

**The Company's strong operating performance continued in 2003 delivering a record net profit for the second year in a row. This result is in line with our strategy to position Adelaide Brighton Ltd as a leader in the heavy building materials market.**



**Malcolm Kinnaird AO**  
Chairman



### Strategic developments

The Company acquired 55% of C&M Brick and 100% of Rocla Pavers and Masonry, acquisitions that have established Adelaide Brighton as a major player in the concrete product market in Australia. We now hold the second position in market share in this sector, with operations in South Australia, New South Wales and Victoria.

### Boral takeover

On 16 December 2003, Boral Limited announced its intention to make a conditional offer of \$1.55 per share to acquire all the shares in Adelaide Brighton Ltd. The announcement was made following Boral Limited's purchase of 19.9% of the Company's shares from RMC Group p.l.c., Adelaide Brighton's former controlling shareholder. On 30 January 2004, Boral Limited made an increased offer of \$1.60 per share for each Adelaide Brighton Ltd share.

Your Directors (other than Mr Dave Barro) recommended acceptance of Boral Limited's increased offer of \$1.60 for each Adelaide Brighton Ltd share. This increased offer by Boral reflects

Adelaide Brighton's growth in total shareholder return, which has risen from 6.6% at December 2000 to 10.2% at December 2003.

On 19 December 2003, RMC Group p.l.c. gave 90 days notice of cancellation of the \$350 million credit facility it had extended to the Company. I am pleased to report that in February 2004, the Company put in place a \$240 million, six-month credit facility with the ANZ Bank. This facility may be extended by agreement for a further six months.

Our recommendation of the Boral offer is tinged with sadness as, if completed, it will mark the end of Adelaide Brighton's 122 years as an independent entity. However, I am confident that our inherent brand strengths, work place culture, and employee skills and loyalty will continue to deliver significant value in the future.

### Safety performance

In addition to our financial performance, I continue to be encouraged by the progress that the Company has made on its safety performance.

Our safety record in the cement and lime businesses showed significant improvement throughout the year thanks to the policies and practices we introduced. This improvement will extend to our new acquisitions as similar relevant standards are adopted across the whole business.

### Board changes

Les Hosking joined the Board in June 2003. Mr Hosking holds the position of Managing Director of National Electricity Market Management Company and brings extensive experience in commercial and financial matters as well as his knowledge of the Australian futures market. He also provides a valuable personal connection to the eastern seaboard.

### People

I would like to acknowledge the role of our employees in achieving these pleasing financial results. Adelaide Brighton's employees continue to be the Company's most important asset.

**Adelaide Brighton Ltd (ABC) share price history**

