Adelaide Brighton delivered a record $57.7 million net profit after tax and minorities for the year compared with $50.7 million in 2002, a 13.8% increase. Profit before tax was $84.4 million, compared with $66.9 million in 2002, a 26.2% increase. Earnings per share increased to 10.7 cents from 9.9 cents.

Mark Chellew
Managing Director

The increase in pre tax profits was due principally to the continued buoyant Australian construction markets, the additional returns delivered by the operational improvement and cost reduction programmes and the Company's strategy of selective vertical integration. 2003 saw a full year contribution from the Hy-Tec Concrete operations and a half year first time contribution from the C&M and Rocla concrete masonry products business.

While demand from the construction sector remained at consistent levels in all states, the movement into downstream concrete and masonry products businesses has given the Company greater access to the larger markets in New South Wales and Victoria and into the growing Queensland market.

Continued focus on the efficiency of lime operations allowed the Company to achieve further modest growth in lime sales, driven by increased demand from the mining and resource sectors of steel, gold and alumina production.

The Company continued to make significant progress with its strategy of focused vertical integration with the acquisition of C&M Brick and Rocla Pavers and Masonry on 1 July 2003. These simultaneous acquisitions gave Adelaide Brighton an immediate clear number two market share position in the Australian concrete masonry products markets.

The Company has continued the C&M strategy of expansion into New South Wales and set in place a programme of plant upgrades and product development.

Significant progress has also been made in the Hy-Tec Concrete business with the Queensland operations making an excellent contribution in its first full year. The New South Wales and Victorian operations maintained margins and delivered on their strategic objectives of cement sales pull through for the Morgan Cement facility, in New South Wales, and the Independent Cement and Lime joint venture, in Victoria.

The core cement and lime business performed well, underpinned by the record outputs of the Birkenhead and Munster plants. In addition, the flexibility and outputs from the Angaston plant made an important contribution.

This performance was driven by the continued focus upon operational improvements and further delivery from the cost reduction programme, set in place in 2001.

The Birkenhead plant's performance was achieved despite the month long maintenance shutdown in May. A significant part of the extended shutdown was the upgrade to the clinker cooler which removed a known bottleneck. This upgrade allowed output to exceed expectations in the second half of the year.

Work continued at the Munster plant to improve output, in particular from the lime kilns, where a three year programme of improvement has begun.

Another major development was the approval by the South Australian environmental authorities for the combustion of two alternative fuels. Investment was made in the core processing equipment to prepare for use of these fuels, which began in the final quarter at limited levels. Automated handling systems for these fuels are planned for 2004.

The involvement, enthusiasm, flexibility and skills of our employees have been an essential part of the success of the Company. Their commitment has been central to the delivery of the 2003 result, the fulfilment of the long term strategies and the continued improvement in our safety record. I would like to thank all of our people for their efforts which have been fundamental to the successful performance of the Company.