

Chairman's review

Results

Adelaide Brighton delivered a record result for the year ended 31 December 2002 with a net profit after tax of \$50.7 million. This result was achieved from continued strong operational performance, combined with increased demand for all products, which led to higher sales volumes and prices.

The result included a first time contribution from our Hy-Tec ready mixed concrete operations in New South Wales, Queensland and Victoria.

Dividend

Final dividend declared was 2.75 cents per share, franked to 35%, making a total dividend for the year of 5.25 cents per share, a 31% increase over the previous year.

Strategy

2002 saw the implementation of a shift in the strategic direction of the business by adding downstream concrete operations. This has contributed to the delivery of improved performance and growth.

Our cost reduction program is well established and I am pleased to see the engagement of management in achieving results in this challenging and important area. A range of specific initiatives has been identified and progress with implementation is on track. An important aspect of this programme is the use of alternative fuels that provide both cost and important environmental benefits in conserving future reserves of natural gas supplies. Trials in South Australia are well advanced and we expect benefits to commence during this year.

During the year we acquired Premier Resources Ltd, a vertically integrated construction materials company and acquired the assets of ready mixed concrete manufacturer Neil Mansell Concrete. These acquisitions have given us a foothold in the important construction materials markets of New South Wales, Queensland and Victoria. These businesses trade under the name of Hy-Tec. We continue to seek relevant opportunities that will enhance our downstream position and increase shareholder value.

In our lime operations, we secured approval from the Western Australian government for long-term dredging of shellsand thus providing security of supply to our Munster cement and lime operations.

Financial position

The Company has continued to effectively manage its working capital, and delivered strong cash flows, allowing net debt to be further reduced.

In June 2002, Adelaide Brighton successfully completed a 1 for 7 Rights Issue at 75 cents, raising approximately



Malcolm Kinnaird AO
Chairman

A handwritten signature in blue ink that reads "Malcolm Kinnaird".

During the year we have brought about a significant change in the shape of our company. Sound progress was made with the implementation of Adelaide Brighton's strategy of selective vertical integration, while further progress was made in performance improvement and the expansion of our lime operations.

\$50 million, to strengthen the balance sheet and reduce gearing. The proceeds of this issue were used to fund two acquisitions during the year. Our balance sheet still provides the capacity for further acquisitions and we will continue to monitor potential growth opportunities.

RMC Group relationship

RMC Group p.l.c., the world's largest producer of ready mixed concrete, is our major shareholder with a 55% shareholding. RMC provides access to its technical expertise and specialist skills, which assist in our operational improvements. In addition, RMC provides valuable technical support with due diligence on acquisitions.

Board changes

Mr Graham Clark, RMC's Executive Director, International Cement, was replaced on our Board by Mr John McNerney, an Executive with Readymix plc (a publicly listed company incorporated in the Republic of Ireland in which RMC Group p.l.c. has a 62.5% shareholding). Mr McNerney brings with him over 35 years of experience in the construction materials industry.

We were saddened by the sudden death of Mr Harry Perkins in December 2002, following a brief illness. Mr Perkins served as a Director of Adelaide Brighton since 1999 and was also a member of the Board Remuneration Committee. Mr Perkins' broad industry knowledge and experience was immeasurable and his foresight during his service to the Company was significant.

People

I would like to thank all employees for their hard work and adaptability which has significantly contributed to our improved performance.

The year ahead

In the year ahead, we will continue to strive for further increased performance from our operations through the implementation of our operating improvement programme. We will continue to develop our cement, concrete and lime business, and seek growth opportunities through selective vertical integration. We expect continued firm demand for our products. I am confident that we are well placed to face the challenges of the future and to take advantage of opportunities as they occur.