ASX Appendix 4E

Lodged with the ASX in accordance with Listing Rule 4.3A

BRICKWORKS LIMITED

A.B.N. 17 000 028 526

Preliminary Final Report
Results for announcement to the market

Reporting period: 12 months to 31 July 2013

Previous corresponding period: 12 months to 31 July 2012

		CURRENT PERIOD 31 JULY 13	PREVIOUS PERIOD 31 JULY 12
Revenues from ordinary activities ($000's)	UP 9% TO	606,509	556,911
Profit from ordinary activities after tax attributable to members ($000's)	UP 97% TO	85,165	43,304
Net profit for the period attributable to members ($000's)	UP 97% TO	85,165	43,304
Net profit after tax before significant items ($000's)	UP 27% TO	100,048	78,870
Basic earnings per share (cents per share)	UP 96% TO	57.6	29.4
Net tangible assets per share (cents per share)	UP 4% TO	981.5	944.1

Comments on above results

BRICKWORKS INCREASES FULL YEAR EARNINGS

UPLIFT IN BUILDING PRODUCTS & PROPERTY DIVISIONS

** Brickworks normalised NPAT before significant items up 26.9% to $100.0 million

** Building Products EBIT before significant items up 14.9% to $32.8 million

** Land & Development EBIT before significant items up 161.0% to $49.6 million

** Investments EBIT before significant items down 11.4% to $60.0 million

** Headline NPAT including significant items $85.2 million

** Net debt/capital employed of 15.7%, net debt $319.9 million

** Final dividend of 27.0 cents fully franked

For more detailed information please refer to attached review of operations.

This report is based on accounts which have been audited. There has been no dispute or qualification in relation to these accounts or report.

BRICKWORKS LIMITED
A.B.N. 17 000 028 526

ASX Appendix 4E
Preliminary Final Report

DIVIDENDS

ORDINARY SHARES	Amount per security (cents)	Franked amount per security (cents)	Total amount paid / payable ($000's)	Foreign source dividend per security (cents)
Proposed final ordinary dividend (payable 28 November 2013)	**27.0**	**27.0**	39,911	0.0
Record date for determining entitlements to the dividend			**7 NOVEMBER 2013**	
Previous corresponding period (paid 29 November 2012)	27.0	27.0	39,911	0.0
Interim ordinary dividend (paid 7 May 2013)	**13.5**	**13.5**	19,955	0.0
Previous corresponding period (paid 15 May 2012)	13.5	13.5	19,922	0.0

There were no dividend reinvestment plans in operation at any time during or since the end of the financial year.

BRICKWORKS LIMITED

A.B.N. 17 000 028 526

ANNUAL REPORT 2013

BRICKWORKS LIMITED AND CONTROLLED ENTITIES
A.B.N. 17 000 028 526

FIVE YEAR SUMMARY

	2009 $000	2010 $000	2011 $000	2012 $000	2013 $000	% Growth
Total revenue	593,511	656,538	635,615	556,911	606,509	9%
Building Products revenue	489,253	580,283	604,915	547,590	568,654	4%
Earnings before interest tax and amortisation						
Building products	37,026	53,379	42,017	28,538	32,802	15%
Property	38,798	26,638	26,662	16,438	49,206	199%
Waste management	1,841	1,755	2,573	2,571	413	(84%)
Investments	1,268	2,434	1,713	1,081	493	(54%)
Associates	94,157	74,047	66,182	66,619	59,509	(11%)
Head office and other expenses	(7,271)	(7,729)	(7,148)	(6,796)	(7,384)	(9%)
Total EBITA	165,819	150,524	131,999	108,451	135,039	25%
Borrowing costs	(33,314)	(24,491)	(21,155)	(25,215)	(18,800)	25%
Income tax	(18,825)	(15,851)	(10,061)	(4,366)	(16,191)	(271%)
Net profit after income tax - normal	113,680	110,182	100,783	78,870	100,048	27%
Significant items						
Washington H Soul Pattinson & Co.	392,882	-	88,686	756	(18,483)	
Write down of assets to recoverable value						
- Property, plant & equipment	(43,779)	(2,728)	(14,021)	(4,169)	(8,608)	
- Investment property	(24,716)	-	-	-	-	
- Investment in associate (BKI)	(13,674)	-	-	-	-	
- Building products inventory	(8,171)	(4,750)	(1,084)	(4,192)	-	
Remediation provision recognised	(12,039)	-	-	-	-	
Borrowing costs	(3,036)	-	-	-	-	
Costs related to JV and business acquisitior	-	(2,826)	(2,751)	(1,947)	729	
Costs on closure of manufacturing factility	-	(3,482)	(8,651)	(6,927)	(3,130)	
Costs on start up of manufacturing facilities	-	-	-	(4,147)	(593)	
Impairment of goodwill	-	-	-	(31,627)	-	
Other significant items	(3,489)	(577)	(2,511)	(3,885)	(3,475)	
Tax on significant items	(92,443)	4,283	(17,900)	7,580	5,424	
Tax benefit arising from WHSP carrying valu	-	38,688	-	12,992	13,253	
Net profit after income tax (incl significant items)	305,215	138,790	142,551	43,304	85,165	97%
Basic earnings per share (cents)	229.8	96.7	96.7	29.3	57.6	96%
Normalised earnings per share (cents)	85.6	76.7	68.3	53.4	67.7	27%
Dividends						
Ordinary dividends per share (cents)	39.0	40.0	40.5	40.5	40.5	0%
Ratios						
Net tangible assets per share	$8.27	$9.28	$9.42	$9.44	$9.82	4%
Return on shareholders equity	22.3%	8.4%	8.5%	2.6%	5.0%	90%
Interest cover ratio	4.6	6.5	6.4	5.2	6.6	28%
Net debt to capital employed	21.8%	12.1%	13.0%	14.7%	15.7%	7%

BRICKWORKS LIMITED
A.B.N. 17 000 028 526

ANNUAL REPORT 2013

REGISTERED OFFICE:	738 - 780 Wallgrove Road Horsley Park NSW 2175 Telephone: (02) 9830 7800 Facsimile: (02) 9620 1328
DIRECTORS:	ROBERT D. MILLNER FAICD (Chairman) Director since 1997 MICHAEL J. MILLNER MAICD (Deputy Chairman) Director since 1998 BRENDAN P. CROTTY LS; DQIT; Dip.Bus Admin; MAPI; FAICD; FRICS Director since 2008 DAVID N. GILHAM FCILT; FAIM; FAICD Director since 2003 THE HON. ROBERT J. WEBSTER MAICD; MAIM; JP Director since 2001
MANAGING DIRECTOR:	LINDSAY R. PARTRIDGE AM, BSc. Hons.Ceramic Eng; FAICD; Dip.CD Joined the Company 1985 Director since 2000
CHIEF FINANCIAL OFFICER:	ALEXANDER J. PAYNE B.Comm; Dip CM; FCPA; FCIS; FCSA; JP Joined the Company in 1985
COMPANY SECRETARY:	IAIN H. THOMPSON B.Ec; CA; Grad Dip CSP; FCIS; FCSA Joined the Company in 1996
AUDITORS:	ERNST & YOUNG
BANKERS:	NATIONAL AUSTRALIA BANK
SHARE REGISTER:	COMPUTERSHARE INVESTOR SERVICES PTY. LIMITED GPO Box 7045 Sydney NSW 2001 Telephone: 1800 269 981 Facsimile: (02) 8234 5050
PRINCIPAL ADMINISTRATIVE OFFICE:	738 - 780 Wallgrove Road Horsley Park NSW 2175 Telephone: (02) 9830 7800 Facsimile: (02) 9620 1328

BRICKWORKS LIMITED
A.B.N. 17 000 028 526

DIRECTORS' REPORT

The Directors of Brickworks Limited present their report and the financial report of Brickworks Limited and its controlled entities (referred to as the Brickworks Group or the Group) for the financial year ended 31 July 2013.

Directors

The names of the Directors in office at any time during or since the end of the year are:

Robert D. Millner FAICD (Chairman)
Michael J. Millner MAICD (Deputy Chairman)
Lindsay R. Partridge AM, BSc. Hons. Ceramic Eng; FAICD; Dip. CD (Managing Director)
Brendan P. Crotty LS; DQIT; Dip.Bus Admin; MAPI; FAICD; FRICS
David N. Gilham FCILT; FAIM; FAICD
The Hon. Robert J. Webster MAICD; MAIM; JP

All Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal activities

The principal activities of the Brickworks Group during the year were the manufacture of building products, property realisation and investment.

Result of operations

The consolidated net profit for the year ended 31 July 2013 of the Brickworks Group after income tax expense, amounted to $85,165,000 compared with $43,304,000 for the previous year.

Dividends

The Directors recommend that the following final dividend be declared:

Ordinary shareholders – 27.0 cents per share (fully franked)

Dividends paid during the year under review were:

(a) Final ordinary of 27.0 cents per share (fully franked) out of profits for the year ended 31 July 2012 and referred to in the previous Directors' report;

(b) Interim ordinary of 13.5 cents per share (fully franked) paid 7 May 2013

REVIEW OF OPERATIONS

Highlights[1]

Brickworks increases full year earnings, uplift in Building Products and Property divisions

Brickworks normalised NPAT before significant items up 26.9% to $100.0 million
  - Building Products EBIT up 14.9% to $32.8 million
  - Land and Development EBIT up 161.0% to $49.6 million
  - Investments EBIT down 11.4% to $60.0 million
- Headline NPAT including significant items $85.2 million
- Net debt/capital employed of 15.7%, net debt $319.9 million
- Final dividend of 27.0 cents fully franked

Overview

Brickworks (ASX: BKW) posted a **normalised** net profit after tax ('NPAT') for the year ended 31 July 2013 of $100.0 million, up 26.9% from $78.9 million for the year ended 31 July 2012. After significant items, Brickworks' **headline** NPAT was up 96.7% to $85.2 million.

Building Products earnings before interest, tax and significant items ('EBIT') was $32.8 million, up 14.9% on the prior year. This result was achieved on the back of strong selling price increases, despite another year of subdued detached housing construction activity.

Land and Development EBIT was up 161.0% to $49.6 million, driven primarily by the sale of "Oakdale South" for a profit of $23.4 million in the first half and continued strong growth of the Joint Venture Property Trust.

Investment EBIT, primarily from Washington H Soul Pattinson ('WHSP') was down 11.4% to $60.0 million.

The impact of **significant items** after tax was a net expense of $14.9 million.

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[1] Unless otherwise stated all earnings measures exclude significant items

Normal earnings per share (‘**EPS**’) were 67.7 cents, up from 53.4 cents per share for the prior year.

Directors have maintained the final **dividend** of 27.0 cents fully franked, taking the full year dividend to 40.5 cents fully franked, in line with last year.

The record date for the final ordinary dividend will be 7 November 2013, with payment being made on 28 November 2013.

Financial Analysis

Gearing (debt to equity) was 19.7% at 31 July 2013, up from 18.0% at 31 July 2012. Total interest bearing debt (‘TIBD’) was $339.0 million and Net Debt was $319.9 million at 31 July 2013. Net debt to capital employed rose to 15.7% from 14.7% the previous year.

Interest costs were down slightly to $20.3 million for the year. **Total borrowing costs** were $18.8 million, including the gain in mark to market valuation of interest rate swaps of $1.5 million. Interest cover increased to 6.6 times at 31 July 2013, up from 5.2 times at 31 July 2012.

Working capital, excluding assets held for resale, increased by $25.5 million to $186.2 million, primarily due to an increase in inventory levels.

Finished goods inventory increased by $17.1 million to $139.0 million during the year, due in part to stock replenishment in Austral Bricks Victoria following transition of all production to Wollert and the impact of acquired masonry stock. In addition there was a requirement to turnover finished goods stock that was purchased at below replacement value in the acquired Western Australian timber operations. Excluding these impacts, finished goods stock levels were broadly in line with the prior year.

Total net **cash flow** from operating activities was $46.0 million, down from $64.5 million in the previous year, primarily reflecting the increase in inventory.

Dividends of 40.5 cents per share, totalling $59.9 million were paid during the year, in line with the prior year.

Building Products **capital expenditure** decreased 37.1% to $17.7 million in the year ended 31 July 2013, excluding acquisitions[2]. Stay in business capital expenditure was $15.3 million, representing just 59.4% of depreciation. Growth capital expenditure was $2.4 million, including spend on alternative fuels projects and installation costs for the Wetherill Park batching plant. The Land and Development Group incurred an additional $1.5 million in capital expenditure.

Management is focussed on driving more efficient use of existing plant and equipment, and restrained capital expenditure is a key lever to incrementally reduce assets employed and boosting return on assets. This is highlighted by the fact that the total value of plant and equipment employed in Building Products was reduced by $10.3 million during the year.

The only **acquisition** during the year was the purchase of Boral’s masonry operation at Prospect in New South Wales.

Net tangible assets (‘NTA’) per share increased 4.0% to $9.82 and Total Shareholders’ Equity increased $57.3 million to $1.720 billion.

The normalised **income tax** expense increased to $16.2 million compared to $4.4 million for the prior year, due to the increased earnings from the combined Building Products and Land and Development Groups.

Significant items decreased NPAT by $14.9 million for the full year. Net restructuring costs of $7.1 million included the write-down of assets at the Caversham terracotta roof tile plant in Western Australia and Masonry plants at Port Kembla in New South Wales and Dandenong in Victoria. Restructuring costs also include the consolidation of precast operations to one site in both New South Wales and Queensland. Significant items relating to WHSP resulted in a net cost of $5.2 million.

Significant Items ($m)	Gross	Tax	Net
Restructuring costs	(11.5)	4.4	(7.1)
Acquisition costs	(2.5)	0.7	(1.9)
Significant items relating to WHSP	(18.5)	13.3	(5.2)
Other significant items	(1.1)	0.3	(0.7)
TOTAL	**(33.6)**	**18.7**	**(14.9)**

[2] Excludes $7.3 million in plant rebuild costs covered by insurance, primarily related to Deanmill in Western Australia

Brickworks' Building Products Group
Summary of FY2013 Housing Commencements

Estimated Starts[3]	**Detached Houses**			**Other Res**			**Total**		
	Jun 12	**Jun 13**	**Change**	**Jun 12**	**Jun 13**	**Change**	**Jun 12**	**Jun 13**	**Change**
New South Wales[4]	17,244	19,564	13.5%	18,151	22,282	22.8%	35,395	41,846	18.2%
Queensland	18,188	17,685	(2.8%)	10,118	10,392	2.7%	28,306	28,077	(0.8%)
Victoria	30,128	26,925	(10.6%)	20,518	21,511	4.8%	50,646	48,436	(4.4%)
Western Australia	14,724	18,582	26.2%	3,195	4,790	49.9%	17,919	23,372	30.4%
South Australia	6,940	6,400	(7.8%)	2,211	1,980	(10.4%)	9,151	8,380	(8.4%)
Tasmania	1,740	1,423	(18.2%)	527	300	(43.1%)	2,267	1,723	(24.0%)
Total Australia	**89,804**	**91,355**	**1.7%**	**55,499**	**62,557**	**12.7%**	**145,303**	**153,912**	**5.9%**
New Zealand[5]	13,883	16,922	21.9%	1,564	1,809	15.7%	15,447	18,731	21.3%

Total dwelling commencements for **Australia** were up 5.9% to 153,912 for the twelve months ended 30 June 2013, from 145,303 in the previous year. Detached houses were up 1.7% and other residential developments were up 12.7% on the 12 months ended 30 June 2012.

Detached housing activity remains at cyclical low levels. Prior to this year, it has been eighteen years since detached housing starts in Australia have remained below 92,000 for two consecutive years. For the 12 months ended 30 June 2013, detached houses share of total residential building fell below 60% for the first time, compared to a share of between 65% and 70% during the 15 year period prior to the GFC.

New South Wales (including ACT) experienced strong growth with an 18.2% increase in total dwelling commencements to 41,846, driven by a 13.5% increase in detached housing and a 22.8% increase in other residential activity. Despite the upturn, building activity in this region remains 3.0% below the average of the past 30 years and 28.3% below the peak over the same period.

Queensland continues to experience declines in residential building activity, with total annualised commencements now at the lowest level since June 2001. Detached housing commencements in the second half were particularly disappointing, down 15.7% compared to the previous corresponding period. This slump in activity more than offset the gains experienced in the first half.

Victoria continues to suffer a major decline in detached housing commencements, down a further 10.6% on the prior year. Detached housing commencements in this state have now fallen 29.2% from the peak three years ago.

Residential building activity in **Western Australia** has rebounded sharply from a ten year low, increasing 30.4% on the prior year. Strong growth was recorded in detached houses, up 26.2% and other residential dwellings, up 49.9%.

New Zealand building consents for the year ended 30 June 2013 increased by 21.3% compared to the prior year, with significant momentum building following years of below average building activity.

The value of approvals in the **non residential** sector in **Australia** decreased by 3.9% to $33.642 billion for the twelve months to 31 July 2013, compared to the prior year. Within the non residential sector, **Commercial** building approvals increased by 15.1% to $13.035 billion for the period and **Industrial** building approvals decreased 1.5% to $5.616 billion. The **Educational** sub-sector, an important driver for bricks and masonry demand, was down 23.5% to $3.803 billion.

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[3] Original data sourced from ABSCat. 8752.0 Number of Dwelling Unit Commencements by Sector, States & Territories (Sep 12, Dec 12 and Mar 13 quarters). June 13 quarter estimate from BIS Shrapnel.
[4] Includes ACT
[5] Building Consents data sourced from Statistics New Zealand – Building Consents.

Building Products' Results in Detail

Year Ended July		2012	2013	Change %
Revenue	$mill	547.6	568.7	3.8
EBITDA	$mill	53.3	58.5	9.6
EBIT	$mill	28.5	32.8	14.9
Capital Expenditure	$mill	28.1	17.7[6]	(37.1)
EBITDA margin	%	9.7	10.3	0.6
EBIT margin	%	5.2	5.8	0.6
Employees		1,410	1,366[7]	(3.1)
Safety (TRIFR)[8]		180.5	153.2	(15.1)
Safety (LTIFR)[9]		3.0	3.4	13.0

Revenue for the year ended 31 July 2013 was up 3.8% to $568.7 million compared to $547.6 million for the prior year. Excluding the impact of acquisitions, like for like revenue was up 1.7%.

EBIT was $32.8 million, up 14.9% on the prior year, driven primarily by a strong improvement in the Austral Bricks division. Good pricing outcomes in this division enabled margins to be enhanced despite flat volumes.

Total **employee numbers** decreased by 44 over the year, however with an additional 45 employees joining the business due to acquisitions, a total of 89 staff, representing 6.3% of the workforce, left the business. These figures include restructuring initiatives undertaken in July, resulting in 33 employees leaving the business. In total, these staff reductions are expected to deliver annualised savings of around $7.3 million.

Brickworks' has maintained a pro-active approach to resizing the business to seek maximum efficiency over many years. This continuous production rationalisation and cost reduction program has seen the workforce reduced by 27% in the six years since 31 July 2007, after including the impact of employees added through acquisitions.

The Total Reportable **Injury Frequency** Rate ('TRIFR') decreased to 153.2 from 180.5 for the prior year. There were 9 Lost Time Injuries ('LTIs') during the year, compared with 8 in the previous year. A particular focus for the Group is the roll-out of best practice national standard occupational health and safety procedures to improve standards across all operations.

Divisional Analysis
Austral Bricks sales revenue for the year ended 31 July 2013 was up 6.2% to $296.0 million despite flat volumes. Earnings were up 43.4% on the prior year, primarily as a result of a 6.5% increase in prices and strong cost controls.

Total productivity improvements delivered an estimated $9.9 million in cost reductions during the year, including labour reductions. However these savings were offset by input cost increases. For example, the impact of energy price increases was $8.7 million, including the impost of the carbon tax.

New South Wales earnings were considerably higher as a result of improving market conditions and strong selling price increases being achieved. This business has also benefited from its' sustained focus on developing "up-market", fashionable face bricks, with these products increasing penetration into the project home market and major commercial projects. For example more than 300,000 Bowral bricks in 5 purpose made shapes will be used in the iconic Frank Gehry designed building at the University of Technology Sydney's business school. In addition 200,000 special glazed bricks were used in student accommodation buildings at the University of New South Wales.

The turn-around in **Queensland** continues, with a positive contribution delivered for the year, following a number of years of losses. Strong price increases underpinned the result. However brick prices in Queensland remain the lowest in Australia and further margin improvement is necessary to establish satisfactory returns. The Rochedale factory also supplies significant quantities to the New Zealand market, currently experiencing a major increase in demand.

To enhance returns on invested capital from the Rochedale site, plans are well underway to sell surplus land around the site. The release of surplus land at Rochedale, in addition to the Riverview plant that was closed in 2012, will result in a 57% reduction in the level of real capital employed in this business and will ultimately release an estimated $41.2 million in land value.

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[6] Excludes $7.3 million in plant rebuild costs covered by insurance, primarily related to Deanmill in Western Australia
[7] Represents the number of employees post July restructuring (some employees left the business in August 2013). Actual employees at 31 July 2013 was 1,392.
[8] Total Reportable Injury Frequency Rate (TRIFR) measures the total number of reportable injuries per million hours worked
[9] Lost Time Injury Frequency Rate (LTIFR) measures the number of lost time injuries per million hours worked

Earnings from **Victoria** were marginally down on the prior year, as reduced levels of detached house commencements resulted in a decline in sales volume. Strong price increases were unable to fully offset the impact of the lower volumes. Production was disrupted by a fire in the new clay mill at Wollert in the first half, resulting in a production slowdown for around one month. Since the fire, the highly efficient Wollert factory has performed well, and significant overhead cost savings are now being realised following consolidation of operations onto a single site at Wollert.

