

In a year which saw record levels of production at both Birkenhead and Munster, a further \$10.2 million of efficiencies were derived as a result of the performance and cost improvement programme.

Cement, slag and lime

A fundamental part of the cost improvement programme is the use of alternative fuels. Following stringent testing in conjunction with the South Australian Environment Protection Authority, approvals were obtained to burn demolition wood waste and carbon powder at the Birkenhead plant.

Lower levels of combustion of these materials began in the final quarter in advance of the investment in automated fuel handling systems which is planned for the second quarter of 2004.

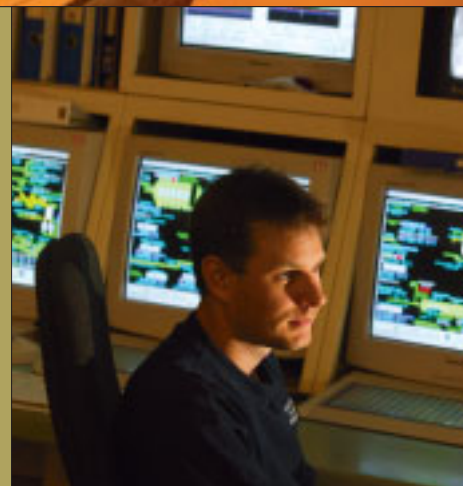
The completion of the Victorian gas pipeline in early 2004 now provides an important supplement to the South Australian gas supply.

Further progress was made in production efficiencies, procurement and staffing levels.

Significant upgrades were made to the Birkenhead plant during its shutdown in May. This included upgrading the clinker cooler, removing it as one of the major bottlenecks, thus providing the basis to increase output in the second half of the year to record levels.



44,000 tonne limestone reclaiming storage facility at the Birkenhead plant



Automated cement production and security control handled at the Birkenhead plant control room

