

25 October 2012

Australian Securities Exchange

Attention: **ASX Market Announcements**

BY ELECTRONIC LODGEMENT

Dear Sir/Madam,

Please find attached documents mailed to Brickworks shareholders in relation to the 2012 Full Year results and Annual General Meeting. Also included in this mailing is the Brickworks Ltd 2012 Annual Report, which has been lodged with ASX under separate cover.

Yours faithfully,

BRICKWORKS LIMITED



IAIN THOMPSON

COMPANY SECRETARY

25 October 2012

Dear Shareholder

On behalf of your Board, I am pleased to invite you to attend the 78th Annual General Meeting of Brickworks Limited on Tuesday 27 November 2012 at the Ballroom, The Establishment, Level 2, 252 George Street, Sydney, NSW commencing at 12.00 noon.

Included with this letter you have received a copy of the Notice of Meeting for the Annual General Meeting, and a personalised proxy form for those who may be unable to attend the meeting in person. This proxy form must be lodged in accordance with the instructions contained on that form.

If you will be unable to attend the meeting, a copy of the addresses given by the Managing Director, Mr Lindsay Partridge, and myself, along with results of the voting on the various resolutions, will be posted both on the ASX website (asx.com.au) and on the Brickworks Ltd website (brickworks.com.au) following the meeting.

Once again, I look forward to meeting those shareholders able to attend in Sydney, and encourage all holders of ordinary shares to participate in voting on the resolutions as proposed.

Yours faithfully



Robert Millner
Chairman
Brickworks Limited

BRICKWORKS

LIMITED

ABN 17 000 028 526

NOTICE OF MEETING

NOTICE IS HEREBY given that the ANNUAL GENERAL MEETING of BRICKWORKS LIMITED, will be held at the Ballroom, The Establishment, Level 2, 252 George Street, Sydney, NSW, 2000 on Tuesday 27 November 2012 at 12.00 noon (AEDT).

ORDINARY BUSINESS:

1. To receive and consider the Financial Report of Brickworks Ltd and the Brickworks Group, and the reports of the Directors and Auditors thereon, for the financial year ended 31 July 2012.
2. To adopt the remuneration report for the financial year ended 31 July 2012.

Pursuant to section 250R(3) of the Corporations Act, the vote on this resolution is advisory only and does not bind the directors or the Company.

3. Re-election of directors.
 - (i) That Mr. R.D. Millner, who retires as a Director in accordance with section 6.3 of the Company's Constitution and being eligible for re-election, be re-appointed as a Director.
 - (ii) That Mr. D.N. Gilham, who retires as a Director in accordance with section 6.3 of the Company's Constitution and being eligible for re-election, be re-appointed as a Director.

BY ORDER OF THE BOARD
I.H. THOMPSON
Secretary

Entitlement to vote

The Board has determined that for the purpose of determining entitlements to attend and vote at the meeting, shares will be taken to be held by the persons who are the registered holders at 12.00 noon (AEDT) on 25 November 2012. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

How to Vote

Shareholders may vote by either:

- attending the meeting in person or by attorney; or
- by proxy (see below); or
- by corporate representative in the case of corporate shareholders (see below).

Proxies

- (a) A member entitled to attend and vote is entitled to appoint not more than 2 proxies.
- (b) Where 2 proxies are appointed and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise half of the votes.
- (c) A proxy need not be a member of the Company.
- (d) A proxy form must be signed by the member or his or her attorney. Proxies given by corporations must be signed under seal or under the hand of the authorised officer or attorney.
- (e) Proxy forms must be lodged with the Secretary, Brickworks Limited, in accordance with the instructions on the proxy form, not less than 48 hours before the time for holding the meeting. A proxy form accompanies this notice.

Corporate representatives

A member that is a body corporate may appoint an individual to act as its representative at the meeting. Unless otherwise specified in the appointment, the representative may exercise, on the body corporate's behalf, all or any of the powers that the body corporate could exercise at the meeting or in voting on a resolution.

Appointments may be lodged in advance of the meeting at the Company's registered office or share registry (details on the proxy form), or handed in at the meeting when registering as a corporate representative.

Brickworks Limited ABN 17 000 028 526

Explanatory statement

This statement explains the items of business to be considered at the meeting and should be read in conjunction with the notice of meeting.

Resolution 1: Receive and consider the financial and other reports

The full year results of Brickworks Ltd are available either in the Annual Report sent to those shareholders who elected to receive the annual report, or on the Company's website (www.brickworks.com.au).

This item does not require voting by shareholders. It is intended to provide an opportunity for shareholders to raise questions on the financial reports, and on the performance and management of the Company.

The auditors of the Company, Ernst & Young, will also be present at the meeting, and will be available to answer any questions relevant to the financial reports, including:

- the conduct of the audit;
- the preparation and content of the auditor's report;
- the accounting policies adopted by the Company; and
- the independence of the auditor

Resolution 2: Adopt the remuneration report for the year ended 31 July 2012

The remuneration report can be found in the Annual Report of the Company, forming part of the Director's report.

The Corporations Act requires listed companies to present their remuneration report for adoption by shareholders at the Company's Annual General Meeting. The vote on this resolution is advisory only, and does not bind the directors or the Company.

Voting exclusion statement

A vote must not be cast (in any capacity) on Resolution 2 by or on behalf of a member of the Company's key management personnel (including the directors) details of whose remuneration are included in the Remuneration Report ("**KMP**") or their closely related parties.

However, a vote may be cast on Resolution 2 by a person described above ("**voter**") as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on Resolution 2; or
- (b) the voter is the Chairman of the Meeting, the appointment of the Chairman as proxy does not specify the way the proxy is to vote on Resolution 2 and expressly authorises the Chairman to exercise the proxy even if Resolution 2 is connected directly or indirectly with the remuneration of a member of the key management personnel of the Brickworks Group.

Undirected proxy voting by the Chairman of the Meeting

If the Chairman of the Meeting is your proxy or is appointed your proxy by default, and you do not direct your proxy how to vote on Resolution 2 on the proxy form, you will be expressly authorising the Chairman of the Meeting to exercise the proxy even if that resolution is connected directly or indirectly with the remuneration of a member of the key management personnel of the Brickworks Group or the Chairman of the Meeting is a KMP.

The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 2.

Resolution 3: Election of Directors

Under the Constitution of Brickworks Ltd the term of a Directors appointment is three years, after which that Director must retire as a Director and stand for re-election at the Annual General Meeting of the Company. Details of the skills and experience of Messrs R.D. Millner and D.N. Gilham, as outlined in the Annual Report of the Company, are as follows:

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 |

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 Bristle 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.

BRICKWORKS

LIMITED

ABN 17 000 028 526

Lodge your vote:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form

For your vote to be effective it must be received by 12.00pm (AEDT) Sunday, 25 November 2012

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box, then subject to any voting exclusion, your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.computershare.com.

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form →



View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com

- Review your securityholding
- Update your securityholding

Your secure access information is:

SRN/HIN:



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Brickworks Limited hereby appoint

the Chairman of the Meeting **OR**

 **PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Brickworks Limited to be held at The Ballroom, The Establishment, Level 2, 252 George Street, Sydney, NSW, 2000 on Tuesday, 27 November 2012 at 12.00pm (AEDT) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on **Item 2** (except where I/we have indicated a different voting intention below) even though **Item 2** is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on **Item 2** by marking the appropriate box in step 2 below.