Several new product ranges were released to the market during the year, including high-value pressed bricks and the "Melbourne" flashed brick range. The business is now well positioned for solid earnings growth in future years.

Earnings improved in **Western Australia**, albeit from a low base, arresting a downward earnings trend since 2007. The rationalised plant footprint comprising Bellevue, Armadale and Malaga delivered lower unit manufacturing costs, despite increases in input costs. However this market remains particularly challenging, with strong competition and high levels of finished goods inventory across the industry limiting the ability to achieve required selling price increases.

Volume growth was minimal despite the sharp increase in housing starts. Indeed brick demand in Western Australia has only made a meaningful recovery in the last quarter of the financial year, with Austral Bricks sales in this period being up 24.9% compared to the prior corresponding period. This is due to an increase in government red and green tape that has extended the time between building commencements and the use of bricks in residential construction.

South Australia earnings were down on the prior period, due largely to the significant fall in building activity. Volume losses were less than the market decline, however margins deteriorated as price increases were unable to fully offset the impact of increased manufacturing costs.

Tasmania delivered increased earnings, despite deteriorating market conditions. This follows the exit of K&D, resulting in increased volumes now that Austral Bricks is the only remaining locally based manufacturer in that state.

During the year **New Zealand Brick Distributors** was established, a Joint Venture between Brickworks and CSR for the distribution of bricks in New Zealand. Since launching in April, this business has delivered results in line with expectations. Over the year, the contribution from New Zealand operations was substantially higher than the prior year, driven by a strong uplift in volume as market activity continues to increase.

Bristile Roofing sales revenue was relatively stable at $104.9 million, with increased selling prices offsetting a decline in volume. Earnings were up by 34.5% on the prior corresponding period, despite the decrease in volumes.

On the East Coast, earnings improvements in New South Wales and Queensland more than offset declines in Victoria. Sales of imported La Escandella terracotta products continue to gather momentum, supplementing the locally manufactured concrete roof tile range in these states.

Earnings in Western Australian were improved compared to the prior period. Production at the Caversham plant ceased in November however issues with supply of key tile profiles necessitated the re-starting of the plant in May. To ensure service levels can be maintained, this business will now operate with significantly rationalised local manufacture at Caversham, combined with a premium range of imported profiles.

Austral Masonry sales revenue was up 18.3% to $62.4 million and earnings were up by 20.3%. The performance in New South Wales was the key driver of the improvement, assisted by the acquisition of Boral's masonry operation at Prospect in February. This acquisition enabled the rationalisation of production facilities, with the existing Port Kembla facility being closed in March and volume being transferred to Prospect. In addition to significant manufacturing and administrative synergies, the acquisition has enabled an expanded paving and retaining wall product range to be offered along the East Coast.

Earnings in Victoria declined on the prior year. In this state, a supply agreement with Adelaide Brighton for the resale of commodity grey block products, combined with supply of higher valued coloured block, retaining wall and paving products from Austral Masonry operations in New South Wales and Queensland will enable this market to be served cost effectively going forward.

Earnings in south east Queensland were down as a result of subdued levels of demand. This decline was partially offset by an improved performance in North Queensland. In Cairns, Austral Masonry is now the only significant masonry manufacturer, with tolling agreements in place for the supply of products to other distributors in the region.

Austral Precast sales revenue was down 6.7% to $63.4 million, with the reduction in non-residential building activity contributing to a decline in sales volume. Earnings were also lower, with costs adversely impacted by flooding and delays in commissioning the new batch plant at the Wetherill Park facility in New South Wales.

Despite the challenging year, a number of significant business improvements were made that will bring improved efficiencies to the business going forward. Operations in New South Wales were consolidated to one site at Wetherill Park, with the closure of the Prestons facility. Together with the final commissioning of the new batch plant, this has enabled the implementation of a two shift operating structure at this site. In Queensland, operations were also consolidated to one site at Salisbury.

Auswest Timbers sales revenue was up 7.7% to $42.8 million for the year. A fire at the Deanmill facility caused significant disruption to operations in Western Australia, with the site being out of operation for almost the entire year and only limited production being transferred to Pemberton. The Deanmill plant has now been fully rebuilt and as a result it will be a safer and more efficient plant. A significant portion of business interruption costs have been recovered through insurance, with the final payout expected to be finalised in the first half of financial year 2014.

In Victoria, demand for value added product out of the Bairnsdale processing plant remains strong, with sales volume up 9.9% on the prior year. The growing demand for this high value product means that around 50% of output from Auswest Timbers' Orbost mill is now directed to Bairnsdale for further processing. Some uncertainty remains over long term log supply for the Orbost mill, with VicForests currently reviewing supply arrangements in the state and an announcement expected towards the end of calendar year 2014.

Demand for roof tile battens from the Fyshwick mill in ACT was adversely impacted by the reduction in detached house building in Victoria.

Land and Development
Land and Development produced an EBIT of $49.6 million for the year ended 31 July 2013, up 161.0% from $19.0 million for the prior year.

The primary reason for the improved result was an increase in **Property Sales,** contributing an EBIT of $28.2 million for the year compared to $0.7 million in the prior year. The major transaction for the year was the sale of the second stage of Oakdale ("Oakdale South") into the Joint Venture Property Trust for a profit of $23.4 million in the first half. Transactions in the second half included the sale of 2.6 hectares into the Property Trust to allow the existing Coles Distribution Centre to be extended, and the sale of a quarry at Swanbank in Queensland for $2.0 million in sale proceeds.

The **Property Trust** generated an EBIT of $24.3 million, up 24.0% from $19.6 million in the previous corresponding year.

Net property income distributed from the Trust was $10.0 million for the year, up from $9.0 million in the year ended 31 July 2012.

The revaluation profit of stabilised Trust assets totalled $5.9 million, up from $5.3 million due to flat capitalisation rates and moderate income growth.

An EBIT of $6.1 million was contributed primarily through fair value adjustments following the completion of developments at the Reedy Unit Estate at M7 Business Hub and the Jeminex Unit Estate at Erskine Industrial Estate.

The sale of two assets from the Property Trust, including 2.0 hectares of vacant land at Wacol and 1.5 hectares of land at the M7 Hub, contributed additional earnings of $2.3 million during the year.

The total value of the Property Trust assets as at 31 July 2013 was $868.7 million, with borrowings of $351.0 million, giving a total net value of $517.7 million. Brickworks' share of the Trust's net asset value was $258.9 million up $74.4 million from $184.5 million at 31 July 2012. The change was primarily due to the sale of Oakdale South into the Property Trust which increased Net Trust assets by $125.2 million, with $62.6 million being Brickworks' share.

Waste Management contributed a profit of $0.4 million for the year, down from $2.5 million in the prior corresponding period, due to the commencement of a royalty free period for the Horsley Park Landfill, which is expected to continue until early calendar 2014.

Property administration **expenses** totalled $3.3 million for the year ended 31 July 2013, down from $3.8 million in the prior year. These expenses include holding costs such as rates and taxes on properties awaiting development.

Investments
The EBIT from total investments was down 11.4% to $60.0 million in the year ended 31 July 2013.

Washington H. Soul Pattinson Limited ('WHSP') ASX Code: SOL
The normalised profit from this investment was $59.5 million for the year, down from $66.6 million in the year ended 31 July 2012.

The market value of Brickworks 42.72% shareholding in WHSP was $1.380 billion at 31 July 2013, up 2.6% on the value at 31 July 2012. This investment continues to provide diversity and stability to earnings, with cash dividends totalling $46.0 million received during the year.

WHSP has delivered outstanding returns over the short, medium and long term, outperforming the ASX All Ordinaries Accumulation Index by 4.6% p.a. over five years, 3.2% p.a. over ten years and 6.1% p.a. over fifteen years.

WHSP maintains a substantial investment portfolio in a number of listed companies including significant holdings in Brickworks, New Hope Corporation, TPG Telecom Limited, API, Clover and Ruralco Holdings.

Outlook

Building Products Group

Australia is yet to see a broad based recovery in detached housing construction, however most forward indicators are now positive. Housing affordability[10] has significantly improved in recent times and is now at a ten year high. In addition, consumer confidence[11] is at the highest level since December 2010, following the decisive federal election result.

These positive indicators are now translating to increasing demand. Austral Bricks' year to date sales and order volumes are approximately 20% higher than the same period last year.

Despite the sense of optimism around a recovery in detached house building, management is focussed on cost reduction and business improvement strategies to boost margins under the assumption of continued challenging conditions. A range of alternative fuels projects will be implemented to offset the significant increase in gas prices once existing contracts expire. Operational excellence programs have also been rolled out across the Group with manufacturing savings expected to flow from financial year 2014 onwards.

Price increases have been implemented by Austral Bricks, effective 1 July 2013. Other divisions will also continue to implement price rises as and when necessary to return margins to acceptable levels.

Assuming relatively constant housing activity, the Building Products Group expects to deliver an improved result in financial year 2014, on the back of internal business improvement initiatives and pricing increases. Any improvement in detached housing commencements will provide additional impetus to Building Products earnings.

Land and Development

The Property Trust is currently seeing significant growth, with the completion of four new assets, totalling 78,515m^2 forecast to occur during financial year 2014. Of these assets, the Toll expansion at Eastern Creek and DHL Canon development at Oakdale were completed in August. The expansion of the existing Coles Distribution Centre by 12,420m^2 and a fourth facility for DHL, consisting of 31,745m^2 on the Oakdale Estate, will be completed in the last quarter of financial year 2014.

Completion of these developments will increase rental returns from the Trust, with the full benefit being realised in financial year 2015 when all assets are complete.

The development of the Oakdale Estate continues to be a major focus, with final infrastructure works having commenced at Oakdale Central. These works are expected to be completed by June 2014, and this land, together with land at Oakdale South will facilitate significant further expansion of the Property Trust in the medium to longer term.

The rezoning of Rochedale to industrial in November 2012 provides an opportunity to develop surplus sections of this site. Development approvals for the servicing, sub-division and first warehousing facilities are being prepared and will be lodged in late 2013. This will allow development to commence in 2014.

Another surplus asset, the 12.2 hectare Riverview site in Queensland, is now available for development and sub-division. This property will be offered to the market for sale in late 2013.

Work continues on the rezoning of Craigieburn in Victoria and Cardup in Western Australia to residential. A draft Framework Plan on the Craigieburn site and surrounding area is expected to be released by the Growth Areas Authority (GAA) before the end of 2013. An application to rezone Cardup will be lodged in late 2013.

Investments

The diversified nature of WHSP's investments is expected to deliver stable earnings to Brickworks over the long term.

Brickworks Group

Building Products are expected to deliver improved earnings in the 2014 financial year. Property earnings will be marginally lower, with continued growth in the Property Trust being offset by a reduced contribution from land sales. Investment earnings are expected to remain stable.

[10] HIA-Commonwealth Bank Housing Affordability Index
[11] Westpac Melbourne Institute Index of Consumer Sentiment

Significant changes in state of affairs

There were no significant changes in the state of affairs of the Brickworks Group during the year, other than those events referred to in the Review of Operations and the financial statements.

After balance date events

No matters or circumstances have arisen since the end of the financial year that have significantly affected the current financial year, or may significantly affect in subsequent financial years:

- the operations of the Brickworks Group;
- the results of those operations; or
- the state of affairs of the Brickworks Group.

Likely developments and expected results of operations

The review of operations gives an indication of likely developments and the expected results of operations in subsequent financial years.

Safety

"There is no task that we undertake that is so important that we can't take the time to find a safe way to do it".

Brickworks is committed to the health and safety of its employees, contractors and general public. A Brickworks core value is that "We don't want to make a profit by hurting anybody" and earnestly believe that all injuries are preventable. A safety culture is crucial to our operation's ongoing OH&S performance.

The Board of Directors and Senior Managers are fully aware of their responsibilities in the management of Occupational Health and Safety. The Managing Director is briefed weekly on OH&S matters and performance by the Divisional General Managers and issued a full report at the end of each month. An OH&S report is presented to the Board and is an agenda item discussed at each Board meeting.

Brickworks have developed robust OH&S management systems, complying with all relevant Australian standards and legal obligations. These systems are designed to meet the needs of its employees, contractors and general public, and are in a class that ably support the Workers compensation self-insurance models operating in New South Wales, Victoria and Western Australia divisions.

Brickworks reviews safety performance at all levels of the business, with a view to continuous improvement. Various management and supervisory levels are given responsibilities for safety performance, with relevant staff being held accountable for this.

The Group consolidated its safety performance over this last year, with half its divisions not having recorded a lost time injury. The lost time injury frequency rate (LTIFR) was 3.38 injuries per million hours worked, which was slightly higher than last year's result and an unacceptable result to the business given our goal of no workplace injuries. More pleasing was the ongoing improvement in all other injury statistics, with a 15% reduction in total injuries reported, and the total reportable injury frequency rate (TRIFR) at a record low of 153.2 injuries per million hours worked. Whilst these improvements are pleasing, and reflect the sustained commitment of all Brickworks personnel to safety issues, there is still further room for improvement, with our ultimate goal being no workplace injuries.

The standardisation of the OH&S management systems nationally is ongoing, with a number of tools being used to identify levels of compliance. External audits are also conducted to ensure the system meets all relevant legislative requirements.

The Environment

The Brickworks Group understands and accepts its responsibility for environmental protection which is integral to the conduct of its commercial operations. Brickworks' objective is to comply with all applicable environmental laws and regulations and community standards in a commercially effective way. We are committed to encouraging concern and respect for the environment and emphasising every employee's responsibility for environmental performance.

Preparing the Group for the carbon constrained future has been a critical issue facing Brickworks this year. The commencement of the Carbon Tax on 1 July 2012 impacted the Group for the entire year, firstly at a price of $23 per tonne of carbon dioxide, escalating to $24.15 per tonne from 1 July 2013. All facilities have the cost of carbon passed through by their suppliers on all relevant inputs except natural gas.

Brickworks has two facilities where emissions were expected to exceed the 25kT CO_2e threshold during 2013, being Wollert (Austral Bricks Vic) and Plant 23 (Austral Bricks NSW), which would make them directly liable to pay the Carbon Tax on their natural gas consumption under the scheme. Being a large natural gas consumer, Brickworks successfully applied for, received and utilised its Obligation Transfer Number (OTN) from the Clean Energy Regulator. The OTN provides

Brickworks with a cash flow incentive by enabling Brickworks to manage the impact of the Carbon Tax on its consumption of natural gas, and surrender (pay) its obligation in June 13 and February 2014, rather than paying $1.18/GJ to the retailer on each month's gas invoice from July 2012. These facilities are required to surrender permits at the legislated price for each tonne of CO_2e emitted.

The Group does not receive compensation under the legislation, however some of our more emissions intensive competitors (such as the steel, cement and glass industries) receive 94.5% of their carbon permits for free, distorting the market towards higher emissions products.

In order to reduce Brickworks costs associated with purchasing Carbon permits, Brickworks procured and surrendered a portion of its liability utilising Australian Carbon Credit Units (ACCUs). The ACCUs were procured from a third party at a discount to the carbon price of $23/tonne and were created from a local carbon abatement project. Not only did this reduce Brickworks carbon costs, but helped support and commercialise carbon abatement projects in Australia.

To further reduce our impact on the environment and costs associated with energy consumption and carbon emissions Brickworks is undertaking numerous initiatives. These include fuel-switching projects from natural gas to lower emissions intensity sources such as landfill gas, sawdust and other organic materials used as on-board "body fuels". At the same time our R&D team are introducing ways to reduce energy consumption and emissions through product re-engineering such as redesigning the bricks to reduce their mass and incorporating other waste streams and fluxes to reduce peak firing temperatures.

A number of these projects were qualified and deemed successful by AusIndstry, and offered financial assistance under the stringent regulatory hurdles of the federal Governments Clean Technology Invest Program (CTIP). Contracts have been executed on three projects:

- $497,000 for a project at Plant 21, Horsley Park, NSW to substitute Landfill Gas (LFG) for Natural Gas (LNG);
- $2,700,000 for a project at Plant 23, Horsley Park, NSW which includes substituting Landfill Gas for Natural Gas and the incorporation of organic material into the brick body; and
- $300,000 to assist with a project which captures waste heat from a boiler at Auswest Timbers Manjimup facility and converts it to electricity via an Organic Rankine Cycle.

A further three projects totalling $14.6 million have been approved but are yet to have contracts signed. With the change in federal government policy on carbon, it is unclear whether uncontracted projects under the CTIP will proceed.

Brickworks actively participate in energy efficiency and greenhouse gas reporting schemes which have assisted in reducing costs, energy consumption, and greenhouse gas emissions. The programs have also led to measurable improvements of systems and processes for data capture and storage, measuring and calculating emissions and implementing energy saving initiatives. These programs include:

- Energy Efficiency Opportunities (EEO) Act 2006 – this programme encourages large energy users to implement management systems aimed at measuring and analysing energy usage within their plants and identifying and implementing energy reduction strategies. All of the largest Brickworks sites covering over 90% of Brickworks total energy consumption have been assessed and had energy audits undertaken to Level 2 status;
- National Greenhouse and Energy Reporting (NGER) Act 2007 – this programme requires organisations to measure and report their energy consumption, production and greenhouse gas emissions under strict protocols. Brickworks has been measuring its energy consumption and emissions for some 15 years and this program has assisted Brickworks to streamline its processes for data capture, measuring, calculating and reporting energy and emissions. The data is subsequently collated and reported monthly to Senior Management and the Board;
- National Pollution Inventory (NPI) – the NPI provides the government, community and industry with information to substances and emissions estimates for 93 toxic substances. Brickworks continues to fulfil its mandatory reporting requirements under this scheme;
- Environment and Resource Efficiency Program (EREP) – this programme was established by the Environment Protection Act 2006 (Victoria only) to assist the state's largest energy and water users to achieve financial benefits by assessing their resource use efficiency (energy, water and materials use and waste generation). While many of the energy saving projects are already covered in Brickworks' EEO submission, water and resource saving and waste reduction initiatives have also been committed to; and
- Energy Saving Action Plans (ESAP) – this program is administered by the NSW Office of Environment & Heritage and requires large energy users in NSW to submit a detailed energy efficiency plan and subsequent annual progress reports.

Brickworks are a Housing Industry Australia (HIA) Green Smart Leader and support research on Thermal Performance and Life Cycle Analysis of Australian Housing in association with the University of Newcastle. Brickworks has been actively promoting the benefits of Bricks over lightweight competing products since the release of a publication based on 8 years of research and development with the University of Newcastle which concluded that houses built with Bricks and their inherent thermal mass properties have far superior energy efficiency performance compared to housing constructed from lighter weight materials.

Brickworks is subject to significant environmental regulation in respect of its clay building products manufacturing and associated activities as set out below.

DIRECTORS' REPORT

The Group has manufacturing facilities in each state of Australia. Each site holds a current licence and/or consent in consultation with the local environment protection authorities. Annual returns were completed where required for each licence stating the level of compliance with site operating conditions.

Queensland production facilities and mining leases operate and are licensed under the Environmental Protection Act 1994 and Regulations. Each site is regulated by Environmental Management Overview Strategy documentation or plans of operations. Various approvals have also been obtained from Brisbane City Council relating to the operation of the concrete roof tile facility at Wacol.

New South Wales production facilities and mine areas are administered under the Protection of the Environment Operations Act 1997, which licences organisations and regulates the level of all discharges into the environment. Load based licensing fees are determined by the Environmental Protection Authority based on the level of discharges. The Environmental Planning and Assessment Act 1979 applies to the approval conditions of the group's activities. Some sites also operate within additional requirements imposed by local government and NSW Department of Primary Industries.

Victorian production sites are licensed under the EPA Act 1970, including various state environmental protection policies and regulations. Mining leases operate under the Extractive Industries Development Act 1995.

South Australian production facilities are licensed under the EPA Act 1993, while mining and rehabilitation plans are approved in accordance with Regulations under the Mines and Works Inspection Act 1920.

Western Australian operations operate under the Environmental Protection Act 1986. They have licences issued from a number of government agencies, including the Department of Environment and the Department of Mines and Petroleum. A number of our sites also operate under additional requirements issued by local shires and councils.

Tasmanian operations and mining leases operate under the Environmental Protection Act of 1973.

Audit and assurance programs are an integral aspect of Brickworks environment management systems assisting in measuring performance and mitigating environmental risks. A total of 20 independent annual audits were completed this year, which were supplemented by internal audits carried out by Brickworks environmental personnel. The independent environment auditors complete an environmental compliance audit of all factory sites every two years whilst internal environmental managers audit the sites every other year. The purpose of this is to ensure compliance with all current licences and regulations and identify risks of an adverse environmental event under any other relevant legislation.

During the year, results of our environmental management process indicated that some emissions were in excess of licence limits. The Group has investigated all these non-compliances, working closely with the relevant authorities to resolve these issues. There have been no prosecutions arising as a result of these.

Information on Directors

Robert D. Millner FAICD
Chairman

Mr R. Millner is the non-executive chairman of the Board. He first joined the Board in 1997 and was appointed chairman in 1999. Mr Millner has extensive corporate and investment experience. He is the Chairman of the Remuneration Committee.

Other directorships:

Washington H. Soul Pattinson and Co. Ltd	Director since 1984
New Hope Corporation Ltd	Director since 1995
TPG Telecom Ltd	Director since 2000
BKI Investment Company Ltd	Director since 2003
Milton Group	Director since 1998
Australian Pharmaceutical Industries Ltd	Director since 2000
Souls Private Equity Ltd	Appointed 2004, Resigned 2012

DIRECTORS' REPORT

Michael J. Millner MAICD
Deputy Chairman

Mr M. Millner is a non-executive Director who was appointed to the Board in 1998. He is a councillor of the Royal Agricultural Society of NSW, including Chair of the Cattle Committee and Chair of the RAS Foundation, and has extensive experience in the investment industry. Mr Millner is the deputy chairman of the Board, and a member of the Audit and Risk Committee and the Remuneration Committee.

