performance and condition where revenues fall and costs do not move to compensate.

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D. Risk Factors

Rinker group s operations depend on securing and permitting aggregate reserves that can be supplied economically to growing markets.

Construction aggregates are bulky and the cost to transport may surpass the cost of material. Generally, aggregate is supplied from local quarries. New quarry sites often take a number of years to develop and must be planned well in advance. As communities grow, existing quarry locations may be depleted, or quarry production may be restricted by additional regulation and some of the most attractive sites for new quarries may be used for other building, or may be difficult to permit for quarrying. To meet forecasted needs, Rinker s strategy is to secure additional land and permits in target markets where possible, and to develop the distribution network to transport aggregates by truck, rail and water in order to maintain economic sources of supply. Certain quarry permits in South Florida are currently being challenged. See Legal Proceedings in Item 8.A. Consolidated Statements and Other Financial Information on page 120.

The Rinker group has grown significantly through acquisitions and may be unable to continue its growth by this means if suitable opportunities cannot be identified. The Rinker group s performance is also affected by its ability to integrate any acquisitions into its existing operations.

The Rinker group has grown significantly in recent years through a series of bolt on acquisitions, the most recent major acquisition being Kiewit in September 2002. A key element of the Rinker group s growth strategy is to continue its acquisition strategy. The Rinker group s ability to realize benefits from future acquisitions depends, in large part, on its ability to integrate the acquired businesses with its existing operations in a timely and effective manner. The Rinker group s efforts to integrate any future acquisitions may not be successful. The Rinker group s acquisition strategy also depends on its ability to identify and acquire suitable assets at desirable prices. The Rinker group may not be successful in identifying or acquiring suitable assets at acceptable prices in the future. To the extent the Rinker group fails to be successful in acquiring suitable assets at acceptable prices in the future, it is unlikely to be able to continue to grow its earnings at the same rate as it has done in the recent past.

Rinker may need to pay for all or part of the purchase price for any future acquisitions with its ordinary shares. These acquisitions and investments, if they were to occur, could have a diluting effect for Rinker s shareholders and, whether they are paid for in cash or Rinker shares may cause Rinker s share price to decrease.

The Rinker group may be affected by problems in previously acquired businesses or newly constructed plants. Unforeseen problems may impact future profits.

The Rinker group has completed a number of significant acquisitions and plant construction projects as detailed in Item 4 Information on the Rinker group. The Rinker group may not have anticipated all problems of acquired businesses and plant construction, and losses associated with these acquisitions or projects may come to light prior to the expiration of any warranty and indemnity protections, or the Rinker group may be unable to enforce such provisions against the parties making the indemnities. If problems arise they may impact the Rinker group s future profit if the Rinker group is required to extinguish unforeseen liabilities or there is significant impairment of assets requiring write down at some future date.

The Rinker group may be subject to competition from existing and new market entrants and products, which could impact future revenues and profits.

Each market in which Rinker group companies operate is highly competitive. The competitive environment can be significantly affected by a number of regional factors, such as the number of competitors, production capacity, economic conditions and product demand in the relevant regional market. The pricing policies of competitors and the entry of new competitors into the regional markets in which Rinker group companies operate can have an adverse effect on demand for their products and on

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their financial performance or condition where revenues fail to grow or fall and profit margins are reduced.

Rinker group companies face competition from alternative products. For example, the concrete pipe products operations of Rinker Materials and Readymix face competition from plastic, metal and fiber cement pipe products in the smaller diameter size segment of the market. Product substitution of alternative materials for Rinker group products may have an adverse effect on the Rinker group s financial performance or condition where revenues fail to grow or fall and profit margins are reduced. In many markets in which the Rinker group operates there are no significant entry barriers that would prevent new competitors from entering the market or existing competitors from expanding in the market.

Rinker group entities are subject to extensive health, environmental, land use, and other governmental laws and regulations, which could have an impact on the Rinker group s future financial performance.

Rinker group entities are subject to extensive health, environmental, land use, and other governmental laws and regulations and increasing regulatory compliance requirements. Depending on the extent of future regulations that may be enacted, Rinker group entities may be required to invest in preventive or remedial action, which could be significant, in which case it could have an adverse impact on the Rinker group s financial performance and condition.