STEP 2 Items of Business

 **PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

| | | For | Against | Abstain |
|-----|---|--------------------------|--------------------------|--------------------------|
| 2 | Adopt the remuneration report for the year ended 31 July 2012 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3.1 | Re-elect Mr. R.D. Millner as a Director of the Company | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3.2 | Re-elect Mr. D.N. Gilham as a Director of the Company | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____

Date / / _____

BRICKWORKS

LIMITED

ABN 17 000 028 526

Full Year Results 31 July 2012

RESTRUCTURING SOFTENS IMPACT OF DECLINE IN BUILDING ACTIVITY

Highlights

- ❖ Brickworks normalised NPAT before significant items down 21.8% to \$78.9 million
 - Building Products EBIT before significant items down 32.1% to \$28.5 million
 - Land and Development EBIT before significant items down 34.9% to \$19.0 million
 - Investments EBIT before significant items down 0.3% to \$67.7 million
- ❖ Headline NPAT including significant items down 69.6% to \$43.3 million
- ❖ Goodwill impairment of \$31.6 million within the Building Products Group
- ❖ Net debt/capital employed of 14.7%, net debt \$285.4 million
- ❖ Final dividend of 27.0 cents fully franked



OVERVIEW¹

Brickworks (ASX: BKW) posted a **normalised** net profit after tax ('NPAT') for the year ended 31 July 2012 of \$78.9 million, down 21.8% from \$100.8 million for the year ended 31 July 2011. After significant items, Brickworks' **headline** NPAT was \$43.3 million, down 69.6% from \$142.6 million in the previous year.

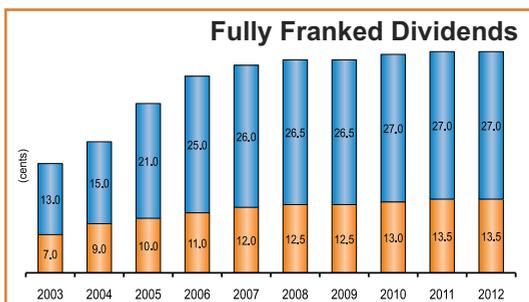
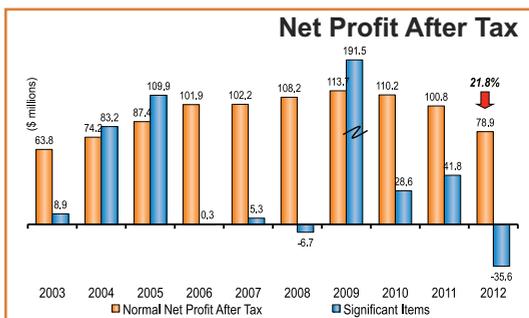
Building Products earnings before interest, tax and significant items ('EBIT') was \$28.5 million, down 32.1% on the prior year. EBIT in the second half was in line with the first half, despite a further deterioration in residential building activity. This was assisted by internal re-structuring activities and industry rationalisation.

Land and Development EBIT was down 34.9% to \$19.0 million, as a result of a significant reduction in land sales. Earnings from the Property Trust were up 56.8% on the prior year.

Investment EBIT was relatively flat at \$67.7 million.

Interest cost increased by 2.0% to \$20.8 million. In addition the mark to market valuation of interest rate swaps adversely impacted the result by \$4.4 million.

The impact of **significant items** was a net expense of \$35.6 million, including the cost of re-structuring activities and a goodwill impairment of \$31.6 million.



Normal earnings per share ('EPS') were 53.4 cents, down from 68.3 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 8 November 2012, with payment being made on 29 November 2012.

FINANCIAL ANALYSIS

Gearing (debt to equity) was 18.0% at 31 July 2012, relatively flat compared to 17.9% at 31 July 2011. Total interest bearing debt ('TIBD') was \$300.0 million and Net Debt was \$285.4 million at 31 July 2012. Net debt to capital employed rose to 14.7% from 13.0% the previous year on a \$36.1 million reduction in cash holdings.

Brickworks has a working capital facility of \$100.0 million that provides head room in the

current unstable financial markets or additional financial capacity should an acquisition opportunity arise.

Total borrowing costs were \$25.2 million, including the loss in mark to market valuation of interest rate swaps of \$4.4 million and **interest costs** of \$20.8 million. Interest cover decreased to 5.2 times at 31 July 2012, down from 6.4 times at 31 July 2011.

¹ Unless otherwise stated all earnings measures exclude significant items.

Total net **cash flow** from operating activities was \$64.5 million, down from \$89.0 million in the previous year. This was a result of decreased trading revenue from the Building Products business, reduced special dividends from WHSP and no proceeds from land sales.

Dividends of 40.5 cents per share, totalling \$59.8 million were paid during the year, in line with the previous corresponding period.

Capital expenditure decreased to \$28.9 million in the year ended 31 July 2012, excluding acquisitions. Stay in business capital expenditure was \$14.3 million, representing 57.7% of depreciation. Growth capital expenditure was \$13.8 million, including the batching plant for the Wetherill Park precast facility in New South Wales and final building work on the new Wollert West plant in Victoria.

Spending on **acquisitions** totalled \$19.9 million for the year, comprising Gunns' Western Australian Jarrah assets, Boral Masonry's operation in Cairns, the remaining 50% share of Daniel Robertson Australia Pty Ltd and a small independent precast concrete business in Brisbane.

Working capital, excluding assets held for resale, decreased by \$43.1 million to \$160.7 million, primarily due to a reduction in cash assets.

Finished goods **inventory** increased by \$6.5 million to \$122.0 million during the year, including \$5.5 million related to acquisitions over the period. Work in progress increased by \$3.3 million, primarily due to the requirement to rebuild feedstock levels at the acquired Auswest Timbers operations.

Net tangible assets ('NTA') per share remained relatively flat at \$9.44 and Total Shareholders' Equity decreased \$13.1 million to \$1.663 billion.

Normal **tax expense** decreased 56.4% to \$4.4 million during the year, on reduced Group EBIT.

Significant items reduced NPAT by \$35.6 million for the full year, with significant restructuring activities undertaken in Austral Bricks' Victorian, Queensland and Western Australian operations.

A non-cash **goodwill impairment** of \$31.6 million is included in significant items, following a detailed bottom-up analysis of cash flow forecasts for each division, incorporating conservative management projections. An impairment is deemed prudent due to the depressed state of residential building activity and the prospect of a slow recovery in future years.

The goodwill impairment includes \$16.9 million in the Austral Bricks Western Australian division, where a significant new competitor, closure of manufacturing facilities and an inability to immediately recover the full impact of the carbon tax has resulted in reduced earnings forecasts. An additional \$11.2 million impairment has been taken in the Austral Masonry division, where industry profitability has been impacted by excess capacity and extremely depressed conditions in South East Queensland.

A breakdown of significant items is shown in the following table:

| Significant Items (\$m)² | Gross | Tax | Net |
|---|---------------|-------------|---------------|
| Tax adjustment for the carrying value of WHSP | - | 13.0 | 13.0 |
| Significant transactions by WHSP, after tax | 0.8 | - | 0.8 |
| Austral Bricks Victoria restructuring | (8.8) | 2.6 | (6.2) |
| Austral Bricks Queensland restructuring | (5.2) | 1.5 | (3.6) |
| Austral Bricks Western Australia restructuring | (5.5) | 1.7 | (3.9) |
| Other businesses restructuring costs | (2.5) | 0.7 | (1.7) |
| Business acquisition costs | (1.9) | 0.6 | (1.4) |
| Corporate project costs | (1.3) | 0.4 | (0.9) |
| Impairment of goodwill in the Building Products Group | (31.6) | - | (31.6) |
| TOTAL | (56.1) | 20.6 | (35.6) |

² "Other business restructuring costs" and "business acquisition costs" relate to the Building Products Group.

