

22 October 2014

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 2014 Full Year results and Annual General Meeting. Also included in this mailing is the Brickworks Ltd 2014 Annual Report, which has been lodged with ASX under separate cover.

Yours faithfully,

BRICKWORKS LIMITED



IAIN THOMPSON

COMPANY SECRETARY

Proudly supports



22 October 2014

Dear Shareholder

On behalf of your Board, I am pleased to invite you to attend the 80th Annual General Meeting of Brickworks Limited on Tuesday 25 November 2014 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.

The 2014 AGM will be webcast live if you are unable to attend the meeting. If you are interested in this option, please send us an email at agm2014@brickworks.com.au and we will supply you with the relevant information to allow you to join us.

We are also offering shareholders the opportunity to submit questions in advance of the meeting, in relation to the ordinary business of the Annual General Meeting or the management of the Company. Questions may also be submitted to the external Auditor, providing it is related to the conduct of the audit; the preparation and content of the Auditor's report; the accounting policies adopted by the Company in relation to the preparation of the financial statements; or the independence of the Auditor in relation to the conduct of the audit.

Questions can be submitted at agm2014@brickworks.com.au, or mailed to Company Secretary, Brickworks Ltd, PO Box 6550, Wetherill Park, NSW, 1851, and should clearly identify your name and SRN or HIN. The Company and the Board will endeavour to provide responses to questions during the AGM, and subsequently make those questions and responses available as part of the presentation on the Brickworks website.

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

A.B.N. 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 25 November 2014 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 2014.
2. To adopt the remuneration report for the financial year ended 31 July 2014.

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, however certain provisions of the Corporations Act, known as the "two strikes" rule, come into effect if the Remuneration Report resolution receives "against" votes of 25% or more of the votes cast at two consecutive Annual General Meetings.

Please refer to the attached Explanatory Notes for information regarding voting by key management personnel.

The Chairman of the meeting intends to vote all undirected proxies in favour of resolution 2.

3. Re-election of directors.
 - a) That Mr B. Crotty, 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.

The Chairman of the meeting intends to vote all undirected proxies in favour of resolution 3a.

- b) That Mrs D. Page, 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.

The Chairman of the meeting intends to vote all undirected proxies in favour of resolution 3b.

4. Increase in cap on non-executive Directors' Fees

That the total amount of fees that may be paid to all non-executive Directors as a whole be increased by \$200,000 per annum, to an amount not exceeding \$1,000,000 per annum.

The Chairman of the meeting intends to vote all undirected proxies in favour of resolution 4.

**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 23 November 2014. 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.

EXPLANATORY NOTES

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 2014

The Corporations Act requires listed companies to present their remuneration report for adoption by shareholders at the Company's Annual General Meeting.

The Brickworks' Board is committed to ensuring that the remuneration framework is focused on driving a performance culture and is closely aligned to the achievement of the Company's strategy and business objectives.

Following the vote on the Remuneration Report at the 2013 Annual General Meeting and a review of relevant proxy advisor reports, the Board listened to the issues raised, and made a number of changes to reflect those concerns:

- Appointed an independent non-executive director as Committee Chair (Mr B Crotty)
- Appointed an additional independent non-executive director to the Committee (Mrs D Page)

- Undertaken a thorough review of the executive remuneration policy framework
- Placed limits on the Short Term Incentive scheme (STI)
- Changed the structure of the Long Term Incentive scheme (LTI)
- Reduced termination payments
- Tightened eligibility for restraint payments
- Increased the level of disclosure contained in the remuneration report

The report reflects the initiatives taken by the Board and senior management to achieve the twin objectives of driving higher performance and retaining key staff.

The Remuneration Committee undertook a thorough review of the senior executive remuneration policy framework during the 2014 financial year and identified certain initiatives that are now being pursued. The updated senior executive remuneration policies reflect the unique business environment and circumstances in which Brickworks operates, as well as its strategic and operational responses to competitor activity and market volatility.

As a consequence of this review, the board of Brickworks decided to:

- Limit future STI payments to 50% of base remuneration, with any excess STI earned above this limit not paid as a cash bonus but added to the LTI component and paid as additional shares through the Brickworks Deferred Employee Share Scheme;
- Place greater emphasis on retaining senior executives by rewarding individual out-performance via the allocation of additional Brickworks Limited shares, with a value that may in some circumstances involve annual allocations in excess of the previous limit of 50% of base salary. All shares allocated to Brickworks executives will continue to have vesting periods of 5 years; and
- Performance shares granted to, or already held by, executives will no longer vest immediately on retirement or redundancy. Rather they will continue to vest progressively over the original 5 year grant period, subject to compliance with employment contract conditions including restraints. The vesting period for shares allocated to executives may extend for up to 5 years beyond the date at which a particular executive ceases to be an employee.

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

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 not cast on behalf of a KMP or a closely related party of a KMP and either:

- a) the vote is cast as a proxy appointed in writing that specifies how the proxy is to vote on Resolution 2; or
- b) the vote is cast as a proxy by the Chairman of the Meeting and the proxy form expressly authorises the Chairman to exercise the proxy even though Resolution 2 is connected directly or indirectly with the remuneration of a member of the Brickworks Group's KMP.

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 though 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 Directors unanimously recommend that Shareholders vote in favour of resolution 2.

The Chairman of the meeting intends to vote all undirected proxies in favour of resolution 2.

Resolution 3a: Re-election of Mr B. Crotty

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 B. Crotty, as outlined in the Annual Report of the Company, are as follows:

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

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

Other directorships:

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

The Directors (with Mr Crotty and Mrs Page abstaining) support the re-elections and unanimously recommend that Shareholders vote in favour of resolution 3a.

The Chairman of the meeting intends to vote all undirected proxies in favour of resolution 3a.

Resolution 3b: Re-election of Mrs D. Page

Under the Constitution of Brickworks Ltd a Director who has been appointed by the Directors must retire at the next Annual General Meeting and stand for re-election at the Annual General Meeting of the Company. Mrs Deborah Page was appointed to the board on 1 July 2014. Details of the skills and experience of Mrs Page, as outlined in the Annual Report of the Company, are as follows:

Deborah R. Page AM B.Ec, FCA, MAICD

Director

Mrs Page was appointed to the Board in July 2014 and is a non executive Director. Mrs Page has extensive financial expertise, arising initially from her time at Touche Ross/KPMG Peat Marwick including as a partner, and subsequently from senior executive roles with the Lend Lease Group, Allen Allen and Hemsley and the Commonwealth Bank. She also has experience as a Director in a number of sectors, including Property, Energy & Renewables, Insurance, Funds Management, and Public Sector bodies. Mrs Page is the Chair of the Audit and Risk Committee, and a member of the Nomination Committee and the Remuneration Committee.

Other directorships:

Investa Listed Funds Management Ltd (responsible entity of ASX listed Investa Office Fund)	Appointed 2011
Service Stream Ltd	Appointed 2010
Australian Renewable Fuels Ltd	Appointed 2012
The Colonial Mutual Life Assurance Society Ltd	Appointed 2007
Commonwealth Insurance Ltd	Appointed 2007
BT Investment Management Ltd	Appointed 2014

The Directors (with Mr Crotty and Mrs Page abstaining) support the re-elections and unanimously recommend that Shareholders vote in favour of resolution 3b.

The Chairman of the meeting intends to vote all undirected proxies in favour of resolution 3b.

Resolution 4: Increase in cap on non-executive Directors' fees

As advised to shareholders at the 2013 Annual General Meeting, an increase in the Directors' fee pool is required to allow for the increased total fees associated with the appointment of an additional non-executive director. The increase will also allow for reasonable increases in fees over a number of years without requiring ongoing shareholder approval.