Other directorships:

Ruralco Holdings Ltd	Director since 2007
Washington H. Soul Pattinson & Co Ltd	Appointed 1997, Resigned 2012

Lindsay R. Partridge AM, BSc. Hons. Ceramic Eng; FAICD; Dip CD
Managing Director

Mr Partridge graduated as a ceramic engineer from the University of New South Wales, and worked extensively in all facets of the clay products industry in Australia and the United States before joining the Austral Brick Company in 1985. In 2008, Mr Partridge completed the Stanford University Executive Development Program. He held various senior management positions at Austral before being appointed Chief Executive Officer of Brickworks Limited and Managing Director in 2000. Since then, Brickworks has grown significantly in terms of size and profitability as its operations have become Australia-wide, with its product range extending beyond bricks to tiles, pavers and masonry and activities expanding into property development.

Mr Partridge has also had extensive industry involvement, and is currently a director of various industry bodies, including the Australian Brick and Blocklaying Training Foundation, and the Clay Brick and Paver Institute.

In 2012 he was awarded the Member of the Order of Australia for services to the Building and Construction Industry, particularly in the areas of industry training and career development, and to the community. He is a director of Children's Cancer Institute Australia.

Brendan P. Crotty LS; DQIT; Dip.Bus Admin; MAPI; FAICD; FRICS
Director

Mr Crotty was appointed to the Board in June 2008 and is a non-executive Director. He brings extensive property industry expertise to the Board, including 17 years as Managing Director of Australand until his retirement in 2007. He is a director of a number of other entities that are involved in the property sector, including Chairman of Western Sydney Parklands Trust and a director of Barangaroo Delivery Authority, as well as being on the Macquarie University Council. He is a Member of the Audit and Risk Committee and the Remuneration Committee.

Other directorships:

Australand Funds Management Ltd	Appointed 2007, Resigned 2012
GPT Group	Director since 2009

David N. Gilham FCILT; FAIM; FAICD
Director

Mr Gilham was appointed to the Board of Brickworks in 2003. He has extensive experience in the building products and timber industries. He was previously General Manager of the Building Products Division of Futuris Corporation and Managing Director of Bristile Ltd from 1997 until its acquisition by Brickworks in 2003, and has been involved with various timber companies. He is a member of the Remuneration Committee.

The Hon. Robert J. Webster MAICD; MAIM; JP
Director

Mr Webster was appointed to the Board in 2001 and is a non-executive Director. He is Senior Client Partner in Korn/Ferry International's Sydney office. He is the Chairman of the Audit and Risk Committee and a member of the Remuneration Committee.

Other directorships:

Allianz Australia Insurance Ltd	Director since 1997
Viridis Investment Management Ltd	Appointed 2005, Resigned 2010

Information on Chief Financial Officer and Company Secretary

Alexander J. Payne B.Comm; Dip CM; FCPA; FCIS; FCSA; JP
Chief Financial Officer

Mr Payne is an accountant with significant financial experience, who joined The Austral Brick Company in 1985. In 1987 he was appointed Group Company Secretary, and was appointed Chief Financial Officer in 2003. He is a Director of BKI Investment Company Ltd. In 2011, Mr Payne completed the Stanford University Executive Development Program.

Iain H. Thompson B.Ec; CA; Grad Dip CSP; FCIS; FCSA
Company Secretary

Mr Thompson is a chartered accountant who joined The Austral Brick Company in 1996. He worked in various accounting roles within the Company before being appointed Group Company Secretary in 2003.

Meetings of Directors

As at the date of this report there is an Audit and Risk Committee and a Remuneration Committee. During the financial year, 17 meetings of Directors (including committees) were held. Attendances were:

	DIRECTORS' MEETINGS		REMUNERATION COMMITTEE MEETINGS		AUDIT AND RISK COMMITTEE MEETINGS	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
R.D. Millner	14	14	1	1	-	-
M.J. Millner	14	14	1	1	2	2
L.R. Partridge	14	14	-	-	-	-
B.P. Crotty	14	14	1	1	2	2
D.N. Gilham	14	13	1	1	-	-
R.J. Webster	14	13	1	1	2	2

Directors interests

As at 19 September 2013, Directors had the following relevant interests in Brickworks shares:

	ORDINARY SHARES
R.D. Millner	5,396,192
M.J. Millner	5,371,433
L.R. Partridge	267,189
B.P. Crotty	10,209
D.N. Gilham	102,268
R.J. Webster	15,922

As at 19 September 2013, no Director had relevant interests in debentures of, or interests in a registered scheme made available by Brickworks or a related body corporate.

As at 19 September 2013, no Director had any rights or options over shares in debentures of, or interests in a registered scheme made available by Brickworks or a related body corporate.

As at 19 September 2013, there were no contracts entered into by Brickworks or a related body corporate to which any Director is party, or under which any Director is entitled to benefit nor were there any contracts which confer any right for any Director to call for or deliver shares in, debentures of, or interests in a registered scheme made available by Brickworks or a related body corporate.

DIRECTORS' REPORT – REMUNERATION REPORT

The remuneration report has been audited.

Remuneration committee

Brickworks Remuneration Committee operates under the delegated authority of Brickworks' Board of Directors. A summary of the Remuneration Committee charter is included on the Brickworks website (www.brickworks.com.au). All non-executive Directors of Brickworks are members of the Remuneration Committee.

The main functions of the Remuneration Committee are to assist the Board in fulfilling its responsibilities relating to:

- Ensuring remuneration policies and practices are consistent with Brickworks' strategic goals and human resources objectives and which enable Brickworks to attract and retain executives and Directors who will create value for shareholders;
- Equitably, consistently and responsibly rewarding executives having regard to the performance of Brickworks, the performance of the executive and the general pay environment; and
- Ensuring executive succession planning is adequate and appropriate.

Attendance details of the Remuneration committee are included in the Directors' report.

The Committee is authorised by the Board to obtain external professional advice, and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

Non-executive Directors

Remuneration of non-executive Directors is determined by the full Board after consideration of group performance and market rates for Directors' remuneration. Non-executive Director fees are fixed each year, and are not subject to performance based incentives. Brickworks' non-executive Directors are not employed under an employment contract.

The maximum aggregate level of fees which may be paid to non-executive Directors is required to be approved by shareholders in a general meeting. This figure is currently $800,000, and was approved by shareholders at the Annual General Meeting on 31 October 2003. It is not proposed to vary this amount at the 2013 Annual General Meeting.

For the year ended 31 July 2013, Brickworks paid non-executive Directors base fees of $100,000 per annum, with the chairman of the Board receiving $200,000 per annum, and the chairman of the Audit and Risk Committee receiving an additional $10,000 per annum. All Directors are entitled to receive superannuation contributions at the statutory rate (9% to 30 June 2013, 9.25% from 1 July 2013) on these amounts. The total aggregate fees paid to non-executive Directors during the year was within the maximum approved by shareholders.

Brickworks constitution requires that Directors must own a minimum of 500 shares in the Company within two months of their appointment. All Directors complied with this requirement during the year.

Executive Directors and executives

Board policy for determining remuneration

Board policy for determining the nature and amount of remuneration of the executive Director and senior managers (the executives) is set by the Remuneration Committee. This policy is applied consistently across all divisions within the Group. Brickworks' remuneration policy is to ensure that an executive's remuneration reflects their duties and responsibilities, as well as ensuring the Group is able to attract and retain key talent.

The Board of Brickworks recognises that the Group's performance is tied to its ability to attract, retain and develop highly skilled and motivated executives. Whilst remuneration is a key factor in achieving this, the Board recognises there are other factors that influence this ability, including the culture and reputation of the group and its employees, the general human resources policies, and professional development opportunities.

Executive remuneration is comprised of both fixed and variable remuneration components. The structure of the remuneration is designed to provide an appropriate balance between these components.

Fixed remuneration is made up of base salary, superannuation and other benefits (where taken). Fixed remuneration is approved by the Remuneration Committee based on data sourced from external sources, including independent salary survey providers.

Variable remuneration is tied to the performance of both the individual and the Group. Any such remuneration earned is available as Brickworks shares purchased through the Brickworks Deferred Employee Share Plan or as cash, at the discretion of the employee.

Performance based remuneration

Brickworks Incentive Scheme has been designed to focus executives on the necessity to achieve a range of planned targets for their respective businesses. The variable remuneration program is structured around the achievement of annual performance criteria having regard to an individual's capacity to influence the area of responsibility, and is payable following recommendation by the Managing Director and approval by the Remuneration Committee. Funding for the Incentive Scheme accrues based on divisional and group earnings.

Variable remuneration available as a proportion of total salary for an employee increases as that employee gains greater responsibility and has greater capacity to influence the performance of the business as a whole. The proportion of remuneration related to performance for the Managing Director and Chief Financial Officer is at the discretion of the Remuneration Committee. For the other specified executives and senior managers covered by the Incentive Scheme, the potential variable component is up to 37.5% of base salary, adjusted up or down for performance compared against prior years.

Variable remuneration payments were made for the 2013 financial year following a number of years where senior executives, including the Managing Director and Chief Financial Officer, had received no variable remuneration.

This scheme covers the Managing Director, Chief Financial Officer, General Managers, and various other senior managers within the group.

Seventy percent of variable remuneration is directly tied to achievement of divisional profit results against both prior year and budgeted performance. The Board considers this measure highly appropriate as it is directly linked to the Group's ability to generate profit and create value for shareholders. This is also appropriate from an executive's perspective as the executive is assessed against areas of direct responsibility and influence. Comparison of divisional profit is made against both prior year results and Board approved budgets for the current year. This criteria takes into account the aim of continual improvement in shareholders returns, whilst at the same time recognising that there are a number of external factors (such as the cyclical nature of the Australian Building industry) that are outside the control of the executive. Comparison against properly determined and approved budgets that take into account these external factors is aimed at rewarding executives for strong performance in a weaker environment, which assists in reducing the impact of any negative factors on the business as a whole.

The remaining thirty percent of variable remuneration is not directly tied to profit performance. The Board considers that there are a number of other areas of business performance that are critical to the success of the Group yet may not be reflected directly in divisional profits in the current year. These are areas of wider corporate responsibility that, if not achieved or improved, have the capacity to damage shareholder value, such as environmental compliance and performance, and occupational health and safety performance. Additionally, an executive's ability to train, develop and motivate staff, to maintain positive community relations, and to develop the industry we rely on, all have a major impact on the future profitability of the Group. These non-profit factors are assessed against internal targets set in advance and aimed at continual improvement in these areas.

Brickworks Employee Share Plan

Brickworks Employee Share Plan operates as part of the remuneration structure of the group. All employees of Brickworks with a minimum 3 months service are eligible to join the plan, whereby the employee may salary sacrifice an amount toward the purchase of Brickworks Ordinary shares and the Company contributes a maximum of $3 per employee per week. The plans are aimed at encouraging employees to share in ownership of their Company, and help to align the interests of all employees with that of the shareholders.

In addition to the optional salary sacrifice portion of the plans, Brickworks has introduced an employee Alignment and Retention Scheme, whereby salaried staff are entitled to a value of shares each year through the Deferred Employee Share Plan. The value of shares granted is dependent upon the employees position within the group and their base salary, with staff being entitled to shares with a value up to 37.5% of base salary. Under the terms of the scheme, the employee will receive the voting rights and entitlement to any future dividends immediately upon purchase, however they are unable to access the shares to trade unless they satisfy vesting criteria. These shares will become available to the employee at 20% per annum at the end of each of the following five years, providing they continue to be employed by Brickworks. If the employee terminates their employment, they forfeit their entitlement to the unvested shares, except in limited circumstances, such as medical reasons or bona fide retirement.

An employee's right to transact the shares is governed by the trust deed for the Brickworks Employee Share Plans and the Company's policy regarding trading windows.

Brickworks Employee Share Plan is seen as both an employee retention mechanism, due to the service criteria attaching to the vesting of the shares, and a method of aligning employee interests with those of external shareholders. At 31 July 2013, there were 714 employees participating in the share plans, holding 1,320,543 shares (0.89% of issued capital).

In accordance with ASX Listing Rule 10.14, the Company contribution to the Brickworks Employee Share Plan is unavailable to Directors of Brickworks.

During the year, all monthly share purchases through the Brickworks Employee Share Plans were performed on market, as were all bonus shares granted through the Employee Share Plans.

Options

No options over unissued shares or interests in Brickworks Limited or a controlled entity were granted during or since the end of the financial year and there were no options outstanding at the date of this report. No shares or interests have been issued during or since the end of the year as a result of the exercise of any option over unissued shares or interests in Brickworks or any controlled entity.

Superannuation

The Group contributes to a number of superannuation funds for its employees. Company superannuation contributions are as required under the relevant superannuation guarantee legislation, generally being 9.25% of salary. Employees are entitled to salary sacrifice additional amounts as superannuation contributions, provided any contributions comply with superannuation guarantee requirements.

Brickworks does not have any, or any interest in, defined benefit superannuation funds. All funds administered on behalf of the Company are accumulation funds, and as a result there is no ongoing liability to Brickworks for unfunded superannuation plans.

DIRECTORS' REPORT – REMUNERATION REPORT

Company performance, shareholder wealth and remuneration

This remuneration policy has been tailored to help align Director and executive interests with those of shareholders. The main method of this is through the use of the variable remuneration component and the use of the Brickworks Deferred Employee Share Plan. The Company believes this policy has been effective in increasing shareholder wealth over the long term, and will continue to be effective in creating additional shareholder value.

The following table shows a number of relevant measures of Group performance over the past five years. A detailed discussion on the current year results is included in the review of operations and is not duplicated in full here, however an analysis of the figures below demonstrates dividend growth, and consistent performance in a difficult cyclical environment.

The Board and Senior Management accept that a number of factors have contributed to recent share price performance, however the Board is of the opinion that the strategies and efforts adopted by the Group are appropriate to provide long term results to shareholders. Performance based remuneration is tied to performance of the building products and property segments, interest and tax expenses, however the share price is also influenced by factors outside of management's control. Recent share price pressures have come from a range of sources, including building material stocks facing particularly challenging conditions, investors not giving any weight to the value of the Group's look-through exposure to the strong resources sector (through SOL and NHC), and broader economic issues such as the profit impact of the carbon tax, and recent uncertainty in global financial markets generally.

Whilst the share price does not currently reflect the efforts of the board and management, management have had performance based remuneration cut significantly over the last few years to appropriate levels given current returns. The changes noted above indicate that the board is prepared to adjust remuneration levels to appropriately match group performance, and the board is satisfied that the previously described remuneration policies will lead to continued improvement to shareholder wealth over the long term.

	2009	2010	2011	2012	2013
Total revenue (millions)	$593.5	$656.5	$635.6	$556.9	$606.5
Net profit before significant items after tax (millions)	$113.7	$110.2	$100.8	$78.9	$100.0
Net profit after tax (millions)	$305.2	$138.8	$142.6	$43.3	$85.2
Share price at year end	$12.85	$11.81	$9.90	$10.08	$12.20
Dividends – ordinary shares (cents)	39.0	40.0	40.5	40.5	40.5

Details of Key Management Personnel

Directors

The following persons were directors of Brickworks Ltd during the financial year:

Mr R. Millner	Non-executive Chairman
Mr M. Millner	Non-executive Deputy Chairman
Mr L. Partridge	Executive director (Managing Director)
Mr B. Crotty	Non-executive director
Mr D. Gilham	Non-executive director
The Hon. R. Webster	Non-executive director

Executives

The following persons had authority and responsibility for planning, directing and controlling the activities of the Group during the financial year:

Mr A. Payne	Chief Financial Officer
Ms M. Kublins	Executive General Manager – Property & Development
Mr D. Fitzharris	Group General Manager Sales – Brickworks Building Products
Mr M. Finney	Group General Manager – Austral Bricks East Coast
Mr P. Scott	Group General Manager WA – Brickworks Building Products
Mr D. Millington	General Manager – Bristile Roofing East Coast

DIRECTORS' REPORT – REMUNERATION REPORT

Remuneration of individual key management personnel

Directors	Year	Short term employee benefits			Post employment (Super)	Share based payment (Long term incentive) [(2)]	Termination benefits	Total
		Base salary / fees	Short term bonus [(1)]	Non-monetary benefits				
R. Millner	2013	200,000	-	-	18,042	-	-	218,042
	2012	200,000	-	-	18,000	-	-	218,000
M. Millner	2013	100,000	-	-	9,021	-	-	109,021
	2012	100,000	-	-	9,000	-	-	109,000
B. Crotty	2013	100,000	-	-	9,021	-	-	109,021
	2012	100,000	-	-	9,000	-	-	109,000
D. Gilham	2013	100,000	-	-	9,021	-	-	109,021
	2012	100,000	-	-	9,000	-	-	109,000
R. Webster	2013	110,000	-	-	9,923	-	-	119,923
	2012	110,000	-	-	9,900	-	-	119,900
L. Partridge	2013	1,168,694	570,000	62,813	16,579	272,500	-	2,090,586
	2012	1,079,146	-	66,777	15,833	217,500	-	1,379,256
Totals	**2013**	**1,778,694**	**570,000**	**62,813**	**71,607**	**272,500**	**-**	**2,755,614**
	2012	**1,689,146**	**-**	**66,777**	**70,733**	**217,500**	**-**	**2,044,156**
Other Key Management Personnel								
A. Payne	2013	583,377	269,500	4,803	16,579	135,050	-	1,009,309
	2012	502,403	-	25,229	40,730	109,050	-	677,412
M. Kublins	2013	392,459	225,000	38,492	16,579	82,874	-	755,404
	2012	364,840	-	34,167	23,758	67,874	-	490,639
D. Fitzharris	2013	476,495	130,000	39,497	16,579	84,749	-	747,320
	2012	348,124	-	36,700	23,758	67,874	-	476,456
M. Finney	2013	558,184	150,000	22,212	16,579	65,000	-	811,975
	2012	528,504	-	21,132	24,289	50,000	-	623,925
P. Scott	2013	436,021	-	23,322	16,579	82,874	-	558,796
	2012	351,952	-	22,039	15,833	67,874	-	457,698
D. Millington	2013	296,012	50,000	19,725	16,579	59,437	-	441,753
	2012	261,567	-	16,955	29,202	48,187	-	355,911
Totals	**2013**	**2,742,548**	**824,500**	**148,051**	**99,474**	**509,984**	**-**	**4,324,557**
	2012	**2,357,390**	**-**	**156,222**	**157,570**	**410,859**	**-**	**3,082,041**

Notes
(1) The short term bonus amounts disclosed were approved by the Remuneration Committee on 30 July 2013, in relation to performance during the 2013 financial year (2012 granted on 31 July 2012). The short term bonus payments were made during the September following approval.
(2) Share rights are valued at their grant date and the values are allocated evenly over the period from grant date to vesting date. The amounts disclosed above relate to that portion of the period from grant date to vesting date that fall within the current financial period in accordance with AASB 2. On the same date as the Remuneration Committee approved the short term bonus, they also approved various long term incentive amounts for each of the employees listed above, to be granted as shares in the Deferred Employee Share Plan (as outlined in the section on the share plan above).

Discussion in relation to specific executives

The Company has signed employment contracts with the Managing Director and other senior executives of the Brickworks group. There is no fixed termination date under the contract, however the terms allow for a review every five years, or in certain limited circumstances, such as a material change in the executives position.

If the executive resigns from their employment, they are entitled to their salary up to termination date plus any accrued leave provisions. They will also be entitled to a pro-rata portion of the average of the previous 3 years annual bonus.

In October 2011 Mr Finney was allocated $250,000 in Brickworks shares under his sign on agreement. These shares are subject to a progressive clawback condition if Mr Finney was to terminate within five years from his commencement date (9 May 2011).

If the Company terminates Mr Partridge (Managing Director) other than under immediate termination (as defined in his employment contract), he will receive six months notice (or a payment equivalent to this amount in lieu of notice), plus a termination benefit of twelve months base salary and the average of the previous three years annual bonus. In addition Mr Partridge will receive immediate access to all unvested shares held on his behalf by the Brickworks Deferred Employee Share Plan.

If the Company terminates the specified executives other than under immediate termination (as defined in their employment contract), the executive will receive up to six months notice (or a payment equivalent to this amount in lieu of notice), plus a termination benefit of six months base salary and a pro-rata of the average of the previous three years annual bonus. In addition the executive will receive immediate access to all unvested shares held on their behalf by the Brickworks Deferred Employee Share Plan.

If the Managing Director or any executive is subject to immediate termination (as defined in their employment contract), Brickworks is not liable for any termination payments to the employee other than any outstanding base pay and accrued leave amounts. All unvested shares held on their behalf by the Brickworks Deferred Employee Share Plan will be forfeited.

All senior executives gain strategic business knowledge during the course of their employment. Brickworks will use any means available to it by law to ensure that this information is not used to the detriment of the Company by any staff member on termination. In order to protect the Group’s interests, Brickworks has an enforceable restraint through the executive’s employment contract to prevent executives either going to work for a competitor, or inducing other employees to leave the Company, for a specified period. In consideration of the restraint, executives will receive a monthly payment, equivalent to their existing base salary plus one twelfth of the average of the previous three annual bonuses, for a period of time. For the Managing Director this period is 12 months, and for other executives this period is up to 6 months.

The employment contracts referred to above have been prepared and reviewed by an external party. The Managing Director’s salary package has also been reviewed by an external party and is considered to be fair and reasonable.

BRICKWORKS LIMITED
A.B.N. 17 000 028 526

DIRECTORS' REPORT

Auditor's independence declaration

The Directors received an independence declaration from the auditor, Ernst & Young. A copy has been included on page 19 of the report.

Provision of non-audit services by external auditor

During the year the external auditors, Ernst & Young, provided non-audit services to the Group, totalling $177,500. The Directors through the Audit and Risk Committee are of the opinion that the provision of non-audit services has not compromised the independence of the auditors.

