

# Our markets

## Cement and concrete markets

Australian demand for cement and ready mixed concrete increased in 2002 compared with 2001 due primarily to increased housing activity.

Total demand for cement in Australia in 2002 was estimated to be 7.7 million tonnes, compared with 6.8 million tonnes in 2001, an increase of 14%.

Australian national concrete demand also increased by 14% on the previous year. Ready mixed concrete showed the largest growth in Queensland (up 19%), Victoria (up 15%) and New South Wales (up 11%).

The Company experienced increases in demand for its products proportionate to those in the markets in which it operates.

## Lime market

Demand from the resources and mining sectors led to increased lime sales during 2002.

Our Cockburn Cement operation was called on to supply additional lime into the Kalgoorlie region as a result of the temporary closure of one of its competitors' kilns.

## Outlook

Housing approvals data indicates that a gradual reduction in cement demand for housing will be experienced around the third quarter of 2003. However, we believe that demand from non-residential, infrastructure and resource projects will grow during 2003, and will offset weakening in the residential housing sector. We anticipate that overall cement demand will remain at, or slightly above, current strong levels.

Margins improved in cement and concrete in 2002. The rise in the Australian dollar is expected to constrain the magnitude of price gains in 2003, though tightening of cement supply in Asia and industry consolidation in Australia reduces the prospect of competition from low priced imports.

We expect consumption of lime by the mining and resource sectors to remain strong and the outlook for demand is encouraging. We recently commenced the sale of agricultural limestone from our Geelong quarry and expect the business to make a modest contribution to profit during 2003.

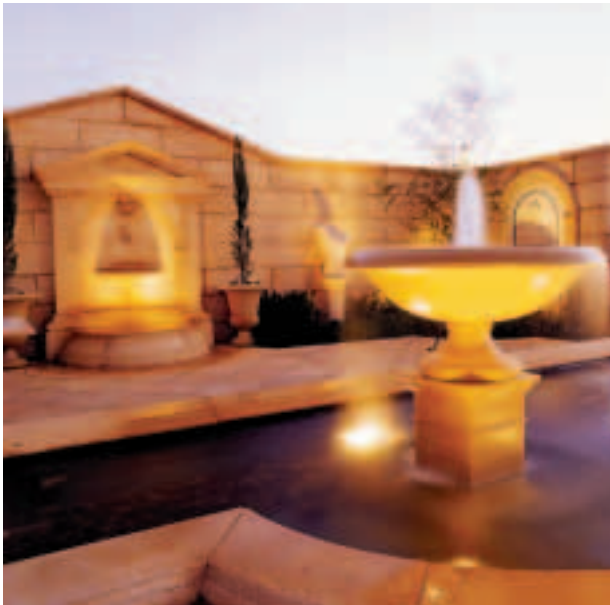
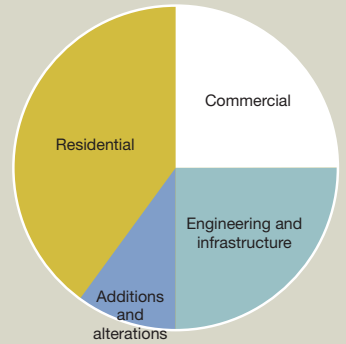


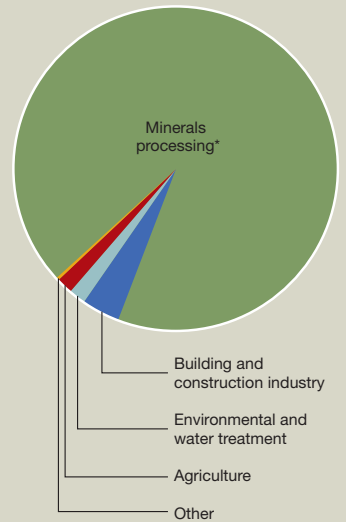
Photo courtesy Hewitstone Pty Ltd

**Brightonlite cement and architectural stone combine to create a stunning Tuscan effect**

**Demand for Adelaide Brighton cement**



**Demand by industry for Adelaide Brighton lime products**



\*Includes alumina, gold mining, nickel, copper zinc and mineral sands industry