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Adelaide Brighton Ltd
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9 February 2004

Company Announcements Office
Australian Stock Exchange Limited
20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam

RESULTS FOR YEAR ENDED 31 DECEMBER 2003

We attach the following documents:

- Preliminary Final Report – Appendix 4E
- Results announcement for the year ended 31 December 2003 and management discussion.

Yours faithfully

MRD Clayton
Company Secretary



Adelaide Brighton Ltd
Preliminary Final Report
Appendix 4E
Year ended 31 December 2003

Adelaide Brighton Ltd

ACN 007 596 018

Results for announcement to the market

Company Name: Adelaide Brighton Ltd
ABN: 15 007 596 018
Reporting period: Financial year ended 31 December 2003
Previous corresponding period: Financial year ended 31 December 2002
Release date: 9 February 2004

				A\$'000
Revenue from ordinary activities	up	30.2%	to	638,543
Profit from ordinary activities after tax attributable to members	up	13.8%	to	57,682
Net profit for the period attributable to members	up	13.8%	to	57,682

Dividends	Amount per security	Franked amount per security
Final dividend (current reporting period)	0.00¢	0%
Interim dividend (current reporting period)	2.75¢	60%
Final dividend (previous corresponding period)	2.75¢	35%

Record date for determining entitlements to the final dividend	N/A
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	31 Dec 2003	31 Dec 2002
Net tangible asset backing per ordinary share	\$0.76	\$0.70

Dividends

On 16 December 2003, Boral Limited announced its intention to make a takeover offer for all the shares in Adelaide Brighton Limited that it does not own. The Offer is conditional on a number of matters including the Directors not declaring any dividends.

As a result of recommending the revised offer the Directors of Adelaide Brighton do not currently intend to declare or pay any final dividend or capital distribution for 2003.



Adelaide Brighton Ltd

Preliminary final report summary

Adelaide Brighton Ltd

Year ended 31 December 2003

ACN 007 596 018

KEY FEATURES OF FULL YEAR RESULT

- Record net profit after tax and minorities of \$57.7 million – an increase of 14%
- Increase in sales revenue of 30%
- Increase in earnings per share to 10.7 cents (9.9 cents in pcg)
- Gearing¹ at 37.7% was within half year forecast levels
- Interest cover increased to 7.7 times on an EBIT basis (6.1 times in pcg)
- Cement volumes maintained with continued demand from the housing sector
- Lime volumes increased as a result of additional demand from the resource sector
- Concrete volumes increased with inclusion of the Hy-Tec operations for the full year
- Acquisitions of C&M Brick and Rocla Pavers and Masonry (RPM) on 1 July 2003
- The minority interest represents 30% of the C&M group following the combination with RPM

FINANCIAL SUMMARY	12 Months ended 31 December		
(A\$millions)	2003	2002	% change pcg
Sales Revenue²	637.1	489.4	30.2
Depreciation ³	(52.3)	(45.1)	16.0
Goodwill Amortisation	(9.8)	(8.4)	16.5
Earnings before Interest and Tax ("EBIT")	97.0	80.0	21.3
Net interest ⁴	(12.6)	(13.1)	(3.8)
Profit Before Tax	84.4	66.9	26.2
Tax expense	(25.8)	(16.2)	59.3
Net Profit After Tax ("NPAT")	58.6	50.7	15.6
Minority interest	(0.9)	(0.0)	-
Net Profit Attributable to Members	57.7	50.7	13.8
Earnings per share (cents)	10.7	9.9	8.1
Dividends per share (cents)	2.75	5.25	(47.6)
Franking (%)			
- interim	60%	20%	40.0
- final	-	35%	-
Net Debt (A\$millions)	217.1	181.8	19.4
Net Debt/Equity (%)	37.7%	34.6%	3.1

¹ Net Debt/Equity

² Sales revenue excludes interest revenue (included in revenue from ordinary activities in attached financial statements)

³ Previously excluded depreciation on capitalised cyclical maintenance

⁴ Interest charge is shown gross in the financial statements with interest income included in sales revenue



Adelaide Brighton Ltd

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Year ended 31 December 2003

REVIEW OF OPERATIONS

The cement and lime markets continued to be strong during 2003 enabling Adelaide Brighton to report a 31.6% increase in operating revenues to \$589.2 million (\$447.6 million in pcpc). Revenues also include a full year contribution from the Hy-Tec concrete operations and a half year contribution from the C&M Brick and Rocla Pavers and Masonry business acquired on 1 July 2003.

