

24 October 2013

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 2013 Full Year results and Annual General Meeting. Also included in this mailing is the Brickworks Ltd 2013 Annual Report, which has been lodged with ASX under separate cover.

Yours faithfully,

BRICKWORKS LIMITED



IAIN THOMPSON

COMPANY SECRETARY

24 October 2013

Dear Shareholder

On behalf of your Board, I am pleased to invite you to attend the 79th Annual General Meeting of Brickworks Limited on Tuesday 26 November 2013 at the Ballroom, 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 26 November 2013 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 2013.
2. To adopt the remuneration report for the financial year ended 31 July 2013.

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. M.J. 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 The Hon. R.J. Webster, 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 24 November 2013. 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 2013

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 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, whether as a shareholder or as a proxy.

However, a vote may be cast on Resolution 2 by a KMP, or a closely related party of a KMP, if the vote is cast as a proxy appointed in writing that specifies how the proxy is to vote on Resolution 2, and the vote is not cast on behalf of a KMP or a closely related party of a KMP. The Company has obtained relief from ASIC to permit the Chairman of the Meeting to cast undirected proxy votes on Resolution 2, as discussed below.

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 Mr M.J. Millner and The Hon. R.J. Webster, as outlined in the Annual Report of the Company, are as follows:

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

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

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

000001 000 BKW
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Proxy Form

For your vote to be effective it must be received by 12.00 noon (AEDT) Sunday, 24 November 2013

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: I999999999



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

MR SAM SAMPLE
 FLAT 123
 123 SAMPLE STREET
 THE SAMPLE HILL
 SAMPLE ESTATE
 SAMPLEVILLE VIC 3030

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.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf XX

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, 26 November 2013 at 12.00 noon (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 2013 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3.1 Re-elect Mr. M.J. Millner as a Director of the Company | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3.2 Re-elect The Hon. R.J. Webster 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 | Securityholder 2 | Securityholder 3 |
| <input style="width: 100%; height: 100%;" type="text"/> | <input style="width: 100%; height: 100%;" type="text"/> | <input style="width: 100%; height: 100%;" type="text"/> |

Sole Director and Sole Company Secretary Director Director/Company Secretary

Contact Name _____ Contact Daytime Telephone _____ Date ____/____/____

BRICKWORKS

LIMITED

ABN 17 000 028 526

Full Year Results 31 July 2013

BRICKWORKS INCREASES FULL YEAR EARNINGS, UPLIFT IN BUILDING PRODUCTS & PROPERTY DIVISIONS

Highlights

- ❖ 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

Brickworks Corporate Structure and Brands

BRICKWORKS
LIMITED



BRICKWORKS

BUILDING PRODUCTS

Clay Bricks
& Pavers

Precast
Concrete

Concrete
Masonry Blocks,
Pavers &
Retaining Walls

Roof Tiles

Timber

Specialised
Façades

 australbricks
since 1959

 australprecast

 australmasonry

 bristileroofting

 auswesttimbers

 australfaçades



nubrik
nubrik products



BOWRAL BRICKS

nzbrick
DISTRIBUTORS

OVERVIEW¹

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.

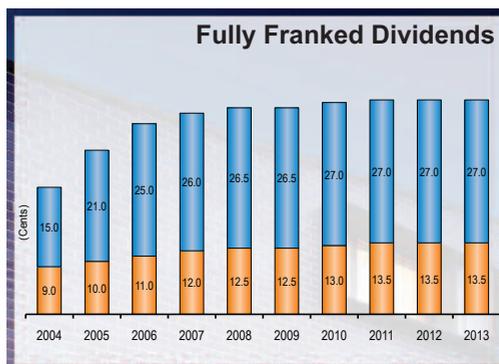
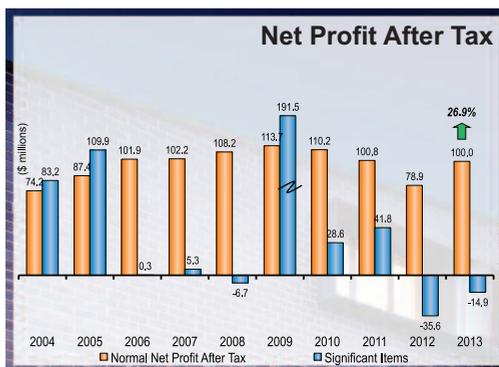
Land and Development EBIT was up 161.0% to \$49.6 million, driven primarily by the sale of "Oakdale South" for a profit of \$23.4 million in the first half and continued strong growth of the Joint Venture Property Trust.

