BRICKWORKS LIMITED

ABN 17 000 028 526

Full Year Results
31 July 2011

Brickworks delivers robust full year profit result

Highlights

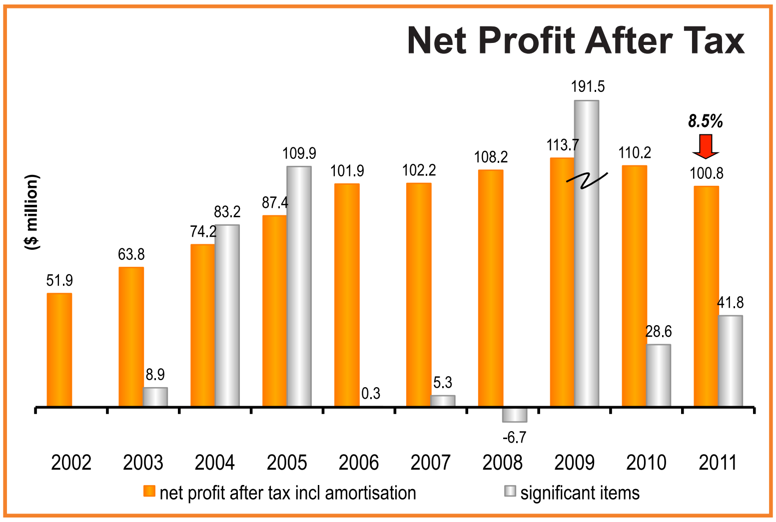
- Brickworks Normalised NPAT down 8.5% to $100.8 million
  - Building Products EBIT down 21.3% to $42.0 million
  - Land and Development EBIT up 2.8% to $29.2 million
  - Investments EBIT down 11.2% to $67.9 million
- Headline NPAT up 2.7% to $142.6 million
- Building Products Revenue up 4.2% to $604.9 million
- Net Debt $249.4 million, Gearing of 17.9%
- Borrowing costs down 13.5% to $21.2 million
- Final dividend of 27.0 cents fully franked

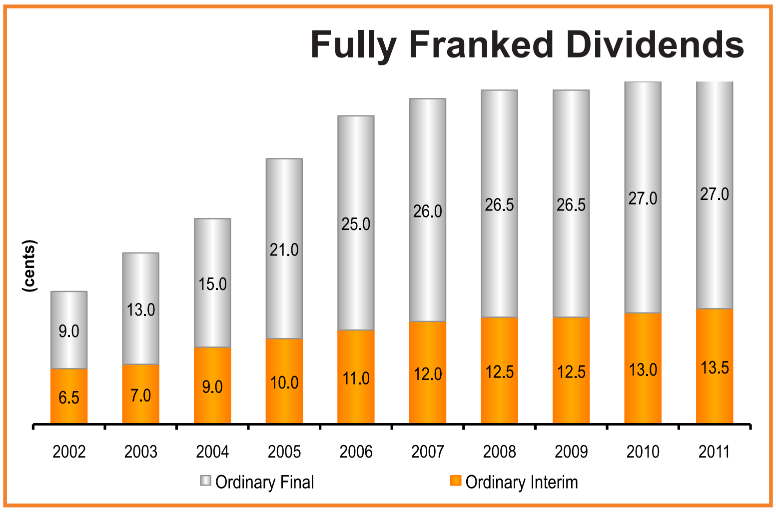
OVERVIEW

Brickworks (ASX: BKW) posted a **Normalised** net profit after tax ('NPAT') for the year ended 31 July 2011 of $100.8 million, down 8.5% from $110.2 million for the year ended 31 July 2010. After significant items, Brickworks' **Headline** NPAT was $142.6 million, up 2.7% from $138.8 million in the previous year.

Building Products earnings before interest and tax ('EBIT') in the second half was 38.2% down on the prior corresponding period. The full year EBIT was $42.0 million, down 21.3% on the prior year. **Land and Development** EBIT was up 2.8% to $29.2 million, primarily due to an increased contribution from the Property Trust. **Investment** EBIT was down 11.2% to $67.9 million, largely due to the impact of flooding in Queensland on the result of New Hope Coal.

