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Acquisition of construction materials company Premier Resources Limited

Acquisition

Adelaide Brighton Limited announces that it has completed the acquisition of the construction materials company, Premier Resources Limited ("Premier"), for a cash consideration of \$7.0 million. Debt in the business amounts to \$40.4 million.

Further consideration may be paid to the vendors if certain profit targets are met over the period to December 2005.

Based on current forecasts, the acquisition is expected to be earnings per share accretive from 2003.

Funding

The acquisition will be funded by cash. As a result of the acquisition, Adelaide Brighton's proforma gearing will increase from 45.6% at 31 December 2001 to approximately 56%.

Premier Resources Limited

Premier operates a 250,000 tpa cement grinding plant at Port Kembla, has a lease on significant quarry reserves, estimated at 200 million tonnes, that will supply Sydney in coming years and currently operates 14 ready mixed concrete plants in Sydney and Melbourne.

The quarry and a further two ready mixed concrete plants are in the pre-construction phase. The quarry is expected to be a significant aggregate supplier to the Sydney region as the current reserves of hard rock in the Sydney region are exhausted over the next decade.

Following completion of the two additional ready mixed concrete plants, sales volumes are expected to be in excess of 500,000m³ per annum.

Commenting on the acquisition, Mark Chellew, the Managing Director of Adelaide Brighton said, "the acquisition of Premier gives Adelaide Brighton a significant footprint in the important Sydney metro market, and further strengthens our existing position in Victoria.

"Premier is forecast to be profitable in its own right and additional benefits are expected to be derived through linkages with Adelaide Brighton's existing Victorian operations and the sourcing of clinker.

"Since its establishment in 1998, Premier has grown quickly under the guidance of a very capable management team, which has extensive experience in the construction materials industry.

"Premier has assembled an impressive integrated portfolio of quarrying, clinker grinding and ready mixed concrete assets. I am pleased that the existing management team will continue to run the business, under the direction of, and supported by, personnel and management systems from Adelaide Brighton."

Strategic Intent

This acquisition is an important first step in implementing a strategy of focused vertical integration, which is one element of Adelaide Brighton's recently announced strategic plan.

"Vertical integration into ready mixed concrete, aggregates and concrete products on a selective and considered basis will provide Adelaide Brighton with additional platforms for growth and security of outlet for cement and clinker", Mr Chellew said.

The other elements of the strategic plan are a continued focus on cost reduction and development of the existing lime business. Adelaide Brighton is actively pursuing these initiatives.

M Chellew

Managing Director

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