The non-audit services were for: the provision of taxation advice relating to the potential application of specific sections of Income Tax laws; the provision of accounting advice which was general in nature, relating to the interpretation and potential application of accounting standards; and other assurance services requested by the company. Brickworks management has been responsible for selecting, applying and calculating all impacts of accounting standards on the Group's financial statements.

The details of total amounts paid to the external auditors are included in note 6 to the financial statements.

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Indemnification of Directors and officers

The Company's Rules provide for an indemnity of Directors, executive officers and secretaries where liability is incurred in connection with the performance of their duties in those roles other than as a result of their negligence, default, breach of duty or breach of trust in relation to the Company. The Rules further provide for an indemnity in respect of legal costs incurred by those persons in defending proceedings in which judgment is given in their favour, they are acquitted or the Court grants them relief.

Since the end of the previous financial year, the Company has paid insurance premiums in respect of Directors' and officers' liability. The insured persons under those policies are defined as all Directors (being the Directors named in this Report), executive officers and any employees who may be deemed to be officers for the purposes of the Corporations Act 2001.

Rounding of Amounts

The Company has applied the relief available to it under ASIC Class Order 98/100 and accordingly, amounts in the financial report and Directors' report have been rounded off to the nearest $1,000 where allowed under that class order.

Made in accordance with a resolution of the Directors at Sydney.

Dated 19 September 2013.

R.D. MILLNER	L.R. PARTRIDGE AM
Director	Director

Building a better working world

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Auditor's Independence Declaration to the Directors of Brickworks Limited

In relation to our audit of the financial report of Brickworks Limited for the financial year ended 31 July 2013, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

RRobinson

Renay Robinson
Partner
19 September 2013

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CORPORATE GOVERNANCE STATEMENT

The Brickworks Board is committed to developing and maintaining good corporate governance within the Company, and recognise that this is best achieved through its people and their actions. Brickworks' long term future is best served by ensuring that its employees have the highest levels of honesty and integrity and that these employees are retained and developed through fair remuneration, appropriate long term incentives and equity participation in the Company. It is also critical to the success of the Company that an appropriate culture is nurtured and developed, starting from the Board itself.

This Corporate Governance statement has been summarised into sections in line with the 8 essential corporate governance principles as specified in the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations (2nd Edition)", as issued in June 2010.

A summary of corporate governance information can be found on the Brickworks website at www.brickworks.com.au.

Lay solid foundations for management and oversight

The Board is ultimately responsible for all matters relating to the running of the Company, however that role is achieved mainly through governing the Company. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board, and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

Brickworks Board has the final responsibility for the successful operations of the Company. In general, it is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body.

The principal functions and responsibilities of the Board include the following:

- Providing leadership to the Company and its employees;
- Overseeing the development and implementation of appropriate corporate strategies;
- Ensuring corporate accountability to shareholders;
- Overseeing the control and accountability systems within the Company;
- Ensuring robust and effective risk management, compliance and control systems are in place and operating effectively;
- Monitoring the performance and conduct of the Company;
- Monitoring the performance and conduct of senior management, and ensuring adequate succession plans are in place; and
- Ensuring the Company continually builds an honest and ethical culture.

All matters that are not specifically reserved for the board and are necessary for the daily management of the Company are delegated to senior executives and management, through the Managing Director.

In monitoring the performance and conduct of senior management, the Remuneration Committee formally reviews the performance of the Managing Director and senior executive staff at least annually. In addition to the formal evaluation procedures, senior executive performance is continually monitored by the Managing Director on behalf of the Board, and the Managing Director's performance is subject to continuous monitoring by the full Board. During the current year, the performance evaluations referred to above took place in accordance with the process as outlined.

Structure the Board to add value

It is Board policy that the majority of the Board should be non-executive Directors and the Chairman should be a non-executive Director. At the date of this report, the Board consists of five non-executive Directors listed in the Directors' Report and the Managing Director, Mr Lindsay Partridge. Specific details concerning each Director are contained in the Directors' Report.

Under the ASX Principles, Messrs Brendan Crotty and Robert Webster are the only Directors considered independent. Mr David Gilham is not independent due to previous senior executive roles with Bristile Ltd, and Messrs Robert Millner and Michael Millner are not independent due to their directorial relationships with Washington H. Soul Pattinson, a major shareholder in Brickworks. Whilst the majority of Directors are not strictly considered 'independent' in accordance with the ASX Principles, the Brickworks Board feels that there is an appropriate blend of skills and experience covering all aspects of the Company's operations, particularly the core businesses of building products manufacturing and property development.

The Company considers both quantitative and qualitative elements in determining the materiality of any relationships between individual Directors and the Company. The Company uses the guidance contained in accounting standard AASB1031: Materiality to determine quantitative thresholds, whereby amounts less than 5% are considered immaterial and amounts greater than 10% are considered material, subject to the assessment of qualitative factors. Major qualitative factors include the strategic importance of any relationship and the nature of that relationship.

Brickworks does not have a separate nomination committee, however the non-executive members of the Board who are not up for re-election at the next AGM fulfil the role of a nomination committee. These non-executive Directors are responsible for reviewing the composition of the Board to ensure that it comprises Directors with an appropriate mix of experience and expertise. Where a vacancy exists on the Board or where the non-executive Directors consider that the Board would benefit from the appointment of additional Directors with particular expertise or experience, the non-executive Directors, in conjunction with external advisors if appropriate, will select suitable candidates. Any Director appointed by the Board in this manner must be elected by shareholders at the next Annual General Meeting.

Non-executive Director performance is reviewed by the Chairman. If the performance of any non-executive Director is considered unsatisfactory, the matter is referred to the remainder of the Board. The efficiency, effectiveness and operations of the Board are continuously subject to informal monitoring by the Chairman and the Board as a whole.

Individual Directors of Brickworks are entitled to seek independent professional advice in relation to their role as a Director, at the cost of Brickworks. Directors are required to advise the Chairman or full Board prior to engaging parties to provide this advice.

Promote ethical and responsible decision-making

Brickworks has an established code of conduct under which all Directors and employees are expected to operate. This code is centred on having the Company and its employees achieving the highest integrity in all its business dealings at all levels of the organisation. The code covers a number of areas, including ethical standards, conflicts of interest, excellence in performance, confidentiality, trading in Company securities, continuous disclosure and equal opportunity, anti-discrimination and harassment. All Directors and employees of Brickworks and its subsidiaries are expected to abide by the code of conduct and the comprehensive policy manual which covers a number of items in more detail.

Brickworks is committed to generating an environment whereby its employees are encouraged to advise senior management of breaches to its code of conduct and policy manual. To assist employees in this process, Brickworks has established a confidential whistleblower service utilising external consultants to facilitate the reporting and investigating of breaches to the code of conduct.

A summary of the main principles of the Brickworks share trading policy are outlined below:

- Brickworks' Directors and employees are prohibited from trading in shares of Brickworks when in possession of price sensitive information about Brickworks Limited or its business and this information is not available to the public.
- Directors and employees are also prohibited from encouraging another person (for example, family members or business colleagues) to deal in Brickworks Shares when they have "inside information".
- Brickworks has established share trading windows during which employees or Directors of the Company may trade shares in the Company. These windows are each for a period of six (6) weeks duration commencing at:
    1. the announcement of the Yearly result to the ASX;
    2. the AGM date;
    3. the announcement of the half yearly result to the ASX; and
    4. the lodgement of a prospectus.
- Directors and employees are restricted from trading in Brickworks shares during these trading windows if they are in possession of price sensitive information.
- There is a absolute prohibition on the trading of shares between the end of a financial period and the release of results to the ASX relating to that period.
- In exceptional circumstances, senior management and Directors may trade outside these windows, providing they obtain written approval from the Managing Director or Chairman respectively prior to trading. Exceptional circumstances can include severe financial hardship and the requirement to comply with a legal or regulatory requirement.
- This restriction does not apply to a limited number of scenarios, including where there is a no change in the beneficial interest; where the trading is done through a fund or scheme where investment decisions are at the discretion of a third party; participation in an offer made to all or most Brickworks shareholders (such as a rights issue or dividend reinvestment plan); or monthly share purchases made by the Brickworks Employee Share Plans.

Brickworks' Equal Employment Opportunity policy can be summarised in the following extracts from the full policy:

"Brickworks is committed to a policy of equal employment opportunity (**EEO**) which aims to prevent the existence of discriminatory practices or measures which may hinder equitable selection, progress or access to benefits of all employees."

"Specifically, Brickworks aims to... objectively select people on merit, encompassing assessment of individual skills, qualifications, abilities and aptitudes" and to "not discriminate on the basis of characteristics which may include race, age, colour, national origin, sex, marital status, pregnancy, religion, political conviction, physical impairment or sexual preference"

Brickworks recognises it has legal and moral obligations not to discriminate on any basis, and is conscious of ensuring that its workforce reflects the diverse nature of the locations it operates in. Over time the company has improved its facilities in a number of its locations to promote opportunities for female operators and employees with physical disabilities. Brickworks is also committed to increasing the number of indigenous employees in the workforce. The company strives to improve shareholder value by ensuring the best candidate for any position is appointed.

As part of its ongoing obligations to comply with federal requirements, Brickworks reports annually under the Equal Opportunity for Women in the Workplace Act. Brickworks has also lodged its 2013 Workplace Gender Equality report with the Workplace Gender Equality Agency, which is compliant with the Workplace Gender Equality Act 2012 (Act) and can be viewed on our website: www.brickworks.com.au. The EEO policy does not specifically require the Board to establish measurable objectives toward gender diversity, however the Board considers the following objectives to be appropriate:

Board membership: At the point at which a board vacancy arises, the nomination committee will ensure that the male and female candidates with the best skills and experience as required for the vacant position will be assessed for the role. Brickworks is committed to having the best director in the role, having regard to the skills and experience required. Due to the low number and turnover of directors, Brickworks has not set a defined target for female board representation.

Executive group: At the point at which a position on the Executive Group becomes available, the best internal candidates (male and female) will be assessed, along with (where applicable) the best male and female external candidates for the role (noting that Brickworks has a policy of promoting from within where possible). Brickworks goal is to have increased female executive representation to 25% by the year 2020. As a means of achieving this objective, all management positions should be advertised internally, with the best male and female candidates being assessed for the role. At balance date, female executive representation was 11%

Whole of organisation: Nearly 50% of Brickworks employees are in shop floor manufacturing roles, where it has traditionally been very difficult to attract and retain female employees. Women currently comprise 5% of shop floor roles (an increase from 3% last year), which has achieved the original target for 2015 in this area. As a result, a revised target of 7% female representation in shop floor roles by the year 2015 has been set. In less 'traditional' male areas such as sales and administration, Brickworks currently has a majority of female employees, with 59% representation in these areas, including a number in roles structured to suit flexible working hours, which is consistent with the prior year. Overall, women currently comprise 18% (2012 18%) of Brickworks total workforce. Brickworks goal is to increase this representation to 25% by the year 2020.

Each year the Board will report on these objectives and progress towards them as part of the Corporate Governance statement.

Safeguard integrity in financial reporting

Brickworks has an established Audit and Risk Committee, which has its own charter outlining the committee's function, composition, authority, responsibilities and reporting. A summary of the charter is available on the Brickworks website. The composition required under the charter is consistent with the best practice guidelines specified by the ASX.

Current members of the Committee are The Hon. Robert Webster (Chairman), Mr Michael Millner, and Mr Brendan Crotty. Details of these Directors' qualifications and experience are available in the Directors' Report. The other Board members have a right of attendance, however the Managing Director, along with the Chief Financial Officer, the Company Secretary, and other senior managers may attend by invitation only, to discuss issues on audit and internal control matters.

The committee also requests that representatives from the external auditors attend the Committee meetings to report on the results of their work in the period under review. Representatives from both external and internal auditors have direct access to the Committee if required.

Audit and Risk Committee attendance details are included in the Directors' report.

The function of the Committee is to assist the Board in fulfilling its statutory and fiduciary responsibilities relating to:

- The external reporting of financial information, including the selection and application of accounting policies;
- The independence and effectiveness of the external auditors;
- The effectiveness of internal control processes and management information systems;
- Compliance with the Corporations Act, ASX Listing Rules and any other statutory requirements applicable to Brickworks Limited; and
- The application and adequacy of risk management systems within Brickworks Limited.

Make timely and balanced disclosure

As noted previously, the Company has a written policy dealing with its requirements under the Continuous Disclosure rules contained in ASX listing rule 3.1. Generally, this policy states that all employees have a responsibility to advise senior management of any information about Brickworks or its subsidiaries which could be considered price sensitive for Brickworks shares. Senior management will then consider, in consultation with the Directors, which information will be released to the ASX and what form this release will take. Senior Management are accountable to the Board for compliance with these policies.

Respect the rights of shareholders

Brickworks is committed to keeping its shareholders and other interested parties informed about the Company's activities, and to allow shareholders to effectively exercise those rights. This is achieved in a number of ways, including through information releases to the market via the ASX, through the Brickworks website, through shareholder mailings, and at any general meetings of the Company.

Shareholders are able to make enquiries of the Company via phone, fax, email or post, details of which can be found on the Brickworks website. Time is specifically allocated at general meetings for questions to be put to the Board of Directors.

In addition, the partner or delegate responsible for signing the audit report is expected to be at the annual general meeting of the Company to answer any questions raised in relation to the audit and the auditor's report. Attendees at that meeting are given an opportunity to ask questions of the auditors.

Recognise and manage risk

Brickworks is committed to the management of risks throughout our operations to protect our employees, shareholders, the environment, our assets, earnings, markets and reputation. Board responsibility for risk management resides with the Audit and Risk Committee.

Brickworks has implemented a risk management framework consistent with each element of the Australian Risk management Standard AS/NZS31000:2009. Key Elements of the comprehensive framework covered material Commercial,

CORPORATE GOVERNANCE STATEMENT

Business Process, Financial, Human Resources, Information, Property, Environmental, Health and Safety and Insurable Risks.

This risk initiative complements previous actions including the specific risk management policies contained within the Brickworks group policy manual, which are aimed at assisting the Board in the management of risk and legal matters. Certain risk management techniques, including foreign currency and interest rate hedging, may only be undertaken where approved by the full Board of Directors.

It is a requirement of the Board that the Managing Director and Chief Financial Officer sign off to the Board, via the Audit and Risk Committee, on the risk management and internal compliance and control systems implemented by the Board, and that these compliance and control systems are operating efficiently and effectively in all material respects. Deployment of the risk management framework further facilitates the sign off process.

It is a requirement of the Board that the Managing Director and Chief Financial Officer sign off to the Board, via the Audit and Risk Committee, on the content of the financial statements, and that these statements represent a true and fair view of the Company's operations and the financial position of the Company.

Remunerate fairly and responsibly

Brickworks has a Remuneration Committee with a membership of all non-executive Directors. The committee operates under the delegated authority of the Board, and has its own charter, a summary of which is available on the Brickworks website.

The main functions of the Remuneration Committee are to assist the Board in fulfilling its responsibilities relating to:

- Ensuring remuneration policies and practices are consistent with Brickworks' strategic goals and human resources objectives and which enable Brickworks to attract and retain executives and Directors who will create value for shareholders;
- Equitably, consistently and responsibly rewarding executives having regard to the performance of Brickworks, the performance of the executive and the general pay environment; and
- Ensuring executive succession planning is adequate and appropriate.

Remuneration Committee attendance details are included in the Directors' report.

This Committee is authorised by the Board to obtain external professional advice, and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

The Remuneration Report contains detailed information relating to Director and Senior Executive remuneration, including the policy for determining remuneration, the use of fixed and variable remuneration, and the relationship between executive remuneration and Company performance.

BRICKWORKS LIMITED
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STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JULY 2013

	NOTE	CONSOLIDATED 31 JULY 13 $000	31 JULY 12 $000
Revenue	3	606,509	556,911
Cost of sales		(419,075)	(405,334)
Gross profit		187,434	151,577
Other income	3	7,833	(60)
Distribution expenses		(51,050)	(50,758)
Administration expenses		(21,084)	(20,582)
Selling expenses		(59,417)	(55,526)
Borrowing costs expense	4	(18,800)	(25,215)
Other expenses		(27,952)	(59,205)
Share of net profits of associates and joint ventures accounted for using the equity method	25, 26	65,715	86,867
Profit before income tax expense		82,679	27,098
Income tax attributable to profit	5	2,486	16,206
Profit from ordinary activities after income tax expense		**85,165**	**43,304**
Other comprehensive income Items that may subsequently be reclassified to net profit			
Foreign currency translation		641	(358)
Share of increments / (decrements) in reserves attributable to associates and joint ventures		26,156	(16,891)
Income tax on items of other comprehensive income		(7,462)	4,333
Other comprehensive income for the period, net of tax		**19,335**	**(12,916)**
Total comprehensive income for the period		**104,500**	**30,388**
Net profit attributable to members of the parent entity		85,165	43,304
Total comprehensive income for the period attributable to members of the parent entity		104,500	30,388
Basic earnings per share (cents per share)	8	57.6	29.4
Diluted earnings per share (cents per share)	8	57.6	29.4

These statements should be read in conjunction with the accompanying notes.

BRICKWORKS LIMITED
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STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2013

		CONSOLIDATED	
	NOTE	31 JULY 13	31 JULY 12
		$000	$000
CURRENT ASSETS			
Cash and cash equivalents	9	19,117	14,553
Receivables	10(a)	86,631	79,354
Held for trading financial assets	11	29	11
Inventories	12(a)	184,606	163,141
Land held for resale	13(a)	5,939	9,657
Tax receivable		-	1,370
Prepayments		8,611	7,442
TOTAL CURRENT ASSETS		304,933	275,528
NON-CURRENT ASSETS			
Inventories	12(b)	8,233	8,301
Land held for resale	13(b)	18,991	14,742
Investments accounted for using the equity method	14	1,339,751	1,242,736
Property, plant and equipment	15	429,860	450,201
Intangible assets	16	269,028	269,486
TOTAL NON-CURRENT ASSETS		2,065,863	1,985,466
TOTAL ASSETS		2,370,796	2,260,994
CURRENT LIABILITIES			
Payables	17	73,808	73,024
Interest-bearing liabilities	18(a)	38,505	-
Derivative financial instruments	19(a)	395	-
Income tax provision		109	-
Provisions	20(a)	39,010	32,144
TOTAL CURRENT LIABILITIES		151,827	105,168
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	18(b)	299,566	298,574
Derivative financial instruments	19(b)	4,038	5,958
Provisions	20(b)	24,245	22,973
Deferred taxes	21	171,221	165,713
TOTAL NON-CURRENT LIABILITIES		499,070	493,218
TOTAL LIABILITIES		650,897	598,386
NET ASSETS		1,719,899	1,662,608
EQUITY			
Contributed equity	22	328,720	325,802
Reserves	23	302,841	284,426
Retained profits		1,088,338	1,052,380
TOTAL EQUITY		1,719,899	1,662,608

These statements should be read in conjunction with the accompanying notes.

BRICKWORKS LIMITED
A.B.N. 17 000 028 526

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2013

($000)	NOTE	Ordinary Shares	Treasury Stock	Capital Profits Reserve	Equity Adjustments Reserve	General Reserve	Foreign Currency Reserve	Share Based Payments Reserve	Associates & JV's Reserve	Retained Earnings	Total
Total equity as at 31 July 2011		332,816	(7,798)	88,102	(13,584)	36,125	(2,051)	2,445	185,359	1,054,332	1,675,746
Net profit for the year		-	-	-	-	-	-	-	-	43,304	43,304
Other comprehensive income for the year		-	-	-	4,333	-	(358)	-	(16,891)	-	(11,106)
Total comprehensive income for the year		-	-	-	4,333	-	(358)	-	(16,891)	43,304	32,198
Transactions with owners in their capacity as owners											
Dividends provided or paid during the year	7	-	-	-	-	-	-	-	-	(48,373)	(48,373)
Purchase of shares through employee share plan	22(b)	-	(2,882)	-	-	-	-	-	-	-	(2,882)
Shares vested to employees	22(b)	-	3,666	-	-	-	-	-	-	-	3,666
Share of associates transfer to outside equity interests										3,120	3,120
Share of associates transfer from / (to) retained earnings		-	-	-	-	-	-	-	3	(3)	-
Share based payments		-	-	-	-	-	-	943	-	-	943
		-	784	-	-	-	-	943	3	(45,256)	(43,526)
Total equity as at 31 July 2012		332,816	(7,014)	88,102	(9,251)	36,125	(2,409)	3,388	168,471	1,052,380	1,662,608
Net profit for the year		-	-	-	-	-	-	-	-	85,165	85,165
Other comprehensive income for the year		-	-	-	(8,012)	-	641	-	26,706	-	19,335
Total comprehensive income for the year		-	-	-	(8,012)	-	641	-	26,706	85,165	104,500
Transactions with owners in their capacity as owners											
Dividends provided or paid during the year	7	-	-	-	-	-	-	-	-	(48,508)	(48,508)
Issue of shares	22(a)	2,525									2,525
Purchase of shares through employee share plan	22(b)	-	(2,801)	-	-	-	-	-	-	-	(2,801)
Shares vested to employees	22(b)	-	3,194	-	-	-	-	-	-	-	3,194
Share of associates transfer to outside equity interests										(1,316)	(1,316)
Share of associates transfer from / (to) retained earnings		-	-	-	-	-	-	-	(617)	617	-
Share based payments		-	-	-	-	-	-	(303)	-	-	(303)
		2,525-	393	-	-	-	-	(303)	(617)	(49,207)	(47,209)
Total equity as at 31 July 2013		335,341	(6,621)	88,102	(17,263)	36,125	(1,768)	3,085	194,560	1,088,338	1,719,899

These statements should be read in conjunction with the accompanying notes.