The current cap on directors' fees was approved at the 2003 Annual General Meeting and restricts the amount that may be paid to non-executive directors to \$800,000 per annum.

This resolution proposes to increase the maximum aggregate amount of fees that may be paid to all non-executive directors by \$200,000 per annum to \$1,000,000 per annum.

In accordance with Listing Rule 10.17, the total aggregate amount of directors' fees that may be paid to all non-executive directors cannot be increased without the approval of Brickworks' shareholders.

Voting exclusion statement

A vote must not be cast on Resolution 4 by a member of the Company's KMP or a closely related party, acting as proxy, if the appointment does not specify the way the proxy is to vote on Resolution 4. However, this voting exclusion does not apply if the member of the Company's KMP is the Chairman of the Meeting acting as proxy and their appointment expressly authorises the Chairman of the Meeting to exercise the proxy even though the Resolution 4 is connected directly or indirectly with the remuneration of a member of the Company's KMP.

As required by the ASX Listing Rules, the Company will disregard any votes cast on Resolution 4 by any Director of the Company and any associate of a director of the Company. However, the Company need not disregard a vote if:

- (a) it is cast by a person referred to above as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with the instructions on the Proxy Form, if the Chairman is your proxy and you do not direct the Chairman on how to vote in respect of Resolution 4, you will be taken to have directed the Chairman to vote as the Chairman sees fit on Resolution 4.

The Directors unanimously recommend that Shareholders vote in favour of resolution 4.

The Chairman of the meeting intends to vote all undirected proxies in favour of resolution 4.

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 12.00 pm (AEDT) Sunday 23 November 2014

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 your proxy may vote or abstain as they choose (to the extent permitted by law). 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. Delete titles as applicable.

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.investorcentre.com under the help tab, "Printable Forms".

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 25 November 2014 at 12.00 pm (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 Items 2 and 4 (except where I/we have indicated a different voting intention below) even though Items 2 and 4 are 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 Items 2 and 4 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 2014	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3a Re-election of Mr B. Crotty as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3b Re-election of Mrs D. Page as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Increase in cap on non-executive Directors' Fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

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

A.B.N. 17 000 028 526

REVIEW OF RESULTS

Year Ended 31 July 2014

RECORD BUILDING PRODUCTS SALES AND STRONG PROPERTY RESULT DELIVERS EARNINGS GROWTH

Highlights

- ❖ Headline NPAT including significant items up 20.7% to \$102.8 million
- ❖ Brickworks Normal NPAT before significant items up 1.2% to \$101.3 million
 - Building Products EBIT up 37.4% to \$45.1 million
 - Land and Development EBIT up 25.8% to \$62.4 million
 - Investments EBIT down 25.6% to \$44.6 million
- ❖ Net debt/capital employed of 14.5%, net debt \$304.8 million
- ❖ Final dividend of 28.0 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 1909

 australprecast

 australmasonry

 bristilerooting

 auswesttimbers

 australfaçades



nubrik
authentic brickwork



BOWRAL BRICKS

nzbrick
DISTRIBUTORS

Overview¹

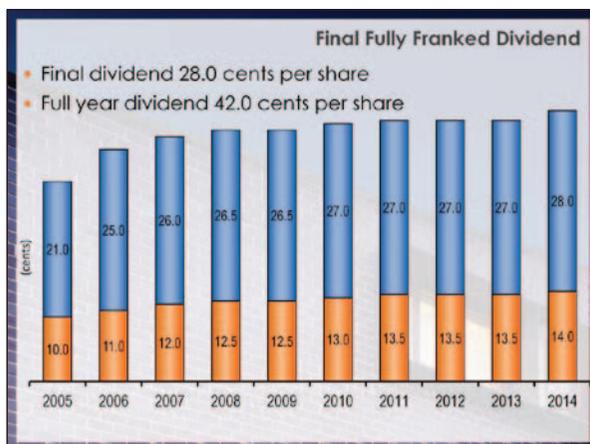
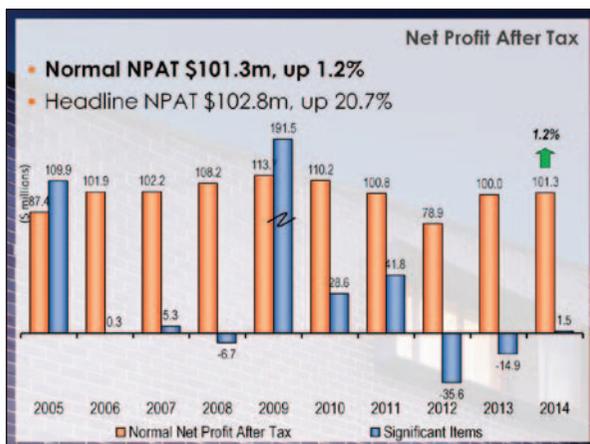
Brickworks' (ASX: BKW) posted a **headline** net profit after tax ('NPAT') for the year ended 31 July 2014 of \$102.8 million, up 20.7% on the prior year. Brickworks **normalised** NPAT of \$101.3 million was up 1.2% from \$100.0 million for the year ended 31 July 2013.

On record sales revenue of \$636.9 million, **Building Products** earnings before interest, tax and significant items ('EBIT') was \$45.1 million, up 37.4% on the prior year. Improved earnings were achieved on the back of strong growth in sales volume in the second half, increased pricing in some divisions, a range of operational efficiency measures and implementation of new business initiatives.

Land and Development EBIT was up 25.8% to \$62.4 million, driven primarily by the sale of Rochedale North, the completion of two major Property Trust developments and a compression in capitalisation rates in the second half.

Investment EBIT, primarily from Washington H Soul Pattinson ('WHSP') was down 25.6% to \$44.6 million.

Brickworks' continues to outperform the All Ordinaries Accumulation Index in terms of Total Shareholder Return ('TSR') over most time horizons. TSR for the year to 31 July 2014 was 20.3%, compared to the All Ordinaries Accumulation Index of 16.6%. Over 15 years, Brickworks has delivered returns of 12.5% p.a., compared to index returns of 8.7% p.a.



Basic earnings per share ('EPS') were 69.4 cents, up from 57.6 cents per share for the prior year.

Directors have increased the final **dividend** by 1.0 cent per share to 28.0 cents fully franked. This follows an increase in the interim dividend by 0.5 cents per share and takes the full year dividend to 42.0 cents fully franked.

The record date for the final ordinary dividend will be 6 November 2014, with payment being made on 27 November 2014.

¹ Unless otherwise stated all earnings measures exclude significant items.

Financial Analysis

Gearing (debt to equity) was 18.1% at 31 July 2014, down from 19.7% at 31 July 2013. Total interest bearing debt ('TIBD') was \$326.0 million and Net Debt was \$304.8 million at 31 July 2014, down from \$319.9 million at the prior year end. Net debt to capital employed decreased to 14.5% from 15.7% the previous year.

Interest costs were down 4.1% to \$19.5 million for the year. **Total borrowing costs** were \$18.1 million, including the gain in mark to market valuation of interest rate swaps of \$1.4 million. Interest cover increased to 7.3 times at 31 July 2014, up from 6.6 times at 31 July 2013.

Working capital, excluding assets held for resale and short term debt, was \$172.7 million at 31 July 2014, a decrease of \$1.0 million compared to 31 July 2013.