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.

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.

¹ Unless otherwise stated all earnings measures exclude significant items.

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 acquisitions². 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 global financial crisis.

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.

³ Original data sourced from ABCat. 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, to align with Brickworks divisional regions.

⁵ Building Consents data sourced from Statistics New Zealand – Building Consents.

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.

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.

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 were 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.

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 a 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.

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.

Bristle 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 affordability¹⁰ has significantly improved in recent times and is now at a ten year high. In addition, consumer confidence¹¹ 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

¹⁰ HIA-Commonwealth Bank Housing Affordability Index.

¹¹ Westpac Melbourne Institute Index of Consumer Sentiment.

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 78,515m² 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 12,420m² and a fourth facility for DHL, consisting of 31,745m² 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 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.

CONSOLIDATED RESULTS FOR THE YEAR ENDED 31 JULY 2013

| \$ millions | 31 July 13 | 31 July 12 | Variance % |
|--|--------------|--------------|-------------|
| REVENUE | | | |
| Building Products | 568.7 | 547.6 | 3.8 |
| Land and Development | 37.4 | 8.2 | 353.8 |
| Other | 0.5 | 1.1 | (56.1) |
| Total | 606.5 | 556.9 | 8.9 |
| EBIT | | | |
| Building Products | 32.8 | 28.5 | 14.9 |
| Land and Development | 49.6 | 19.0 | 161.0 |
| Associates & Investments | 60.0 | 67.7 | (11.4) |
| Other & H.O. | (7.4) | (6.8) | 8.7 |
| Total EBIT (before significant items) | 135.0 | 108.5 | 24.5 |
| Total EBITDA (before significant items) | 168.1 | 140.0 | 20.0 |
| Interest cost | (20.3) | (20.8) | (2.4) |
| Mark to market valuation of swaps | 1.5 | (4.4) | 134.7 |
| Tax expense | (16.2) | (4.4) | (270.8) |
| Normalised NPAT | 100.0 | 78.9 | 26.9 |
| Significant items | (14.9) | (35.6) | 58.2 |
| NPAT (including significant items) | 85.2 | 43.3 | 96.7 |
| Normal earnings per share (cents) | 67.7 | 53.4 | 26.7 |
| Basic earnings per share (cents) | 57.6 | 29.3 | 96.4 |
| 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 | \$9.82 | \$9.44 | 4.0 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2013

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 JULY 2013

| | 31 JULY 13 \$000 | 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 | <u>1,358</u> | <u>1,461</u> |
| Net cash flows from / (used in) operating activities | <u>46,023</u> | <u>64,496</u> |
| 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 | (3,955) | (19,726) |
| Proceeds from sale of property, plant and equipment | 12,216 | 3,920 |
| Purchases of property, plant and equipment | <u>(26,490)</u> | <u>(28,911)</u> |
| Net cash flows from / (used in) investing activities | <u>(19,878)</u> | <u>(40,995)</u> |
| 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 | <u>(59,866)</u> | <u>(59,765)</u> |
| Net cash flows from / (used in) financing activities | <u>(21,581)</u> | <u>(59,565)</u> |
| Net increase / (decrease) in cash held | 4,564 | (36,064) |
| Cash at beginning of year | <u>14,553</u> | <u>50,617</u> |
| Cash at end of year | <u><u>19,117</u></u> | <u><u>14,553</u></u> |

BRICKWORKS

LIMITED

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Bowral Bricks Rises to Innovation Challenge

A new landmark that some say will rival the Opera House is rising on a former inner-Sydney industrial site near the Powerhouse Museum.



Model prototype
of the proposed building

The eastern face of a new 12-storey building on the City Campus of the University of Technology Sydney is being clad in specially-made bricks from Bowral Bricks. This being no ordinary building, these are no ordinary bricks.

Six brick types have been manufactured to clad the complex eastern facade said to resemble a crumpled paper bag or mimic the twists and turns of inner Sydney. Most bricks are the Australian standard size but they have moulded channels to anchor special brick ties to the underlying steel structure. The choice of brickwork acknowledges the heritage character of historic inner-Sydney.

Brickworks Building Products won the supply tender for the proposed business school

despite strong competition from American, Chinese, European and Australian brick companies. The consultation and tendering process required construction of five-storey test panels in China, as well as evolving the product engineering standards and colours. In all, 320,000 bricks have been made at our Bowral plant to meet the demanding specification.

