

Financial results

A third consecutive year of profit improvement has delivered a 30.4% compound average growth rate in shareholder return since 2001. Gearing at 31.4% reflects the strong balance sheet that provides a sound basis for continued improvement in shareholder return.

Profits

Adelaide Brighton's net profit after tax and minorities, before tax consolidation adjustments, was \$67.5 million, a 17.0% increase over 2003. The underlying profit before tax was \$94.9 million, a 12.4% increase over 2003.

The 2004 improvement resulted primarily from ongoing robust demand from the construction and resource sectors. Cement profits also took some benefits from the price increases progressively implemented over the final quarter of 2004.

While further improvements in cement plant operations resulted in increased output and higher cement margins, this was offset to some degree by rising energy and logistics costs.

Sales revenue

Sales of goods and services increased by 10.4% to \$696.4 million. This result includes the first full year contribution from C&M Brick Pty Ltd and excludes the sales from Pavement Technology Limited which was divested effective 1 January 2004.

The underlying sales increase of 8.7% was underpinned by the increase in demand from the mining and resources sectors and higher spending on infrastructure. Lime volumes were level year on year as anticipated increases in demand from the gold and steel sectors were delayed until 2005.

Dividends and earnings per share

The Board has approved a final dividend of 4.0 cents giving a total fully franked dividend for 2004 of 7.5 cents, a 25% increase over 2003.

The payment of the final 2003 dividend of 3.25 cents was delayed due to the conditions of the Boral bid. This dividend was subsequently declared in May 2004, accrued in the half-year results, and paid on 5 July 2004.

Earnings per share further increased by 16.8% to 12.5 cents. The 7.5 cent total dividend for 2004 represented a further increase in pay-out ratio to 60.2%. Dividend cover dipped slightly to 1.7, but is still at a comfortable level.

Cash flow

Cash flow from operating activities reduced by \$12.2 million as the Company returned to a full tax paying position. Tax payments during the year were \$20.8 million, a \$16.1 million increase over 2003. Accounts receivable increased as a result of higher sales although the key debtor days sales ratios improved as accounts were managed closer to terms.

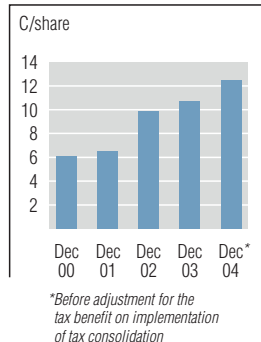
Borrowings

Net debt at 31 December 2004 reduced by \$22.0 million over 2003 to \$195.1 million. Gearing (net debt to equity) reduced to 31.4% compared with 37.7% in 2003. This comfortable level of gearing is at the lower end of the Company's range and the strong balance sheet provides a suitable base for the future strategic needs of the Company.

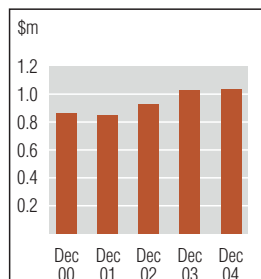


Andrew Poulter
Chief Financial Officer

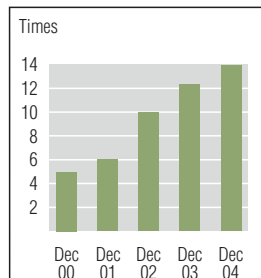
Earnings per share



Total assets



Interest cover EBITDA basis



The Company continues to operate within the \$240 million multi option bank facility with ANZ. This facility was extended into its second six month period in August 2004 and, since the year end, has been extended into a further seven month period that matures on 30 September 2005.

Interest

Net interest expense declined slightly to \$12.1 million as lower borrowings were offset by the increase in cash rate in late 2003. Interest cover (EBITDA/interest) increased to 13.9 times from 12.6 times in 2003.

The Company discontinued its programme of interest rate hedging during the year as the lower levels of borrowing provided a natural hedge to any potential rises in interest rates. The Company will re-evaluate this position after considering its longer term funding needs.

Capital investments

Capital expenditures were tightly managed during the first half year as the Company managed within the Boral bid conditions and its short term \$240 million credit facility. The \$50.1 million expenditure during the year fell below budget and largely related to essential sustaining investments, upgrades to C&M plants and priority expenditure on environmental projects. Expenditure also commenced on the Birkenhead plant alternative fuel handling facility, development of Austen Quarry and the Munster plant electrostatic precipitator upgrade projects.

Taxation

The full year result includes an expected one off \$14.0 million tax benefit resulting from the proposed entry into tax consolidation on 1 January 2004.

This tax benefit represents a \$46.6 million step up in the tax base of the Group's depreciable assets. The step up calculated under the tax consolidation legislation required independent asset valuations to be carried out for each wholly owned Group entity effective 31 December 2003, and consideration of individual business entity valuations and historical unfranked dividend streams.

As a consequence of the complexity of the legislation, the final impact of tax consolidation will not be fully known until 2004 tax returns are completed.

The underlying 2004 tax charge of \$26.2 million reflected a lower 27.6% effective tax rate due to the additional benefits of the increased Sunstate Cement fully franked dividend and the close out of prior year tax provisions.