BRICKWORKS BUILDING PRODUCTS GROUP

Market conditions³

| Dwelling Commencements | 12 Mths to June 11 | 12 Mths to June 12 | | | Variance % (Compared to prior year) | | |
|--------------------------|--------------------|--------------------|---------------|----------------|-------------------------------------|---------------|---------------|
| | Total | Detached | Other Res | Total | Detached | Other Res | Total |
| New South Wales | 30,949 | 15,102 | 13,718 | 29,155 | (2.5) | (8.9) | (5.8) |
| Queensland | 26,683 | 17,340 | 8,851 | 26,311 | 0.2 | (5.3) | (1.4) |
| Victoria | 59,171 | 29,781 | 19,569 | 49,767 | (14.6) | (17.8) | (15.9) |
| Western Australia | 20,817 | 14,529 | 2,966 | 17,548 | (14.1) | (22.6) | (15.7) |
| South Australia | 10,559 | 6,687 | 1,980 | 8,688 | (16.5) | (20.3) | (17.7) |
| Tasmania | 2,998 | 1,692 | 482 | 2,197 | (21.6) | (39.1) | (26.7) |
| ACT | 5,105 | 1,671 | 2,738 | 4,420 | (10.6) | (15.1) | (13.4) |
| Total Australia | 157,540 | 87,463 | 50,895 | 139,349 | (9.9) | (14.2) | (11.5) |
| New Zealand ⁴ | 13,539 | 13,883 | 1,564 | 15,447 | 10.8 | 54.4 | 12.0 |

Total dwelling commencements for **Australia** were down 11.5% to 139,349 for the twelve months ended 30 June 2012, from 157,540 in the previous year. Detached houses were down 9.9% and other residential developments were down 14.2% on the 12 months ended 30 June 2011. The decline accelerated in the second half, with commencements for the six months to June 30 2012 of 64,026. At an annualised level of around 128,000, this is approaching historical cyclical low points over the past thirty years.

The annual decline was consistent across all regions, with each state experiencing a decline in dwelling commencements compared to the prior year.

New South Wales experienced a 5.8% decrease in total dwelling commencements to 29,155, driven by a 8.9% reduction in other residential dwellings and a 2.5% reduction in detached houses. The level of residential building activity remains significantly below the longer term average.

Queensland continues to experience declines in residential building activity, with total annualised commencements now at the lowest level since June 2001. A decline of 5.3% in other residential activity and flat detached

house commencements resulted in only 26,311 commencements for the year.

Victoria suffered a major decline in housing activity, albeit from a record high in the previous corresponding year. Commencements of 49,767 was down 15.9%, with the decline particularly severe in the other residential segment, down 17.8%.

Following another decline, **Western Australia** housing commencements of 17,548 for the year ended 30 June 2012, are now at a ten year low. Detached housing commencements were down 14.1% and other residential commencements were down 22.6% compared to the prior year.

In light of record population growth since 2006 and low vacancy rates across most major capitals, the slow response to the Reserve Banks' move to expansionary monetary policy, commencing in November 2011, is a concern. It is revealing to note that the 1:1 relationship that previously existed between total employment growth and commencements has shifted to a 1:1 relationship between *full-time* employment growth and commencements since 2006. Furthermore, the latest census data reveals household occupancy has increased, albeit marginally, for the first time.

³ Original data sourced from ABS Cat. 87500.0 Dwelling Unit Commencements, Australia, Preliminary, June 2012. Total data within table includes conversions.

⁴ Building Consents data sourced from Statistics New Zealand – Building Consents. Data shown is for the year to June 30.

These trends support the view that consumers appear to be stuck in an extended period of pessimism⁵, with the impact on housing investment perhaps accentuated by tighter lending criteria by banks since the Global Financial Crisis.

The value of approvals in the **non residential** sector in **Australia** increased by 11.3% to \$32.499 billion for the twelve months to 31 July 2012, compared to the prior year. Within the non residential sector, **Commercial** building approvals decreased by 1.0% to \$10.736 billion for the period and **Industrial** building approvals decreased 3.6% to \$3.656 billion.

The **Educational** sub-sector, an important driver for bricks and masonry demand, was down 23.1% to \$4.133 billion, as the prior year included the tail end of the BER Program. The primary area of growth was the **Healthcare** sub-sector, up 81.0% to \$5.867 billion for the twelve months to 31 July 2012.

The **New Zealand** housing market is emerging from record low levels, with consents up 12.0% for the year to 30 June 2012. However total consents of 15,447 remain well below the historical average.

BUILDING PRODUCTS' RESULTS IN DETAIL

| Year Ended July | | 2011 | 2012 | Change % |
|-----------------------------|--------|-------|-------|----------|
| Revenue | \$mill | 604.9 | 547.6 | (9.5) |
| EBITDA | \$mill | 68.6 | 53.3 | (22.3) |
| EBIT | \$mill | 42.0 | 28.5 | (32.1) |
| Capital Expenditure | \$mill | 34.8 | 28.1 | (19.3) |
| EBITDA margin | % | 11.3 | 9.7 | (1.6) |
| EBIT margin | % | 6.9 | 5.2 | (1.7) |
| Employees | | 1,395 | 1,410 | 1.1 |
| Safety (TRIFR) ⁶ | | 216.1 | 180.5 | (16.5) |
| Safety (LTIFR) ⁷ | | 3.5 | 3.0 | (14.6) |

Revenue for the year ended 31 July 2012 was down 9.5% to \$547.6 million compared to \$604.9 million for the prior year.

EBIT was \$28.5 million, down 32.1% on the prior year. EBIT in the second half of \$14.1 million was approximately in line with the first half EBIT of \$14.4 million, despite the significant decrease in residential commencements. The second half performance in extremely subdued conditions, is a reflection of the restructuring activities completed during the year. These initiatives include substantial reductions in staff levels and manufacturing capacity in New South Wales, Victoria, Queensland and Western Australian brick operations.

Over the year, the majority of the EBIT decline was attributable to two key divisions, Austral

Bricks Western Australia and Austral Bricks Victoria. Austral Bricks Western Australia continues to face very challenging conditions with a further deterioration of market activity and the increased competition in this market. Austral Bricks Victoria earnings were well down on the prior year due to the decline in

market activity and interruptions related to the integration of the new Wollert plant.

The lower **EBIT to Sales Margin** was impacted by higher unit production costs as intermittent and extended shutdowns throughout the period adversely affected plant efficiency. Rising unit input costs such as gas and electricity placed additional pressure on margins, particularly in the Austral Bricks division. In most divisions, price increases were unable to fully offset the impact of rising costs, including the carbon tax.

The Building Products Group continues to evolve into a more diversified national building products business. Acquisitions in Auswest

⁶ Total Reportable Injury Frequency Rate (TRIFR) measures the total number of reportable injuries per million hours worked.

⁷ Lost Time Injury Frequency Rate (LTIFR) measures the number of lost time injuries per million hours worked.

⁵ The Westpac Melbourne Institute index of Consumer Confidence was 98.2 in September 2012, the seventh consecutive month below 100, the longest run of "sub 100" points since the early 1990's, excluding the Global Financial Crisis period.

Timbers, Masonry and Precast, resulted in these divisions contributing 29.5% of total Building Products revenue for the year to 31 July 2012, up from 24.3% in the prior year. Over the long term this strategy will reduce exposure to the detached house building cycle, through decreased reliance on the traditional Austral Bricks and Bristile Roofing divisions.

Total **Employee numbers** were increased by 15 over the year, however with an additional 107 employees joining the business due to acquisitions, a total of 92 staff, representing 6.6% of the workforce, left the business. This reduction in employee levels reflects the restructuring activities previously announced. In the second half, employee numbers in

Austral Bricks Victoria increased as contractors were converted to full-time employees at Wollert, ahead of full speed production at this site. It was encouraging to note another year free from industrial disputes.

Brickworks' commitment to providing a safe workplace has seen Lost Time Injuries (LTI's) decrease to a record low of 8 for the year ended 31 July 2012. The **Total Reportable Injury Frequency Rate** ('TRIFR') decreased to 180.5 from 216.1 for the prior 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 result was significantly lower than the previous year as market conditions continued to deteriorate. Overall sales revenue for the year ended 31 July 2012 was \$281.0 million, down 14.8% compared to the prior year, with most states suffering declines in line with reduced building activity.