Tighter land use or zoning restrictions affecting existing quarry permits or making new quarry permits more difficult to obtain could also restrict the ability of companies in the Rinker group to conduct their businesses economically or restrict some activities altogether. Legal challenges to existing permits could restrict the ability of the Rinker group to utilize existing quarry reserves. See Legal Proceedings in Item 8.A. Consolidated Statements and Other Financial Information on page 120 for a discussion of a challenge to certain permits issued in South Florida.

Environmental liabilities, if incurred, could have an adverse impact on the Rinker group s financial performance and condition. Stricter environmental laws and regulations, or stricter interpretation and enforcement of existing laws or regulations, may impose new liabilities on Rinker group companies or result in the need for additional investments in pollution control equipment, either of which could result in a decline in the Rinker group s profitability. Further details regarding environmental regulation and certain liability issues affecting companies within the Rinker group are contained in section Item 4 Information on the Rinker group.

Occupational health and safety risks and regulations may have an impact on future productivity and financial performance.

Rinker group entities are subject to the operating risks associated with construction materials and other manufacturing and handling risks, including the related storage and transportation of raw materials, products and wastes. These hazards include storage tank leaks and ruptures, explosions, discharges or releases of hazardous substances, manual handling, exposure to dust and the operation of mobile equipment and manufacturing machinery.

Such operating risks can cause personal injury and property damage, and may result in the imposition of civil or criminal penalties. The occurrence of any of these events may have an adverse effect on the productivity and profitability of a particular manufacturing facility and the operating results of Rinker group entities through increased costs or reduced operating flexibility and productivity.

Crystalline silica dust and its control have been identified as an occupational health issue in Rinker group entities operations in Australia and in the US. Rinker group entities use raw materials containing silica in cement manufacturing, concrete plants, concrete products plants and asphalt plants. Many quarry products also contain silica. Rinker group entities may face future costs of engineering and compliance to meet new standards relating to crystalline silica since regulatory agencies in Australia and the US are re-examining existing standards and considering stricter exposure limits. Rinker group entities cannot reliably quantify future claims related to crystalline silica. Any future claims could have an impact on the Rinker group s profitability.

Labor disputes between Rinker group companies and unions could disrupt operations that could have an impact on the Rinker group s future financial performance.

Approximately forty percent of Rinker Materials employees and approximately thirty per cent of Readymix employees are covered by bargaining agreements which periodically come up for renegotiation and renewal. In the next twelve months, 11 contracts, covering approximately 700 employees, are scheduled to expire in the United States. In Readymix, Australia, 18 agreements are due to be renegotiated in the next twelve months covering approximately 600 employees.

Disputes with trade unions could lead to strikes or other forms of industrial action that could disrupt operations within the Rinker group, raise costs and reduce Rinker group s revenues and profits. Any such disruptions to operations within the Rinker group may adversely affect the group s financial performance and condition through increased costs and reduced productivity.

The Rinker group may face potential liability for defective products, which could have an impact on future profits.

Due to the nature of its operations, claims against Rinker group entities could arise from defects in material or products manufactured and/or supplied by Rinker group entities. Purchasers and third parties could make claims against Rinker group entities based on their delivery of defective materials or products, or for damage or loss arising from the use of these defective materials or products. If any claims of this type are determined against Rinker group entities and if the Rinker group s existing insurance arrangements do not cover the liability, it could have an adverse effect on the financial performance and condition of the Rinker group due to increased rectification costs or liability for compensation.

Antitrust (trade practices) risks may restrict the Rinker group s business activities and its ability to grow.

Rinker group entities are subject to antitrust or trade practices laws. Antitrust or competition considerations may restrict business activities within the Rinker group and the ability to grow through acquisitions or participate in industry rationalization in particular geographic markets. This could have an adverse impact on the Rinker group s financial performance where revenues fail to grow or fall and or profit margins are reduced.

Operation and supply failures or shortages could have an impact on the Rinker group s future revenues and profits.

The manufacturing facilities and supply of finished products to customers of Rinker group entities could be disrupted for reasons beyond their control. These disruptions include extremes of weather, fire, natural catastrophes, supplies of materials, transport logistics, services, energy or fuel, system failures, workforce actions or environmental issues. Any significant disruptions or shortages could adversely affect Rinker group entities ability to make, sell and deliver products, which could cause revenues to decline or costs to increase and result in lower profits.