Finished goods inventory decreased by \$10.6 million to \$128.5 million during the year, with significant reductions in Austral Bricks and Austral Masonry. Stock decreases accelerated in the second half as sales volumes increased and production levels were held relatively constant. Offsetting the reduction in inventory was an increase in trade debtors, reflecting the higher levels of trading activity. Average debtor days outstanding was 43.7 at 31 July 2014, in line with the prior year, but slightly above the Group target of 40 days.

Total net **cash flow** from operating activities was \$100.5 million, more than double the previous year. This primarily reflects the rebalancing of production and sales, with the prior year being adversely affected by an increase in finished goods

inventory. In addition, financial year 2014 benefitted from an increase in dividends and distributions received of \$10.0 million.

Building Products **capital expenditure** was \$33.2 million in the year ended 31 July 2014, up considerably from the restrained level of the prior year². Stay in business capital expenditure was \$17.7 million, representing 71.1% of depreciation. Growth capital expenditure was \$15.5 million, including spend on alternative fuels projects, installation costs for the Wetherill Park batching plant and plant upgrades at Rochedale in Queensland and Bellevue in Western Australia.

There were no **acquisitions** during the year.

The normalised **income tax** expense increased to \$23.8 million compared to \$16.2 million for the prior year, due to the increased earnings from the combined Building Products and Land and Development Groups.

Net tangible assets ('NTA') per share increased 5.1% to \$10.32 and Total Shareholders' Equity increased \$76.6 million to \$1.796 billion.

Return on equity for the twelve months to 31 July 2014 was 5.7%, up from 5.0% in the prior year. Over the longer term, Brickworks diversified corporate structure has provided stability of earnings and enabled prudent investments that have steadily built net asset value and underpinned superior total shareholder returns.

Significant items increased NPAT by \$1.5 million for the year. The benefits

² Excludes \$4.8 million in plant rebuild costs covered by insurance, primarily related to Rochedale in Queensland, due to a fire in the grinding plant.

associated with WHSP significant items were partially offset by \$2.8 million in costs associated with the restructuring proposal by Perpetual / Carnegie, a write down of

the Port Kembla property of \$2.6 million and some other minor restructuring items in the Building Products Group.

Significant Items (\$m)	Gross	Tax	Net
Costs relating to Perpetual / Carnegie proposal	(2.8)	0.9	(2.0)
Impairment of property, plant and equipment	(2.6)	0.8	(1.8)
Other Building Products significant items	(1.0)	0.3	(0.7)
Significant items relating to WHSP	5.0	1.0	5.9
TOTAL	(1.4)	2.9	1.5

Brickworks Building Products Group

Summary of FY2014 Housing Commencement

Estimated Starts ³	Detached Houses			Other Res			Total		
	Jun 14	Jun 13	Change	Jun 14	Jun 13	Change	Jun 14	Jun 13	Change
New South Wales ⁴	22,990	19,912	15.5%	30,586	24,738	23.6%	53,576	44,650	20.0%
Queensland	19,431	18,139	7.1%	16,011	11,278	42.0%	35,442	29,417	20.5%
Victoria	28,957	27,971	3.5%	21,203	22,923	-7.5%	50,160	50,894	-1.4%
Western Australia	22,440	18,544	21.0%	6,313	5,569	13.4%	28,753	24,113	19.2%
South Australia	7,813	6,405	22.0%	2,781	2,444	13.8%	10,594	8,849	19.7%
Tasmania	1,589	1,467	8.3%	246	373	-34.0%	1,835	1,840	-0.3%
Total Australia	104,056	93,256	11.6%	78,219	68,831	13.6%	182,275	162,087	12.5%
New Zealand ⁵	20,441	16,974	20.4%	2,829	1,809	56.4%	23,270	18,783	23.9%

Total dwelling commencements for Australia were up 12.5% to 182,275 for the twelve months ended 30 June 2014. This level of residential building activity is the highest in Australia for 20 years. Detached housing commencements increased 11.6% on the prior year, emerging from the cyclical low levels of recent years. The recovery in detached housing was broad-based, with all major states experiencing improved conditions. Despite the strong growth in 2014, detached housing commencements remain below the 25 year average.

Strong momentum in other residential activity continued, with commencements up 13.6%

to a new record high of 78,219 for the twelve months to 30 June 2014. Since the cyclical low point five years ago, other residential commencements in Australia have almost doubled. During the same period, detached house commencements have increased by only 12%. As a result, other residential developments now represent 42.9% of all residential commencements in Australia, up from 30.0% five years ago. The shift to other residential developments is consistent across all states, but most pronounced in New South Wales, Victoria and Queensland.

Conditions in **New South Wales** (including ACT) continue to improve, with total

3 Original data sourced from ABCCat. 8752.0 Number of Dwelling Unit Commencements by Sector, States & Territories (Sep 13, Dec 13 and Mar 14 quarters). June 14 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.

residential commencements up 20.0% on the prior year. Growth in this state continues to be fuelled primarily by other residential activity, up a further 23.6% to 30,586. Detached housing commencements were up 15.5%, with the growth in this market being particularly robust in the second half of the financial year.

Queensland experienced a strong increase in overall activity, with commencements up 20.5% to 35,442. Detached housing activity finally showed some signs of life, with commencements up 7.1% from the cyclical low levels of the prior year. Other residential activity sprang to life during financial year 2014, up a very strong 42.0% to 16,011.

Victoria was the only major state to experience a decline in total commencements for the year, driven by a reduction in other residential commencements of 7.5%. Detached housing commencements increased by a modest 3.5%, following three years of declines, and remains at historically low levels.

Residential building activity in **Western Australia** has rebounded sharply over the past two years and reached a new record high of 28,753 in financial year 2014. Strong growth was recorded in detached houses, up 21.0% and other residential dwellings, up 13.4%.

The resurgence in **New Zealand** continued, with building consents for the year ended 30 June 2014 increasing by 23.9% compared to the prior year.

The value of approvals in the **non residential** sector in Australia decreased by 0.4% to \$34.682 billion for the twelve months to 31 July 2014, compared to the prior year. Within the non residential sector, **Commercial** building approvals increased by 1.4% to \$13.931 billion for the period and **Industrial** building approvals decreased 12.5% to \$4.846 billion. The **Educational** sub-sector was up 10.9% to \$4.446 billion, reversing the declines in the prior year.

Building Products' Results in Detail

Year Ended July		2014	2013	Change	Change %
Revenue	\$mill	636.9	568.7	68.2	12.0
EBITDA	\$mill	70.0	58.5	11.5	19.8
EBIT	\$mill	45.1	32.8	12.3	37.4
Capital Expenditure ⁶	\$mill	33.2	17.7	15.5	87.6
EBITDA margin	%	11.0	10.3	0.7	6.9
EBIT margin	%	7.1	5.8	1.3	22.7
Return on Capital Employed	%	5.5	4.1	1.5	35.5
Return on Net Tangible Assets	%	8.3	6.2	2.1	34.4
FTE Employees ⁷		1,478	1,483	(5.0)	(0.3)
Safety (TRIFR) ⁸		161.7	153.2	8.5	5.5
Safety (LTIFR) ⁹		3.3	3.4	(0.1)	(3.8)

6 Excludes plant rebuild costs covered by insurance.

7 Includes casual employees.

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.

Revenue for the year ended 31 July 2014 was up 12.0% to a record \$636.9 million, compared to \$568.7 million for the prior year. Pleasingly, this level of growth outpaced the increase in building activity¹⁰ during the year.

EBIT was \$45.1 million, up 37.4% on the prior year, and **EBITDA** was \$70.0 million. Improved earnings were achieved on the back of strong growth in sales volume in the second half, increased pricing in some divisions, a range of operational efficiency measures and implementation of new business initiatives.