12 Months to 31 December (A\$millions)	2003	2002	% 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 ⁵	11.0	9.7	13.4
Other revenue	6.5	2.6	150.0
Sales Revenue²	637.1	489.4	30.2

⁵ Relates to production swaps. The underlying transaction is included in sale of goods.

The underlying growth in operating revenues and the continued focus on operational efficiencies delivered a 26.2% increase in pre tax profit to \$84.4 million for the year (\$66.9 million in pcpc). 2003 saw a return to a full tax expense of \$25.8 million versus \$16.2 million in the pcpc due to the full recognition of carried forward tax losses. Adelaide Brighton reported a net profit after tax ("NPAT") of \$57.7 million, a 13.8% increase over the pcpc.

2003 NPAT was a record result for Adelaide Brighton based upon the continued strength of its major markets and its strategy of integration into downstream businesses, operational performance and cost reduction. The Birkenhead and Munster plants showed significant improvement in performance and delivered record levels of output enabling market demand to be met. The concrete operations delivered improved volumes on an annualised basis and continue on track to meet both earnings and strategic objectives. The integration of the C&M Brick and Rocla Pavers and Masonry business was also completed successfully and the programme of plant upgrades begun.

STRATEGIC DEVELOPMENTS

Adelaide Brighton continued to focus on its strategy of operational improvement and cost reduction, expansion of the lime operations, and selected vertical integration into concrete and concrete products. The acquisition of C&M Brick and Rocla Pavers and Masonry saw a further significant extension of this strategy placing the company as a clear number two in the masonry products market. The lime business continued to show further modest growth and the company continues to benefit from its strategic advantage as a low cost supplier of a high quality product to major resource industries in WA.



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Year ended 31 December 2003

FINANCIAL REVIEW

Cash Flow and Borrowings

Cash flow from operations for the period increased to \$127.9 million (\$98.4 million pcpc). Net debt at \$217.1m has increased by \$35.3 million from December 2002 as a result of the \$50.5 million acquisition of C&M Brick and Rocla Pavers and Masonry in July 2003, the continuation of key masonry plant upgrades and planned capital investments in the cement and concrete operations. The increase in working capital reflects the consolidation of C&M for the first time. Net borrowings at \$217.1 million and gearing at 37.7% were within company forecasts.

The significant increase in current liabilities reflects the changed status of the credit facility provided by the former majority shareholder, RMC Group plc. Following the sell down of 19.9% of its interest in Adelaide Brighton, on 19 December 2003 RMC Group plc served three months notice for the cancellation of the \$350 million credit facility. This notice changed the status of this credit facility to a short term interest bearing liability. Adelaide Brighton is in advanced stages with bankers to put in place a replacement credit facility and the Company is highly confident that this will be achieved well within the required timetable.

Net interest costs were \$0.5 million lower than the prior year, driven by reduced debt in the first half of the year and lower interest rates. The reduced interest costs coupled with the improved operational performance have delivered a significantly improved interest cover of 7.7 times, compared with 6.1 times for 2002.

Dividend

The offer by Boral Limited for Adelaide Brighton shares is conditional on a number of matters including that the Directors do not declare any dividends. As a result of recommending the revised offer the Directors of Adelaide Brighton do not currently intend to declare or pay any final dividend or capital distribution for 2003

Capital Expenditure

Capital expenditure totalled \$60.7 million (\$39.8 million in the pcpc). The significant increase over 2002 was due to several key investments. The major upgrade and overhaul of the Birkenhead plant was carried out in May, a large part of this work was deferred from 2002 due to the industrial dispute at that time. Within this investment, the cooler upgrade has been particularly successful allowing the improvement in Birkenhead clinker output in the second half year.

The company continued its planned investments in the Hy-Tec Concrete Mascot and North Melbourne ready mix concrete plants and its truck replacement programme in Hy-Tec Queensland and NSW.

The C&M capital investment programme including the new Nowra plant in NSW continued in the second half of the year together with the commencement of key plant upgrades of the former Rocla Pavers and Masonry plants.



Adelaide Brighton Ltd

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Tax

The result for 2003 includes a full tax expense of \$25.8 million (\$16.2 million pcp), an effective tax rate of 31%. A partial tax expense was incurred in 2002 (effective rate of 24%) due to the recognition of carry forward income tax losses not previously brought to account.