Brickworks' overall result was achieved despite challenging conditions including the conclusion of the Federal government's stimulus programs, extreme weather events such as the floods in Queensland and a significant fall in detached housing commencements in every state. The result was assisted by both lower borrowing costs and tax expense.





Normal earnings per share ('EPS') were 68.3 cents per share, down from 76.7 cents per share for the previous year due to the lower earnings.

In a sign of confidence as to the underlying strength of the company the Directors have maintained the final **dividend** of 27.0 cents fully franked, taking the full year dividend to 40.5 cents fully franked, a 1.3% increase on the previous year.

The record date for the final ordinary dividend will be 23 November 2011, with payment being made on 1 December 2011.

FINANCIAL ANALYSIS

Gearing (debt to equity) reduced to 17.9% at 31 July 2011 from 18.2% at 31 July 2010. Total interest bearing debt ('TIBD') remained steady at $300.0 million and Net Debt was $249.4 million at 31 July 2011. Net debt to capital employed rose to 13.0% from 12.1% the previous year on a $22.7 million reduction in cash holdings.

Brickworks successfully negotiated renewal of its **senior bank debt** facility for a further 4 years on favourable terms. This new facility is due for maturity in June 2015. The company also has an undrawn working capital facility of $100.0 million that provides head room in the current unstable financial markets or additional financial capacity should an acquisition opportunity arise.

Borrowing costs decreased to $21.2 million, from $24.5 million the prior year, due to lower average debt levels. Interest cover was down marginally to 6.4 times, from 6.5 times at 31 July 2010.

Total net **cash flow** from operating activities was $89.0 million, down from $146.5 million in the previous year. Reduced proceeds from land held for resale of $47.1 million accounted for most of this decrease. In addition there was an increase in inventory of $12.7 million (excluding the inventory of acquired businesses). These amounts were slightly offset by reduced tax payments of $13.5 million compared with the prior year.

Dividends of $59.8 million were paid during the year, compared to $58.2 million in the previous corresponding period.

Capital expenditure increased to $35.7 million in the year ended 31 July 2011, excluding acquisitions. Stay in business capital expenditure was $19.1 million, representing 71.8% of depreciation. Growth capital expenditure was $15.7 million including upgrades to precast plants in New South Wales and Western Australia and the purchase of operational land for the Building Products division. Land and Development capital expenditure was $0.9 million.

Spending on **acquisitions** totalled $17.1 million for the year comprising the Girotto and Gocrete precast businesses and East Coast Masonry in Coffs Harbour.

Working capital, excluding assets held for resale, decreased by $17.8 million to $204.5 million mainly due to a decrease in receivables and cash holdings at the end of the year.

Finished goods **inventory** increased by $12.2 million to $115.5 million during the year, including the effect of businesses acquired during the period. Even though a number of plants were taken offline during the year, wet weather in June and July and continued deterioration in trading conditions caused a substantial stock build at year end.

Net Tangible Assets (NTA) per share increased by 1.5% to $9.42 per share as Total Shareholders' Equity increased $25.8 million to $1.676 billion.

Normal **tax expense** decreased 36.5% to $10.1 million during the year, on reduced Group EBIT.

Significant items increased NPAT by $41.8 million for the full year and are detailed in the following table.

Significant Items ($m)	Gross	Tax	Net
WHSP Equity Accounting – BKW share of significant items, including the sale of Arrow Energy Limited	88.7	(26.6)	62.1
Impairment of Austral Bricks Queensland assets	(9.7)	2.9	(6.8)
Costs associated with the restructure of Austral Bricks Victoria	(9.6)	2.9	(6.7)
Bristile Roofing West Coast – write-off obsolete plant	(3.1)	0.9	(2.2)
Acquisitions, legal and other	(6.6)	2.0	(4.6)
TOTAL	**59.7**	**(17.9)**	**41.8**

BRICKWORKS BUILDING PRODUCTS GROUP

Market conditions[1]

Total dwelling commencements for **Australia** were down 5.5% to 156,411 for the twelve months ended 30 June 2011, from 165,549 in the previous year. The decline was driven by detached housing, down 13.6% to 96,863 compared with 112,141 for the previous year.