Despite the improved earnings in the twelve months to 31 July 2014, Building Products' Return on Capital Employed ('**ROCE**') of 5.5% remains below internal targets. At the end of the period the Building Products Group held \$269.0 million in goodwill and other intangible assets. Excluding this, the Return on Net Tangible Assets ('**RONTA**') was 8.3%, up from 6.2% in the prior year.

The second half of financial year 2014 finally saw a broad-based recovery in building materials demand, with sales in all divisions exceeding the previous corresponding period. The long-awaited recovery in detached housing was particularly noticeable with significant sales momentum being achieved in Austral Bricks and a return to sales growth for Bristile Roofing in the second half. The impact of improved volumes delivered a positive EBIT impact of \$9.7 million compared to the prior year. Of this \$7.3 million was attributable to the strong growth in the second half.

Total cost increases totalled \$24.5 million for the year, including input cost and inflationary increases of an estimated \$20.7 million. In

addition, production costs were adversely impacted by one-off plant impacts of \$3.8 million, primarily associated with capital works at Bellevue in Western Australia and Rochedale in Queensland, and issues with log input quality at Auswest operations in Western Australia.

Offsetting these increases, a number of cost reduction initiatives across the Group delivered an estimated \$6.3 million in savings compared to the prior year. These benefits arose from prior year site consolidation activities in Austral Masonry and Austral Precast and a range of other operational improvement and cost reduction projects, including the use of alternative fuels to reduce the impact of significantly higher gas prices.

These cost reduction projects follow a number of years of difficult restructuring, such as brick plant closures at Cardup in Western Australia and Riverview in Queensland. In addition, Brickworks has maintained a disciplined capital expenditure program, to establish and secure the lowest cost manufacturer position in most markets in which it operates.

Pricing outcomes were patchy across the Group, with a weighted average increase of 2.6% achieved¹¹, contributing an EBIT uplift of \$15.1 million compared to the prior year. The combined impact of price increases and cost reduction initiatives broadly offset input cost increases over the year.

Earnings in financial year 2014 also benefitted from a number of other business growth initiatives that delivered a total EBIT uplift of \$5.6 million compared to the prior year. These included resource recovery projects in conjunction with external partners

¹⁰ Weighted average level of building activity across residential and non residential sectors.

¹¹ Excluding product "tolling" arrangements and export volume.

(raw materials and alternative fuels), product “tolling” arrangements in both Austral Bricks and Austral Masonry, the identification of cost effective import opportunities and strong growth in export demand.

The growth in exports is particularly encouraging, with renewed interest from Japan and China and continued growth in demand from New Zealand. Going forward export growth is likely to be assisted by the lower Australian dollar and the removal of the embedded carbon tax cost.

Staff numbers decreased by 5 over the year to 1,478 full time equivalent (‘FTE’) **employees**. Despite the improved market conditions, Brickworks continues to maintain a pro-active approach to workforce sizing to ensure maximum efficiency across all functions of the business. Late in the year a significant restructure was undertaken to centralise workplace health and safety, marketing, research and development and operational support functions. Overall cost savings from the restructure are expected to be around \$2 to 3 million in financial year 2015, as a result of a reduced headcount and the improved allocation of resources and activities across the Group.

Brickworks has a strong track record of investing in people across all levels of the organisation. During the year 14 new employees joined the company as part of the graduate training program, taking the total number of participants in this program to 97 over the past decade. Over the past three years, 322 operational staff have undertaken Certificate III or Certificate IV education programs in competitive manufacturing. In addition, 7 senior executives have now completed the Executive Program at Stanford University. Together with Brickworks Alignment and Retention Share Scheme, these programs

have proven effective in reducing the level of staff turnover and aligning employees with the vision and goals of the company.

There were 9 Lost Time **Injuries** (‘LTIs’) during the year, in line with the previous year. This translated into a slight reduction in the Lost Time Injury Frequency Rate (‘LTIFR’) to 3.3. The Total Reportable Injury Frequency Rate (‘TRIFR’) increased to 161.7 from 153.2 in the prior year.

The Building Products Group continues to develop fashionable and market leading products to support its strategy of developing the leading style brand in the building products market, and therefore attract premium pricing and higher margins. During the year the company invested heavily in a high fashion branding campaign in conjunction with designer Camilla Franks and continued the roll-out of CBD design studios across all major capital cities.

In practice, the effectiveness of this strategy is demonstrated through successful collaboration with architects to deliver iconic projects such as the Frank Gehry designed Dr Chau Chuk School of Business at the University of Technology Sydney, the Australian Embassy in Bangkok and the Barangaroo Project in Sydney. Brickworks’ products also featured in four out of six winning projects at the recent Horbury Hunt awards that recognise excellence in the use of bricks, masonry and roofing products in architectural design.

Divisional Analysis

Austral Bricks delivered a 17.8% increase in earnings for the twelve months ended 31 July 2014. Sales revenue was up 17.4% to \$333.6 million, driven primarily by an increase in volume. Total sales volume was up by around 100 million bricks, taking total sales well above 600 million units for the year.

Price increases were patchy across the states. Excluding the impact of tolling and export volumes, solid increases were achieved in New South Wales, Queensland and South Australia. There was a reduction in average prices in Western Australia and relatively flat prices in Victoria.

Finished goods inventory was down by 16.6% during the year, with production volume held relatively constant despite the significant increase in sales volume.

New South Wales recorded a solid increase in earnings on the back of improved sales margins and a range of business improvement initiatives. Excluding the impact of product “tolling” arrangements, sales volume was also higher as a result of a very strong second half to the year.

Production costs remained steady compared to the prior year, due in part to an increase in the proportion of production from the lowest cost manufacturing plant. A small increase in throughput also contributed to improved efficiencies.

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.

Queensland delivered a significantly improved result, albeit from a low base, despite a minor decrease in local sales volume. The improvement has been driven by strong selling price increases and reduced overhead costs. Manufacturing costs were lower, supported by an increase in demand from New Zealand Brick Distributors that resulted in a slight increase in production volume.

Following the sale of “Rochedale North” in the first half, a major project to compress

the manufacturing footprint and improve efficiency is nearing completion. A staged upgrade of the plant will commence in December to reduce the cost of manufacture and ensure the viability of this business over the long term.

Earnings from **Victoria** were up on the prior year on the back of very strong sales growth, despite the flat market conditions. Austral Bricks market share has now returned to more historical levels, with the product range revamped successfully following the transition to the new Wollert factory. Production volume was held steady, despite the increase in sales volume, resulting in a significant reduction in stock levels during the year.

Earnings in **Western Australia** were down, despite an increase in volumes in line with the growth in residential building activity. The decrease in earnings was attributable to two key factors: a decrease in average pricing and shutdowns in two major production plants.

Market conditions in Western Australia remain difficult. In the face of uncommercial competition price increases were difficult to achieve. As a result average pricing was lower than the prior year.

Brickworks continue to make the necessary investments to ensure all plants are efficient and reliable. During 2014 this included a 4 month shutdown of the Bellevue plant to undertake a major refit. In addition the Malaga plant underwent a kiln roof repair in April. A refit of the Malaga plant will commence in financial year 2015 to reduce costs at this facility, including upgrades to the kiln, dryer and setter.

Earnings in **South Australia** were up significantly on the prior period, as a result

of an increase in selling price and strong growth in export volumes. Manufacturing cost was held steady, despite a decrease in production volume.

Tasmania delivered increased earnings, due primarily to a strong increase in local sales volume. Margins were held relatively constant, with average prices increasing despite the impact of a significantly higher proportion of volume builder sales compared to the prior year.