Rinker group entities may be required to provide further funds to cover the defined benefit obligations of those superannuation (pension) funds in which it participates.

Superannuation (pension) funds in which Rinker group entities participate provide both defined benefits and accumulation benefits. Any funding deficits are intended to be funded progressively by Rinker group entities and all minimum funding requirements have currently been satisfied. The estimated liability for the total defined benefit obligation, including the US$25.7 million funding deficit for US plans under A-IFRS, is accrued on the balance sheet. There is a risk that, in the future, changes in the value of the funds assets, changes in actuarial determinations of the funds liabilities or changes to government legislation could require Rinker group entities to increase their current level of contributions to these funds and adversely impact financial performance. Details of Rinker group entities defined benefit plans are included in Item 5.H. Details of defined benefit pension plans .

The Rinker group could be affected by interest rate fluctuations. If interest rates rise, borrowing costs may be higher, and higher interest rates may adversely affect construction activity levels.

The Rinker group s external borrowings at March 31, 2006 were US$651 million of which, prior to the effect of interest rate swaps, approximately US$356 million or 55% was paying interest at fixed rates. Taking into account around US$250 million of variable to fixed rate interest rate swaps in place at March 31, 2006, the Rinker group s net fixed interest rate borrowings were approximately US$606 million or 93% of gross debt. Accordingly, movements in interest rates may impact the Rinker group s debt servicing obligations and borrowing costs, impacting its financial performance. Rinker estimates that based on the amount of its outstanding indebtedness at March 31, 2006, a 1% increase in variable interest rates would have had an insignificant adverse impact on the Rinker group s net profit for the year ended March 31, 2006.

An increase in interest rates may reduce construction activity levels within both the residential and commercial segments of the market. This could have an adverse impact on the Rinker group s financial performance where revenues fail to grow or fall and costs do not move to compensate. Details on interest rate risks are included in Item 11 - Quantitative and Qualitative Disclosure about Market Risks.

General risks associated with investing in shares may impact the value of Rinker shares and ADRs.

The price of Rinker ordinary shares and ADRs is subject to many influences that may affect the broad trend in the stock market or the share prices of individual companies. The price at which Rinker ordinary shares trade on ASX and at which Rinker ADRs trade on NYSE may be affected by a number of factors unrelated to the Rinker group s financial and operating performance and over which Rinker has no control. Factors such as currency exchange rates, product prices, the level of industrial production, changes in government fiscal, monetary and regulatory policy, investor attitudes, stock market fluctuations in Australia and other stock markets around the world, changes in interest rates and inflation, and variations in general market or economic conditions could all have an adverse effect on the price of Rinker ordinary shares and ADRs.

E. Supplementary Information - Australian Dollar/Exchange Rates

Currency of Presentation and Exchange Rates

Rinker s US and Australian subsidiaries each generate virtually all revenue and incur all costs in their local currency. As a result, directors believe their performance is best measured in their local currency. At the group level, Rinker Materials represents around 80% of earnings. As a result, US$ performance represents the most appropriate measure of Rinker s performance and value. Under A-IFRS, Rinker s selected reporting currency is US$, although Rinker group intends to continue to disclose Readymix results in both US$ and A$.

Readymix Australian dollar results are translated to US dollar presentation currency using the principles set out in AASB 121 The Effects of Foreign Exchange Rates. Assets and liabilities are translated at the closing rate and income/expense items are translated using an average rate (the closing rate for the month the transactions occurred). All foreign currency translation adjustments are taken directly to equity through foreign currency translation reserve. The financial statements of the parent entity (Rinker Group Limited) have been translated into United States dollars using the methodology described above. This is consistent with both Australian Accounting Standard AASB 121 The Effects of Changes in Foreign Exchange Rates and SEC Rule 3-20(d) of Regulation S-X. The exchange rate used is the Australian 9:55 a.m. hedge settlement rate at the end of each month.

The following table sets forth, for each of the Rinker group s fiscal years indicated and for the most recent months, the high, low, average and period-end Noon Buying Rates for Australian dollars expressed in United States dollars per A$1.00.

