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**Adelaide Brighton Ltd
Extraordinary General Meeting 14 May 1999**

Address by Malcolm Kinnard, Chairman

Ladies and Gentlemen,

I am very pleased to see this substantial gathering of shareholders today. Thank you for attending this meeting.

It is not an exaggeration to say that the meeting represents a most significant event in your company's 118 year history. Shareholders are aware that Adelaide Brighton has been through a number of changes in strategic direction in the past, all of them designed to overcome the inherent problems of exposure to the building materials sector. The company has diversified into other businesses, has formed alliances with industry players and has explored the potential of new technologies.

Your board has come to the view that Adelaide Brighton's core business and its strength has always been in clinker and cement manufacturing. Two years ago, when the current board adopted a strategy to focus solely on this core business, we decided

to deal with industry issues on a national and international scale rather than to diversify away from them.

The issues addressed related primarily to the over-capacity in the Australian industry which was exacerbated by the downturn in the Asian economy. The over-capacity and the consequential problems faced by the company have been explained in annual reports and in the comprehensive documentation which you received from us recently.

Throughout the recent two year period your board has pursued a number of possibilities in our efforts to restore value to the shareholders. The collapse of the Asian economies, which occurred at a critical time in our deliberations, added an unexpected dimension to the issues being addressed. This collapse heightened the over-capacity in the industry forcing us to sell product at margins which were unacceptable. It was clear that we were now involved in the manufacture and trade of a basic world commodity and we looked to devise a strategy and vision for the company to deal with this.

The proposal on which we are about to vote achieves all the objectives we have been pursuing during the last 2 years.

- We will have an international partner in the Rugby Group which is focusing with energy and substance to develop its cement and lime business in the world market.
- The changes offer protection from the vagaries of the building sector by giving us considerable strength in the lime business which has grown steadily in recent times.
- We reduce the risks inherent in relying on one major plant.

- We enter a range of new contracts which offer greater certainty to our revenue stream over an extended period of time.
- We are able to rationalize our production and realize significant savings while strengthening the company's balance sheet.

The task in bringing this transaction to fruition has been most demanding and I wish to pay credit to our management team who committed themselves unreservedly to the task of negotiating the new contract arrangements with our existing and new partners. The task of accommodating the legitimate mutual and self-interests of CSR, Pioneer, Boral and Rugby was particularly challenging and required most extensive and sensitive negotiations over a considerable period of time. In particular I wish to acknowledge the unstinting and effective efforts of Richard Hammond and his team: Rick Moody, Chris Naylor, Tom Douglas and Eion Turnbull in bringing these negotiations to fruition.

The proposal to buy back the 49% interest in Adelaide Brighton Cement Ltd from Australian Cement Holdings was essential to the proposal, requiring our negotiation team to satisfy both Pioneer and CSR.

There were competition issues, which led to the involvement of the Australian Competition and Consumer Commission.

The Rugby Group and ourselves have had to come to a clear understanding of how the merged company will operate. This has required us to understand the strategy and the culture of their company - and for them to do the same for Adelaide Brighton. I must say that I have already been greatly encouraged about the synergies between our two companies by gaining a clear understanding of the vision that the Rugby Group has for Adelaide Brighton within its global strategy.

Most importantly, there have been our own concerns about our company and its stakeholders - employees, shareholders and communities. Whilst it is always difficult to reconcile the demands and needs of these different groups, I believe that the proposal achieves the best possible outcome for the majority.

While the process of restructuring has been complex, the strengths of the company now lies in the simplicity of the outcome and the clear vision we have for the future.

The success of the company, the security of our employees and the prosperity of our shareholders will depend to a considerable extent on the management of the newly structured company.

This has been of particular concern to me. When considering whether to continue as Chairman of the new Adelaide Brighton, I was determined to satisfy myself that the Rugby Group would allow the company to function independently, yet be part of the global plans for Rugby. I am confident we now have that understanding and that undertaking from the Rugby Group.

The role of the new board will be essential to ensuring this approach and I am looking forward to working with the new board. I am pleased to announce today that we have invited Dave Barro, the chairman and founder of the Barro Group, to become a director of your company.

In my last address to you at our Annual General Meeting, we speculated about a number of rationalization possibilities. In response to a question about the future of the company, I reflected that as a lifetime South Australian, Adelaide Brighton has always been a local icon to me and as Chairman I would be doing everything possible to make sure it stayed in Adelaide.

Whilst this proposal obviously brings great change to our company and introduces a major new partner, we retain our identity as the only publicly listed Australian

independent cement producer, with the head office in Adelaide and with a stronger and more certain future than ever. It represents a defining moment in our history and our industry.

I would now like to introduce Richard Hammond who will speak in more detail about the benefits of the restructuring proposal.