After testing scores of colours, the architect, famed American "starchitect" Frank Gehry, finally chose a much-loved Bowral Bricks standard: Limousin Gold. The Los Angeles architect, described as the most significant of our age, sees the building and its contorted facade as a "tree of knowledge"— an

evolving, growing organism that fosters collaboration and the cross-pollination of ideas.

Known as the Dr Chau Chak Wing Building it is named after a Chinese-Australian-businessman and philanthropist who has donated \$20 million towards its construction. Dr Chau laid the first brick in early August and the building is scheduled for completion in August 2014.

Brickworks Building Products is closely following and documenting the progress of this remarkable project that is reintroducing a level of craft and detail that is rarely seen in commercial construction today.

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Brick Challenges Lightweight Claims

Three Little Pigs Campaign

In recent years there has been a lot of huffing and puffing by the promoters of so-called lightweight building systems, claims that are difficult for the average person to verify, and which almost invariably compare their products to bricks.

Imitation may be the sincerest form of flattery but Austral Bricks is hitting back with a campaign that promotes the benefits of bricks and refutes some of the wilder claims made by the lightweight cladding industry.

And who better to make these points than The Three Little Pigs. After all, two of this much-loved trio learnt the value of building in brick (and the perils of lightweight construction) the hard way!

Using the slogan "Building with lightweight materials is just inviting trouble", the campaign takes the high ground by promoting the many benefits of bricks – long life, durability, low maintenance,

resale value, security, and much more – and reinforces Austral Bricks leadership in this market.

Underpinning this is an ultimate brick benefit that is unmatched by few other products, let alone a building material: Austral Bricks exclusive 100 year guarantee. The evidence supporting this guarantee is all around us, in cities, suburbs and towns around Australia which have brick buildings that are still looking great and performing well after more than a century.



Bricks for Living website

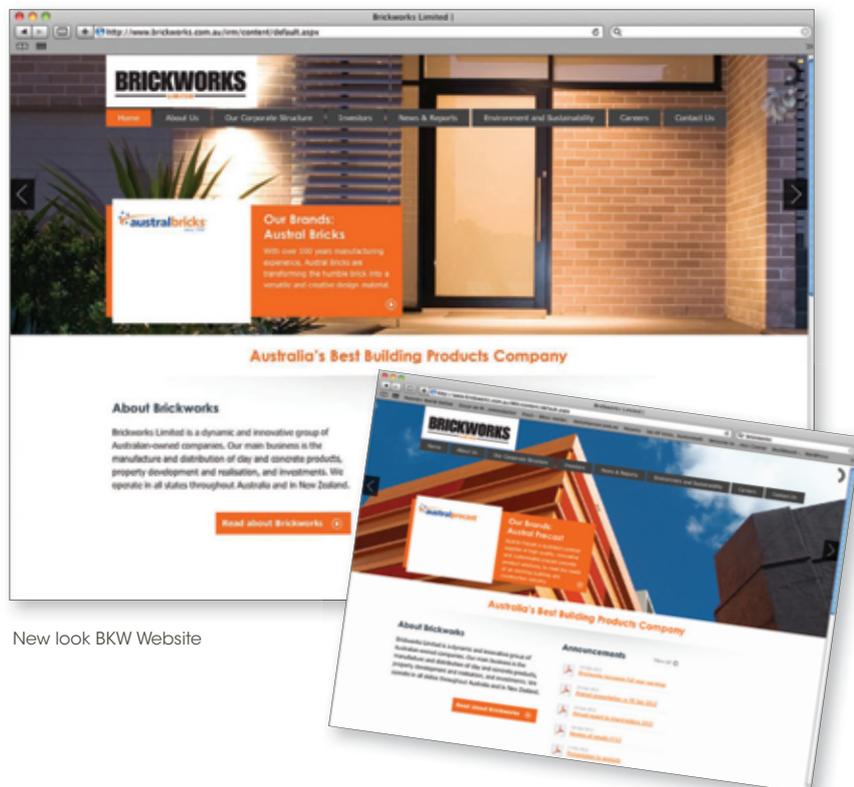
Brochure cover for "Three Little Pigs" Campaign.

New BKW Website "Better Than Ever"

The new Brickworks Limited website (www.brickworks.com.au) is now online and looking better than ever. It has an updated look and feel and improved navigation that makes it easy for investors, media and other interested parties to access essential data such as announcements, annual reports, share price, company profile, and more.