The Company is still in the process of utilising carried forward tax losses, however partial tax payments commenced in 2003 and, based on latest forecasts, full tax payments will commence during 2004.

OUTLOOK

We expect that residential housing activity will ease during 2004, however, the engineering and non-residential demand in both public and private sectors will remain robust. A large number of infrastructure projects have commenced which should maintain current levels of demand for cement and concrete particularly in NSW, QLD and WA. Demand from the mining and resources sector continues to be firm.

The rising Australian dollar has not significantly impacted our business as the potential for lower cost imports has been offset by the recent rises in shipping rates for imported cement and clinker. The latter increase may have some minor impact on Adelaide Brighton's costs over the next two years. Adelaide Brighton will continue to focus upon cost and operating performance with a major emphasis upon the expansion of the alternative fuels programme.

TAKEOVER OFFER

On 16 December 2003 Boral Ltd acquired 19.9% of the shares in Adelaide Brighton Ltd from RMC Group plc and announced its intention to make a conditional offer to acquire all of the shares in Adelaide Brighton Ltd for cash consideration of \$1.55 per share.

On 7 January 2004 the Independent Directors of Adelaide Brighton Ltd announced their intention to recommend acceptance of an increased offer by Boral Ltd of \$1.60 per share, in the absence of a superior proposal. The offer by Boral Ltd to acquire all of the shares in Adelaide Brighton Ltd remains subject to a number of conditions.

Boral Limited dispatched the Bidder's Statement to shareholders on 30 January 2004 and Adelaide Brighton dispatched the Target's Statement to shareholders on Friday 6 February 2004.

M Chellew

Managing Director

9 February 2004

FOR FURTHER INFORMATION CONTACT:

LUBA PRZEDWORSKI
GROUP CORPORATE AFFAIRS ADVISER
MOBILE: 0418 535 636



Adelaide Brighton Ltd

Preliminary final report summary

Adelaide Brighton Ltd

ACN 007 596 018

Year ended 31 December 2003

Consolidated statement of financial performance

For the year ended 31 December 2003

	Notes	2003 \$'000	2002 \$'000
Revenues from sale of goods and services		630,626	486,831
Cost of sales (incl. freight and distribution costs)		(487,951)	(367,599)
Gross profit		142,675	119,232
Other revenues from ordinary activities		7,917	3,737
Other expenses from ordinary activities			
Marketing		(8,620)	(6,000)
Administration		(45,428)	(36,237)
Borrowing costs		(14,058)	(14,296)
Other		(10,997)	(10,754)
Share of net profits of joint venture entities accounted for using the equity method	7	12,930	11,228
Profit from ordinary activities before income tax expense		84,419	66,910
Income tax expense		(25,852)	(16,202)
Net profit		58,567	50,708
Net (profit)/loss attributable to outside equity interests		(885)	(31)
Net profit attributable to members of Adelaide Brighton Ltd		57,682	50,677
Net exchange difference on translation of financial reports of foreign controlled entities		(175)	(223)
Net movement in other reserves		-	(53)
Net movement in other reserves		(417)	-
Total revenues, expenses and valuation adjustments attributable to members of Adelaide Brighton Ltd recognised directly in equity		(592)	(276)
Total changes in equity other than those resulting from transactions with owners as owners		57,090	50,401
Basic earnings per share	4	Cents 10.7	Cents 9.9

The above statement of financial performance should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

As at 31 December 2003

	2003 \$'000	2002 \$'000
Current assets		
Cash assets	14,167	19,514
Receivables	101,154	73,593
Inventories	56,241	48,386
Other	1,700	1,847
Total current assets	<u>173,262</u>	<u>143,340</u>
Non-current assets		
Receivables	12,189	12,511
Investments accounted for using the equity method	33,643	30,806
Other financial assets	32	10
Property, plant and equipment	620,064	561,297
Deferred tax assets	17,091	28,417
Intangible assets	166,442	146,611
Total non-current assets	<u>849,461</u>	<u>779,652</u>
Total assets	<u>1,022,723</u>	<u>922,992</u>
Current liabilities		
Payables	76,498	57,834
Interest bearing liabilities	229,840	519
Current tax liabilities	8,236	240
Provisions	30,421	52,211
Other	3,606	2,398
Total current liabilities	<u>348,601</u>	<u>113,202</u>
Non-current liabilities		
Payables	6,000	-
Interest bearing liabilities	1,360	200,724
Deferred tax liabilities	67,550	66,274
Provisions	23,482	16,900
Other	102	102
Total non-current liabilities	<u>98,494</u>	<u>284,000</u>
Total liabilities	<u>447,095</u>	<u>397,202</u>
Net assets	<u>575,628</u>	<u>525,790</u>
Equity		
Parent entity interest		
Contributed equity	512,775	512,104
Reserves	30,453	30,628
Retained profits (accumulated losses)	22,417	(19,947)
Total parent entity interest	<u>565,645</u>	<u>522,785</u>
Outside equity interest in controlled entities	9,983	3,005
Total equity	<u>575,628</u>	<u>525,790</u>