New Zealand Brick Distributors

delivered a strong uplift in earnings, with volumes benefiting from the continued momentum in residential activity in New Zealand during the year, including the Christchurch rebuild.

Austral Masonry earnings more than doubled over the prior year, supported by record sales revenue, up 32.4% to \$82.6 million. Sales volume was up 27.9% to more than 400,000 tonnes, due to a range of factors. These included the impact of prior period acquisitions, an increase in sales of premium block products into the residential segment, greater sales of engineered retaining walls and industrial paving products, and product “tolling” arrangements in place in Cairns.

In addition, a number of internal restructuring initiatives were implemented. These included significant overhead reductions across many operations, the closure of the inefficient Dandenong plant in Victoria and further productivity improvements at Prospect in New South Wales, following the consolidation of operations to that site in the prior year. Strong average selling price increases were achieved, up 8.2% excluding the impact of product “tolling”.

Bristle Roofing earnings increased 12.9%, despite a reduction in sales revenue, down 4.3% to \$100.4 million. This result was achieved on the back of cost reduction initiatives that resulted in improved margins, despite only modest price increases. Cost reduction initiatives included a significant overhead reduction in Caversham, where operations were restructured during the year, and benefits from the operations excellence program, particularly in Wacol.

Increased detached housing commencements across the country have been slow to translate into increased sales of roof tiles. This is due in part to a significant lag being experienced between a “recorded” commencement and the installation of tiles on site, a very competitive environment in Victoria, the nation’s largest roof tile market, and the ongoing threat of alternative roofing products in some regions.

Sales of imported La Escandella terracotta products continue to gather momentum, supplementing the locally manufactured concrete roof tile range on the East Coast.

Austral Precast earnings were also higher, with increases in New South Wales, Queensland and Western Australia partially offset by reduced earnings in Victoria. Sales revenue increased by 10.8% to \$70.3 million on the back of record sales volume for the year. Although precast remains a new business for Brickworks, the potential in most states appears to be beyond existing manufacturing capacity, with the current order bank in excess of six months sales volume.

An outstanding result was achieved in Queensland, with production capacity unable to meet the high level of demand. Opportunities to expand operations in that state are currently being considered. The New South Wales business is also experiencing very strong demand;

however earnings in financial year 2014 were adversely impacted by ongoing and intermittent issues since the flooding of the Wetherill Park site in the prior year. Performance in Western Australia improved dramatically in the second half following a restructure completed midway through the year. In contrast to the other states, demand in Victoria is very poor. In this state a large number of precast suppliers are competing in very subdued market conditions, with a historically low level of factory and industrial building activity.

A number of new products were commercialised during the year, supporting the strategy of offering a “whole of structure” building solution. New products include the “PermaTech” architectural range of panels that feature various applied finishes, as specified on landmark projects such as Barangaroo in Sydney.

A range of cost reduction projects were completed during the year, including the centralisation of a number of detailing and back office functions. A steel mesh plant was installed at Wetherill Park in the second half, further enhancing the efficiency of this plant.

Auswest Timbers earnings decreased, despite an increase in sales revenue, up 16.3% to \$49.8 million on record sales of around 60,000m3 for the year. Sales growth was due to a number of factors including the recommissioning of the Deanmill facility after significant disruption to operations in Western Australia during the prior year, pine batten demand on the East Coast and

hardwood batten demand on the west coast, strong export demand; and increased value added sales in Victoria.

Offsetting the improved volume was the challenging operating conditions in Western Australia where electricity costs were significantly higher due to increased capacity charges. In addition, operational efficiency in this state was adversely impacted by poor quality Jarrah log feedstock, resulting in lower production yields. A new grade of log was agreed with the Forests Products Commission late in the year that will resolve this issue going forward.

In Victoria, demand for value added product out of the Bairnsdale processing plant remains strong, with the growing demand for this high value product meaning that around 60% of output from Auswest Timbers’ Orbost mill is now directed to Bairnsdale for further processing.

During the year Auswest developed new ranges of large section timbers which are utilised by domestic and international furniture manufacturers for high valued furniture. Auswest’s unique range of hardwood products is now much sought after both domestically and in export markets with export revenue growing 88.6% compared to the prior year.

The rationalisation of the hardwood industry continues with significant competitors in Western Australia exiting the industry during the year, leaving Auswest as the only major supplier of Jarrah, Karri and Marri.

Land and Development

Land and Development produced an EBIT before significant items, of \$62.4 million for the year ended 31 July 2014, up 25.8% from \$49.6 million for the prior year.

Land Sales contributed an EBIT of \$21.0 million for the year compared to \$28.2 million in the prior year. The major transaction for the year was the sale of the first stage of Rochedale (“Rochedale North”) in Queensland into the Joint Venture Property Trust during the first half, providing a total profit of \$14.8 million. Other property sales for the year included former quarries at New Chum in Queensland and Buninyong in Victoria. In addition, Transgrid completed a compulsory acquisition of an easement over Horsley Park Plant 3 in New South Wales.

The improved result was primarily due to growth in the industrial **Property Trust**, generating an EBIT of \$43.4 million, up 78.8% from \$24.3 million in the prior year.

Net property income distributed from the Trust was \$13.0 million for the year, up from \$10.0 million in the year ended 31 July 2013.

The revaluation profit of stabilised Property Trust assets totalled \$11.5 million, up significantly from \$5.9 million due to compression in capitalisation rates of between 0.3% and 0.5%.

A significant EBIT of \$18.9 million was contributed through fair value adjustment and development profit following the completion of the expanded Coles cold store facility at M7 Business Hub and the fourth DHL facility at Oakdale Estate, both in New South Wales.

The total value of the Property Trust assets as at 31 July 2014 was \$979.0 million, with borrowings of \$381.5 million, giving a total net value of \$597.5 million. Brickworks’ share of the Trust’s net asset value was \$298.7 million up \$39.8 million from \$258.9 million at 31 July 2013. The change was primarily due to the sale of Rochedale North into the Trust, which increased assets by \$51.8 million, together with revaluations of existing and newly completed assets. This was offset by the sale of the expanded Toll facility in October 2013, which had net value to the Trust of \$16.5 million.

The royalty free period at Horsley Park Landfill ended in December 2013, enabling contributions to re-commence in January. **Waste Management** contributed a profit of \$1.4 million for the year, up from \$0.4 million in the prior year.

Property administration **expenses** totalled \$3.4 million, up slightly from \$3.3 million in the prior year. These expenses include holding costs such as rates and taxes on properties awaiting development.

Investments

The EBIT before significant items from Investments was down 25.6% to \$44.6 million in the year ended 31 July 2014.

Washington H. Soul Pattinson Limited ('WHSP')

ASX Code: SOL

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.

The normalised profit from this investment was \$44.4 million for the year, down from \$59.5 million in the year ended 31 July 2013.

The market value of Brickworks 42.72% shareholding in WHSP was \$1.530 billion at 31 July 2014, up 10.9% on the value at 31 July 2013. This investment continues to provide diversity and stability to earnings, with cash dividends of \$48.1 million received during the year.

WHSP has delivered outstanding results over the long term, delivering total shareholder returns of 13.0% p.a. over fifteen years, compared to the index return of 8.7% p.a.

Perpetual / M.H. Carnegie Proposal

A general meeting to consider the proposals put forward by Perpetual and Carnegie in October 2013 has been further postponed until 17 April 2015.