The home page carries the most recent announcements, current share price and direct links to the most requested information. An interesting development is an interactive timeline of the company's development from its formation in the depths of the Great Depression to today. Did you know that Brickworks Homebush Bay kilns were used to store ammunition during the Second World War!

Environment and Sustainability initiatives from the Brickworks group have also been included as well as links to the growing list of Brickworks brands.



New look BKW Website



Celebrity designer Camilla Franks, one of the faces of Austral Bricks 2013 Style Campaign.

Style Campaign Raises Brickwork Profile

In the past decade, the world of bricks has been turned upside down, and what were once humble utilitarian building blocks are now being promoted as stylish and fashionable.

It began with the development of new brick finishes that have put paid to the notion that "you can have bricks in any colour you like as long as it is red, cream or brown".

Austral Bricks has taken it to a new level with Stage 2 of the 2013 Style Campaign which harnesses the style credentials of celebrity fashion designer Camilla Franks. Her signature kaftans have adorned the bodies of elegant women across the world including Oprah Winfrey, Miranda Kerr and Beyoncé.

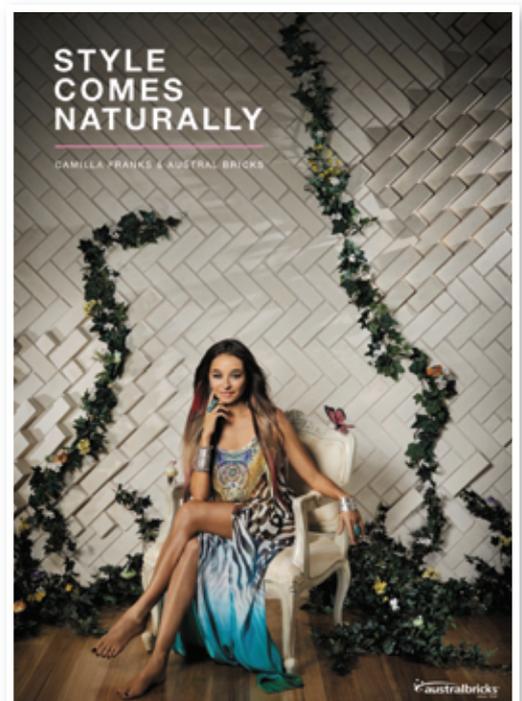
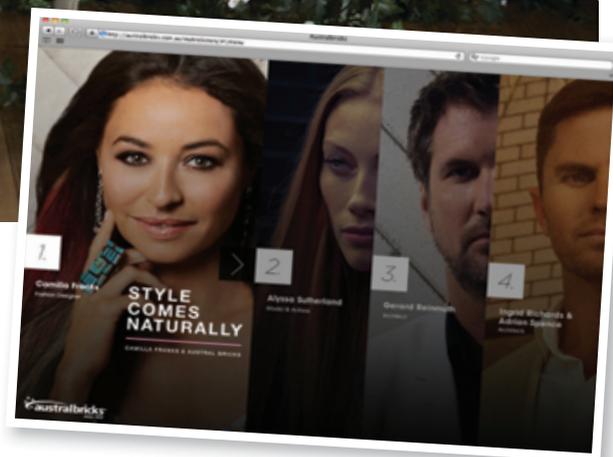
A new advertisement featuring Ms Franks was shot at Brickworks Building Products Sydney CBD Design Studio. The internet microsite, www.australbricks.com.au/mybrickstory, has been updated to reflect the new imagery and even includes a behind-the-scenes video.

This second stage commenced mid-September and is running nationally until

November in selected consumer magazines, newspaper magazines and architectural journals, as well as online.

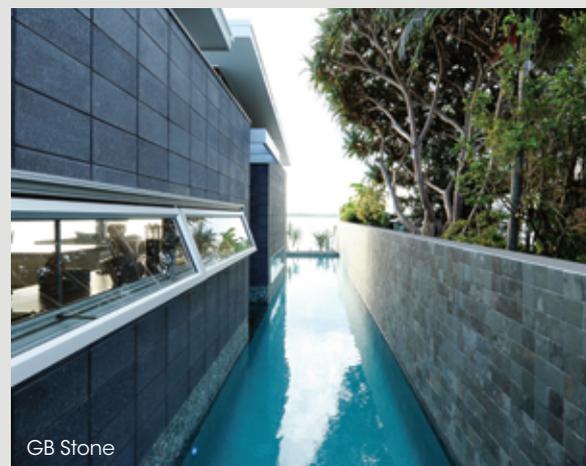
Ms Franks' story carries the slogan 'Style Comes Naturally' and draws a comparison between her love of Australia's natural beauty, a lifelong appreciation of good design (her father was an architect), and the natural appeal and earthy origins of Austral Bricks products.