The above statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

For the year ended 31 December 2003

	2003 \$'000	2002 \$'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	675,833	521,004
Payments to suppliers and employees (inclusive of goods and services tax)	(546,211)	(416,740)
Dividends received	10,095	8,010
Interest received	5,503	1,127
Other revenue	1,452	481
Borrowing costs	(14,017)	(14,493)
Income taxes paid	(4,742)	(1,017)
Net cash inflow from operating activities	<u>127,913</u>	<u>98,372</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(60,707)	(39,788)
Payments for controlled entities and operations	(63,088)	(20,856)
Proceeds from sale of property, plant and equipment	995	2,096
Loans to joint ventures	-	(778)
Net cash (outflow) from investing activities	<u>(122,800)</u>	<u>(59,326)</u>
Cash flows from financing activities		
Proceeds from issue of shares	671	49,737
Proceeds from borrowings	73,696	58,476
Repayment of borrowings	(53,408)	(123,288)
Dividends paid	(29,789)	(23,009)
Net cash inflow (outflow) from financing activities	<u>(8,830)</u>	<u>(38,084)</u>
Net increase (decrease) in cash held	(3,717)	962
Cash at the beginning of the reporting period	19,514	21,562
Cash balances in controlled entities acquired	(1,236)	(2,852)
Effects of exchange rate changes on cash	(394)	(158)
Cash at the end of the reporting period	<u>14,167</u>	<u>19,514</u>

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements

For the year ended 31 December 2003

1 Accounting policies

This report has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001. The accounting policies adopted are consistent with those of the previous financial year with the exception of the changes detailed below.

Change in accounting policy for dividends

Provision is made for the amount of any dividend declared, determined or publicly recommended by the Directors on or before the end of the financial period. This policy was adopted to comply with AASB 1044 Provisions, Contingent Liabilities and Contingent Assets. In previous reporting periods provision was also made for dividends proposed, recommended or declared between the end of the financial period and the completion of the financial report.

An adjustment of \$14,888,000 was made against retained profits at the beginning of the reporting period to reverse the amount provided at 31 December 2002 for the proposed final dividend for the period ended on that date. This reduced current liabilities, and increased net assets, at the beginning of the reporting period by \$14,888,000. The final dividend for the year ended 31 December 2002 has now been provided and paid in the current reporting period.

Change in accounting policy for wage and salary, annual leave and sick leave entitlements

The provision for employee entitlements to wages and salaries, annual leave and sick leave is calculated at nominal amounts based on wage and salary rates expected when the obligations are settled and includes related on-costs. This policy was adopted to comply with changes to AASB 1028 Employee Benefits. In previous years the provision was calculated based on current wage and salary rates.

An adjustment was made to the consolidated retained profits at the beginning of the financial year to increase the amount provided for annual leave entitlements by \$417,000.

2 Operating profit

	Consolidated	
	2003	2002
	\$'000	\$'000
Revenue from operating activities		
Sale of goods	589,164	447,629
Product swap arrangements	11,024	9,718
Services	30,438	29,484
	<u>630,626</u>	<u>486,831</u>
Revenue from outside the operating activities		
Interest revenue	1,410	1,157
Sale of non-current assets	1,003	2,096
Other income	5,504	484
	<u>7,917</u>	<u>3,737</u>
Revenue from ordinary activities	<u>638,543</u>	<u>490,568</u>
Net gains and expenses		
Profit from ordinary activities before income tax includes the following expenses;		
Depreciation		
Buildings	1,459	1,542
Plant and equipment	49,770	42,326
Mineral reserves	1,103	1,245
	<u>52,332</u>	<u>45,113</u>
Amortisation		
Goodwill	9,803	8,412
Other intangibles	276	49
Total amortisation	<u>10,079</u>	<u>8,461</u>
Borrowing costs		
Interest expense	14,058	14,296