Year ended March 31	**At Period End**	**Average Rate(1)**	**High**	**Low**
2005	0.7729	0.7423	0.7974	0.6840
2006	0.7165	0.7531	0.7834	0.7056
Month of				
December, 2005	0.7342	0.7423	0.7567	0.7261
January, 2006	0.7572	0.7505	0.7572	0.7379
February, 2006	0.7430	0.7418	0.7548	0.7363
March, 2006	0.7165	0.7266	0.7458	0.7056
April, 2006	0.7593	0.7369	0.7593	0.7177
May, 2006 (to May 11)	0.7781	0.7705	0.7781	0.7607

(1) The average of the Noon Buying Rates on the last day of each month during the year or the average for each day of the month as applicable.

On May 11, 2006, the Noon Buying Rate was A$1.00 = US$0.7781.

The Australian dollar is convertible into United States dollars at freely floating rates and there are currently no restrictions on the flow of Australian currency between Australia and the United States.

Item 4 Information on the Rinker group

Estimates with respect to market size information represent the judgment of the management of Rinker, based on records and experience of Rinker and its subsidiaries, as well as information available from industry and government publications and other sources.

A. History and Development of the Rinker group

Background

Rinker (formerly HBM International Limited which was formerly CSR Investments Overseas Limited) was incorporated under the laws of the Commonwealth of Australia on December 23, 1987 and operates under the Corporations Act 2001. From incorporation to the date of the demerger, Rinker operated as a 100% owned subsidiary of CSR, holding principally the CSR group s non-Australian interests.

On March 28, 2003, the Federal Court of Australia approved the demerger of Rinker from CSR. On March 31, 2003, Rinker ordinary shares commenced trading on the ASX (on a deferred settlement basis). In accordance with the terms of the demerger, Rinker issued 944.7 million ordinary shares on April 11, 2003.

The effect of the demerger resulted in Rinker owning the ordinary shares of Rinker Materials and Readymix and becoming a separate company listed on the ASX. As at March 31, 2006 the Rinker group had total assets of US$4,457 million and generated trading revenue of US$5,108 million in the year ended March 31, 2006.

Rinker has its registered office at Level 8, Tower B, 799 Pacific Highway, Chatswood, NSW 2067, Australia, telephone (61-2) 9412 6600.

General

Rinker group companies are leading manufacturers and suppliers by revenue of heavy building materials in the US and Australia, based on published financial data of the Rinker group s competitors. In the US, Rinker s subsidiary Rinker Materials is one of the largest producers of heavy building materials, also based on published financial data of Rinker Materials competitors, with its principal operations in Florida and Arizona, and additional operations in 27 other states. Products include aggregate, cement, concrete, concrete block, asphalt and concrete pipe. Rinker Materials also has a gypsum wallboard distribution business in Florida. Since 1998, the Rinker group has grown through a number of acquisitions, in particular through the following acquisitions by Rinker Materials:

American Limestone Company	US$211 million	June 2000
Florida Crushed Stone Company	US$348 million	July 2000
Kiewit Materials Company	US$540 million	September 2002

During the year ended March 31, 2005 Rinker Materials divested its non-core Prestress and Polypipe polyethylene pipe businesses for total cash proceeds of US$100 million.

In Australia, Rinker s subsidiary Readymix is one of the leading producers of aggregate, concrete, concrete pipe and other concrete products, based on Readymix s knowledge of the industry. Readymix also holds a substantial joint venture interest in an Australian cement manufacturer. In China, Readymix operates four concrete plants in the northern cities of Tianjin and Qingdao.

During the year ended March 31, 2006 Readymix divested its non-core 50% joint venture interest in the Emoleum asphalt and road pavement maintenance business. Readymix has retained a long term aggregate supply contract with the purchaser, a subsidiary of Downer EDI Limited.

At March 31, 2006 commitments for capital expenditure totaled US$63.8 million.

Rinker is not directly or indirectly controlled by another corporation or by any foreign government and does not know of any arrangement the operation of which may at a subsequent date result in a change of control of Rinker.

The chart above provides an overview of Rinker group companies operations.

Business Strategy

The Rinker group aims to be in the top quartile of its construction materials industry peers with respect to growth in revenue, profits and shareholder value, and to deliver top quartile shareholder returns. Rinker group companies strategies to achieve these goals include:

Achieving the number one or number two market position in each market served in the US

The management of Rinker believes that performance is enhanced by holding the number one or number two position by market share in terms of revenue in all of the markets it serves. Rinker group companies have applied this strategy in most of their acquisitions. A substantial portion of its revenue is now generated in markets where it has leading positions. If this objective is not met after specific plans to achieve it have been implemented, the relevant business may be considered for divestment.