The **rising prices of gas and electricity** has become a significant impost on the manufacturing cost of clay bricks. Including the impact of the carbon tax, Austral Bricks have experienced a doubling of gas prices since financial year 2008. Over the same period electricity prices have increased by around 70%. Gas and electricity prices combined now account for over 20% of the total manufacturing cost of clay bricks, up from around 15% in 2008.

The price of gas is expected to continue to increase substantially, particularly on the East Coast as increased export opportunities are made available for local LNG suppliers. Brickworks has a strong track record in reducing gas consumption, with investment in modern, energy efficient plants and product re-engineering initiatives placing it in relatively strong position compared to competitors to deal with the impact of rising prices.

To further decrease gas consumption Brickworks will implement a number of

alternative fuel projects over the coming years. These projects will directly substitute the use of gas with alternative, low cost fuel sources such as landfill gas, sawdust and commercial and industrial waste streams. A number of these projects are well advanced, with implementation of planned projects forecast to partially offset the impact of gas price increases.

Restructuring activities have been completed across a number of states. Full speed production at Wollert West in Victoria, planned for the coming months, will mark the completion of a seven year business transition that has seen the closure of old, inefficient kilns at Scoresby, Summerhill and Craigieburn. The investment in new state of the art kilns on one site at Wollert places Austral Bricks Victoria in an excellent long term position.

In Queensland, the Riverview plant was closed and operations were consolidated to the more robust and flexible plant at Rochedale, whilst in Western Australia, Plant 3 at Cardup ceased operations in response to the structural changes in that market. The closure of Cardup and transfer of volume to the more modern Malaga manufacturing plant will increase the utilisation and efficiency of this operation. Once stock is depleted at Cardup, the reduced manufacturing footprint

comprising Bellevue, Armadale and Malaga will provide a sustainable, efficient and appropriately sized manufacturing operation that will enhance returns in the Western Australian brick business.

During the year, **significant one-off costs** were incurred as a result of these restructuring activities. In Victoria these costs included the closure of Craigieburn, the remediation of Summerhill land and the commissioning of the new Wollert West kiln. There were significant redundancy and write-off costs in Austral Bricks Queensland and Western Australia due to the closure of the Riverview and Cardup plants respectively.

In addition to the capacity reduction by Austral Bricks, continued rationalisation of plant capacity by competitors provides some encouragement for an improved industry structure moving forward. The total capacity removed from service since 2009 now stands at an estimated 570 million standard brick equivalents (SBE). In most states industry capacity is now more closely matched with long term supply requirements and this should drive improved manufacturing efficiencies and increased earnings across the cycle.

Some progress was made in achieving **selling price increases**, up 4.0% compared to the prior year, however these were insufficient to cover the impact of the manufacturing slowdown and input cost increases. Most states have successfully implemented price rises, effective from 1 July 2012 with further increases planned throughout the year in an attempt to ensure that margins are not eroded as a result of rising gas prices and other input cost pressures, including the carbon tax.

Austral Bricks continues to focus on developing fashionable and market leading products to attract premium prices and consolidate the strong position that bricks hold as the material of choice in detached house walling. Examples of this include the launch of product ranges such as Ultrasmooth in New South Wales, Metallix, Reveal and Luxe in Queensland and Colossus and Ceres in South Australia. In addition, the Daniel Robertson premium brick brand was successfully integrated into the Building Products portfolio in March 2012.

These initiatives have contributed to the strong trend back to face brick, as evidenced by face brick featuring in 85% of the 330 display homes built over the last two years in New South Wales, with Austral Bricks securing over 50% of all new display homes in that state. The renaissance of face brick is particularly encouraging for Austral Bricks as these products deliver higher margins than general purpose commons used for rendering, and the differentiated look and low maintenance finish combats the threat of alternative products.

Although clay brick continues to uphold its' dominant share of detached house walling, challenges remain in the multi-residential segment where market share of clay brick has been eroded over many years at the expense of alternatives such as precast concrete and lightweight inter-tenancy walling solutions. Encouragingly, face brick has maintained a strong presence in the lower storeys of high rise apartment developments, as part of the overall trend towards a low maintenance composite look.

New South Wales had a relatively strong year, with sales revenue stable compared to the prior year. Earnings were adversely impacted by lower volumes and extended plant shutdowns to reduce stock levels although strong price increases were able to offset these impacts to some extent. The three year retail upgrade strategy is now almost complete with the display centre at Beresfield opening early in financial year 2013.

Queensland delivered a negative contribution for the year, although performance improved significantly in the second half following the closure of the Riverview plant in January 2012. Significantly improved pricing outcomes were achieved, however required increases remain challenging, compromised by strong competition in the market.

Victoria had a particularly challenging year, as market activity declined sharply from the record high level of the previous year. Volume was also impacted as a result of interruptions in the integration of the new Wollert West plant. Commissioning of the new plant is now nearing completion, including the successful transition of the product range. An enhanced pressed brick product offering and the ramp up to full

speed of the new kiln will significantly enhance the performance of Austral Bricks Victoria.

Western Australia suffered a significant fall in sales volume and profits as a result of the poor market conditions. In the last quarter in particular, changes to the Western Australian Building Act caused a significant reduction in residential approvals and Austral Bricks sales volume. These changes have meant that a strong increase in house sales has not yet been reflected in approvals data. Furthermore, strong competition in this market compromised the ability of the business to achieve target price increases, although progress has been made with major builders.

South Australia earnings were down on the prior period, with significantly lower volumes in line with market activity. Price growth of 5.4% compared to the prior year was unable to fully offset the impact of reduced volumes on manufacturing costs.

Tasmania delivered a lower EBIT result, on the back of lower sales revenue, down 15.0%. The exit of K&D Bricks from the Tasmanian market, announced in February, leaves Austral as the only remaining locally based manufacturer. Since the announcement, initiatives have been implemented to increase plant output to meet the expected increase in demand going forward.

New Zealand delivered a substantially improved result, driven by the uplift in building activity and increased market share. Results in the second half were particularly encouraging, with a strong position in the South Island allowing it to benefit from the Christchurch re-build.

Bristile Roofing earnings were down on the prior year, largely as a result of a decline in sales revenue of 15.7%, to \$104.4 million. The exit of a major competitor in Queensland provided a significant boost to sales volume in that state.

The Western Australian business delivered a marginally improved result compared to the prior year despite the significant fall in housing starts, due to a re-structure of plant operations completed in the first half.

In July 2012 Bristile Roofing was appointed as an exclusive distributor for Spanish manufacturer La Escandella, to supply a

premium range of terracotta tiles into the Australian and New Zealand market. On the East Coast, the La Escandella products will compliment the locally manufactured range and provides the business with significant growth opportunities at the higher margin premium end of the market.

In Western Australia the La Escandella relationship will facilitate a transition to imported roof tiles from local production. This transition is economical as a result of favourable exchange rates and the escalating costs of local terracotta roof tile manufacture. Local production costs have become uncompetitive due to the limitations of the Caversham plant, poor volumes and the sharp increase of gas and electricity price increases, exacerbated by the impost of the carbon tax.

Austral Masonry total sales revenue was down 3.3% to \$53.4 million, primarily as a result of decreased volume. After a solid first half result, sales volume declined in the second half as wet weather and strong competition impacted deliveries along the East Coast.

The acquisition of the Cairns operation in March has enhanced Austral Masonry's position in Far North Queensland and together with the existing plant in Ayr, just south of Townsville, places the business in a leading position in this not only growing region, but dominant concrete block market.

Austral Masonry continues to expand its' product range, with the development of new products such as Magnumstone and Cornerstone allowing growth into the engineered retaining wall market.

Austral Precast delivered another increase in earnings on the back of a solid increase in sales revenue, up 20.3% to \$68.1 million.

On the East Coast, the installation of a batching plant at Wetherill Park in Sydney, enabling 24 hour operation, is nearing completion. This will allow the rationalisation of the current manufacturing footprint and further enhance manufacturing efficiencies.