Reluctantly, Brickworks regards the further postponement as necessary because shareholders are not in a position to vote on the resolutions. In particular, Brickworks considers that the information provided to shareholders by Perpetual and Carnegie was incomplete, inaccurate and misleading at the time it was despatched in late 2013. That information is now also out of date. This is particularly the case given an ATO ruling was handed down in July 2014, rendering the meeting meaningless insofar as the proposals will not deliver the benefits claimed by the proponents.

Despite repeated requests by the Independent Board Committee of Brickworks and the withdrawal of the requisition for the related WHSP meeting, Perpetual and Carnegie have not agreed to cancel the Brickworks meeting.

The proposal from Perpetual and Carnegie has caused Brickworks to incur approximately \$2.8 million in costs during the twelve months to 31 July 2014. Of greater concern is the major distraction to management and staff, the full impact of which is difficult to quantify.

In the circumstances, Brickworks must continue with litigation to seek either the cancellation of the meeting or to ensure full and proper disclosure to shareholders.

Outlook

Building Products Group

The first half of financial year 2015 is likely to be the strongest market for more than a decade, with many customers reporting order banks that extend for up to a year. These conditions are being driven by the long awaited upturn in detached housing activity (particularly in New South Wales), combined with record levels of apartment construction. The latest detached housing approvals data remains strong and is still showing signs of growth in most states.

The strong market conditions are continuing to drive sales growth momentum, with year to date sales in all divisions currently exceeding the prior corresponding period, despite the impact of poor weather in New South Wales. Tempering this optimistic outlook is the very competitive nature of some markets where some competitors appear intent on increasing market share, as opposed to increasing profit.

Despite the removal of the carbon tax, Brickworks continues to face pressure from increasing gas prices, up by more than 100% over the past 6 years¹². With energy prices representing almost 20% of the cost of bricks, this impact has contributed to a reduction in Building Products margins to unacceptable levels. This is despite Brickworks' significant capital investment in a range of energy reduction and alternative fuels projects to minimise the impact.

To restore margins to acceptable levels all divisions will implement price increases as and when necessary during the year, with

Austral Bricks having implemented a price rise effective 1 July 2014.

During financial year 2015, major capital projects are planned at Malaga in Western Australia and Rochedale in Queensland and these projects will result in a short term impact to profitability. However these plant upgrades will significantly improve the cost position of these businesses and result in a much stronger competitive position going forward.

The Building Products Group expects to deliver an improved result in the first half of financial year 2015, on the back of continued sales growth and internal business improvement initiatives

Land and Development

The Property Trust has seen significant growth during the 2014 financial year with the completion of three new assets providing an additional 64,335m² of net lettable industrial space. This has already increased the value of the Property Trust and will provide greater rental returns into the future.

The development of the Oakdale Estate continues to be a major focus, with final infrastructure works complete to Oakdale Central. Approval for the Trust to upgrade the section of Old Wallgrove Road leading to the Estate is expected to be secured in the second half of calendar 2014, with construction to follow in 2015. Together with upgrade works to the main section of Old Wallgrove Road, to be completed by Roads and Maritime Services, these infrastructure projects will reinforce the status of the area as a prime location for logistics businesses and warehousing.

¹² Average across Brickworks operations.

Development of the Rochedale North estate will commence in late calendar 2014 to ensure delivery of the first pre-committed facility, totalling 12,912m², to Beaumont Tiles in late 2015. Tenant enquiry for this estate is already strong and the delivery of all infrastructure by the end of 2015 will assist in securing other pre-lease opportunities.

Land Sales will continue in financial year 2015 with the expected sale of the Riverview site in Queensland and the Port Kembla site in New South Wales. A number of small compulsory acquisitions, including 1.6 hectares at the rear of the Bellevue plant in Western Australia are also expected to occur.

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 has been delayed but is now expected to be released by the Growth Areas Authority before the end

of 2014. Significant progress has been made on the rezoning of Cardup, with the Structure Plan due to be exhibited by the end of 2014. Pending rezoning to residential, expected to take around one year, development of this site may commence in financial year 2016.

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 first half of the 2015 financial year. Property earnings are expected to be lower, with continued growth in net Property Trust income being offset by a reduced contribution from land sales. Investment earnings are expected to remain stable over the long term.

Lindsay Partridge
Managing Director

CONSOLIDATED RESULTS FOR THE YEAR ENDED 31 JULY 2014

\$ MILLIONS	July 14 12 mths	July 13 12 mths	Variance %
REVENUE			
Building Products	636.9	568.7	12.0
Land and Development	33.1	37.4	(11.5)
Other	0.3	0.5	(38.9)
Total	670.3	606.5	10.5
EBIT			
Building Products	45.1	32.8	37.4
Land and Development	62.4	49.6	25.8
Associates & Investments	44.6	60.0	(25.6)
Other & H.O.	(8.9)	(7.4)	21.1
Total EBIT (before significant items)	143.2	135.0	6.0
Total EBITDA (before significant items)	168.1	161.2	4.3
Interest cost	(19.5)	(20.3)	(4.1)
Mark to market valuation of swaps	1.4	1.5	(7.1)
Tax expense	(23.8)	(16.2)	47.3
Normalised NPAT	101.3	100.0	1.2
Significant items	1.5	(14.9)	N/A
NPAT (including significant items)	102.8	85.2	20.7
Per share Analysis			
Basic earnings per share (cents)	69.4	57.6	20.5
Interim ordinary dividend (cents)	14.0	13.5	3.7
Final ordinary dividend (cents)	28.0	27.0	3.7
Total full year dividend (cents)	42.0	40.5	3.7
Share price (31 Jul 14)	\$14.30	\$12.24	16.8
Net tangible assets (NTA)	\$10.32	\$9.82	5.1
Share price / NTA (times)	1.39	1.25	10.9

Total Shareholder Return to 31 Jul 2014 (Index return¹³)

1 year TSR %	20.3 (16.6)	10 year TSR % p.a.	6.7 (9.2)
5 year TSR % p.a.	5.5 (10.3)	15 year TSR % p.a.	12.5 (8.7)

12 All Ordinaries Accumulation Index.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 JULY 2014

	CONSOLIDATED	
	31 JUL 14	31 JUL 13
	\$000	\$000
CURRENT ASSETS		
Cash and cash equivalents	21,208	19,117
Receivables	98,273	88,938
Held for trading financial assets	-	29
Inventories	176,484	184,606
Land held for resale	13,079	5,939
Prepayments	8,320	8,611
TOTAL CURRENT ASSETS	317,364	307,240
NON-CURRENT ASSETS		
Inventories	8,134	8,233
Land held for resale	18,991	18,991
Investments accounted for using the equity method	1,423,299	1,339,751
Property, plant and equipment	431,842	429,860
Intangible assets	268,970	269,028
TOTAL NON-CURRENT ASSETS	2,151,236	2,065,863
TOTAL ASSETS	2,468,600	2,373,103
CURRENT LIABILITIES		
Payables	82,011	76,115
Interest-bearing liabilities	25,541	38,505
Derivative financial instruments	428	395
Income tax provision	97	109
Provisions	49,468	51,467
TOTAL CURRENT LIABILITIES	157,545	166,591
NON-CURRENT LIABILITIES		
Interest-bearing liabilities	299,999	299,566
Derivative financial instruments	2,588	4,038
Provisions	12,093	11,788
Deferred taxes	199,879	171,221
TOTAL NON-CURRENT LIABILITIES	514,559	486,613
TOTAL LIABILITIES	672,104	653,204
NET ASSETS	1,796,496	1,719,899
EQUITY		
Contributed equity	331,420	328,720
Reserves	323,558	302,841
Retained profits	1,141,518	1,088,338
TOTAL EQUITY	1,796,496	1,719,899