BRICKWORKS LIMITED
A.B.N. 17 000 028 526

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 JULY 2013

	NOTE	CONSOLIDATED 31 JULY 13 $000	CONSOLIDATED 31 JULY 12 $000
Cash flows from operating activities			
Receipts from customers		618,324	611,970
Payments to suppliers and employees		(609,570)	(582,581)
Interest received		475	1,083
Borrowing costs		(18,373)	(20,021)
Dividends and distributions received		53,809	52,584
Income tax (paid) / refund		1,358	1,461
Net cash flows from / (used in) operating activities	24(a)	46,023	64,496
Cash flows from investing activities			
Purchases of investments		(1,649)	(78)
Proceeds from the sale or return of investments		-	3,800
Payment for business net of cash acquired	29(b)	(3,955)	(19,726)
Proceeds from sale of property, plant and equipment		12,216	3,920
Purchases of property, plant and equipment		(26,490)	(28,911)
Net cash flows from / (used in) investing activities		(19,878)	(40,995)
Cash flows from financing activities			
Proceeds from borrowings		137,000	49,000
Repayment of borrowings		(98,000)	(49,000)
Net proceeds from issue / (repayment) of shares		(275)	-
Loan (to) / from other entity		(440)	200
Dividends paid		(59,866)	(59,765)
Net cash flows from / (used in) financing activities		(21,581)	(59,565)
Net increase / (decrease) in cash held		4,564	(36,064)
Cash at beginning of year		14,553	50,617
Cash at end of year	9	19,117	14,553

These statements should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Brickworks Limited is a listed public company, incorporated and domiciled in Australia, and is a for-profit entity. These accounts were authorised for issue in accordance with a resolution of the directors on 19 September 2013.

The financial report includes financial statements for the consolidated entity consisting of Brickworks Limited and its subsidiaries ("the Group").

(a) Basis of preparation and Statement of compliance

The financial statement is a general purpose financial statement that has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards.

The financial statement complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

These financial statements have been prepared under the historical cost convention, except for available-for-sale financial assets, held for trading financial assets, derivatives and investment property, which have been measured at fair value.

(b) New accounting standards and interpretations

The principal accounting policies adopted in the preparation of the financial statement are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

There were no accounting standards that became effective during the year that impacted on the Group's financial statements, with the exception of AASB 2011-9, which added disclosures on the statement of comprehensive income.

(c) Principles of consolidation

The consolidated financial statements are those of the consolidated entity, comprising Brickworks Ltd (the parent entity) and all entities that Brickworks controlled from time to time during the period and at reporting date. Control exists where Brickworks has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Brickworks to achieve the objectives of Brickworks.

There are no dissimilarities in reporting periods or accounting policies between Brickworks or any of its controlled entities.

Investments in subsidiaries in the parent entity financial statements are shown at cost.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation.

Where controlled entities have entered or left the economic entity during the period, their operating results have been included from the date control was obtained or excluded from the date control ceased.

(d) Revenue

Sales revenue is recognised when the significant risks and rewards of ownership of the items sold have passed to the buyer, and the revenue is also able to be measured reliably.

For revenue from the sale of goods, this occurs upon the delivery of goods to customers.

For revenue from the sale of land held for resale, this is recognised at the point at which any contract of sale in relation to industrial land has become unconditional, and at which settlement has occurred for residential land.

Revenue from construction contracts is recognised by reference to the stage of completion of a contract or contracts in progress at reporting date or at the time of completion of the contract and billing to the customer. Stage of completion is measured by reference to the number of units installed as a percentage of the number of units for the total contract, which is determined under the contract with the customer. As the number of units is defined in the contract, any level of judgement required is minimal.

Interest revenue is recognised on a time proportionate basis that takes into account the effective interest rate applicable to the net carrying amount of the financial asset.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

Rental revenue from investment properties is accounted for on a straight line basis over the lease term.

Profits on disposal of investments and property, plant and equipment are recognised at the point where title to the asset has passed.

All revenue is stated net of the amount of goods and services tax (GST).

(e) Finance costs

Borrowing costs incurred for the construction of a qualifying asset are capitalised up to the point that the asset is ready for its intended use. Other finance costs are recognised as an expense over the period to which the expense relates.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(f) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability or asset to the extent that it is unpaid or refundable.

Deferred tax

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The tax cost base of assets is calculated based on management's intention for that asset on either use or sale as appropriate. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss. In addition, no deferred income tax is recognised for a taxable temporary difference arising from an investment in a subsidiary, associate or joint venture where the timing of the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. These amounts are reviewed at each balance date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation

Brickworks Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the Tax Consolidation regime. Brickworks is the head entity of that group. The tax consolidated group has entered a tax sharing agreement whereby each company in the group contributes to the income tax payable based on the current tax liability or current tax asset of the entity. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right. Such amounts are reflected in amounts receivable from or payable to other entities in the group. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At balance date, the possibility of default is remote.

Tax expense, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax consolidated group. Any current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax consolidated group are recognised by the parent company (as head entity of the tax consolidated group).

(g) Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the period, adjusted for bonus elements in ordinary shares issued during the period.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares. Diluted earnings per share is shown as being equal to basic earnings per share if potential ordinary shares are non-dilutive to existing ordinary shares.

(h) Cash and cash equivalents

Cash and cash equivalents on the statement of financial position includes cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Cash and cash equivalents for the statement of cash flows are shown as a net of the cash and cash equivalents and bank overdraft liability.

Cash and cash equivalents are stated at nominal value.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(i) Receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. A provision for doubtful debts is established when there is existence of objective evidence that the Group may not be able to collect the debts. Bad debts are written off against the provision for doubtful debts as incurred, when there is objective evidence that the Group will not be able to recover the debt. Objective evidence of an impairment loss can include when a debtor is unable to be physically located, or when a report from a liquidator or administrator of a debtor indicates that recovery of any amounts outstanding is unlikely.

Receivables from related parties are recognised and carried at nominal amounts due.

(j) Inventories

Raw materials are measured at the lower of actual cost and net realisable value. Finished goods are measured at the lower of standard cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(k) Land held for resale

Land held for development and resale is recognised when properties have been identified and incorporated into specific developments that have been approved by relevant planning authorities and commenced. These properties are valued at the lower of cost and fair value less costs to sell. Cost includes the cost of acquisition and development.

(l) Property, plant and equipment

Land is carried at cost less any impairment losses.

Plant and equipment (including buildings) are measured at cost, less depreciation and impairment losses.

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs. The recoverable amount is the higher of fair value less costs to sell, and the value in use, assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts, using pre-tax discount rates.

Subsequent costs are included in the asset’s carrying amount only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated over their useful lives to the economic entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation rate
Buildings	2.5% - 4.0% prime cost
Plant and equipment	4.0% - 33.0% prime cost; 7.5% - 22.5% diminishing value

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds on disposal with the carrying amount of the asset at the time of disposal. These gains and losses are included in the income statement. When previously revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(m) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight line basis over the term of the lease.

Leases of fixed assets are classified as finance leases where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities in the economic entity.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the economic entity will obtain ownership of the asset, or over the term of the lease.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(n) Financial assets

Regular way purchases and sales of investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at cost, net of transaction costs.

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets, and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at fair value through profit and loss (held for trading)

The Group has classified certain shares as financial assets at fair value through profit or loss. Financial assets held for trading purposes are classified as current assets and are stated at fair value (subsequent to initial recognition), with any resultant gain or loss recognised in profit or loss.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. These investments are carried at amortised cost using the effective interest method, with any gains or losses recognised in income when the investments are derecognised or impaired.

Available-for-sale financial assets

Certain shares held by the Group are classified as being available-for-sale and are stated at fair value (subsequent to initial recognition). Gains and losses arising from changes in fair value are recognised directly in reserves, until the investment is disposed of, at which time the cumulative gain or loss previously recognised in the reserve is included in profit or loss for the period.

The fair value of financial instruments traded in active markets is based on quoted market bid prices at the reporting date. Where shares are held in listed entities that are not actively traded on the market, quoted marked bid prices are used as the best information on the amount obtainable from an arms length transaction.

Loans and Receivables

Trade receivables, loans and other receivables are recorded at amortised cost less impairment.

Derecognition

Sales of investments are recognised on trade date – the date the Group commits to sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Impairment

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

(o) Investments in associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the parent entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost.

Under the equity method, the investment in the associate is carried in the consolidated statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After applying the equity method, the Group determines whether it is necessary to recognise an additional impairment loss with respect to the net investment in the associate. The consolidated income statement reflects the Group's share of the results of operations of the associate.

Where there has been a change recognised directly in the associate's equity, the Group recognises its share of any changes and discloses this in the consolidated statement of movements in equity.

Where reporting dates of associates are not identical to the Group, the financial information used is the last publicly available information, but in any event is no older than 3 months from the Group's balance date. The associate's accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

(p) Investments in joint ventures

Investments in joint ventures are accounted for in the parent entity's financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(p) Investments in joint ventures (cont.)

Under the equity method, the investment is carried in the consolidated statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the joint venture. The consolidated income statement reflects the Group's share of the results of operations of the joint ventures.

Where reporting dates of joint ventures are not identical to the Group, the financial information used is the last publicly available information, but in any event is no older than 3 months from the Group's balance date.

Profits or losses on transactions with the joint venture are eliminated to the extent of the Group's ownership interest until such time as they are realised by the joint venture on sale.

(q) Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

(r) Intangibles

Goodwill

Goodwill is initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets (including contingent liabilities) at the date of acquisition. Goodwill on acquisition of associates is included in investments in associates. Any goodwill acquired in a business combination is allocated to each of the cash generating units (CGU's) expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the CGU to which the goodwill relates. Where this recoverable amount is less than the carrying amount, an impairment loss is recognised. Impairment losses recognised for goodwill are not subsequently reversed.

Goodwill is tested for impairment annually and when indicators of impairment exist, and following initial recognition is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Log licences

Timber access rights are valued at cost on acquisition. If the timber access right is considered to have an indefinite life, the right is carried at cost less any impairment write down required to ensure it is not carried in excess of recoverable amount. If the right has a definite life, it is amortised on a straight line basis over the expected future life of that right, which varies according to the term of the issue.

Brand names

Purchased brand names have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight line method to allocate the cost of brand names over their estimated useful lives.

(s) Acquisition of assets

The purchase method of accounting is used to account for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange. Costs directly attributable to business combinations are expensed as non-regular items in the period in which the acquisition is settled. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price at the date of exchange.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

(t) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Non-financial assets other than goodwill that have had an impairment write-down are reviewed for possible reversal of the impairment at each subsequent reporting date.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(u) Payables

Trade payables and other accounts payable are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services.

Deposits received on land sale agreements relate to amounts received as deposits on pending property transactions where the revenue and associated profit has not been brought to account due to uncertainty surrounding the completion of the transaction.

(v) Provisions

Provisions are recognised when the Group has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. If the effect of the time value of money is material, provisions are discounted using a pre-tax discount rate that reflects the risks specific to the liability. Any increase in the provision due to the passage of time is recognised as a borrowing cost.

(w) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Consideration is made of expected future wage and salary levels, employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash flows.

Share-based payments

Share-based compensation benefits are provided to employees through the Brickworks Employee Share Plan, details of which can be found in the Remuneration Report in the director's report. Unvested shares are included in contributed equity as Reserved Shares. The fair value of the shares (market value at purchase date) is recognised as an employee benefits expense with a corresponding increase in equity when the employees become entitled to the shares.

(x) Restoration and rehabilitation

The landfill opportunities created through the extraction of clay and shale is considered to be a valuable future resource. No provision is made for future rehabilitation costs when the rehabilitation process is expected to be cash flow positive.

Where the relevant site is identified as being unable to be used for landfill purposes once the clay and shale reserves are exhausted, a provision is generated. This provision is raised based on the expected net present value of future cash flows associated with the total rehabilitation cost of the site, and charged to expenses on a tonnes extracted basis.

(y) Interest bearing liabilities

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Where the Group expects that it will continue to satisfy the criteria under its banking agreement that ensures the financier is not entitled to call on the outstanding borrowings, and the term is greater than 12 months, the borrowings are classified as non-current.

(z) Financial instruments issued by the Company

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Transaction costs arising on the issue of financial instruments are recognised directly as a reduction, net of tax, of the proceeds of the financial instruments to which the costs relate. If the financial instrument has an identifiable lifespan, these costs are amortised in the income statement over the period of the instrument.

Interest and dividends are classified as expenses or as distributions of profit consistent with the classification of the related debt or equity instruments.

(aa) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either fair value hedges or cash flow hedges.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(aa) Derivatives (cont.)

The Group documents at the inception of the transaction the relationship between hedging instruments and hedge items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in reserves. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item will affect profit or loss.

When a hedging instrument expires or is terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is transferred to the income statement.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any such instrument are recognised immediately in the income statement.

Fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

(ab) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires, with any resulting gain or loss taken to the income statement.

(ac) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate. Grants relating to the purchase of fixed assets are included in non-current liabilities as deferred income and credited to the income statement on a straight-line basis over the expected lives of the related assets.

(ad) Reserved shares

Own equity instruments which are acquired for later payment as employee share-based payment awards are deducted from equity. These shares are held in trust by the trustee of the Brickworks Deferred Employee Share Plan and vest in accordance with the conditions attached to the granting of the shares, as outlined in the Remuneration Report. The fair value of the shares (market value at purchase date) is recognised as an employee benefits expense with a corresponding increase in equity when the employees become entitled to the shares. No gain or loss is recognised in profit or loss on the purchase, sale or issue of the Group's own equity instruments.

(ae) Operating segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Operating segments have been identified based on the information provided to the Managing Director.

The Group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- Nature of the products;
- Nature of the production process;
- Type or class of customer for the products;
- Methods used to distribute the products; and
- Nature of the regulatory environment.

Management has determined that reportable segments are based around products. A number of identified operating segments have been aggregated to form both the Building Products segment and the Property segment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(ae) Operating segments (cont.)

The accounting policies used by the Group in reporting segments internally are the same as those used by the Group in these consolidated financial statements.

Some items which are not attributable to specific segments, such as finance costs and some other expenses, are listed separately in the segment note as 'unallocated' items.

(af) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.
Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing andfinancing activities, which are disclosed as operating cash flows.

(ag) Foreign currency transactions and balances

Functional and presentation currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. The balances of foreign currency monetary items are translated at the period end exchange rate. The balances of non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- Assets and liabilities are translated at period end exchange rates prevailing at that reporting date.
- Income and expenses are translated at average exchange rates for the period.
- Retained profits are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the income statement in the period in which the operation is disposed.

(ah) Significant accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future, and the resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Judgements that are made by management in the application of accounting standards that have significant effects on the financial statements, and estimates with a significant risk of material adjustments in the next year, are disclosed in the relevant notes to the financial statements, where applicable.

(ai) Accounting standards issued but not yet effective

A number of Australian accounting standards have been issued but have not been adopted for the financial year ended 31 July 2013.

The Group has assessed the impact of the following new or amended standards and interpretations which are effective for the group, and are of the opinion that there will not be any changes required to amounts recognised in the financial statements. It is anticipated that there will be some changes to information disclosures required:

AASB 12: Disclosures of Interests in Other Entities (effective application for Brickworks 1 August 2013)
AASB 13: Fair Value Measurement (effective application for Brickworks 1 August 2013)
AASB 119: Employee Benefits (effective application for Brickworks 1 August 2013)
Annual improvements 2009-2011 cycle (IFRS amendment yet to be adopted by AASB) (effective application for Brickworks 1 August 2013)
AASB 10: Consolidated Financial Statements (effective application for Brickworks 1 August 2013)
AASB 11: Joint Arrangements (effective application for Brickworks 1 August 2013)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)
(ai) Accounting standards issued but not yet effective (cont.)
The Group is still assessing the impact of the following new or amended standards:
AASB 9: Financial Instruments (effective application for Brickworks 1 August 2015)

NOTE 2: PARENT ENTITY INFORMATION

	31 JULY 13 $000	31 JULY 12 $000
Information relating to Brickworks Ltd		
Current assets	523	2,070
Total assets	1,046,326	992,978
Current liabilities	44,967	2,353
Total liabilities	508,124	431,239
Issued capital	328,721	325,802
Reserves		
- capital profits	84,479	84,479
- equity adjustment	-	-
- general	11,645	11,645
- share based payments	3,085	3,388
Total reserves	99,209	99,512
Retained earnings	110,273	136,426
Total shareholders' equity	538,203	561,740
Net profit after income tax	33,714	126,540
Total comprehensive income	33,714	125,806

Information regarding guarantees entered into by the parent entity in relation to the debts of its subsidiaries are contained in note 29(d).

There are no contingent liabilities or contractual commitments for the acquisition of property, plant or equipment of the parent entity.

NOTE 3: REVENUE

	CONSOLIDATED	
Trading revenue		
Sale of goods	562,686	547,548
Sale of land held for resale	35,800	2,779
	598,486	550,327
Other operating revenue		
Interest received - other corporations	475	1,083
Dividends received - other corporations	1	1
Rental revenue	1,587	1,499
Other	5,960	4,001
Total operating revenue	606,509	556,911
Other income		
Net gain/(loss) on sale of property, plant and equipment	4,543	(61)
Other items	3,290	1
Total other income	7,833	(60)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

NOTE 4: INCOME AND EXPENSES

	NOTE	CONSOLIDATED 31 JULY 13 $000	CONSOLIDATED 31 JULY 12 $000
(a) Specific expense disclosures			
Depreciation and amortisation			
- Buildings		3,806	3,810
- Plant and equipment		21,391	20,808
Total depreciation		25,197	24,618
- Intangible assets		459	171
Total amortisation		459	171
Total depreciation and amortisation expense		25,656	24,789
Borrowing costs			
- Paid to other corporations		20,325	20,823
- Mark to market swap valuation		(1,525)	4,392
Total borrowing costs expensed		18,800	25,215
Borrowing costs capitalised		-	540
Total borrowing costs		18,800	25,755
Rental expense on operating leases			
- Minimum lease payments		24,653	18,324
Unrealised loss / (gain) on carrying value of held for trading financial assets		17	3
Employee benefit expense		86,927	100,091
Defined contribution superannuation expense		7,275	8,079
Research and development expenditure		5,035	1,353
Bad and doubtful debts - trade debtors		927	554
Write down of inventories to net realisable value		2,743	4,150
(b) Property related revenues			
The following items are relevant in explaining the financial performance for the year:			
Profit from sale of land held for resale		26,562	1,269
Development profits from joint ventures		-	-
Fair value adjustment on recognition as investment property		8,399	4,414
Fair value adjustment of properties		5,893	5,255
Property Trust rental profits		9,994	9,025
Total profits / (loss) from Property Trusts	26	24,286	18,694

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

	CONSOLIDATED 31 JULY 13 $000	CONSOLIDATED 31 JULY 12 $000
NOTE 4: INCOME AND EXPENSES (cont.)		
(c) Significant items		
Significant one-off transactions of associate [1]	(18,483)	756
Write down of assets to recoverable value		
- Property, plant & equipment [2]	(8,608)	(4,169)
- Building products inventory [3]	-	(4,192)
Costs on closure of manufacturing facilities [2]	(3,130)	(6,927)
Costs on start up of manufacturing facilities [3]	(593)	(4,147)
Impairment of goodwill [2]	-	(31,627)
(Costs) / benefit related to JV and business acquisition [4]	729	(1,947)
Other significant items [2]	(3,475)	(3,885)
Significant items before income tax	(33,560)	(56,138)
Income tax benefit arising from WHSP carrying value [5]	13,253	12,992
Income tax benefit / (expense) on significant items [5]	5,424	7,580
	(14,883)	(35,566)

(1) Disclosed in "Share of net profits of associates" line on statement of comprehensive income
(2) Disclosed in "Other expenses" line on statement of comprehensive income
(3) Disclosed in "Cost of Sales" line on statement of comprehensive income
(4) Disclosed in "Other expenses" and "Other income" line on statement of comprehensive income
(5) Disclosed in "Tax expense" line on statement of comprehensive income

NOTE 5: INCOME TAX

	31 JULY 13 $000	31 JULY 12 $000
(a) Current Tax	669	(276)
Deferred Tax	(2,588)	(15,043)
Under / (over) provided in prior years	(567)	(887)
	(2,486)	(16,206)
(b) Reconciliation of income tax expense to prima facie tax payable		
Prima facie tax payable on profit / (loss) before income tax at 30%	24,804	8,130
Adjust for tax effect of:		
rebateable dividends	(13,805)	(12,885)
deferred tax items (recognised) / derecognised	1,076	75
share of net profits of associates	(11,756)	(20,320)
other non-allowable items	(2,238)	9,681
overprovision for income tax in prior year	(567)	(887)
Income tax expense / (benefit) attributable to profit / (loss)	(2,486)	(16,206)
(c) Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss		
Current tax - debited / (credited) directly to equity	-	-
Share of increments / (decrements) in reserves attributable to associates	7,462	(5,067)
Deferred tax - debited / (credited) directly to equity	7,462	(5,067)
	7,462	(5,067)

NOTE 6: AUDITORS' REMUNERATION

	31 JULY 13 $000	31 JULY 12 $000
Auditor of the parent entity		
Audit of the financial report	493	444
Other regulatory audits	8	9
Taxation services	105	-
Other assurance services	65	18
	671	471

The auditor of the Brickworks Ltd Group is Ernst & Young. Details of non-audit services provided by Ernst & Young are outlined in the Directors' Report.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

NOTE 7: DIVIDENDS

	CONSOLIDATED 31 JULY 13 $000	CONSOLIDATED 31 JULY 12 $000
Final ordinary dividend (prior year) of 27.0 cents per share paid 29/11/12 (2011 - 27.0c paid 01/12/11)	39,911	39,843
Interim ordinary dividend of 13.5 cents per share paid 07/05/13 (2012 - 13.5c paid 15/05/12)	19,955	19,922
Group's share of dividend received by associated company	(11,358)	(11,392)
	48,508	48,373
Proposed final ordinary dividend of 27 cents per share not recognised as a liability at year end (2012 - 27.0c)	39,911	39,843

All dividends paid and proposed have been or will be fully franked at the tax rate of 30%

Balance of franking account at year end adjusted for franking credits arising from payment of income tax payable and dividends recognised as receivables	144,093	151,391
Impact on franking account balance of dividends not recognised	(17,105)	(17,076)

There were no dividend reinvestment plans in operation at any time during or since the end of the financial year.