In Queensland, the acquisition of an independent operator in March 2012 will deliver additional scale and manufacturing efficiencies following the consolidation of operations to one site in August.

Following a loss in the prior year, the Western Australian operation posted a positive result, on the back of solid price increases, together with improved manufacturing efficiencies resulting from plant upgrades and strong volume increases.

Auswest Timbers domestic sales revenue was up 12.4% on the prior year to \$40.6 million, and earnings were up 29.4%, due in part to the integration of acquired operations in Western Australia. However export earnings were significantly lower than the prior year as the high Australian dollar adversely impacted demand from Asia.

The contribution from acquired assets in Western Australia was supported by another solid contribution from the roof tile batten operation in Fyshwick, where strong cost controls alleviated the impact of lower

throughput caused by the current weakness in detached house construction activity.

Working capital was impacted by the requirement to re-build feedstock levels in the acquired Gunns business in Western Australia. Despite the short term impact of this stock re-build process, the substantial synergies that this acquisition brings to the Auswest operations in the Pemberton and Manjimup region delivered improved manufacturing efficiencies in the second half.

A long term log license agreement is in place in Western Australia, placing operations in that state in a secure position. However uncertainty remains over log supply for the Orbost mill in Victoria, with a final decision from VicForests on future supply arrangements in that state yet to be announced.

LAND AND DEVELOPMENT

Land and Development produced an EBIT of \$19.0 million for the year ended 31 July 2012, down 34.9% from \$29.2 million in the prior year.

Property Sales were limited, contributing an EBIT of \$0.7 million for the year, with the largest transaction being the sale of two hectares at the M7 Business Hub, Eastern Creek into the Property Trust to accommodate the expansion of the existing Toll facility.

The **Property Trust** generated an EBIT of \$19.6 million, up from \$12.5 million in the year ended 31 July 2011.

Net property income distributed from the Trust was \$9.0 million for the year, up 26.8% on the prior year due to rental reviews, two new DHL facilities at Oakdale and the extension of the existing Linfox facility at Interlink, Erskine Park.

The revaluation profit of stabilised Trust assets totalled \$5.3 million, up from \$4.7 million in the previous year on flat capitalisation rates and increased income.

An EBIT of \$4.5 million was contributed through the recognition of unrealised profit on the completion of two new DHL facilities on the Oakdale Estate. In addition, \$0.8 million was

contributed through the sale, above book value, of two vacant lots from the Heritage Trust.

The total value of the Property Trust assets as at 31 July 2012 was \$655.4 million, with borrowings of \$286.4 million, giving a total net value of \$369.0 million. Brickworks share of the Trust's net asset value was \$184.5 million up \$0.5 million from \$184.0 million at 31 July 2011. Revaluation uplift was offset by the sale of Lot 3 and Lot 5 from the Heritage Trust resulting in a capital distribution to Brickworks.

During the year, financing arrangements for the Trust were restructured and diversified, with significant headroom made available to fund additional growth opportunities.

Waste Management contributed a profit of \$2.5 million from operations at Horsley Park in New South Wales, in line with the previous corresponding period.

Property administration **expenses** totalled \$3.8 million for the year to 31 July 2012, significantly higher than the prior year due primarily to increased land tax on the remaining Oakdale property, due to its favourable zoning.

INVESTMENTS

The EBIT from total investments was down 0.3% to \$67.7 million in the year ended 31 July 2012.

Washington H. Soul Pattinson Limited ('WHSP')

ASX Code: SOL

The normalised profit from this investment was \$66.6 million for the year, up marginally from \$66.2 million in the year ended 31 July 2011.

The market value of Brickworks 42.72% shareholding in WHSP was \$1.345 billion at 31 July 2012, up 1.7% on the value at 31 July 2011. This investment continues to provide diversity and stability to earnings, with cash

dividends totalling \$42.9 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 12.4% p.a. over five years, 6.6% p.a. over ten years and 3.8% 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, Ruralco Holdings and Copper Chem Limited.

SIGNIFICANT ITEMS SINCE BALANCE DATE

On 1 August a fire at Auswest Timbers' Deanmill facility in Western Australia destroyed some of the product transfer infrastructure in part of the mill. Jarrah production has been temporarily transferred to Pemberton, whilst repair work is carried out at Deanmill. It is anticipated that Deanmill will return to production by Christmas.

On 15 August a fire in the new clay mill at Wollert resulted in a temporary slow down of production, with clay grinding shifted to the less efficient old mill. Repair work is now complete, following a round the clock effort by the Major Projects team to rebuild the mill and return it to full production on Saturday 15th September, exactly one month after the fire.

Whilst the Deanmill and Wollert fires are fully covered by insurance policies, additional measures and precautions are being instituted across all sites to reduce the likelihood of future fires.

Brickworks have signed a Heads of Agreement with CSR Building Products (NZ) Limited, outlining an intention to establish a Joint Venture arrangement for the sale and distribution of bricks in the New Zealand market. A submission to the New Zealand Commerce Commission was lodged on Monday 3rd September seeking approval for the Joint Venture.

OUTLOOK

BUILDING PRODUCTS GROUP

Barring any unforeseen external shocks, the latest forward indicators of housing activity indicate that we may be close to the bottom of the residential building cycle. However the recovery in building activity is likely to be patchy over the next twelve months with weak full-time employment growth, low confidence and poor affordability likely to eliminate any impact of cash rate reductions by the Reserve

Bank of Australia. Furthermore, varying state government policies are expected to drive diverging outcomes across the major states.

The New South Wales government has taken unprecedented measures to revive building activity with extra resources made available to deal with development applications, and funds committed to build roads, sewerage and other infrastructure for new housing sites. The increase in the First Home Owners Grant from

October 1, for properties up to \$650,000 will also strongly assist.

The Victorian government on the other hand has cut the first home owners grant at a time when that state is in the midst of a significant decline in activity, albeit from record high levels. This is likely to result in a further decrease in demand, despite the release of significant parcels of land for development.

In Western Australia, a backlog of activity caused by changes to the Building Act in mid 2012, forecast robust employment growth and low vacancy rates support anecdotal evidence of a strong recovery in that state.

In Queensland, an increase in activity in the first half is expected as projects signed up prior to the expiry of the Building Boost grant on 30th April 2012 flow through. This work will be largely completed by December 2012. The government has now announced a new incentive for first home buyers, available from October 1, that should support building activity in the second half.

On balance, Brickworks anticipates a total of around 140,000 residential commencements for the year ending 31 July 2013, marginally up on the prior year, with increased activity in New South Wales and Western Australia likely to be offset by continuing declines in Victoria.

The outlook for the New Zealand market is positive, with the strong increase in building activity in the past six months expected to continue in the 2013 financial year, assisted by the Christchurch rebuild gathering momentum.

The majority of internal restructuring activities within the Building Products Group has now been completed, with all businesses now focussed on improving profitability with existing resources, and fully recovering cost imposts.

LAND AND DEVELOPMENT

Two major Property Trust developments are currently under construction and due for completion in late calendar 2012. This comprises the Reedy Creek development on the M7 Business Hub in Sydney and Interlink, at Erskine Park in Sydney. The conclusion of these projects will provide additional rental returns and capital growth for the Property Trust.

The demand for new site developments is improving from a weak base across the broader market. DHL has pre-committed to a new 20,000m² facility at Oakdale in Sydney (DHL's third facility on this estate). Toll Holdings has also pre-committed to a 6,000m² expansion to its existing facility on the M7 Business Hub. Both of these projects are due for completion mid calendar 2013.

Land sales are expected to increase in the next twelve months with a strong pipeline of potential sales in place. Sales into the Property Trust during financial year 2013 are forecast to include a 60 hectare parcel of land at the Oakdale South site in Sydney and the first stage of the 30 hectare Rochedale site in Queensland, in both cases pending resolution of council and infrastructure issues.