There was a significant drop in activity in the second half, with total dwelling commencements for the six months to 30 June 2011 of 74,017, down 10.2% compared to the six months to 31 December 2010.

New South Wales experienced a 3.1% decrease in total dwelling commencements to 35,261, driven by an 8.4% reduction in detached houses, partially offset by a 2.6% increase in other residential commencements.

Queensland experienced the largest percentage decrease in total dwelling commencements of any state, down 20.3% to 26,443 for the twelve months ended 30 June 2011. The decrease was particularly significant in the second half in the aftermath of the severe flooding in south east Queensland. Total dwelling commencements for the six months to 30 June 2011 were 12,203, down 25.2% on the prior corresponding period.

Victoria was the only state to experience an increase in dwelling commencements, up 8.5% to a record high of 59,116 for the year ended 30 June 2011. There is evidence of the Victorian market softening with commencements for the second half to 30 June 2011 of 27,842 down 11.0% on the first half to 31 December 2010.

[1] Original data sourced from ABS Cat. 87500.0 Dwelling Unit Commencements, Australia, Preliminary, June 2011. Total data within table includes conversions.

Western Australia experienced a sharp decline in building activity with total commencements of 20,617, down 18.0% from 25,134 in the prior year. Detached houses were down 15.6% to 16,763 and other residential commencements were down 27.1% to 3,805.

New Zealand Market Conditions[2]
New Zealand building consents were down 16.3% for the 12 months ended 31 July 2011 to 13,539. This was primarily driven by a 25.6% reduction in the second half to 5,988.

The value of approvals in the **non residential** sector in Australia decreased by 30.9% to $27.594 billion for the twelve months to 30 June 2011 compared to the previous corresponding period. This decrease is related to the wind down of the BER program. Within the non residential sector, **Commercial** building approvals increased by 15.0% to $10.317 billion for the period and **Industrial** building approvals increased 17.9% to $3.629 billion. (See table below.)

BUILDING PRODUCTS RESULTS IN DETAIL

Year Ended July		2010	2011	Change%
Revenue	$mill	580.3	604.9	4.2
EBITDA	$mill	79.1	68.6	(13.3)
EBIT	$mill	53.4	42.0	(21.3)
Capital Expenditure	$mill	23.9	34.8	45.6
EBITDA margin	%	13.6	11.3	(2.3)
EBIT margin	%	9.2	6.9	(2.3)
Employees		1,414	1,395	(1.3)
Safety (TRIFR)[3]		169.8	216.1	27.3
Safety (LTIFR)[4]		3.0	3.5	16.7

Revenue for the year ended 31 July 2011 was up 4.2% to $604.9 million compared to $580.3 million for the prior year, due to additional revenue from acquisitions. A strong increase in revenue in the first half was offset by a 5.9% decline in second half revenue to $298.6 million. Revenue from like for like operations was down 5.6% for the year.

EBIT was $42.0 million, down 21.3% on the prior year. EBIT in the second half was weak, at $19.5 million, down 38.2% on the prior corresponding period.

The reduced EBIT result is entirely attributable to performance of Austral Bricks Queensland, and the Western Australian operations in the face of extremely depressed market activity. Excluding these businesses, the EBIT result was up 3.4% on the prior year.

The lower **EBIT to Sales Margin** was impacted by higher unit production costs as plant efficiencies were decreased by shutdowns throughout the year. Margins were also adversely impacted by increased brick transfers from interstate to meet the demand in Victoria, and an increase in electricity costs.