NOTE 8: EARNINGS PER SHARE

	31 JULY 13	31 JULY 12
(a) Reconciliation of earnings		
Net profit attributed to members of the parent entity	85,165	43,304
Earnings used in the calculation of basic EPS	85,165	43,304
Earnings used in the calculation of diluted EPS	85,165	43,304
	No.	**No.**
(b) Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	147,774,156	147,567,333
Weighted average number of ordinary shares outstanding during the year used in calculation of diluted EPS	147,774,156	147,567,333
	cents	**cents**
Basic earnings per share	57.6	29.4
Diluted earnings per share	57.6	29.4

NOTE 9: CASH & CASH EQUIVALENTS

	31 JULY 13 $000	31 JULY 12 $000
Cash on hand	18,629	14,003
Deposits at call	488	550
	19,117	14,553

Deposits at call have carrying amounts that reasonably approximate fair value. Deposits are for periods of up to one month, and earn interest at the respective short term deposit rates.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

NOTE 10: RECEIVABLES

	NOTE	CONSOLIDATED 31 JULY 13 $000	CONSOLIDATED 31 JULY 12 $000
(a) Current			
Trade receivables		80,230	78,067
Less: provision for doubtful debts		(958)	(668)
		79,272	77,399
Less: advance payments by customers		(2,307)	(1,794)
Net trade receivables		76,965	75,605
Add: other debtors		9,666	3,749
		86,631	79,354
(b) Movement in provision for doubtful debts			
Balance at the beginning of the year		668	890
Additional provisions recognised		1,204	794
Trade debts written off		(637)	(776)
Reversals of provisions not required		(277)	(240)
Balance at the end of the year		958	668
(c) Receivables past due			
Receivables past due but not impaired			
Past due 0 - 30 days		3,219	3,267
Past due 30+ days		1,650	1,808
		4,869	5,075

Trade receivables and other debtors have carrying amounts that reasonably approximate fair value. Average terms are 30 days from statement.

Before allowing new customers to trade on credit terms, an analysis of the potential customers credit quality is performed using external credit reporting agencies and internal reporting to determine whether an account will be opened and the amount of the limit to be applied to that account. Various levels of management are required to approve progressively higher credit limits, with individual limits exceeding $1 million reported to the Board.

An analysis of trade receivable balances past due is performed constantly throughout the year, and an allowance is made for estimated irrecoverable trade receivables based on historical experience of default, and known information on individual debtors. In many instances security is held over individual debtors in the form of personal guarantees. All receivables not impaired are expected to be collected in full.

NOTE 11: HELD FOR TRADING FINANCIAL ASSETS

Share trading portfolio at fair value		29	11

The share trading portfolio represents ordinary shares listed on the ASX, and hence have no maturity date.

NOTE 12: INVENTORIES

(a) Current			
Raw materials and stores at cost		31,803	28,884
Work in progress at cost		13,773	12,303
Finished goods at cost		138,531	121,431
		184,107	162,618
Finished goods at net realisable value		499	523
		184,606	163,141
(b) Non-Current			
Raw materials and stores at cost		8,233	8,301

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

	NOTE	CONSOLIDATED 31 JULY 13 $000	CONSOLIDATED 31 JULY 12 $000
NOTE 13: LAND HELD FOR RESALE			
(a) Current		5,939	9,657
(b) Non-Current		18,991	14,742

Non-current land held for resale represents portions of properties which have been classified as ready for sale in accordance with the accounting policy note. Exact timing of these sales is unable to be reliably forecast and the sale of these specific blocks is not expected to occur within the following 12 months from balance date. These properties are disclosed in the Property segment of note 27.

NOTE 14: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	NOTE	31 JULY 13 $000	31 JULY 12 $000
Investment in associated entities - listed	25	1,115,834	1,086,474
Investment in jointly controlled entities	26	223,917	156,262
		1,339,751	1,242,736
Market value of listed associates		1,375,368	1,378,436

NOTE 15: PROPERTY, PLANT AND EQUIPMENT

	31 JULY 13 $000	31 JULY 12 $000
Land		
Freehold land at cost	165,398	174,605
Leasehold land at cost	235	235
	165,633	174,840
Buildings		
At cost	145,022	161,169
Accum depreciation and impairment writedowns	43,176	52,754
	101,846	108,415
Plant and equipment		
At cost	402,049	402,300
Accum depreciation and impairment writedowns	256,011	253,864
	146,038	148,436
Add: capital works in progress	16,343	18,510
Total plant and equipment	162,381	166,946
	429,860	450,201

(a) Impairment write-downs

During the period impairment losses totalling $8.6 million (2012 $4.2 million) were recognised in relation to various assets. All impairment losses are shown in the 'Other Expenses' line on the Statement of Comprehensive Income, and all losses are included in the Building Products segment (refer note 27).

Significant impairment losses were recognised on the Port Kembla (NSW) and Dandenong (Vic) concrete masonry assets, following the closure of these sites as part of manufacturing consolidation for the masonry industry. The Caversham (WA) roof tile assets were also impaired with the decision to significantly reduce manufacturing capacity at this division.

The recoverable value of non-current assets has been assessed after considering the economic benefits to be derived over the remaining useful life, under a value in use assumption. The discount rates used in the estimate of value in use are consistent with those rates used for goodwill impairment testing as disclosed in note 16(b).

The carrying value of assets that have been subject to recoverable amount write-downs, by class, are outlined below:

	31 JULY 13 $000	31 JULY 12 $000
Buildings		
Assets subject to write-downs	-	-
Assets not subject to write-downs	101,846	108,415
	101,846	108,415
Plant and equipment		
Assets subject to write-downs	-	622
Assets not subject to write-downs	162,381	166,324
	162,381	166,946

The carrying amount of temporarily idle buildings, plant and equipment at 31 July 2013 was Nil (2012 Nil).

NOTE 15: PROPERTY, PLANT AND EQUIPMENT (cont.)

(b) Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current and previous financial year are set out below.

Consolidated	Land $000	Buildings $000	Plant & Equip. $000	Total $000
At 1 August 2011				
Cost	175,533	175,861	475,345	826,739
Accumulated depreciation	-	(64,902)	(311,317)	(376,219)
Balance at 1 August 2011	175,533	110,959	164,028	450,520
Year ended 31 July 2012				
Additions	504	3,893	24,516	28,913
Assets acquired by purchase of subsidiary	-	1,504	2,034	3,538
Disposals	(1,197)	(2,166)	(620)	(3,983)
Impairment losses	-	(1,965)	(2,204)	(4,169)
Depreciation expense	-	(3,810)	(20,808)	(24,618)
Balance at 31 July 2012	174,840	108,415	166,946	450,201
Year ended 31 July 2013				
Additions	167	4,005	20,221	24,393
Assets acquired by acquisition of business	-	-	5,150	5,150
Assets transferred to land held for resale	(5,690)	(4,196)	-	(9,886)
Disposals	(3,684)	(1,428)	(1,073)	(6,185)
Impairment losses	-	(1,144)	(7,472)	(8,616)
Depreciation expense	-	(3,806)	(21,391)	(25,197)
Balance at 31 July 2013	165,633	101,846	162,381	429,860

NOTE 16: INTANGIBLE ASSETS

	CONSOLIDATED 31 JULY 13 $000	31 JULY 12 $000
Goodwill		
At cost	284,574	284,574
Less: impairment write-downs	31,913	31,627
	252,661	252,947
Timber access rights		
At cost	8,541	8,541
Less: accumulated amortisation	1,717	1,570
	6,824	6,971
Brand names		
At cost	14,300	14,300
Less: accumulated amortisation	5,300	5,300
	9,000	9,000
Other intangibles		
At cost	646	646
Less: accumulated amortisation	103	78
	543	568
	269,028	269,486

(a) Intangible assets with indefinite useful lives

Timber access rights with a carrying value of $6.2 million (2012 $6.2 million) have been assessed as having an indefinite useful life. The main reason for this assessment is that although licences are subject to periodic renewal, the cost of the licence renewal is not significant compared to the future economic benefits obtainable under the licence, there is a history of renewals which are arranged by management as part of the normal operations of the business, there is a realistic expectation that all conditions for renewal will be successfully achieved, and if the licence was not renewed or substantially varied, the issuing authority would be liable to pay compensation to the Company.

The remaining timber access rights with an initial cost of $2.3 million (2012 $2.3 million) are amortised over the life of the supply agreement, which expires in 2017.

NOTE 16: INTANGIBLE ASSETS (cont.)

(a) Intangible assets with indefinite useful lives (cont.)

The timber access rights have been allocated to the timber products Cash Generating Unit (CGU), which forms part of the building products segment.

Brand names with a carrying value of $9.0 million (2012 $9.0 million) have been assessed as having an indefinite useful life, as the brand has been part of the brick industry since 1853, and Brickworks intends to continue trading under this brand. The brand names have been allocated to the Vic Bricks CGU, which forms part of the building products segment.

Management's assessment of the appropriateness of the carrying value of indefinite useful life intangibles is based on key assumptions which may vary. In addition to the projected cash flows to be generated by the ongoing use of these assets, these are the discount rate (WACC) and the long term growth rate (LTGR). The rates used in calculating the value in use are consistent with the rates outlined surrounding the impairment of goodwill below (note 16(b)). Given current volatility in financial markets generally, it is difficult to predict how these variables may move. At balance date, it is not expected that a reasonably foreseeable movement in the WACC or LTGR would result in an impairment to these assets.

(b) Impairment of Goodwill

(i) Allocation of goodwill and intangible assets with indefinite useful lives to cash generating units

Goodwill is allocated to the Group’s cash generating units (CGUs) for impairment testing purposes. At 31 July 2013 the following CGU’s have significant allocations of goodwill: Austral Bricks NSW $67.5 million, Austral Bricks WA $47.3 million Austral Bricks Vic $75.2 million, Bristile Roofing East Coast $25.9 million and Austral Masonry $18.7 million. Each of these CGU’s have been valued based on value in use, using the assumptions outlined in point (iii) below.

The remainder of goodwill within the business ($18.0 million) is allocated across multiple CGU's, with no other individual CGU having an allocation that is significant compared to the total vlaue of goodwill carried in the business. The carrying value of goodwill assessed in all these divisions is based on value in use.

(ii) Impairment Charges

The Group tests goodwill and other intangible assets with indefinite useful lives at least annually for any impairment in accordance with the accounting policy stated in note 1(r).

There were no impairment charges made to goodwill or other intangible assets during the year ended 31 July 2013 (2012 $31.6 million).

(iii) Key assumptions

The recoverable amount of each CGU is determined on the basis of value-in-use (VIU), unless there is evidence to support a higher fair value less cost to sell.

The valuations used to support the carrying amounts of intangible assets (above) and property, plant and equipment (note 15) are based on forward looking key assumptions that are by their nature uncertain. The nature and basis of the key assumptions used to estimate the future cash flows and discount rates, and on which the Company has based its projections when determining the recoverable value of each CGU, are set out below.

VIU calculations use pre-tax cash flows projections, inclusive of working capital movements, and are based on financial projections approved by the Board covering a five-year period. Estimates beyond five years are calculated with a growth rate that reflects the long term growth rate for the State (or States) that the CGU predominately operates in.

The basis of estimation uses the following key operating assumptions:

• Sales volumes are management forecasts, taking into account external forecasts of underlying economic activity for the market sectors and geographies in which each CGU operates. A major driver of sales volumes is housing approvals and commencements. Management has assessed the reported forecast housing approval data from sources such as BIS Shrapnel and the Housing Industry Association (HIA) over the budget period, and adopted a more conservative opinion overall than these independent forecasts
• Costs are calculated taking into account historical gross margins, known cost increases, and estimated inflation rates over the period that are consistent with locations in which the CGU’s operate
• Management expects to obtain sales price growth over the budget period. The increases assumed differ between by CGU and between different states where the CGU operates. Price rises are considered inherently achievable in a rational market where supply of product approximates demand
• Long term growth rates used in the cash flow valuation reflect the average 10 year historical growth rates for the states in which the CGU’s operate (sourced from the Australian Bureau of Statistics). The long term growth rate applied to the significant divisions were Austral Bricks NSW 2.15% (2012: 2.0%), Austral Bricks WA 3.50% (2012: 4.0%), Austral Bricks Vic 2.88% (2012: 3.1%), Bristile Roofing East Coast 2.84% (2012: 3.03%) and Austral Masonry 2.84% (2012: 3.03%)
• Management uses an independent external advisor to calculate the appropriate discount rate, based on the pre tax WACC. For 2013, the discount rate was 14.65% (2012: 14.18%) and is applied consistently across all CGU's.

(iv) Sensitivity to changes in assumptions

A number of CGU's have been assessed in the current year as having no requirement for impairment, however the future forecast cash flows are broadly in line with the current carrying value of the CGU. As a result, any adverse changes in assumptions which are not offset by a positive change in another assumption would lead to a reduced valuation on a value in use basis, and hence a potential impairment. The CGU's referred to above are Austral Bricks (Vic), Austral Bricks (WA), Austral Masonry and Auswest Timbers.

There are no other CGU’s where a reasonably foreseeable change in assumptions would result in a material impairment to the carrying value of goodwill or other indefinite useful life intangibles.

NOTE 16: INTANGIBLE ASSETS (cont.)

(c) Reconciliations

Consolidated	Goodwill $000	Timber access rights $000	Brand names $000	Other Intangibles $000	Total $000
At 1 August 2011					
Cost	279,339	7,141	5,300	646	292,426
Accumulated amortisation / impairmen	-	(1,422)	(5,300)	(54)	(6,776)
Balance at 1 August 2011	279,339	5,719	-	592	285,650
Year ended 31 July 2012					
Additions	5,235	1,400	9,000	-	15,635
Amortisation / impairment charge	(31,627)	(148)	-	(24)	(31,799)
Balance at 31 July 2012	252,947	6,971	9,000	568	269,486
Year ended 31 July 2013					
Amortisation / disposal	(286)	(147)	-	(25)	(458)
Balance at 31 July 2013	252,661	6,824	9,000	543	269,028

	NOTE	CONSOLIDATED 31 JULY 13 $000	CONSOLIDATED 31 JULY 12 $000
NOTE 17: PAYABLES			
Current			
Trade payables and accruals		73,808	73,024

Payables have carrying amounts that reasonably approximate fair value. Average terms on trade payables are 30 days from statement.

NOTE 18: INTEREST BEARING LIABILITIES

	NOTE	31 JULY 13 $000	31 JULY 12 $000
(a) Current			
Commercial bills	28	39,000	-
Unamortised transaction costs		(495)	-
		38,505	-

NOTE 18: INTEREST BEARING LIABILITIES (cont.)

	NOTE	31 JULY 13 $000	31 JULY 12 $000
(b) Non-current			
Commercial bills	28	300,000	300,000
Unamortised transaction costs		(434)	(1,426)
		299,566	298,574

(c) Commercial bills

Commercial bills are drawn under either a 12 month facility expiring in August 2013 or a 4 year facility, expiring in June 2015. More information on the Group's borrowing facilities can be found in note 28.

Interest is payable based on floating rates determined with reference to the BBSY bid rate at each maturity.

The fair value of non-current commercial bills is approximately $312.1 million (2012 $274.4 million).

A portion of the borrowings are hedged using a fixed interest rate swap contract, details of which can be found in notes 19 and 28.

NOTE 19: DERIVATIVE FINANCIAL INSTRUMENTS

	NOTE	31 JULY 13 $000	31 JULY 12 $000
(a) Current liability			
Interest rate swap contract	28	395	-
(b) Non-current liability			
Interest rate swap contract	28	4,038	5,958

The interest rate swap is being used to hedge the exposure to changes in the interest rate payable on its commercial bills (refer note 18).

NOTE 20: PROVISIONS

	CONSOLIDATED 31 JULY 13 $000	CONSOLIDATED 31 JULY 12 $000
(a) Current		
Employee benefits	21,108	19,360
Remediation	1,399	2,495
Infrastructure costs	1,265	665
Workers compensation	5,196	4,634
Contractual payments	6,132	875
Other	3,910	4,115
	39,010	32,144
(b) Non-current		
Employee benefits	15,366	13,018
Remediation	8,879	9,955
	24,245	22,973

(c) Reconciliations

Consolidated Year ended 31 July 2013	**Remediation $000**	**Infra. Costs $000**	**Workers Comp. $000**	**Contractual Payments $000**	**Other $000**
Balance at the beginning of the year	12,450	665	4,634	875	4,115
Additional provisions recognised	162	600	5,060	5,257	589
Amounts used	(2,159)	-	(3,459)	-	(654)
Reversals of provisions	(175)	-	(1,039)	-	(140)
Balance at the end of the year	10,278	1,265	5,196	6,132	3,910
Current	1,399	1,265	5,196	6,132	3,910
Non-current	8,879	-	-	-	-
	10,278	1,265	5,196	6,132	3,910

(d) Descriptions

Provision for Remediation

A provision has been recognised for the estimated costs of restoring operational and quarry sites to their original state in accordance with relevant approvals. The settlement of this provision will occur as the operational site nears the end of its useful life, or once the resource allocation within the quarry is exhausted, which varies based on the size of the resource and the usage rate of the extracted material. In some cases this may extend decades into the future.

Provision for infrastructure costs

A provision has been recognised for Brickworks obligation for the estimated costs of completed infrastructure works in relation to certain properties. The timing of future outflows is expected to occur within the next financial year.

Provision for workers compensation

The Brickworks group self-insures for workers compensation in certain states. The provision has been based on independent actuarial calculations based on incidents reported before year end. The timing of the future outflows is dependant upon the notification and acceptance of relevant claims, and would be expected to be satisfied over a number of future financial periods.

Provision for contractual payments

A provision has been recognised for Brickworks obligations to make future payments under contracts signed for otherwise completed transactions.

Other provisions

Other provisions are made up from a number of sundry items.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

NOTE 21: NET DEFERRED TAXES

	CONSOLIDATED 31 JULY 13 $000	CONSOLIDATED 31 JULY 12 $000	CONSOLIDATED 31 JULY 13 $000	CONSOLIDATED 31 JULY 12 $000
	Statement of Financial Position		Movement through Profit or Loss	
Deferred taxes relate to the following:				
Equity accounted associates	184,972	175,157	2,367	(7,639)
Property, plant and equipment	15,017	11,783	1,689	1,373
Provisions	(18,085)	(14,729)	(2,989)	2,342
Tax losses	(13,132)	(9,886)	(3,246)	(9,886)
Intangibles	1,985	1,989	(4)	21
Other sundry items	464	1,399	(405)	(1,254)
Net deferred taxes	171,221	165,713	(2,588)	(15,043)

The carried forward tax losses will be utilised in coming periods as the Group continues to make profits. This is supported by internal profit projections, and that the Group has historically had taxable profits in all but the last 2 years.

NOTE 22: CONTRIBUTED EQUITY

	CONSOLIDATED 31 JULY 13 $000	CONSOLIDATED 31 JULY 12 $000
Fully paid ordinary shares	335,341	332,816
Reserved shares	(6,621)	(7,014)
	328,720	325,802

(a) Ordinary shares

	2013 No. of Shares	2013 Value $000	2012 No. of Shares	2012 Value $000
Opening balance	147,567,333	332,816	147,567,333	332,816
Shares issued during the year	250,799	2,525	-	-
Costs associated with shares issued		-		-
Balance at end of year	147,818,132	335,341	147,567,333	332,816

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholder's meetings each share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

There have been no options issued or on issue at any time during or since the end of the financial year.

The parent does not have authorised capital nor par value in respect of its issued shares.

(b) Reserved Shares

	2013 No. of Shares	2013 Value $000	2012 No. of Shares	2012 Value $000
Opening balance	615,631	(7,014)	644,447	(7,798)
add: bonus shares purchased by share plan	278,107	(2,801)	278,083	(2,882)
less: bonus shares vested during period	(279,847)	3,194	(306,899)	3,666
Balance at end of period	613,891	(6,621)	615,631	(7,014)

Reserved shares are those shares held by the employee share plans that have not vested to the participant at balance date. More information on the employee share plans is contained in note 32 of these financial statements.

NOTE 23: RESERVES

	NOTE	CONSOLIDATED 31 JULY 13 $000	CONSOLIDATED 31 JULY 12 $000
(a) Composition of reserves			
- capital profits		88,102	88,102
- equity adjustment		(17,263)	(9,251)
- general		36,125	36,125
- foreign currency translation		(1,768)	(2,409)
- share based payments		3,085	3,388
- associates & JV's		194,560	168,471
		302,841	284,426

NOTE 23: RESERVES (cont.)

(b) Descriptions

Capital profits reserve
The Capital profits reserve represents amounts allocated from Retained Profits that were profits of a capital nature.

Equity adjustments reserve
Equity adjustments reserve includes amounts for tax adjustments posted direct to equity.

General reserve
The General reserve represents amounts reserved for the future general needs of the operations of the entity.

Foreign currency translation reserve
The Foreign currency translation reserve represents differences on translation of foreign entity financial statements.

Share based payments reserve
The share based payments reserve represents the value of bonus shares (treasury stock) that have been expensed through profit and loss but are yet to vest to the employee.