Notes to the financial statements

For the year ended 31 December 2003

3 Dividends

	2003 \$'000	2002 \$'000
Dividends provided or paid during the year		
2003 interim dividend of 2.75 cents (2002 – 2.5 cents) per fully paid ordinary share, franked at 60% (2002 – 20%) paid on 8th October 2003 (2002 – 14 October 2002)	14,901	13,535
2002 final dividend of 2.75 cents per fully paid share paid on 16 April 2003 recognised as a liability at 31 December 2002 but adjusted against retained profits at the beginning of the financial year on the change in accounting policy (note 1)	14,888	14,888
	<u>29,789</u>	<u>28,423</u>

Dividends not recognised at the end of the half-year (refer note 1)

Since the end of the half-year the Directors have not recommended the payment of a final dividend.

- -

4 Earnings per share

	2003 Cents	2002 Cents
Basic earnings per share	<u>10.7</u>	<u>9.9</u>

Weighted average number of shares used as the denominator

Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share

	2003 Number	2002 Number
	<u>541,523,952</u>	<u>510,236,038</u>

Reconciliations of earnings used in calculating earnings per share

Basic earnings per share

Net profit

Net profit attributable to outside equity interest

Earnings used in calculating basic earnings per share

	2003 \$'000	2002 \$'000
	58,567	50,708
	(885)	(31)
	<u>57,682</u>	<u>50,677</u>

5 Retained profits

	Consolidated 2003 \$'000	2002 \$'000
Accumulated profits (losses) at the beginning of the financial year	(19,947)	(42,201)
Net profit attributable to members of Adelaide Brighton Ltd	57,682	50,677
Dividends provided for or paid	(29,789)	(28,423)
Net effect on initial adoption of AASB 1028 Employee Benefits	(417)	-
Net effect on initial adoption of AASB 1044 Provisions, Contingent Liabilities and Contingent Assets	14,888	-
Accumulated profits (losses) at the end of the financial year	<u>22,417</u>	<u>(19,947)</u>

6 Acquisition of controlled entities

On 1 July 2003 the consolidated entity acquired control of C&M Brick Pty Ltd and the net operating assets of Rocla Pavers and Masonry for consideration of \$50.5 million, plus transaction costs incidental to the acquisition. The net profit after tax of the acquired entities and operations since the date of acquisition of \$2.6 million has been included in the consolidated statement of financial performance.

Notes to the financial statements

For the year ended 31 December 2003

7 Investments in joint ventures and associates

Investments in joint ventures and associates are accounted for in the consolidated financial statements using the equity method of accounting.

Name of joint venture company	Ownership interest		Aggregate share of profits		Contribution to net profit	
	2003 %	2002 %	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Sunstate Cement Ltd	50	50	6,670	7,118	6,670	7,118
Independent Cement & Lime Pty Ltd	50	50	7,362	4,817	7,362	4,817
Amortisation of goodwill					(996)	(996)
Unrealised profit in inventory					(106)	289
Share of profits equity accounted					12,930	11,228

8 Events occurring after reporting date

On 16 December 2003 Boral Ltd acquired 19.9% of the shares in Adelaide Brighton Ltd from RMC Group plc and announced its intention to make a conditional offer to acquire all of the shares in Adelaide Brighton Ltd for cash consideration of \$1.55 per share.

Subsequent to 31 December 2003, on 7 January 2004 the Independent Directors of Adelaide Brighton Ltd announced their intention to recommend acceptance of an increased offer by Boral Ltd of \$1.60 per share, in the absence of a superior proposal. The revised offer by Boral Ltd to acquire all of the shares in Adelaide Brighton Ltd remains subject to a number of conditions.

Except for the matter discussed above, no matter or circumstance has arisen since 31 December 2003 that has significantly affected, or may significantly affect:

- (a) the consolidated entity's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the consolidated entity's state of affairs in future financial years.

Audit statement

This report is based on accounts to which one of the following applies.

☐

The accounts have been audited.

☐

The accounts have been subject to review.

☒

The accounts are in the process of being audited or subject to review.

☐

The accounts have not yet been audited or reviewed.