In addition, a dramatic increase in the proportion of sales from Austral Precast contributed to the lower margin. The supply and install nature of the precast business, similar to roofing, has generally lower profit margins than bricks, however being less capital intensive, compensates with less funds employed.

The ability of the business to achieve **selling price** increases to cover the increased costs was compromised by inconsistent pricing and irrational selling strategies in the market. This is likely to remain an ongoing problem with competitors fixing current prices in multi-year contracts with many builders.

To combat this, Brickworks continues to focus on developing market leading products and has delivered a range of new and innovative products that competitors cannot match, allowing Brickworks to attract premium prices. For example in New South Wales, over 50% of face brick sales last year were products designed and launched within the last five years.

Brickworks objective to be the **"easiest to do business with"** was supported by strong momentum in the retail and display upgrade strategy. Numerous initiatives were rolled out during the year, including the opening of new **Design Studios** in Sydney CBD, and Richmond, in inner city Melbourne. In addition a number of existing displays were upgraded including Townsville (Queensland), Punchbowl (New South Wales) and Tauranga (New Zealand).

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2 Building Consents data sourced from Statistics New Zealand – Building Consents, July 2011
3 Total Reportable Injury Frequency Rate (TRIFR) measures the total number of reportable injuries per million hours worked
4 Lost Time Injury Frequency Rate (LTIFR) measures the number of lost time injuries per million hours worked

Total **Employee numbers** were reduced by 19 over the year, however with an additional 146 employees joining the business due to acquisitions, a total of 165 staff, representing 11.7% of the workforce, were layed off during the year. Building Products revenue per employee increased by 5.7% to $433,620. This figure compares favourably to the building products operations of our peers.

The Total Reportable **Injury Frequency** Rate ('TRIFR') increased to 216.1 from 169.8 for the prior year. There were 10 Lost Time Injuries ('LTIs') during the year, compared with 8 in the previous year. The slight increase is primarily due to injuries sustained in the recently acquired operations. In fact, only 2 (of 12) divisions experienced an increase in the number of LTI's compared to the previous year, and 8 divisions had no LTI's at all. Brickworks is currently rolling-out OHS practices to improve safety standards in the recently acquired operations, in line with the rest of the Group.

Carbon Emissions

Brickworks has continually strived to reduce fuel consumption and lower carbon emissions, for commercial and environmental reasons. Based on NGERs data, Brickworks emitted 430,800 tonnes of CO_2 for the year ended 31 July 2011. This has been voluntarily reduced from 570,000 tonnes for the year ended 31 July 2003.

Brickworks continue to pursue significant reductions in energy consumption with a focus on three key themes: better factory utilisation; product re-engineering; and elimination of products with excessive emissions. When fully operational the combined Wollert plant in Victoria will achieve annual emissions savings of 115,000 tonnes of greenhouse gases, a reduction of around 65% compared to the facilities being replaced.

It is Brickworks intention to pass on the cost increases associated with the Carbon Tax to its customers, subject to the mechanism outlined in legislation. Based on the current emission levels, a carbon tax at $23 per tonne, and including Treasury estimates of 0.7% increases per year, this will result in price increases of up to 6%. Price rises will vary by product according to their carbon intensity.

DIVISIONAL RESULTS

Austral Bricks result was lower than the previous year due to lower demand, particularly in the second half. Overall sales revenue for the year ended 31 July 2011 was $329.7 million, down 4.7% compared to the prior year, due to the impact of the market downturn in Queensland and Western Australia.

New South Wales achieved a solid result, delivering improved profit and margins compared to the prior year. Demand from the BER and social housing stimulus programs came to a close midway through the year and volumes reduced significantly in the second half. Strong cost control measures resulted in decreased production costs compared to last year. All plants were run to match sales, with the unused capacity dedicated to manufacture supply shortfall for Victoria.