Associates & JV's reserve
The associates reserve represents Brickworks share of its associate's & JV's reserve balances. The Company is unable to control this reserve in any way, and does not have any ability or entitlement to distribute this reserve, unless it is received from its associates or JV's in the form of dividends.

NOTE 24: CASH FLOW INFORMATION

	NOTE	CONSOLIDATED 31 JULY 13 $000	 31 JULY 12 $000
(a) Reconciliation of cash flow from operations to net profit after tax			
Net profit after tax		85,165	43,304
Non-cash flows in net profit			
Amortisation and impairment of intangible assets		459	171
Amortisation of borrowing costs		497	680
Depreciation of non-current assets		25,197	24,618
Discount on acquisition		(3,245)	-
Write down of property, plant & equipment to recoverable value		7,373	4,169
Write down of goodwill to recoverable value		-	31,627
(Profits) / losses on disposal of property, plant & equipment		(4,543)	61
(Profits) / losses on sale of investments		-	-
Non cash profit on sale of land held for resale		(34,443)	(2,189)
Share of profits of associates not received as dividends		(11,908)	(34,284)
Changes in assets and liabilities net of the effects of acquisitions of businesses			
(Increase) / decrease in trade and sundry debtors		(6,841)	6,955
(Increase) / decrease in inventories		(21,224)	(3,991)
(Increase) / decrease in prepayments		(1,167)	(1,466)
(Increase) / decrease in share trading portfolio		(17)	3
(Increase) / decrease in treasury stock		3,194	784
Increase / (decrease) in creditors and accruals		7,521	16,139
Increase / (decrease) in taxes payable		1,479	1,932
Increase / (decrease) in other current provisions		(139)	(4,918)
Increase / (decrease) in other non-current provisions		1,271	(2,423)
Increase / (decrease) in deferred tax liabilities		(2,606)	(16,676)
Net cash flows from / (used in) operating activities		46,023	64,496
(b) Reconciliation of cash Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:			
Cash	9	19,117	14,553

NOTE 25: ASSOCIATED COMPANIES

Information relating to significant associates:

Name	Ownership interest 2013 %	Ownership interest 2012 %	Carrying value 2013 $000	Carrying value 2012 $000	Profit contribution 2013 $000	Profit contribution 2012 $000
Washington H Soul Pattinson & Co Ltd	42.72	42.72	1,115,834	1,086,474	41,026	67,375

Washington H. Soul Pattinson & Co Ltd (WHSP) is involved in coal, pharmaceutical, telecommunications and investment. WHSP's balance date is 31 July annually. At balance date WHSP owned 44.41% (2012 44.48%) of issued ordinary shares of Brickworks Ltd. WHSP is incorporated in Australia.

	CONSOLIDATED 31 JULY 13 $000	CONSOLIDATED 31 JULY 12 $000
(a) Summarised share of associates financial information		
Current assets	732,304	840,300
Non-current assets	915,655	787,238
	1,647,959	1,627,538
Current liabilities	83,626	66,966
Non-current liabilities	98,803	81,606
	182,429	148,572
Net assets	1,465,530	1,478,966
Outside equity interest	347,697	389,215
	1,117,833	1,089,751
Revenue	338,050	390,216
Profit before income tax	76,849	102,648
Income tax expense	(23,506)	(16,535)
Outside equity interest	(12,317)	(19,811)
Profit after income tax	41,026	66,301
(b) Share of associates' expenditure commitments		
Capital commitments	- *	3,241
Lease commitments	- *	32,131

The entity has no legal liability for any expenditure commitments incurred by associates.
* Note: Associated company (WHSP) figures for 2013 were not publicly available at the time of preparation of this report.

(c) Contingent liabilities of associates		
Share of contingent liabilities incurred jointly with other investors	- *	12,409

The entity has no legal liability for any contingent liabilities incurred by associates.
* Note: Associated company (WHSP) figures for 2013 were not publicly available at the time of preparation of this report.

NOTE 26: JOINTLY CONTROLLED ENTITIES

Information relating to significant jointly controlled entities (JV's) is set out below:

Name	Ownership interest 2013 %	Ownership interest 2012 %	Carrying value 2013 $000	Carrying value 2012 $000	Profit contribution 2013 $000	Profit contribution 2012 $000
BGAI CDC Trust	50.00	50.00	36,013	29,612	3,640	2,382
BGAI Erskine Trust	50.00	50.00	60,511	52,800	6,432	7,903
BGAI TTP Trust	50.00	50.00	10,895	9,578	827	635
BGAI Capicure Trust	50.00	50.00	6,555	6,417	779	767
BGAI Heritage Trust	50.00	50.00	19,424	15,280	2,008	1,171
BGAI Oakdale Trust	50.00	50.00	39,647	38,695	1,734	1,114
BGAI Wacol Trust	50.00	50.00	5,962	3,879	469	308
BGAI Oakdale South Trus	50.00	N/A	40,380	-	-	-
Other jointly controlled entities			4,530	1	401	798
Fair value adjustments on recognition as investment property					8,399	4,414
			223,917	156,262	24,689	19,492

The principal activity of each of the above significant JV's is property development, management and leasing. They all have bala dates of 30 June, except the New Zealand Brick Distributors joint venture with a 31 March balance date, as the other partner in tl JV has this balance date. Each of the above entities are incorporated in Australia.

The profit contribution includes all fair value adjustments (including impairments) to Investment properties totalling $5.9 million (2012 $5.3 million). Refer note 4(b) for more detail on these profits.

	CONSOLIDATED 31 JULY 13 $000	CONSOLIDATED 31 JULY 12 $000
(a) Summarised share of JV's financial information		
Current assets	12,449	5,904
Non-current assets	371,494	343,095
	383,943	348,999
Current liabilities	56,048	56,572
Non-current liabilities	182,668	154,987
	238,716	211,559
Net assets	145,227 *	137,440 *
Revenues	23,633	20,561
Profit before income tax	16,290	15,078
Income tax expense	-	-
Profit after income tax	16,290	15,078

* Note: Carrying value of Property Trusts exceeds net assets as the Group makes an adjustment to bring the accounting policies of the Trust in line with those of the Group resulting in a higher net asset position

	31 JULY 13 $000	31 JULY 12 $000
(b) Share of JV's expenditure commitments		
Capital commitments	15,506	14,815
Lease commitments	-	-

The entity has no legal liability for any expenditure commitments incurred by JV's.

	31 JULY 13 $000	31 JULY 12 $000
(c) Contingent liabilities of JV's		
Share of contingent liabilities incurred jointly with other investors	-	-

The entity has no legal liability for any contingent liabilities incurred by JV's.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

NOTE 27: SEGMENT INFORMATION

	Building Products		Property		Investments		Consolidated	
	31 JULY 13 $000	31 JULY 12 $000	31 JULY 13 $000	31 JULY 12 $000	31 JULY 13 $000	31 JULY 12 $000	31 JULY 13 $000	31 JULY 12 $000
REVENUE								
Segment revenue from sales to external customers	568,654	547,590	37,379	8,237	476	1,084	606,509	556,911
RESULT								
Segment EBITDA	58,458	53,327	49,619	19,009	60,002	67,700	168,079	140,036
Less depreciation and amortisation	(25,656)	(24,789)	-	-	-	-	(25,656)	(24,789)
Segment EBIT (before significant items)	**32,802**	**28,538**	**49,619**	**19,009**	**60,002**	**67,700**	**142,423**	**115,247**
(Less) / add significant items	(15,077)	(56,894)	-	-	(18,483)	756	(33,560)	(56,138)
Segment result	**17,725**	**(28,356)**	**49,619**	**19,009**	**41,519**	**68,456**	**108,863**	**59,109**
Unallocated expenses								
Finance costs							(18,800)	(25,215)
Other unallocated expenses							(7,384)	(6,796)
Profit before income tax							82,679	27,098
Income tax benefit / (expense)							2,486	16,206
Profit after income tax							85,165	43,304
ASSETS								
Segment assets	1,010,072	991,898	244,318	180,661	1,116,406	1,087,065	2,370,796	2,259,624
Unallocated assets							-	1,370
Total assets							2,370,796	2,260,994
LIABILITIES								
Segment liabilities	124,311	124,579	8,619	665	174,513	180,868	307,443	306,112
Unallocated liabilities								
Borrowings							338,071	298,574
Other							5,383	(6,300)
Total unallocated liabilities							343,454	292,274
Total liabilities							650,897	598,386
OTHER								
Aggregate share of the profit of investments accounted for using the equity method	401	798	24,288	18,694	41,026	67,375	65,715	86,867
Aggregate carrying amount of investments accounted for using the equity method	4,530	-	219,387	156,261	1,115,834	1,086,475	1,339,751	1,242,736
Acquisition of non-current segment assets	28,957	37,685	3,137	-	-	-	32,094	37,685
Non-cash expenses other than depreciation & amortisation	47,800	43,173	-	-	-	-	47,800	43,173

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

NOTE 27: SEGMENT INFORMATION (cont.)

The economic entity has the following business segments:

Building products division manufactures vitrified clay, concrete and timber products used in the building industry. Major product lines include bricks, blocks, pavers, roof tiles, floor tiles, precast walling and flooring panels and timber products used in the building industry.

Property division considers further opportunities to better utilise land owned by the Brickworks Group.

Investment division holds investments in the Australian share market, both for dividend income and capital growth, and includes the Group's investment in Washington H Soul Pattinson and Co. Ltd.

The Group has a large number of customers to which it provides products. There are no individual customers that account for more than 10% of external revenues.

The Group operates predominantly within Australia, with some product manufactured by the clay products division exported to other countries, particularly New Zealand. Total revenue from sales outside of Australia in the 12 months ended 31 July 2013 was $12.1 million (2012 $15.9 million). The carrying value of non-current assets held outside of Australia at 31 July 2013 was $4.5 million (2012 $0.8 million).

NOTE 28: FINANCIAL INSTRUMENTS

(a) Capital Management

The Brickworks Group manages its capital to ensure that all entities in the Group can continue as going concerns, while striving to maximise returns to shareholders through an appropriate balance of net debt and total equity. The balance of capital can be influenced by the level of dividends paid, the issuance of new shares, returns of capital to shareholders, or adjustments in the level of borrowings through the acquisition or sale of assets.

Brickworks capital structure is regularly measured using net debt to capital employed, calculated as net debt divided by (net debt plus total equity). Net debt is calculated as total borrowings (note 18) less cash and cash equivalents (note 9), and total equity of the parent entity includes issued capital (note 22), reserves (note 23) and retained earnings.

The Group's strategy during the year was to maintain the net debt to capital employed (at the consolidated level) below a target limit of 45% which is consistent with prior years.

	CONSOLIDATED	
	31 JULY 13 $000	31 JULY 12 $000
Net debt to capital employed		
Net debt	319,883	285,447
Total equity	1,719,899	1,662,608
Net debt to capital employed	15.7%	14.7%

The Group is not subject to any externally imposed capital requirements.

(b) Financial Risk Management

The Group's activities expose it to a variety of financial risks, primarily to the risk of changes in interest rates, but also, to a lesser extent, credit risk of third parties with which the Group trades and fluctuations in foreign currency exchange rates. The Group's overall risk management program seeks to minimise any significant potential adverse effects on the financial performance of the Group. Where approved by the Board, certain derivative financial instruments such as interest rate swaps or foreign exchange contracts may be used to hedge certain risk exposures. The Brickworks Group derivative policy prohibits the use of derivative financial instruments for speculative purposes.

(c) Terms, conditions and accounting policies

Details of the accounting policies adopted in relation to financial instruments are included in the summary of significant accounting policies to the accounts. Information regarding the significant terms and conditions of each significant category of financial instruments are included within the relevant note for that category.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

NOTE 28: FINANCIAL INSTRUMENTS (cont.)

(d) Financial assets and liabilities by category

Details of financial assets and liabilities as contained in the annual report are as follows:

		CONSOLIDATED	
		31 JULY 13 $000	31 JULY 12 $000
Financial assets and liabilities by category			
Financial Assets			
Cash and cash equivalents	9	19,117	14,553
Loans and receivables – current	10(a)	86,631	79,354
Total Loans and receivables		86,631	79,354
Held for trading assets at fair value through profit and loss	11	29	11
Total financial assets		105,777	93,918
Financial Liabilities			
Other financial liabilities			
Payables – current	17	73,808	73,024
Interest bearing liabilities – current	18(a)	39,000	-
Derivative financial instruments – current	19(a)	395	-
Interest bearing liabilities – non-current	18(b)	300,000	300,000
Derivative financial instruments – non-current	19(b)	4,038	5,958
Total other financial liabilities		417,241	378,982
Total financial liabilities		417,241	378,982

Fair values of financial assets and liabilities are disclosed in the notes to the accounts where those items are listed.

(e) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties. The credit risk on liquid funds and derivative financial instruments is considered low because these assets are held with banks with high credit ratings assigned by international credit-rating agencies.

The maximum exposure to trade credit risk at balance date to recognised financial assets is the carrying amount net of provision for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements. The Brickworks Group debtors are based in the building and construction industry, however the Group minimises its concentration of credit risk by undertaking transactions with a large number of customers. The Group ensures there is not a material credit risk exposure to any single debtor.

The Group holds no significant collateral as security, and there are no other significant credit enhancements in respect of these financial assets. The credit quality of financial assets that are neither past due nor impaired is appropriate, and is reviewed regularly to identify any potential deterioration in the credit quality. There are no significant financial assets that would otherwise be past due or impaired whose terms have been renegotiated.

(f) Liquidity risk

The Brickworks Group manages liquidity risk by maintaining a combination of adequate cash reserves, bank facilities and reserve borrowing facilities, continuously monitored through forecast and actual cash flows, and matching the maturity profiles of financial assets and liabilities.

Details of credit facilities available to the Group, and the amounts utilised under those facilities, are as follows:

Unused credit facilities		
Credit facilities	400,000	400,000
Amount utilised	339,000	300,000
Unused credit facility	61,000	100,000

NOTE 28: FINANCIAL INSTRUMENTS (cont.)

(f) Liquidity risk (cont.)

The Group has a $300.0 million (2012 $300 million) unsecured variable interest rate facility (fully drawn) in place with a syndicate of Australian and overseas banks. The facility is in a single tranche which expires in June 2015.

In addition, the Group has a $100 million 364 day working capital facility with an Australian Bank, which was drawn to $39.0 million at balance date (2012 undrawn). Subsequent to balance date this facility was extended for a further 12 months to August 2014.

These facilities are subject to various terms and conditions, including various negative pledges regarding the operations of the Group, and covenants that must be satisfied at specific measurement dates. A critical judgement is that the Group will continue to meet its criteria under these banking covenants to ensure that there is no right for the banking syndicate to require settlement of the facility in the next 12 months.

An analysis of the maturity profiles of the Group's undiscounted financial liabilities, based on contractual maturity and obligated payments, is as follows:

		CONSOLIDATED	
		31 JULY 13 $000	31 JULY 12 $000
Liquidity risk maturity analysis			
1 year or less			
Trade and other payables	17	73,808	73,024
Commercial bills		40,108	-
Derivatives	19(a)	395	-
Total 1 year or less		114,311	73,024
1 to 5 years			
Commercial bills		342,600	352,650
Derivatives	19(b)	4,038	5,958
Total 1 to 5 years		346,638	358,608

(g) Currency risk

The Brickworks Group does not have any material exposure to unhedged foreign currency receivables. Export sales are all made through Australian agents or direct to overseas customers using Australian Dollars or letters of credit denominated in Australian Dollars. The trading of the Group's foreign subsidiary, which is in New Zealand dollars (NZD) is not material to the Group as a whole. Accordingly, any reasonably foreseeable fluctuation in the exchange rate of the NZD would not have a material impact on either profit after tax or equity of the Brickworks Group.

The Group has a limited exposure to foreign currency fluctuations due to its importation of goods. The main exposure is to US dollars (USD) and Euros (EUR). It is the policy of the Group to enter into forward foreign exchange contracts to cover specific currency payments, as well as covering anticipated purchases for up to 12 months in advance. The overall level of exposure to foreign currency purchases is not material to the Group. Accordingly, any reasonably foreseeable fluctuation in the exchange rate of the USD or EUR would not have a material impact on either profit after tax or equity of the Brickworks Group.

(h) Interest rate risk

Brickworks' significant interest rate risk arises from fluctuations in the BBSY bid rate relating to Brickworks long and short term borrowings. Primarily, the exposure to interest rate risk is on the variable interest rate facility referred to in note 28 (f) above.

The Brickworks Group manages its exposure to interest rate risk within the Group's derivative policy. The Group uses interest rate derivatives, where appropriate, to eliminate some of the risk of movements in interest rates on borrowings, and increase certainty around the cost of borrowed funds. The policy has target ranges for fixed interest rate borrowings.

At balance date, Brickworks had $214.0 million of bank borrowings unhedged (2012 $175.0 million).

The Brickworks Group variable interest rate facility currently drawn to $300.0 million (2012 $300.0 million) is a floating rate facility determined with reference to the BBSY bid rate at each bill maturity date. The effective weighted interest rate current on the bills borrowed under this facility at balance date is 5.66% (2012 6.14%).

At 31 July 2013, if interest rates had been +/- 1% per annum throughout the year, with all other variables being held constant, the operating profit after income tax for the year would have been $2.07 million higher or lower respectively (2012 $1.4 million higher / lower). There would not have been any other significant impacts on equity.

NOTE 28: FINANCIAL INSTRUMENTS (cont.)

(h) Interest rate risk (cont.)

Interest rate swaps

The Brickworks Group has entered into interest rate swaps contracts which allow the Group to raise borrowings at floating rates and effectively swap them into a fixed rate (average rate 5.41%, 2012 5.41%). The contracts require settlement of net interest receivable or payable usually around 90 days. The settlement dates coincide with the dates on which interest is payable on the underlying long term debt and are brought to account as an adjustment to borrowing costs.

The notional principal amounts reduce from $125.0 million over the next three years (2012 $125.0 million over four years) as detailed below:

Settlement	2013 Avg %	2012 Avg %	2013 $000	2012 $000
Less than 1 year	4.30	-	50,000	-
1 to 3 years	6.10	5.27	75,000	100,000
3 to 5 years	-	5.96	-	25,000
Over 5 years	-	-	-	-
Total notional principal at balance date			125,000	125,000

The hedges in place at 31 July 2013 are not hedge accounted, and the fair value movement of the hedges is recognised in the statement of comprehensive income.

The financial instruments of the Group that are measured at fair value are grouped into Levels 1 to 3 based in the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of these derivatives are calculated using market observable inputs, categorised as “Level 2”.

Financial Assets

Interest rates on money market instruments (deposits) vary with current short term bank bill rate movements. At balance date, the effective weighted interest rates on these financial assets was 2.31% (2012 2.95%).

There are no other financial assets with exposure to interest rate risk.

(i) Other price risk

The Brickworks Group does not have material direct exposure to equity price risk, as the value of the share trading portfolio is insignificant, and hence any fluctuation in equity prices would not be material to either profit after tax or equity of the Brickworks Group.

Brickworks has significant indirect exposure to equity price risk through its investment in WHSP. Although this investment is accounted for as an equity accounted investment, WHSP has a significant listed investment portfolio which is accounted for at fair value through equity, and contribute to the profit on subsequent disposal. As a result, fluctuations in equity prices would potentially impact on both net profit after tax (where portions of the portfolios are traded) and equity (for balances held at the end of the period) which would result in adjustments to Brickworks net profit after tax and equity.

At the time of preparing this report, there was no publicly available information regarding the effects of any reasonably foreseeable fluctuations in equity values on net profit or equity of WHSP at 31 July 2013.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

NOTE 29: CONTROLLED ENTITIES AND BUSINESS ACQUISITIONS

(a) List of significant controlled entities

Details of the significant wholly owned entities within the Brickworks Group of companies are as follows. There are other wholly owned subsidiaries not included in this list as they are individually insignificant to the Group. All wholly owned entities within the Group have been consolidated into these financial statements.