Overall cost leadership

Companies in the Rinker group aim to hold cost leadership positions in the majority of their markets. Rinker group companies aim to instill a culture of continuous improvement through the benchmarking of performance against competitors as well as the implementation of operational improvement projects. Businesses within the Rinker group have a track record of generating significant cost savings with total estimated savings from these initiatives for the year ended March 31, 2006 of US$52 million.

Continued growth through acquisitions

Rinker has grown significantly in recent years through regional and bolt-on acquisitions (acquisitions of businesses which thereafter share existing administration, supply and distribution arrangements).

The Rinker group s acquisition growth strategy is to:

Hold or develop the number one or number two positions by market share in terms of revenue, in each region, with a focus on Rinker Materials growth in US states where population growth is above the national average;

Focus on the acquisition of quarry operations in new regions with the acquisition of integrated operations considered on a case by case basis;

Consider acquisitions, such as concrete, cement and asphalt, to create vertically integrated operations, in markets where Rinker group companies have quarry operations; and

Consider small, value adding expansion opportunities in Australia, and in concrete pipe and gypsum distribution in the US.

Rinker Materials is expected to use its regional presence in the south east and western US to pursue bolt-on acquisitions with the current objective of investing an average of US$300 million a year on acquisitions and greenfields expansion. The Rinker group continues to pursue potential major acquisitions which can generate a positive return for shareholders.

A safe workplace

Rinker group companies recognize that good safety performance is an integral part of good business performance. The Rinker group is focused on improving the safety of its companies workplaces in the interests of all stakeholders. Rinker group companies policies and approaches to managing health and safety are based on the key principles of management accountability, personal responsibility and training.

B. Business Overview

1. Introduction

Business segments are reported along geographic lines (Rinker Materials in the United States and Readymix in Australia and China) and within the United States, along product lines. The business segments for Rinker Materials are Aggregate; Cement; Concrete, concrete block and asphalt; Concrete pipe and products; and Other. Readymix is one segment. These segments are the same as those used for internal management as the basis for making decisions regarding the allocation of resources.

Rinker Materials business segments:

Aggregate: Rinker Materials extracts aggregate, which is crushed and sized for delivery to customers, primarily for use in the production of concrete, roadbase and asphalt. Rinker Materials principal operations are in Florida and Arizona. Overall, Rinker Materials is the fifth largest supplier of aggregate in the US, based on US Geological Survey production output data, with 89 quarries, sand and aggregate plant operations. Rinker Materials is a market leader, as measured by production, in Florida and Arizona. Rinker Materials supplied about 101 million tons of aggregate for the year ended March 31, 2006. For the year ended March 31, 2006, Rinker Materials estimated end markets for aggregate by trading revenue were about 40% residential and the balance equally divided between commercial and civil construction.

Cement: Cement is produced through a highly capital intensive process with limestone as the major raw material. Rinker Materials is the leading cement supplier in Florida in terms of volume sold, based on the Portland Cement Association s production output statistics collected for the industry, operating two plants, which produced about 2.1 million tons for the year ended March 31, 2006. Rinker Materials also has two strategically located cement import terminals in Florida, which imported 2.1 million tons for the year ended March 31, 2006. For the year ended March 31, 2006, Rinker Materials estimated external end markets for cement by trading revenue were about 65% residential, 30% commercial and 5% civil construction.

Concrete, concrete block and asphalt: Rinker Materials produces concrete by combining cement, aggregate, water and additives in batch plants for delivery to customers sites in mixer trucks. Rinker Materials produced about 18 million cubic yards of concrete for the year ended March 31, 2006. Rinker Materials is a market leader in Florida, Arizona and Nevada, based on Rinker Materials knowledge of the industry, and operated a total of 172 concrete plants at March 31, 2006. For the year ended March 31, 2006, Rinker Materials estimated end markets for concrete by revenue were about 65% residential, 25% commercial and 10% civil construction.

Rinker Materials produced around 200 million units of concrete block for the year ended March 31, 2006. Concrete block is used for residential and commercial building. Rinker Materials concrete block operations are principally located in Florida and Nevada, where it was the market leader in terms of production for the year ended March 31, 2006, based on Rinker Materials knowledge of the industry.