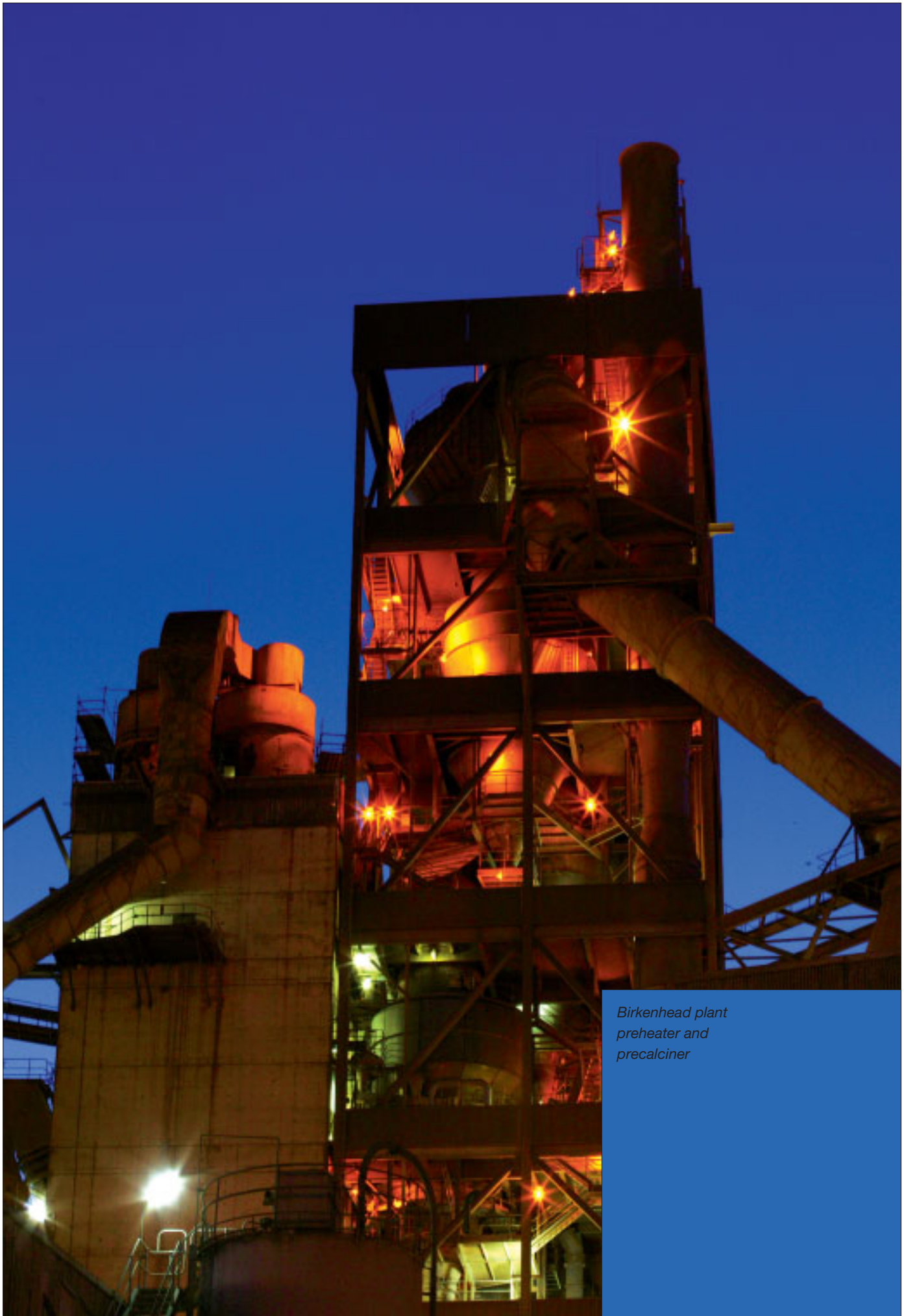
Results summary

12 months ended 31 December

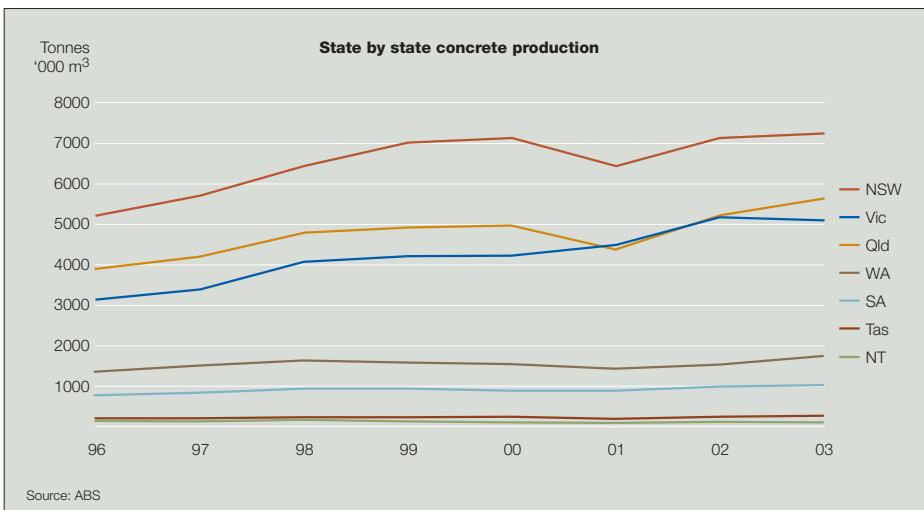
	2003	2002	%
	\$ million	\$ million	change
Operating revenue - sale of goods	589.2	447.6	31.6
Operating revenue - services	30.4	29.5	3.1
Operating revenue	619.6	477.1	29.9
Revenue arising from swap arrangements ¹	11.0	9.7	13.4
Other revenue	6.5	2.6	150.0
Sales revenue	637.1	489.4	30.2

¹ Relates to production swaps. The real underlying transaction is included in sale of goods.

Safety standards were further improved through a major investment in an advanced burner management system for the Birkenhead kiln.