In addition, following the closure of the Riverview brick operation in Queensland, the 12.2 hectare site will be developed, including refurbishment of the former factory building and the sub-division of vacant land, to occur in early calendar 2013.

Looking further ahead, a 120 hectare lot at Oakdale West in Sydney is also under review by the Department of Planning, to be rezoned from industrial to residential. If successful, this would bring forward the development of this land as well as increase its value. A response is expected by late calendar 2012.

INVESTMENTS

The outlook for the Investments Group is clouded by continued volatility in global investment markets and commodity pricing. However on balance, the diversified nature of WHSP's investments should continue to deliver stable earnings to Brickworks.

BRICKWORKS GROUP

Building Products earnings are expected to recover in the 2013 financial year, following internal restructuring activities completed in 2012. In the medium term, industry rationalisation and improvements in building activity will provide additional impetus to Building Products earnings.

A significant increase in land sales is also expected to boost earnings, whilst Investment earnings are expected to remain stable.

CONSOLIDATED RESULTS FOR THE YEAR ENDED 31 JULY 2012

| \$ MILLIONS | 31 July 11 | 31 July 12 | Variance % |
|--|--------------|--------------|---------------|
| REVENUE | | | |
| Building Products | 604.9 | 547.6 | (9.5) |
| Land and Development | 29.0 | 8.2 | (71.7) |
| Other | 1.7 | 1.1 | (35.3) |
| Total | 635.6 | 556.9 | (12.4) |
| EBIT | | | |
| Building Products | 42.0 | 28.5 | (32.1) |
| Land and Development | 29.2 | 19.0 | (34.9) |
| Associates & Investments | 67.9 | 67.7 | (0.3) |
| Other & H.O. | (7.1) | (6.8) | 4.2 |
| Total EBIT (before significant items) | 132.0 | 108.5 | (17.8) |
| Total EBITDA (before significant items) | 165.7 | 140.0 | (15.5) |
| Interest cost | (20.4) | (20.8) | (2.0) |
| Mark to market valuation of swaps | (0.8) | (4.4) | (450.0) |
| Tax expense | (10.1) | (4.4) | 56.4 |
| Normalised NPAT | 100.8 | 78.9 | (21.8) |
| Significant items | 41.8 | (35.6) | (185.2) |
| NPAT (including significant items) | 142.6 | 43.3 | (69.6) |
| Normal earnings per share (cents) | 68.3 | 53.4 | (21.7) |
| Basic earnings per share (cents) | 96.7 | 29.3 | (69.7) |
| Interim ordinary dividend (cents) | 13.5 | 13.5 | 0.0 |
| Final ordinary dividend (cents) | 27.0 | 27.0 | 0.0 |
| Total full year dividend (cents) | 40.5 | 40.5 | 0.0 |
| NTA/share | \$9.42 | \$9.44 | 0.2 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 JULY 2012

| | 31 JULY 11 \$000 | 31 JULY 12 \$000 |
|---|---------------------|---------------------|
| CURRENT ASSETS | | |
| Cash assets | 50,617 | 14,553 |
| Receivables | 83,639 | 79,354 |
| Held for trading financial assets | 14 | 11 |
| Inventories | 153,575 | 163,141 |
| Land held for resale | 1,249 | 9,657 |
| Tax receivable | 3,606 | 1,370 |
| Prepayments | 5,864 | 7,442 |
| Derivative financial instruments | 139 | - |
| TOTAL CURRENT ASSETS | 298,703 | 275,528 |
| NON-CURRENT ASSETS | | |
| Receivables | 201 | - |
| Inventories | 8,372 | 8,301 |
| Land held for resale | 23,742 | 14,742 |
| Investments accounted for using the equity method | 1,211,298 | 1,242,736 |
| Property, plant and equipment | 450,520 | 450,201 |
| Intangible assets | 285,650 | 269,486 |
| TOTAL NON-CURRENT ASSETS | 1,979,783 | 1,985,466 |
| TOTAL ASSETS | 2,278,486 | 2,260,994 |
| CURRENT LIABILITIES | | |
| Payables | 58,863 | 73,024 |
| Provisions | 34,755 | 32,144 |
| TOTAL CURRENT LIABILITIES | 93,618 | 105,168 |
| NON-CURRENT LIABILITIES | | |
| Interest-bearing liabilities | 297,929 | 298,574 |
| Derivative financial instruments | 1,755 | 5,958 |
| Provisions | 25,397 | 22,973 |
| Deferred taxes | 184,041 | 165,713 |
| TOTAL NON-CURRENT LIABILITIES | 509,122 | 493,218 |
| TOTAL LIABILITIES | 602,740 | 598,386 |
| NET ASSETS | 1,675,746 | 1,662,608 |
| EQUITY | | |
| Contributed equity | 325,018 | 325,802 |
| Reserves | 296,396 | 284,426 |
| Retained profits | 1,054,332 | 1,052,380 |
| TOTAL EQUITY | 1,675,746 | 1,662,608 |

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 JULY 2012

| | 31 JULY 11 | 31 JULY 12 |
|---|-------------------|-------------------|
| | \$000 | \$000 |
| Cash flows from operating activities | | |
| Receipts from customers | 680,020 | 611,970 |
| Payments to suppliers and employees | (647,630) | (582,581) |
| Proceeds from land held for resale | 18,750 | - |
| Interest received | 1,717 | 1,083 |
| Borrowing costs | (19,513) | (20,021) |
| Dividends and distributions received | 57,113 | 52,584 |
| Income tax paid | (1,435) | 1,461 |
| | <u>89,022</u> | <u>64,496</u> |
| Net cash flows from / (used in) operating activities | | |
| Cash flows from investing activities | | |
| Purchases of investments | (3,153) | (78) |
| Proceeds from the sale or return of investments | 6 | 3,800 |
| Payment for business acquisition net of cash acquired | (17,110) | (19,726) |
| Proceeds from sale of property, plant and equipment | 4,644 | 3,920 |
| Purchases of property, plant and equipment | (35,656) | (28,911) |
| | <u>(51,269)</u> | <u>(40,995)</u> |
| Net cash flows from / (used in) investing activities | | |
| Cash flows from financing activities | | |
| Proceeds from borrowings | 70,000 | 49,000 |
| Repayment of borrowings | (70,000) | (49,000) |
| Net proceeds from issue / (repayment) of shares | (10) | - |
| Loan (to) / from other entity | (714) | 200 |
| Dividends paid | (59,765) | (59,765) |
| | <u>(60,489)</u> | <u>(59,565)</u> |
| Net cash flows from / (used in) financing activities | | |
| Net increase / (decrease) in cash held | | |
| | (22,736) | (36,064) |
| Cash at beginning of year | 73,353 | 50,617 |
| | <u>50,617</u> | <u>14,553</u> |
| Cash at end of year | <u>50,617</u> | <u>14,553</u> |



Terracotta roof tiles remain the premium choice for Australian homes. These are La Escandella Planum Slate, a contemporary flat tile.

Bristile enters into exclusive arrangement

The terracotta roof tile market looks set to blossom with the announcement of a new initiative by Brickworks Building Products member company Bristile Roofing.

Bristile has entered into an exclusive arrangement with famous Spanish roof tile manufacturer, Ceramica La Escandella, to market its high quality terracotta tiles in Australia and New Zealand. Bristile previously imported these products through an Australian distributor.

"This agreement reinforces the existing relationship between the two companies that commenced with the launch of a premium range of La Escandella roof tile profiles in 2007," says Brickworks managing director Lindsay Partridge.

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design
developments.

Taking Australia to the world

Austral Bricks was a major sponsor of the Australian exhibition at the 2012 Venice Architecture Biennale. (John Gollings photo courtesy Australian Institute of Architects.)

Every two years, the architectural world comes together in Venice to confer, network and display advances.

Australia first exhibited in 1954 and Austral Bricks, as part of its program of integrating with the design community, has been a major sponsor of the Australian exhibition at the past three Venice Architecture Biennales.