Rinker Materials also produces asphalt, which is used for roads, highways and airports with plants located in Arizona, northern California, Oregon and Washington state.

Concrete pipe and products: Concrete pipe is produced by inserting concrete into a mold, which is subsequently removed. Rinker Materials, through its Concrete Pipe Division, is one of the leading suppliers of reinforced concrete pipe and pre-cast concrete products in the United States, based on Rinker Materials knowledge of the industry, with production of around 3.7 million tons for the year ended March 31, 2006 from 49 plants located in 22 states. The principal product is concrete pipe, which is used for storm water transmission, sewerage and irrigation. For the year ended March 31, 2006, the estimated end markets for concrete pipe and products by trading revenue were about 45% residential, 20% commercial and 35% civil construction.

Other: This segment includes gypsum supply. The pre-stressed concrete products and polyethylene pipe operations were previously included in this segment and were divested during the year ended March 31, 2005.

Readymix:

In Australia, Readymix operates a vertically integrated heavy building materials business with leading market positions, based on Readymix s knowledge of the industry. As at March 31, 2006, Readymix had 348 operating plants including 84 quarries and sand mines, 247 concrete plants and 17 concrete pipe and product plants. Concrete pipe and products are produced by Readymix s Humes business.

Readymix also holds a 25% interest in Australia s largest cement manufacturer, the Cement Australia joint venture, which has the capacity to produce over three million tonnes of cement a year from three plants in Gladstone, Queensland; Railton, Tasmania; and Kandos, New South Wales. The joint venture was formed on June 1, 2003 with the merger of Australian Cement Holdings (50% Readymix, 50% Hanson Australia Pty Ltd) and Queensland Cement Limited (QCL) (a 100% owned Holcim Ltd subsidiary).

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Rinker group trading revenue:

The table below sets out the Rinker group s trading revenues by segment for the fiscal years 2006 and 2005:

		2006	2005
		(Amounts in US $ millions)	
Rinker Materials, United States	Aggregates	1,074	862
	Cement	487	389
	Concrete, block and asphalt	2,180	1,635
	Concrete pipe and products	576	472
	Other	371	462
	Eliminations(1)	(659)	(501)
	Total Rinker Materials	4,029	3,319
Readymix, Australia and China		1,079	991
Total Rinker group		**5,108**	**4,310**

(1) Eliminations represent internal revenue derived from sales by Aggregates and Cement to other segments within Rinker Materials, eliminated on consolidation.

Volumes for all market segments are sensitive to weather conditions, although historically seasonal patterns have not greatly impacted financial results. In the United States, most operations of Rinker Materials are located in regions with relatively mild climates and normal weather patterns that have historically resulted in only slightly higher activity during the first half of the fiscal year (April September) than the second half (October March). In Australia, although construction activity slows during the traditional summer holiday period in the months of December and January, this is largely offset by increased volumes during February and March which are historically very busy months.

2. Major Acquisitions

On September 26, 2002, Rinker Materials acquired Kiewit for US$540 million (net of cash). Kiewit was renamed Rinker Materials Western, Inc. (Rinker Materials West) in fiscal year 2003. Rinker Materials West has significant operations in aggregates, concrete and asphalt in Arizona, representing over 75% of Rinker Materials West revenue for the fiscal year 2006. Other regions in which Rinker Materials West operates include Oregon, Washington state and northern California. These operations market to a wide variety of customers including highway contractors, commercial, industrial and residential contractors, public works contractors, wholesalers and retailers of decorative rock products, interstate railroads and manufacturers of concrete block products.

Similar to Rinker Materials other operations, Rinker Materials West s operating results are primarily impacted by the level of construction activity in the residential, commercial and civil segments of the construction materials markets where it operates. Rinker Materials estimates that about 55% of Rinker Materials West s revenue was derived from residential construction, 25% from commercial construction, and 20% from civil construction during fiscal year 2006.

Prior acquisitions

The Rinker Materials operations that exist today were built on the substantial integrated quarrying, concrete and cement business in Florida acquired in 1988.

Since 1988, Rinker Materials has made a series of significant acquisitions in addition to Kiewit:

In 1990, it acquired the aggregate, concrete, asphalt and concrete pipe subsidiaries of ARC America Corporation for US$650 million;

In June and July 2000, it acquired American Limestone Company and Florida Crushed Stone Company, for US$211 million and US$348 million, respectively.