The evolution of bricks as a style item reflects the ever-changing tastes of consumers. Stage 2 of Austral Bricks 2013 Style Campaign is an important step in ensuring this important brand remains relevant to consumers and a key part of their decision-making process.



New Products

Product development is a constant process within Brickworks Building Products and essential if we are to maintain market leadership. Here are just some of the recent new product releases from across the divisions.



Austral Precast Architectural Range

Conventional grey panels are the mainstay of the precast concrete business. Frequently these panels are finished on site, usually with a paint system. However Austral Precast is promoting a range of factory-applied finishes under the **PermaTech™** label.

The simplest is called **PermaTint™**, a factory applied, long-lasting alternative to painting which has the advantage of penetrating the substrate for a longer-lasting, deeper finish.

PermaForm™ takes decoration into the third dimension by moulding depth and articulation into the panel. This can be as subtle as a timber grain or as prominent as a deeply-relieved surface or even a logo.

The most startling innovation is **PermaGraf™**, a patterning process that etches photo-realistic images into the precast concrete panel surface. This is not an applied finish like paint, but the result of a chemical reaction that does not compromise the strength or integrity of the panel.

The final string to Austral Precast's bow is **Vitesse®**, an engineered brick panel system developed in conjunction with Austral Bricks. The system combines the strength and off-site construction advantages of precast panels with the beauty, low maintenance and familiarity of real clay brickwork.

Austral Masonry Premium Product

GB Masonry, Austral Masonry's premium brand, has released a superb new series called **GB Stone™**. The six colours, all neutrals, have been given precious mineral names, with Onyx being the darkest and Pearl the lightest. A special honing process reveals the aggregate used in their manufacture, imparting a lustrous finish to the surface of each block.

Austral Bricks Stone Range

Real stone, precision cut and beautifully finished, comes to brickwork with Austral Bricks' release of the **Designa Basalt™** series. Made from natural stone, they are ideal as a feature for internal and external walls. Available in two sizes and three colours, these distinctive bricks

can be laid using a conventional mortar bed and don't require the bricklayer to use special tools or techniques. They are larger than a conventional brick, the standard units being two bricks high and long. Slim Line units are also available and these are one brick high and two bricks long. Like all Austral Bricks products, Designa Basalt stone bricks are virtually maintenance free, weather resistant, long-lasting and have high thermal mass for enhanced energy efficiency.

Austral Bricks Indulgence Range

Neutral colours, long favoured for interior decor, are also popular for house exteriors. Home owners wary of the problems with rendered finishes and not wanting the ongoing maintenance of painting, have demanded stylish neutral brick colours. Austral Bricks Victoria has responded with the **Indulgence®** series. The surface finish of the three products in this series, Biscotti, Praline and Truffle, is smooth, sophisticated and stylish. Their names also set the mood both in terms of their colours and their association with some of the culinary pleasures of life.

Environment Initiatives Attract Govt Funding

For more than a decade Brickworks has undertaken a concerted program to improve our energy and resource use efficiencies, drive down carbon emissions and thereby reduce our impact on the environment.

There have been (and continue to be) a myriad of small-scale initiatives as well as major expenditures such as Victoria's twin brick plants, which are among the most efficient and low cost in the world.

Some of our recent, exciting and ground-breaking projects include switching from natural gas to lower emission sources such as methane (landfill gas), sawdust and other organic fuels. Product re-engineering initiatives such as reducing brick mass and incorporating waste byproducts are also being actively investigated.

Some of these developments caught the attention of AusIndustry, a specialist program now within the newly-formed federal Department of Industry that delivers a range of programs to Australian companies.

AusIndustry offered substantial financial assistance allowing Brickworks to execute contracts on three projects:

- \$497,000 for a project at Plant 21, Horsley Park NSW to substitute landfill gas for natural gas and \$2.7 million for a project at Horsley Park's Plant 23,

again substituting landfill gas for natural gas and also incorporating organic material into the brick body. (Methane is currently collected at the Veolia landfill site next to the Horsley Park plants.)

- \$300,000 to assist with a project to capture waste heat from a boiler at

Auswest Timbers at Manjimup WA and convert it to electricity.