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 JULY 2014

	CONSOLIDATED	
	31 JUL 14	31 JUL 13
	\$000	\$000
Cash flows from operating activities		
Receipts from customers	687,941	618,324
Payments to suppliers and employees	(631,148)	(609,570)
Interest received	252	475
Borrowing costs	(19,427)	(18,373)
Dividends and distributions received	63,804	53,809
Income tax (paid) / refund	(940)	1,358
Net cash flows from / (used in) operating activities	<u>100,482</u>	<u>46,023</u>
Cash flows from investing activities		
Purchases of investments	(204)	(1,649)
Proceeds from the sale or return of investments	11,321	-
Purchases of intangible assets	(114)	-
Payment for business net of cash acquired	-	(3,955)
Proceeds from sale of property, plant and equipment	6,904	12,216
Purchases of property, plant and equipment	(43,042)	(26,490)
Net cash flows from / (used in) investing activities	<u>(25,135)</u>	<u>(19,878)</u>
Cash flows from financing activities		
Proceeds from borrowings	125,000	137,000
Repayment of borrowings	(138,000)	(98,000)
Net proceeds from issue / (repayment) of shares	-	(275)
Loan (to) / from other entity	440	(440)
Dividends paid	(60,696)	(59,866)
Net cash flows from / (used in) financing activities	<u>(73,256)</u>	<u>(21,581)</u>
Net increase / (decrease) in cash held	2,091	4,564
Cash at beginning of year	<u>19,117</u>	<u>14,553</u>
Cash at end of year	<u><u>21,208</u></u>	<u><u>19,117</u></u>

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Austral Bricks helps 'Build for a Cure'

Brickworks and its employees have long been a supporter of the vital work of the Children's Cancer Institute, researching the causes, prevention, better treatments, and ultimately a cure for childhood cancer.

As part of International Childhood Cancer Awareness month in September, the Children's Cancer Institute has held the first ever 'Build for a Cure' project which started on 8 September.

Build for a Cure is a major fundraising initiative which has seen a home in Sydney's west built and fully furnished within 21 days. Austral Bricks joined forces with McDonald Jones Homes to build the opulent 4 bedroom 'Havana One' home. The home sits on 500m² of land in Glenmore Park, donated by Wearn Brothers Group and will be auctioned by The Block's celebrity auctioneer, Damien Cooley on Sunday 26th October.

Supported by The Block's Scott Cam and former winners Brad and Lara, Build for a Cure has featured across mainstream media including onsite interviews on A Current Affair, Channel 9 Mornings program, live weather crosses on the Channel 9 Weekend Today program as well as radio coverage on 2GB.

Tradies from across Sydney converged on the site to ensure the home was constructed to a high standard and in record time.

The fundraising project uses the imaginative slogan "We don't need a miracle, just the funds to make it happen."

CCIA's executive director, Professor Michelle Haber AM, said she is "thrilled that Children's Cancer Institute is the beneficiary of Build for a Cure, a wonderfully innovative project" and "blown away by the generosity of our three key partners who are making this happen: McDonald Jones Homes, the Wearn Brothers Group and Austral Bricks."

Read more at buildforacure.org.au, where you can also make a personal donation to support the vital work of the Children's Cancer Institute Australia.

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Sydney's newest landmarks taking shape

Two major projects that will redefine Sydney are well underway, with one approaching its highly anticipated conclusion.

The new Business School at University of Technology Sydney, has attracted considerable media and public attention. Its main elevation is clad in brickwork and has been compared to a "crumpled paper bag."

The building is designed by Canadian-American "starchitect" Frank Gehry whose previous designs have long attracted controversy and ultimately adulation.

The brickwork demanded a method of construction never before contemplated, let alone realised. Most brick walls are vertical and straight. Curving a brick wall is relatively easy but having a wall that also slopes outwards at 26 degrees from the vertical was a massive challenge.

Bowral Bricks rose to the challenge and produced five special shaped bricks that fit into an ingenious system developed by engineers AECOM (with input from Brickworks technical, sales and production staff) that ties them into a backing wall ... all without falling over.

The facade construction concluded recently and the building is expected to be ready for its first students in early 2015.

Not far away, the Barangaroo project is converting a 22 hectare derelict waterfront site into a \$6 billion blend of residential, commercial and recreational precincts.

Austral Masonry's Magnumstone system is being used to construct 1.8 kilometres of retaining walls in Barangaroo Headland Park. The six hectare site fronting Sydney Cove will be open for public and community use, with unique tidal rock pools, lookouts, and walking and cycling tracks.

The giant blocks – the basic units weigh a massive 621 kilograms – are lifted into position using the boom of an excavator. Constructing a Magnumstone retaining wall couldn't be easier, according to Daniel De Chellis, site foreman for the constructor, Regal Innovations. "There's nothing hard about it. It's very straightforward."

Austral Precast is also delivering precast concrete panels into the project for the



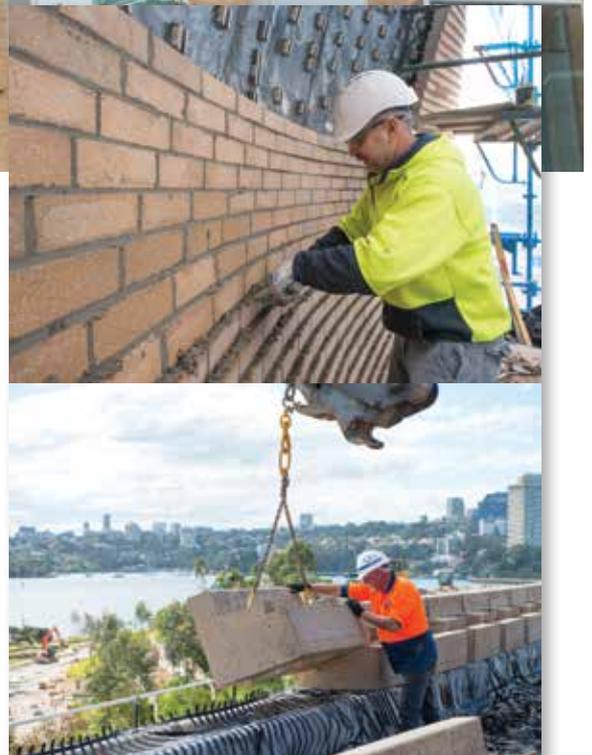
Above: The controversial brick facade of the Business School is an engineering tour de force.

Right: The bricklaying at UTS was painstakingly slow but has produced a spectacular result.

Below: Despite their massive size, Magnumstone blocks are easily and quickly lifted into position at Barangaroo Headland Park.

construction of the first two residential apartments on the site.

The Barangaroo Headland Park project is expected to be complete next year but construction in the commercial and residential precincts will continue until 2023.



WA Design Studio extends network

Brickworks Building Products has opened its fourth Design Studio, this time in Perth at 67 King Street, in a fine heritage building in the capital's fashionable west end.

Also in the street are Louis Vuitton, Chanel and Tiffany. The Design Studio is a showroom and selection centre for the Brickworks brands but with its uncluttered arrangement of low-key displays, it has more of a gallery ambiance.

The focus is on the informal gathering spaces that allow customers and studio consultants to discuss projects and requirements. The space will also host events and presentations that

will attract building industry professionals.

The Design Studio is an exciting development for Brickworks as it provides the company's building product brands with a premium street profile in a high end location.

The new Perth Design Studio joins those in Sydney, Melbourne and Adelaide, and the network will soon be completed with studios in Brisbane and Hobart.