Controlled entities incorporated in Australia	ABN	Group's Interest 2013 %	Group's Interest 2012 %
A.C.N. 000 012 340 Pty Ltd	38 000 012 340	100.0	100.0
A.C.N. 074 202 592 Pty Ltd	82 074 202 592	100.0	100.0
Austral Bricks (NSW) Pty Ltd	60 125 934 849	100.0	100.0
Austral Bricks (Qld) Pty Ltd	62 125 934 858	100.0	100.0
Austral Bricks (SA) Pty Ltd	66 125 934 876	100.0	100.0
Austral Bricks (Tas) Pty Ltd	83 125 934 947	100.0	100.0
Austral Bricks (Tasmania) Pty Ltd	14 009 501 053	100.0	100.0
Austral Bricks (Vic) Pty Ltd	64 125 934 867	100.0	100.0
Austral Bricks (WA) Pty Ltd	34 079 711 603	100.0	100.0
Austral Bricks Holdings Pty Ltd	55 120 364 365	100.0	100.0
Austral Facades Pty Ltd	63 144 804 553	100.0	100.0
Austral Masonry (NSW) Pty Ltd	45 141 647 092	100.0	100.0
Austral Masonry (Qld) Pty Ltd	30 000 646 695	100.0	100.0
Austral Masonry (Vic) Pty Ltd	53 120 364 356	100.0	100.0
Austral Masonry Holdings Pty Ltd	97 141 629 996	100.0	100.0
Austral Precast (NSW) Pty Ltd	81 125 934 938	100.0	100.0
Austral Precast (Qld) Pty Ltd	20 145 070 855	100.0	100.0
Austral Precast (Vic) Pty Ltd	16 145 070 837	100.0	100.0
Austral Precast (WA) Pty Ltd	22 145 070 884	100.0	100.0
Austral Precast Holdings Pty Ltd	88 140 573 646	100.0	100.0
Austral Roof Tiles (WA) Pty Ltd	61 144 804 544	100.0	100.0
Austral Roof Tiles Pty Ltd	67 144 804 571	100.0	100.0
Auswest Timbers (ACT) Pty Ltd	34 087 808 811	100.0	100.0
Auswest Timbers Finance Pty Ltd (in liquidation)	53 108 239 925	N/A	100.0
Auswest Timbers Holdings Pty Ltd	51 120 364 347	100.0	100.0
Auswest Timbers Pty Ltd	28 071 093 591	100.0	100.0
Bowral Brickworks Pty Ltd	39 000 165 579	100.0	100.0
Brickworks Building Products Pty Ltd	63 119 059 513	100.0	100.0
Brickworks Building Products (NZ) Pty Ltd	64 076 976 880	100.0	100.0
Brickworks Head Holding Co Pty Ltd	95 120 360 036	100.0	100.0
Brickworks Industrial Developments Pty Ltd	47 120 364 329	100.0	100.0
Brickworks Properties Pty Ltd	12 094 905 996	100.0	100.0
Brickworks Property Finance Co Pty Ltd	28 158 536 353	100.0	100.0
Brickworks Sub Holding Co No. 1 Pty Ltd	89 120 360 009	100.0	100.0
Brickworks Sub Holding Co No. 2 Pty Ltd	61 120 364 392	100.0	100.0
Brickworks Sub Holding Co No. 3 Pty Ltd	59 120 364 383	100.0	100.0
Brickworks Sub Holding Co No. 4 Pty Ltd	57 120 364 374	100.0	100.0
Brickworks Sub Holding Co No. 5 Pty Ltd	16 125 922 821	100.0	100.0
Brickworks Sub Holding Co No. 6 Pty Ltd	18 125 922 830	100.0	100.0
Brickworks Sub Holding Co No. 7 Pty Ltd	97 125 922 849	100.0	100.0
Brickworks Sub Holding Co No. 8 Pty Ltd	99 125 922 858	100.0	100.0
Bristile Guardians Pty Ltd	40 079 711 630	100.0	100.0
Bristile Holdings Pty Ltd	32 008 668 540	100.0	100.0
Bristile Pty Ltd	19 056 541 096	100.0	100.0
Bristile Roofing (East Coast) Pty Ltd	77 090 775 634	100.0	100.0

NOTE 29: CONTROLLED ENTITIES AND BUSINESS ACQUISITIONS (cont.)

(a) List of significant controlled entities (cont.)

Controlled entities incorporated in Australia	ABN	Group's Interest 2013 %	2012 %
Bristile Roofing Holdings Pty Ltd	49 120 364 338	100.0	100.0
Christies Sands Pty Ltd	63 007 635 529	100.0	100.0
Clifton Brick (Queanbeyan) Pty Ltd (in liquidation)	52 000 602 531	N/A	100.0
Clifton Brick Holdings Pty Ltd	83 004 493 181	100.0	100.0
Clifton Brick Manufacturers Pty Ltd	63 004 529 104	100.0	100.0
Daniel Robertson Australia Pty Ltd	53 087 575 611	100.0	100.0
Davman Builders Pty Ltd	66 004 434 342	100.0	100.0
Dry Press Publishing Pty Ltd	93 000 002 979	100.0	100.0
Evans Brothers (Bricks) Pty Ltd (in liquidation)	76 004 372 454	N/A	100.0
Evans Brothers Pty Ltd (in liquidation)	51 004 096 137	N/A	100.0
Hallett Brick Pty Ltd	20 007 622 317	100.0	100.0
Hallett Roofing Services Pty Ltd	93 007 880 220	100.0	100.0
Horsley Park Holdings Pty Ltd	65 008 392 014	100.0	100.0
Hutton's Bricks (Manufacturers) Pty Ltd (in liquidation)	58 009 477 463	N/A	100.0
International Brick & Tile Pty Ltd	31 003 281 123	100.0	100.0
J. Hallett & Son Pty Ltd	40 007 870 779	100.0	100.0
Metropolitan Brick Company Pty Ltd	13 008 666 840	100.0	100.0
N.R.T. Pty Ltd (in liquidation)	22 004 047 849	N/A	100.0
Newthorpe Pty Ltd (in liquidation)	34 111 744 640	N/A	100.0
Nubrik (NRT) Pty Ltd (in liquidation)	18 000 041 485	N/A	100.0
Nubrik Concrete Masonry Pty Ltd	29 004 767 113	100.0	100.0
Nubrik Pty Ltd	59 004 028 559	100.0	100.0
Pilsley Investments Pty Ltd	70 008 768 330	100.0	100.0
Prestige Brick Pty Ltd	24 009 266 273	100.0	100.0
Prestige Equipment Pty Ltd	68 006 727 920	100.0	100.0
Ralph Brittain & Company Pty Ltd (in liquidation)	61 009 687 709	N/A	100.0
Southern Bricks Pty Ltd	83 007 749 840	100.0	100.0
Team Securities Pty Ltd (in liquidation)	65 005 079 167	N/A	100.0
Terra Timbers Pty Ltd	93 091 183 050	100.0	100.0
The Austral Brick Co Pty Ltd	52 000 005 550	100.0	100.0
The Warren Brick Co Pty Ltd	24 000 006 682	100.0	100.0
Triffid Investments Pty Ltd (in liquidation)	41 065 439 045	N/A	100.0
Visigoth Pty Ltd	72 076 286 710	100.0	100.0
Vitclay Pipes Pty Ltd (in liquidation)	98 004 209 732	N/A	100.0

(b) Business acquisitions (cont.)

On 8 February 2013 the Group acquired the business and assets of Boral Masonry's Prospect (NSW) operations for $4.0 million. The acquisition provides the Group with additional manufacturing capacity in Sydney, and provides significant synergies and savings for the Austral Masonry operations in New South Wales. Details of the net assets acquired under this transaction are set out below, with all values determined provisionally at balance date.

NOTE 29: CONTROLLED ENTITIES AND BUSINESS ACQUISITIONS (cont.)

(b) Business acquisitions (cont.)

	2013 $000
Cost of acquisition	
Cash paid	3,954
Net assets acquired:	
Inventory	3,938
Property, plant & equipment	5,150
Employee entitlements assumed	(1,222)
Deferred taxes	(666)
Fair value of net assets acquired	7,200
Net cash paid for business	3,955
Bargain purchase	3,245
Direct costs relating to the acquisition	1,709

Upon acquisition the acquired businesses were integrated within the existing Brickworks business and systems. As a result, specific financial information relating to the acquired businesses is not available and therefore it is impracticable to disclose the revenue and profit or loss of the acquirees since the acquisition date.

It is impracticable to restate the revenue or profit of the combined entity for the period as if the acquisition date for these business combinations effected during the period had been at the beginning of the period, as the legal entities that had been operating those businesses were not acquired, and the financial information of those entities provided to the Group to allow consideration of the purchase of those businesses is subject to signed confidentiality agreements. For the same reason we cannot disclose the carrying amounts of those assets immediately prior to the acquisition.

All acquisitions disclosed in the prior period which had been provisionally accounted for at 31 July 2012 were finalised during the current year with no change to the acquisition values.

(c) Controlled entities disposed of

There were no controlled entities within the Group that were disposed of during the period.

(d) Closed group

A deed of cross-guarantee between Brickworks Ltd and a number of its subsidiaries (the “closed group”) was enacted during the 2010 financial year and relief was obtained from preparing a financial statement for those subsidiaries under an ASIC instrument of relief under subsection 340(i) of the Corporations Act 2001. Under the deed, Brickworks guarantees to support the liabilities and obligations of those subsidiaries. The controlled entities have also given a similar guarantee. For details of those entities covered under the deed, refer to note 29 (a). The members of the closed group and the parties to the deed of cross guarantee are identical. The following are the aggregate totals, for each category, relieved under the deed.

	CLOSED GROUP	
	31 JULY 13 $000	31 JULY 12 $000
CONSOLIDATED INCOME STATEMENT		
Profit before income tax expense	85,740	9,832
Income tax (benefit) / expense	(2,288)	(21,789)
Profit after income tax expense	88,028	31,621
RETAINED PROFITS		
Retained profits at the beginning of the year	1,027,322	1,041,229
Profit after income tax expense	88,028	31,621
Dividends paid	(48,508)	(48,373)
Share of associate’s transfer to outside equity interests	(1,318)	3,121
Retained profits at the end of the year	1,065,524	1,027,598

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

NOTE 29: CONTROLLED ENTITIES AND BUSINESS ACQUISITIONS (cont.)

(d) Closed group (cont.)

	CLOSED GROUP	
	31 JULY 13	31 JULY 12
	$000	$000
CONSOLIDATED BALANCE SHEET		
CURRENT ASSETS		
Cash assets	19,117	14,552
Receivables	85,371	78,263
Held for trading financial assets	29	11
Inventories	177,926	155,086
Land held for resale	5,939	9,657
Current tax assets	-	1,971
Prepayments	8,049	6,978
TOTAL CURRENT ASSETS	296,431	266,518
NON-CURRENT ASSETS		
Receivables	157,593	158,540
Other financial assets	10,000	10,000
Inventories	8,233	8,301
Land held for resale	18,991	14,742
Investments accounted for using the equity method	1,120,364	1,086,474
Property, plant and equipment	423,193	440,770
Intangibles	269,028	269,486
TOTAL NON-CURRENT ASSETS	2,007,402	1,988,313
TOTAL ASSETS	2,303,833	2,254,831
CURRENT LIABILITIES		
Payables	71,513	71,473
Interest-bearing liabilities	38,900	-
Income tax provision	109	-
Provisions	38,878	31,990
TOTAL CURRENT LIABILITIES	149,400	103,463
NON-CURRENT LIABILITIES		
Payables	(37,813)	9,867
Interest-bearing liabilities	303,604	298,574
Derivative financial instruments	-	5,958
Provisions	24,244	22,973
Deferred tax liabilities	163,603	171,796
TOTAL NON-CURRENT LIABILITIES	453,638	509,168
TOTAL LIABILITIES	603,038	612,631
NET ASSETS	1,700,795	1,642,200
EQUITY		
Contributed equity	328,721	325,802
Reserves	306,549	288,801
Retained profits	1,065,525	1,027,598
TOTAL EQUITY	1,700,795	1,642,201

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

NOTE 30: CONTINGENT LIABILITIES

Contingent liabilities at balance date not provided for in these financial statements:

	CONSOLIDATED 31 JULY 13 $000	CONSOLIDATED 31 JULY 12 $000
Bank guarantees issued in the ordinary course of business	22,223	19,863

The Directors do not anticipate that any of the bank guarantees issued on behalf of the Group will be called upon.

Members of the economic entity are parties to various legal actions against them that are not provided for in the financial statements. These actions are being defended and the directors do not anticipate that any of these actions will result in material adverse consequences for the Company or the Consolidated Entity.

NOTE 31: CAPITAL AND LEASING EXPENDITURE COMMITMENTS

(a) Capital projects contracted for but not provided for at balance date

	31 JULY 13 $000	31 JULY 12 $000
Payable not later than one year	15,554	7,273

The capital commitments relate to contracts to supply or construct buildings or various items of plant and equipment for use in the building products segment of the business.

(b) Operating lease commitments

	31 JULY 13 $000	31 JULY 12 $000
Non-cancellable operating leases contracted for but not capitalised in the financial statements	115,392	124,874
Payable		
- not later than one year	21,836	20,932
- later than one year but not later than five years	52,194	52,478
- later than five years	41,362	51,464
	115,392	124,874

Operating leases are for the rental of land (used for sales and display centres), manufacturing equipment and motor vehicles. The leases are non-cancellable with rent payable monthly in advance.

Leases for properties are on terms of between 3 and 10 years, with renewal options of similar lengths. Some of the operating leases contain contingent rental provisions that state the minimum lease payments shall be increased by the higher of CPI or a given percentage per annum. The highest such percentage increase is 5%.

NOTE 32: EMPLOYEE SHARE PLANS

(a) Salary sacrifice arrangements

Brickworks Ltd has an employee share ownership plan, which allows all employees who have achieved 3 months service with the Group to purchase Brickworks Ltd shares, using their own funds plus a contribution of up to $156 from the Company. All shares acquired under salary sacrifice arrangements are fully paid ordinary shares, purchased on-market under an independent trust deed.

At 31 July 2013, the Brickworks Employee Share Plans had 714 members taking part who owned a combined 1,320,543 shares or 0.89% of issued ordinary capital (2012 716 members, 1,283,527 shares, 0.83%). This represented shares purchased under the salary sacrifice arrangements described above, as well as shares held as part of the Brickworks equity based compensation plans shown below. The reduction in employee shareholder numbers reflects an overall reduction in eligible employee numbers during the financial year.

(b) Equity-based compensation plans

The following table shows the number of fully paid ordinary shares held by the Brickworks Deferred Employee Share Plan that had been granted as remuneration. This table does not include any shares held in the plan that were purchased by the employee under the salary sacrifice arrangements described above.

NOTE 32: EMPLOYEE SHARE PLANS (cont.)

Equity-based compensation plans (cont.)

	Opening Balance	Granted	Vested	Forfeited / Withdrawn	Closing Balance
Unvested					
Granted Sept 08	35,871	-	(34,890)	(981)	-
Granted Sept 09	100,032	-	(46,847)	(5,729)	47,456
Granted Sept 10	232,386	-	(70,542)	(20,012)	141,832
Granted Sept 11	222,620	-	(50,639)	(19,187)	152,794
Granted Sept 12	-	304,063	(60,954)	(16,392)	226,717
Total Unvested	590,909	304,063	(263,872)	(62,301)	568,799
Vested	550,296	-	263,872	(201,738)	612,430
Total	1,141,205	304,063	-	(264,039)	1,181,229

The amount recognised in the statement of comprehensive income in relation to equity based compensation arrangements for the year ended 31 July 2013 was $2,890,959 (2012 $4,608,556).

The unvested shares vest to employees at 20% per year for each of the following 5 years, provided ongoing employment is maintained. Unvested shares are unavailable for trading by the employee.

The fair value of vested shares held by the share plan at 31 July 2013 was $8,103,142 (2012 $6,158,316), based on the closing share price at 31 July 2013 ($12.20 per share) (2012 $10.08 per share). The fair value of shares granted during the period was $3,098,118 (2012 $2,882,175), based on the price paid for these shares when they were acquired on market.

All shares granted by the Company provide dividend and voting rights to the employee.

More information regarding the Brickworks Employee Share Plans is outlined in the Remuneration Report included in the Director's Report.

NOTE 33: RELATED PARTIES

(a) Key management personnel shareholdings

Directors	Held 31 July 2012	Granted as Remuneration	Purchases	Shares Disposed of	Held 31 July 2013
Mr R. Millner	5,396,192	-	-	-	5,396,192
Mr M. Millner	5,371,433	-	-	-	5,371,433
Mr L. Partridge	251,917	27,308	-	12,036	267,189
Mr B. Crotty	10,209	-	-	-	10,209
Mr D. Gilham	102,268	-	-	-	102,268
The Hon. R. Webster	15,922	-	-	-	15,922
Other Key Management Personnel					
Mr A. Payne	180,291	12,909	-	-	193,200
Ms M. Kublins	44,589	7,447	-	5,779	46,257
Mr D. Fitzharris	82,600	8,378	-	-	90,978
Mr P. Scott	66,102	7,447	-	13,102	60,447
Mr D. Millington	20,763	5,585	-	7,058	19,290
Mr M. Finney	24,181	7,447	-	-	31,628

Shareholdings shown above reflect all direct, indirect and beneficial holdings by key management personnel.

All share transactions by key management personnel were on normal terms and conditions on the Australian Stock Exchange.

There were no other transactions with key management personnel during the period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

NOTE 33: RELATED PARTIES (cont.)

(b) Summary of key management personnel remuneration

	CONSOLIDATED	
	31 JULY 13	31 JULY 12
	$000	$000
Short term employee benefits	6,127	4,270
Post-employment benefits	171	228
Other long-term employee benefits	-	-
Termination benefits	-	-
Share based payment benefits	782	628
	7,080	5,126

(c) Other related party transactions

During the year material transactions took place with the following related parties:

Various intercompany loans are in existence between the Parent entity and some of its wholly owned subsidiaries. The loans are unsecured, interest free and have no fixed terms for repayment. The loans are a net asset to the Parent entity of $680.4 million.

Property transactions with various trusts (listed in note 26) which are jointly owned by the Brickworks Group and Goodman Australia Industrial Fund, an unlisted property trust. The sale of land held for resale by the Brickworks Group to these trusts resulted in revenue of $35.3 million and profit of $26.6 million. All transactions with the property trusts are at arm's length values.

Directors and their director-related entities are able, with all staff members, to purchase goods produced by the Brickworks group on terms and conditions no more favourable than those available to other customers.

NOTE 34: EVENTS OCCURING AFTER BALANCE DATE

There have been no events subsequent to balance date that could materially affect the financial position and performance of Brickworks Ltd or any of its controlled entities.

BRICKWORKS LIMITED
A.B.N. 17 000 028 526

DIRECTORS' DECLARATION

In the opinion of the Directors:

1. the complete set of the financial statements and notes of the consolidated entity, as set out on pages 24 to 61, and the additional disclosures included in the Remuneration Report section of the Directors' Report designated as audited, are in accordance with the Corporations Act 2001:

   (a) comply with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

   (b) give a true and fair view of the financial position as at 31 July 2013 and of the performance for the year ended on that date of the consolidated entity;

2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board;

3. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

4. as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 29(a) will be able to meet any obligations or liabilities to which they are or may become subject to, by virtue of the Deed of Cross Guarantee.

This declaration is made after receiving the declaration required to be made to the Directors in accordance with s295A of the Corporations Act 2001 for the financial year ended 31 July 2013.

This declaration is made in accordance with a resolution of the Board of Directors.

Dated 19 September 2013

R.D. MILLNER
Director

L.R. PARTRIDGE AM
Director

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Independent auditor's report to the members of Brickworks Limited

Report on the financial report

We have audited the accompanying financial report of Brickworks Limited, which comprises the consolidated statement of financial position as at 31 July 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is referred to in the directors' report.

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Opinion

In our opinion:

a. the financial report of Brickworks Limited is in accordance with the *Corporations Act 2001*, including:

    i giving a true and fair view of the consolidated entity's financial position as at 31 July 2013 and of its performance for the year ended on that date; and

    ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 31 July 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Brickworks Limited for the year ended 31 July 2013, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

R Robinson

Renay Robinson
Partner
Sydney
19 September 2013

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BRICKWORKS LIMITED AND CONTROLLED ENTITIES
A.B.N. 17 000 028 526

STATEMENT OF SHAREHOLDERS

ORDINARY SHARES AT 31 AUGUST 2013

Number of holders	7,529
Voting entitlement is one vote per fully paid ordinary share	
% of total holdings by or on behalf of twenty largest shareholders	80.61%

Distribution of shareholdings:

1 - 1,000	3,311
1,001 - 5,000	3,278
5,001 - 10,000	464
10,000 - 100,000	430
100,001 and over	46
	7,529

Holdings of less than marketable parcel of 41 shares	663

The names of the substantial shareholders as disclosed in substantial shareholder notices received by the Company:

Shareholder	**Number of Shares**
Washington H Soul Pattinson & Co. Ltd	70,896,583
Carnegie Group	18,703,079
Perpetual Ltd and subsidiaries	17,710,519
Permanent Trustee Company Ltd	7,111,550

20 LARGEST SHAREHOLDERS AS DISCLOSED ON THE SHARE REGISTER AS AT 31 AUGUST 2013

		Number of Shares	**%**
1.	Washington H Soul Pattinson & Company Limited	65,645,140	44.41
2.	RBC Investor Services Australia Nominees Pty Limited <PIPOOLED A/C>	11,557,939	7.82
3.	J P Morgan Nominees Australia Limited	5,895,970	3.99
4.	National Nominees Limited	5,398,404	3.65
5.	HSBC Custody Nominees (Australia) Limited	3,386,260	2.29
6.	Milton Corporation Limited	3,234,567	2.19
7.	Citicorp Nominees Pty Limited	3,220,612	2.18
8.	BNP Paribas Noms Pty Ltd <Master Cust DRP>	3,130,961	2.12
9.	Citicorp Nominees Pty Limited <Colonial First State Inv A/C	2,948,180	1.99
10.	J S Millner Holdings Pty Limited	2,737,137	1.85
11.	RBC Investor Services Australia Nominees Pty Limited <MBA A/C>	2,393,729	1.62
12.	Mr Kenneth Baker	1,868,370	1.26
13.	RBC Investor Services Australia Nominees Pty Limited <PIIC A/C>	1,685,393	1.14
14.	Australian Foundation Investment Company Limited	1,477,970	1.00
15.	Mr Robert Dobson Millner + Mr Michael John Millner <Est James S Millner A/C>	1,361,292	0.92
16.	CPU Share Plans Pty Ltd	1,212,785	0.82
17.	T G Millner Holdings Pty Limited	608,509	0.41
18.	HSBC Custody Nominees (Australia) Limited <NT-Comnwlth Super Corp A/C>	602,319	0.41
19.	Argo Investments Limited	574,960	0.39
20.	RBC Investor Services Australia Nominees Pty Limited <BKCUST A/C>	517,620	0.35
		119,458,117	80.61

TABLE OF IMPORTANT DATES

2013 annual result released	19 September 2013
Record date for final ordinary dividend	7 November 2013
Annual General Meeting	26 November 2013
Payment date for final ordinary dividend	28 November 2013
2014 half-year end	31 January 2014
2014 half-year result announced	27 March 2014
Record date for interim ordinary dividend	15 April 2014
Payment date for interim ordinary dividend	6 May 2014
2014 financial year end	31 July 2014
2014 annual result released	25 September 2014

The above dates are indicative only and are subject to change