A further three projects totalling \$14.6 million have been approved dependant on the continuation of the AusIndustry's Clean Technology Investment Program.



Microsite Takes up Sustainability Challenge

Sustainability is an ongoing challenge for all industries, including manufacturing. Put simply, sustainability is the ability for a process to continue indefinitely, that is, without exhausting resources. The challenge for Brickworks is two fold: to ensure our manufacturing processes are sustainable, and for our products to be sustainable in their applications and recognised as such by consumers.

A new microsite launched in mid-October and accessible directly from all Brickworks websites reports on "our journey towards becoming Australia's most sustainable building products company." Even more importantly, it documents that our products in their many applications are part of a sustainable solution.

The site breaks down the manufacture and use of our various products into four simple stages: Make, Move, Use and Reuse. Each of these stages is reinforced by case studies, reports and videos on subjects as diverse as simplified packaging, nine-star energy-rated construction, energy-efficient manufacturing, and designing for climate.

Although as a company we have made massive strides in reducing our environmental impact, many of our products suffer from the

false perception that they are less relevant in an environment-conscious world.

The claims and comparisons made by the manufacturers of so-called lightweight building materials are a case in point. This new microsite is a further step towards presenting a balanced case for our products as part of a long-term sustainable building solution.



Brickworks Brands Prominent in Architectural Awards

The building industry came together in mid-August for the announcement of the Think Brick, Roof Tile Association and Concrete Masonry Association annual awards.

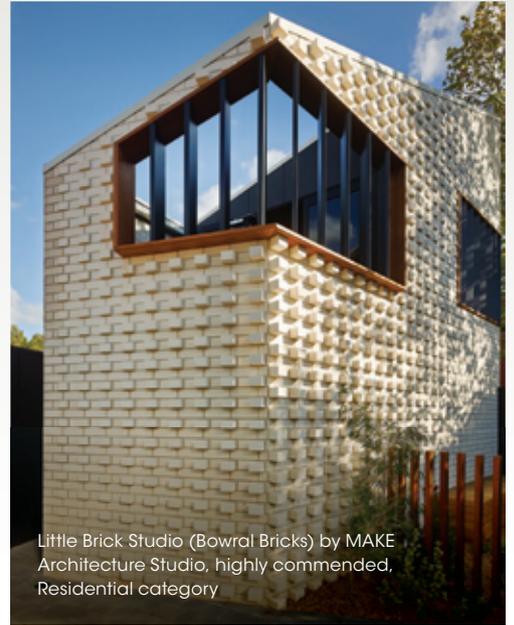
The awards recognise excellence in brick and block work for both design and construction. For the first time, 2013 also included an architectural concept award for the innovative use of roof tiles in design, with 5 architects from around Australia invited to participate.

The awards commemorate the work of Colonial-era architect John Horbury Hunt, famed for his innovative brick design.

The Awards have categories for commercial, residential and landscaping projects, as well as recycling and reuse.

All Brickworks brick brands – Austral Bricks, Bowral Bricks, Daniel Robertson, Austral Masonry and Nubrik – were strongly represented among the finalists in their respective category.

High commendations were awarded in the Residential category to projects using products from Austral Bricks and Bowral Bricks. A Bowral project was also highly commended in the Commercial category and a project featuring Austral Bricks products won the Recycle/Reuse/Restore category.



Little Brick Studio (Bowral Bricks) by MAKE Architecture Studio, highly commended, Residential category



Bisley Place House (Austral Bricks) by James Russell Architect, Houses magazine's 2013 Australian House of the Year.

Brickworks Architectural Projects in the News

A number of architectural projects featuring materials from Brickworks Building Products have been in the news recently.

The Bisley Place House (Austral Bricks) by James Russell Architects was named Houses magazine's 2013 Australian House of the Year.

The Stewart House (Bowral Bricks) by Chenchow Little Architects received a High Commendation in the Houses Awards as did the MAKE Architecture's Little Brick Studio (also Bowral). Shortlisted in the 2013 Houses Awards were WoodWoodWard's Forever House (Austral Bricks) and the Wolf House (Daniel Robertson) by Taras Wolf.

Brickworks projects bookended season two of the popular ABC television series Dream Build, opening with Shane Hendriks' startling Rolling Cubes (Terraçade) and closing with the Wolf House.

All these projects (and more) are profiled on Brickworks Building Products architectural project website Design Place (www.designplace.com.au).

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