*Birkenhead plant
preheater and
precalciner*



The Angaston plant's despatch facility and raw material handling systems were also upgraded. The increased output from Birkenhead allowed Angaston to switch more capacity to the production of Brightonlite cement, meeting increased demand from the concrete products sector.

Further investment was made at Munster to improve the lime kilns uptime, providing increased output to meet increased demand.

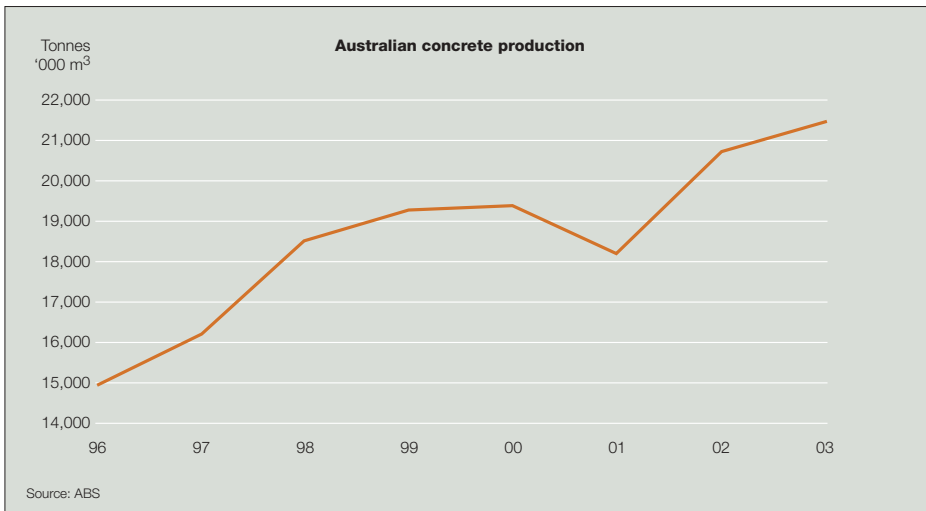
The expansion of the Kwinana drymix operation was completed in the second half of the year, allowing for the closure of the satellite Forrestfield plant. Following the extension to the permit for shellsand dredging, plans are now well advanced to investigate efficient recovery of shellsand from previously worked areas.

The assets and operations of Rocla Pozzolans and Transport were acquired in the second half of 2003. The Rocla Pozzolans operation gives Adelaide Brighton access to fly ash supplies from the Vales Point station, for use by its Hy-Tec Concrete operations and sale to third parties. The transportation part of the business was on sold to Titan Transport, one of Adelaide Brighton's key distribution providers.



Shellsand used in the manufacture of lime and cement is pumped from Woodmans Point to the Munster plant in Western Australia

Bagged cement products, packaged concrete mixes, as well as specialty sands, mortar and grouts are supplied to the construction industry and retail hardware market



Cement Joint Ventures

The Sunstate Cement Ltd and Independent Cement and Lime Pty Ltd (ICL) joint ventures showed further improvement as the demand in Queensland and Victoria was met by the increased output from Birkenhead.

ICL continues to build upon its slag cement and packed cement product base sold through its Steel Cement Limited and Building Products Supplies Pty Ltd companies.