La Paloma Euro style and sophistication

After the successful introduction of terracotta roof tiles from Spanish manufacturer La Escandella Ceramica, Brickworks has taken the next step and introduced a range of bricks from Spain, the La Paloma series, marketed under its Austral Bricks brand.

The new range continues and extends the revolutionary changes in brick design that began with metallic finishes such as the Elements series and the high gloss surfaces of the popular Burlesque and Dynasty ranges.

There are four colours in the La Paloma series: Miro, a clean white; Gaudi, a charcoal black; Picasso, a fiery and flamboyant red; and Dali, a soft, neutral dove grey.

The La Paloma revolution also extends to its size range. As well as the conventional Australian Standard brick size, the four colours will be available in two panoramic formats: a slimline 230 x 110 x 50mm high and a wide-format 290 x 110 x 76mm.

La Paloma bricks will be available through Austral Bricks' nationwide Design Centre network and selected resellers.



Above: The colours of La Paloma bricks are extremely clean and even.

Brickworks brands dominate architecture awards

Austral Bricks, Bowral Bricks and Austral Masonry scooped the pool at the 2014 Think Brick Awards. The winning entrants were announced at a gala event in Melbourne in August.

The Awards are conducted by Think Brick Australia in conjunction with the Roofing Tile Association of Australia and the Concrete Masonry Association. The cash prize pool totals \$50,000 plus a trip for two to the 2016 Venice Biennale flying business class for the Grand Prix winner.

Projects using Brickworks brands won the Grand Prix as well as three of the five categories.

The Grand Prix and the Horbury Hunt Commercial Award went to architects Bates Smart for the UNSW Kensington Colleges, a celebration of the diversity of brickwork and considered by the judges to be "a compelling suite of buildings that exploit the inherent qualities and innovative potential of brick to great effect."

The Horbury Hunt Residential Award went to the Aperture House by Brisbane architects Cox Rayner Architects in association with Twofold Studio, described by the judges as "a series of artful and finely crafted brick elements (that) create spaces, edges and openings that are inherently adaptable and atmospheric."

The newly-created Kevin Borland Masonry Award went to the Clayfield House, another Brisbane entry by architects Richards and Spence. This project made

extraordinary use of polished masonry throughout its minimalist interior.

Bristile Roofing's new Port Macquarie office was a finalist in the Roof Tile Excellence Awards, also newly created. It was commended for its creative use of roof tiles as a wall cladding.

Brickworks Building Products congratulates the winners and thanks all 281 entrants who made this year's Think Brick Awards such a success.



Above: UNSW's Kensington Colleges, a complex of five buildings accommodating 922 students, was the Grand Prix winner at the 2014 Think Brick Awards.

Right: Bristile Roofing's innovative new Port Macquarie office was a finalist in the roof tile section of the Think Brick Awards.

Wormy Chestnut

From furniture to flooring and fit-outs

Auswest Timbers new Victorian hardwood, Wormy Chestnut, is showing its versatility in a wide variety of applications.

Once considered a low value timber because of its unique character marks – no two sections of Wormy Chestnut are alike – these same features are now attracting attention from industry and consumers alike.

It recently had a starring role on The Block, Nine Network's popular renovation program. Contestants Chris and Jenna chose Wormy Chestnut for the treads of the U-shaped staircase in the apartment they were renovating.

The staircase was fabricated by Jamin Wheeler of Jamin Wheeler Staircases. Melbourne furniture manufacturer Total Bedroom is using Wormy Chestnut to make upmarket architectural quality furniture such as dining tables, buffets, entertainment units and bedroom furniture.

Owner Stace Karikas builds his furniture in a number of timber species, both imported and local, but his face lights up when he talks about Wormy Chestnut.

"It's the character of it, the grain feature, the natural worm holes and where the fires have gone through, all that smoke from the forest fires, and the bugs boring through it leaving their mark. It just looks alive!" Stace says enthusiastically.

Wormy Chestnut is gaining in popularity for commercial and retail fit-outs, such as the Schnitz fast food outlets located in numerous shopping centre food courts. Smaller fit-outs include Two Brothers, a Melbourne cafe, also make excellent use of Wormy Chestnut's distinctive character.



Above: This fine buffet highlights the qualities that have made Wormy Chestnut popular.

Left: The individual character of Wormy Chestnut is prominent in this cafe fit-out, Two Brothers in Mitcham VIC.

Slate-like roof tile sets a new benchmark

Bristile Roofing has introduced an exciting new addition to their La Escandella Ceramica range of premium quality, Spanish made terracotta roof tiles.

Planum Blackstone roof tiles combine a contemporary flat profile with a traditional slate-like texture and the timeless elegance of a deep charcoal grey colour.

They are flat and light with superior frost resistance, while still achieving a strength rating almost equal to that of stone. In addition, their unique weatherproofing design allows Planum Blackstone tiles to be laid on roofs with a pitch as low as 15 degrees.

Like all La Escandella Ceramica terracotta roof tiles, Planum Blackstone comes with Bristile Roofing's exclusive Colour for Life



Above: The slate-like texture of Planum Blackstone terracotta roof tiles is combined with a contemporary flat profile.

Warranty, which guarantees that the tile colour will not alter during its long life.

Planum Blackstone roof tiles are as at home in traditional designs as they are in

contemporary applications where the light slate-like texture subtly complements their simple geometry.

Heavyweight Champions

Pavement construction in Austral Masonry's Techpave 100 concrete pavers recently concluded at the extension to Patricks Container Terminal at Sydney's Port Botany.

The project required laying over 60,000 square metres of the heavy duty pavers by Perth-based specialists ACP Hardstand Solutions. The company used advanced mechanical laying equipment to speed construction and lower costs.

Although it may seem logical to use mass concrete or asphalt, concrete pavers offer considerable advantages in heavy duty applications such as this where containers will be stacked three high and accessed by 65 tonne automated straddle carriers.

Austral Masonry cast the pavers in a special mould that arranged them in the final laying pattern. The mechanical laying machine simply picked up a layer of the pavers from a pallet and deposited it into the pattern.

This was the first time ACP has used Austral Masonry's Techpave 100 heavy-duty concrete pavers with the resulting project an outstanding success. As well as ports, heavy-duty concrete pavers are also finding a ready market in airports, car parks, intermodal terminals, mining sites, and more.



Above: On site with ACP Hardstand's Ian Carswell (left) and Austral Masonry's Mark Webb.

The House of Bamboo

You may not have heard of salutogenic design. It's the concept that the quality of the built environment has an influence on our health.

At first glance, precast concrete seem to be an unlikely material for a healing environment but the mellow, tactile exterior of the Nepean Mental Health Centre in Penrith NSW says otherwise.

Substantial wall areas of the new treatment centre are decorated with an attractive bamboo pattern that is engraved into the precast concrete wall surface using a formliner, a process Austral Precast calls PermaForm, part of its PermaTech suite of precast concrete decorative finishes.

A patterned rubber liner is placed in the casting mould base. For this project it carried the bamboo pattern. A wide range of off-the-shelf formliners are available, as well as custom liners that are often created for logos.

The Nepean panels were finished on site using Austral Precast's PermaTint process. The top colour is a specially-formulated weathered green, underlaid by a gold-bronze base that in some light conditions becomes more prominent.

"The design sought to create a building that fits with the colour palette of the surrounding environment," explains Domenic Alvaro, principal of architects Woods Bagot. "The copper green colour and natural patina of the precast concrete panels has depth and tactility, providing a unique 'on weathering' finish that will continue to evolve over time."



Above: The Nepean Mental Health Centre walls are finished in an engraved bamboo pattern and coloured using Austral Precast's PermaTint system.

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