This year's Australian exhibition carried the theme 'Formations: New Practices in Australian Architecture.' Although the exhibition was not directly connected to any specific building material, the associative benefits of linking Austral Bricks with the world's leading architectural event is invaluable.

A side event of the Biennale, and one that is most welcomed by Australian visitors, is the Austral Bricks-sponsored gatherings at Bar Naranzaria, in the shadow of the famed Rialto Bridge. Here the brand can fly its flag and meet and greet informally with some of Australia's leading architects.



Australians visiting the Venice Architecture Biennale gather at the Bar Naranzaria for an Austral Bricks-sponsored informal get-together.



A large crowd gathers for the opening of the Australian pavilion at the 2012 Venice Architecture Biennale. (John Gollings photo courtesy Australian Institute of Architects.)

International speaker series pays dividends

Since 2009, Austral Bricks has sponsored the Australian Institute of Architects International Speaker Series. The Series is a multi-city roadshow, each featuring an internationally-renowned architect. So far, Austral Bricks has sponsored five events, the latest being Spanish architect Francisco Mangado who spoke at gatherings in Sydney, Brisbane, Melbourne and Perth in late September, early October.

As well as the benefits of association and networking, as the sponsor Austral Bricks is able to distribute marketing information and make a brief presentation at each event. It also sponsors a VIP gathering beforehand.

The AIA International Speaker Series has been confirmed for 2013 and Austral Bricks will once again be the major sponsor.

Studio functions woo architects

In little more than a year, the Brickworks Building Products' architectural design centres – the CBD Design Studio in downtown Sydney and the Brick Studio in the trendy inner-Melbourne suburb of Richmond – have become part of the design landscape in their cities.

But these are more than just display centres, and it is their use as function venues that is drawing many architects and other design and building professionals.

The Sydney studio hosts a function about once a week, including a major event every two months drawing up to 150 guests. The latter are usually themed, as in the recent Austral Masonry promotion called the Block Party and

featuring blocks of cheese and chocolate! For the launch of Austral Bricks Ultra Smooth brick series the night featured some smooth live jazz.

In Melbourne, the Brick Studio has hosted meetings of the Urban Development Institute of Australia as well as product launches, staff update nights and shareholder presentations. A recent event, held in conjunction with Green magazine, was a talk by Brisbane architect James Russell reflecting on his work and that of the late Uruguayan engineer and architect Eladio Dieste.

These functions are as much a chance for sales and marketing staff to informally network with professional clients, as an opportunity to spread the Brickworks Building Products message.



A brick display makes an improvised bar for guests at the Austral Masonry Block Party at the Sydney CBD Design Studio.

Bristile enters into exclusive arrangement

Continued from cover

“The premium La Escandella products, which compliment the locally manufactured range, have proven to be very popular in the market, with positive customer feedback and strong sales volumes.”

The six ranges and five profiles of La Escandella terracotta roof tiles are sold through the Bristile Roofing network across Australia and New Zealand.



La Escandella roof tiles are sold in over 60 countries including Dubai, shown here in the prestigious Palm Island project.

Sponsorships and events are promoting closer ties with architects

The architectural market is an increasingly important sector for all members of the Brickworks Building Products group.

Architects and other design professionals are very aware of fashion and design issues, and have a growing influence on the wider market. With this in mind, relationships

need to be fostered and maintained to help develop and promote products with contemporary design appeal.

An ongoing program of sponsorships and events has been spearheaded by Austral Bricks. All group members benefit from this exposure and are looking to forge closer bonds with these influential building professionals.

Donations help unlock childhood cancer secrets

For the past decade, Brickworks Building Products has been a proud sponsor of Children's Cancer Institute Australia (CCIA), the country's only independent medical research institute dedicated to researching the causes of childhood cancer as well as prevention, better treatments and ultimately a cure.

In that time, Brickworks has contributed over quarter of a million dollars and helped raise awareness of the Institute's important work. Brickworks managing director, Lindsay Partridge AM, was recently elected to the CCIA board.

Since the commencement of the Casual Friday program in 2009, Brickworks staff members have contributed a further \$84,000 to the CCIA. Under this program, for a payroll donation of \$2 a week staffers are given a

CCIA shirt to wear with their casual clothes every Friday.

CCIA also has an active general fundraising program, including the annual Diamond Ball, to be held this year on 20 October at Sydney's Hilton Hotel. Each year this gala event raises about half a million dollars, the funds this year being directed to the Institute's Personalised Medicine program which aims to improve outcomes by tailoring treatment strategies specifically to each young patient.



Brickworks staffers Tracy Tudo, Andy Makrypodis, Danielle Adolfsen and Wally Klukiewicz examine one of seven laboratory freezers purchased using Brickworks donations.

Working with the Randwick and Westmead hospitals and Newcastle's John Hunter Hospital, CCIA is pioneering this exciting world-class research in personalised medicine that will herald a new and exciting era in childhood cancer treatment.

New website updates Daniel Robertson image

The development of the Daniel Robertson brand as part of Brickworks Building Products took a major advance with the release of an updated website.

A highly respected brick brand in Victoria, Daniel Robertson has strong appeal to high-end consumers and architects. Daniel Robertson bricks are now available nationally, with the Brickworks Building Products national Design and Development team supporting Daniel Robertson's dedicated Victoria-based sales and marketing staff.

Although part of the Brickworks stable, the brand maintains a separate identity. The new website reflects this individual

identity, with a minimalist, contemporary look and feel, and a user-friendly interface that will enable quick and easy site navigation.

The new site is divided into four sections: company history (which dates back to Gold Rush-era Melbourne), products, case studies and a design gallery.

The new website, www.danielrobertson.com.au, will be live in early November. In Melbourne visit Daniel Robertson at The Brick Studio, 490 Swan Street, Richmond.

The distinctive appearance of Daniel Robertson bricks has a strong appeal to high-end consumers and architects. The new Daniel Robertson website will include an expanded coverage of project case studies.





Building a sustainable future

Brickworks Building Products has taken up the sustainability challenge and is actively pursuing reform of its products and processes from the quarry to factory floor, sales office to building site.

A new publication, 'Build for Living', documents some of the steps being taken now and over the past decade by the group's member companies to ensure they maintain their market leading positions and profitability.

It highlights the dramatic reductions in the group's greenhouse gas emissions – over 30 percent since 2000 – and headlines initiatives such as the \$125 m investment in Victorian brick plants that has driven down energy costs by one-third over conventional plants.

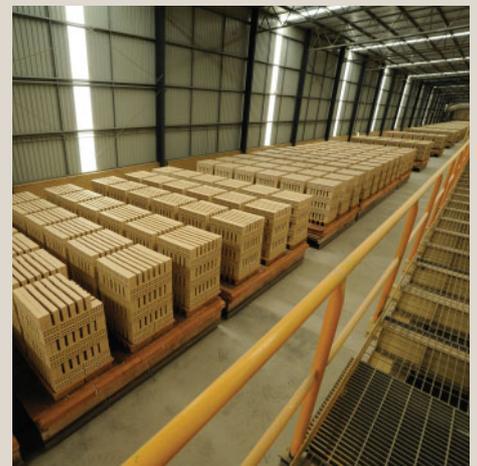
It also steps behind the headlines and discusses improvements in product design and manufacturing technology, investigations into alternative fuels, and support for ground-breaking scientific research into our products, systems and processes.

Several Brickworks Building products group members have also taken up the challenge. Austral Bricks has adapted the theme, using the slogan 'Bricks for Living' which focuses on the environmental advantages of brickwork: long life, low maintenance, unmatched durability and low energy requirements with superior levels of natural comfort.

Bristle Roofing has also adopted this strategy under the title 'Roof Tiles for Living' which promotes the environmental and sustainability benefits of concrete and terracotta tiles such as enhanced thermal

performance, low embodied energy, superior sound absorption, longevity and corrosion resistance.