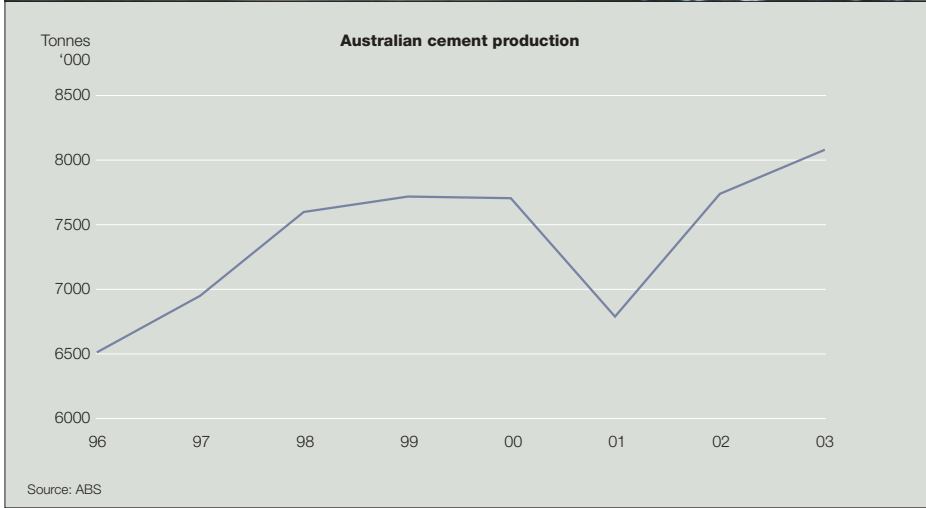
Concrete

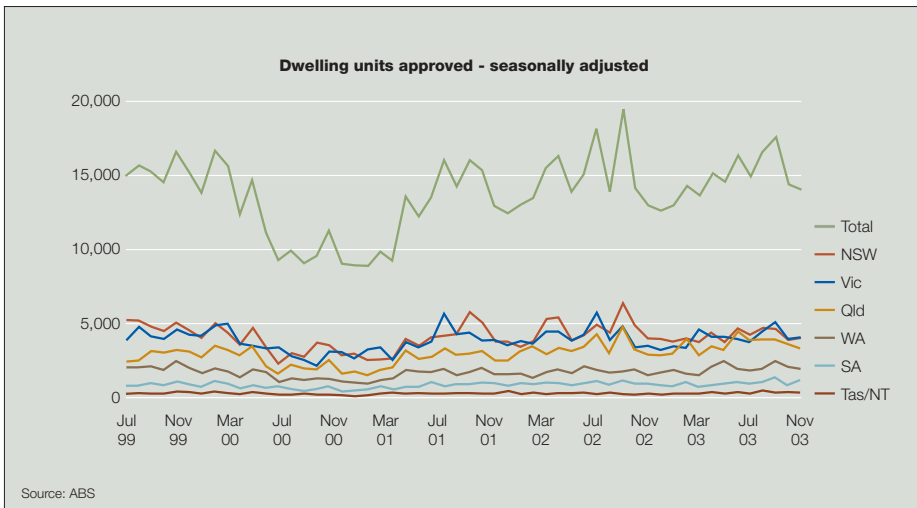
The Hy-Tec Concrete operations in New South Wales, Queensland and Victoria are now well established within the Company. During the year the selective replacement of mixer trucks and the construction of the North Melbourne concrete plant made a significant improvement in Hy-Tec's supply capabilities. The latter was commissioned in early 2004. The Queensland operations performed exceptionally well in meeting demand and optimising distribution effectiveness. The New South Wales Mascot plant was brought up to its operating capacity in the second half of the year.



The acquisition of C&M together with Rocla Pavers and Masonry has placed Adelaide Brighton in the number two market share position in the concrete masonry products market in Australia

Hy-Tec Concrete won the supply of 38,000 m3 to the 43 level Victoria Point residential complex at the Docklands in Melbourne





Planning continues for the design and future operation of the Hartley Quarry. This substantial aggregate reserve is well placed to supply the West Sydney market when the existing supplies from the Penrith Lakes reserves expire.

Concrete masonry products

The Company significantly progressed the implementation of its strategy of investment in downstream growth markets with the simultaneous acquisition of 55% of C&M Brick and 100% of the assets of the Rocla Pavers and Masonry business on 1 July 2003.

The businesses were combined under a single management structure during the second half of the year. The combined business is 70% owned by Adelaide Brighton.

This improved operating base will allow for the increase of concrete products use within the construction products market and, most importantly, in the expanding renovations and replacement residential sector.

C&M continued investment in new product development during the year and introduced its wet cast product range at the Campbellfield plant.



One of the many commercial paving projects supplied by C&M



State of the art robotic packing facility at the Kwinana plant

An exclusive C&M product, Eldorado stacked stone