"The ability to adapt to changing circumstances has been a hallmark of Brickworks' long history. By managing our businesses in a sustainable manner we are also helping build our future and those of our communities."



Austral Bricks Wollert super-plants have dramatically lower energy costs and emissions than conventional brick plants.

Printed copies of 'Build for Living', 'Bricks for Living' and 'Roof Tiles for Living' are available by calling (02) 9830 7800.



New products refresh

Once upon a time (for it seems a long time ago) the development of new bricks was infrequent and the resulting products often had production lives measured in decades.

Prominent examples are Bowral Bricks Bowral Blue and Daniel Robertson Hawthorn Black which are as popular as ever.

What has changed in recent years is that bricks are now a fashion product, as are roof tiles, pavers and even precast concrete panels. All are subject to the same whims of the market as other consumer products.

Here is a snapshot of recent product developments and new releases across the Brickworks Building Products group.

Luxe and Reveal clay bricks

Austral Bricks Queensland launched these new series in late September. They have been developed primarily for design-conscious purchasers including the architectural market. The smooth face of Luxe bricks is finished in a subtle glaze and

comes in three fashionably deep, rich colours: Fossil, Midnight and Burgundy.

In contrast, the face of the Reveal brick series exposes the underlying aggregate. There are five colours in the series, in a broad palette from Black to Taupe.



Daniel Blaser, Austral Bricks Queensland general manager, welcomes guests at the launch of the new Luxe and Reveal brick series.

Vitesse Engineered Brick Panels

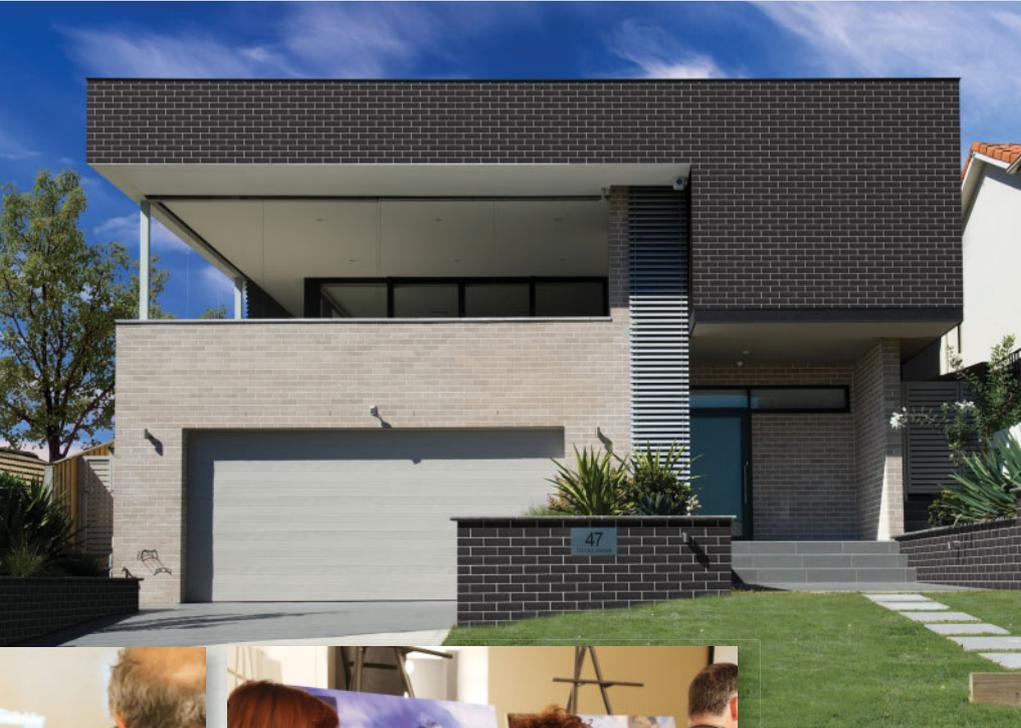
The French have a word for it: **Vitesse** meaning rapid, speedy or fast, the most famous example being the TGV or Train à Grand Vitesse.

Austral Precast and Austral Bricks have combined to take brickwork into the high-speed era with Vitesse Engineered Brick Panels. The novel manufacturing process is similar to conventional precasting but utilises standard size clay bricks backed by steel reinforcement and a layer of high-strength grout. For its first outing, two Vitesse panels were installed at Dan Murphy's Katoomba outlet, spanning a much greater width than possible with conventional brickwork. The process is also faster onsite than conventional laid-in-place brickwork.



Dan Murphy's new Katoomba outlet features two Vitesse Engineered Brick Panels (one horizontal, one vertical) to span the large opening. Note how the panels align perfectly.

market



Above: Austral Bricks new Luxe bricks in Midnight add a dramatic contrast to this contemporary design.

Left: Deborah Constable, Design and Development Manager discusses new products with customers.

DoubleWall Precast Wall System

Traditionally, precast concrete wall panels have been solid, single thickness units. Panel thickness has been limited by weight, both for transport to the site and installation by crane. Austral Precast's DoubleWall system goes outside the square by manufacturing a single unit that comprises two panels separated by a grid of reinforcing steel. On site, the cavity between two wall panels is filled with premixed concrete to form a massive wall up to 400 mm thick. The DoubleWall system offers considerable savings in time and costs to builders, especially in demanding applications such as lift shafts and retaining walls.



Colossus clay bricks

Austral Bricks SA was proud to announce that its latest development has been chosen for the Grand Prize in this year's Hospital Home Lottery, a \$1.5 million show home dubbed The Wall. That name is no surprise as these bricks are truly colossal with a face area up to eight times that of a standard brick! Manufacturing a large brick is not simply a matter of upscaling a brick; there are specific issues due to the large mass. However the Austral Bricks SA team has addressed these matters and Colossus is presenting a new face to the architectural market. Colossus bricks are on sale nationally.

The Wall, Adelaide's 2012 Hospital Home Lottery show home, is the high-profile application for Austral Bricks new Colossus clay bricks.



new products.

Q Block

Brickwork is fighting back in a market that has been whittled away by competitive materials, namely internal non-loadbearing walling.

Taller and wider than standard bricks, the Q Block system is designed and manufactured to speed and simplify the laying process. Q Blocks are bonded on the horizontal bed course with a thin layer of a special adhesive, not the thicker mortar bed used in conventional brickwork. The perpend (vertical) joints are not mortared but fit together with a tongue and groove, like floorboards. The Q Block system was launched to a select audience of masonry contractors at Horsley Parks Plant 23 in mid-August and to the broader building community on the 11th October 2012.

Q Block demonstration taking place at the Sydney CBD Design Studio.



Above: Joe Khattar of Dylam Developments lays Q Block watched on by Lindsay Partridge, Managing Director of Brickworks.

Left: Customers enjoying pre-function activities at the Sydney CBD design studio.

Alliance promotes development sustainability

As part of its commitment to sustainability, Austral Bricks WA is partnering with the Urban Development Institute of Australia's EnviroDevelopment™ initiative.

This voluntary accreditation system assists developers pursuing innovation and sustainability, and helps purchasers identify and select sustainable developments. Drawing on existing scientific research and tools, the EnviroDevelopment system has the flexibility to apply to all development types of and locations.

It emphasises the importance of development design and construction that considers

the environment and the responsible use of resources. This will enable benefits such as lower energy and water use, reduced waste and greenhouse gas emissions, improved biodiversity protection and the responsible use of materials.

These principles reflect Austral Bricks philosophy and therefore the company is delighted to partner UDIA WA and help encourage

innovation and the pursuit of sustainability in major developments across the state.

This partnering enables the company to connect with a range of consumers, urban development industry members, and key decision makers in the urban development sector. It is also a further opportunity to communicate Austral Bricks sustainability initiatives and the findings of scientific research we have sponsored.

Austral Bricks is excited to be able to support this important industry initiative that will increase the number of sustainable developments and help build a better state.

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