Queensland delivered a negative contribution for the year as market conditions deteriorated rapidly with new dwelling approvals in Queensland now at the lowest level since 2001. Even though both Rochedale and Riverview plants had lengthy shutdowns to bring production volumes in line with the reduced demand, stock levels increased and unit production costs and standing charges increased. These closures, together with inconsistent supply and quality resulted in a loss of market share during the year.

Led by a re-invigorated management team, a number of performance improvement initiatives have been introduced to address these issues. The product range has been revamped and now leads the market, with displays already upgraded. In addition, a review of the Rochedale plant is currently underway to determine the extent a refit is necessary to achieve a reduction in manufacturing cost and return the business to the undisputed lowest cost producer in the market.

Queensland operations will be consolidated onto one site at Rochedale with the Riverview plant being written-off during the year, in preparation for sale or transfer into a property trust. The Riverview plant was bought in 1999 for $14.1 million and to date has delivered a contribution of $37.7 million to the business.

Victoria maintained the prior year's strong profit result, despite volumes weakening in the second half. Building activity continued at record rates during the year and this was supported by interstate product transfers to meet customer demand. During the year, the Summerhill plant and Craigieburn kiln 2 were decommissioned.

The final part of the **Victorian Restructure**, the new Wollert West kiln was lit on 1 July 2011 and commissioning is proceeding to plan. This project is on time and on budget despite losing four months due to poor weather. Full extruded production is planned to commence by November and interstate transfers from New South Wales, South Australia and Tasmania will continue until that time. Pressed brick production will commence in February 2012.

At a capital cost of $130 million for the Wollert East and West plants and combined nominal capacity of 170 million Standard Brick Equivalents (‘SBEs’), the facility was constructed at a cost of $0.76/SBE of installed capacity, well below the industry average of around $1.00/SBE. This will provide a significant competitive advantage for the effective life of the plant and guarantee Austral’s undisputed position in Victoria as the lowest cost and highest quality producer.

Full production at the Wollert West plant will complete the rationalisation of the Victorian manufacturing footprint from seven older style inefficient kilns on three sites to two state of the art kilns on one site, delivering business simplification, a 65% reduction in production employees and 22% lower real manufacturing costs. Furthermore, the improved quality has allowed overall production capacity to be reduced by 24%.

In keeping with the long term business strategy, the rationalisation has also enabled Brickworks to make substantial profits from the sale of high value surplus land, reducing real capital employed by 70% and increasing returns on funds to over 20%.

Western Australia experienced a fall in sales volume and profits as a result of the poor market conditions and increased competition. Production plants were run well below capacity to reduce inventory build, adversely impacting manufacturing costs compared to the prior year.

The business has developed a number of higher margin products to counter the increased competition. A restructure of the business to improve production efficiencies and reduce the level of capital invested is currently being investigated.

South Australia delivered another improved result, despite a rapid deterioration in market conditions late in the financial year. The continued strong improvement is a direct result of the previous investment in refitting the plant at Golden Grove. Strong operational performance resulted in production costs decreasing 4.1% compared to the prior year, driving a 5.9% increase in margin.

Tasmania delivered an increased earnings contribution through significantly higher average selling prices, despite sales volume being slightly down on the previous corresponding period. Innovative, market leading products have proved popular, increasing market share and average selling price. Improved operational efficiencies resulted in a significant reduction in manufacturing costs. This performance was made possible by upgrades to the plant over recent years.

The **New Zealand** economy struggled again this year in the wake of the Christchurch earthquakes. Although sales were down compared with the prior year, profit was steady.

Bristile Roofing achieved another solid result, despite sales volume being down 4.2% to $123.8 million. The east coast operation recorded improved earnings, driven by average selling price increases and strong cost controls.

In Western Australia, profit was well down on the previous corresponding period. In the face of softening demand, plant shutdowns were required to manage inventory levels, resulting in higher unit production costs. A plant re-fit is planned to commence in October 2012, enabling increased quality and reduced production costs that will ensure a strong future for the Western Australian roofing business.

Austral Masonry once again delivered an improved profit result for the year, despite a significant downturn in trading conditions and fierce competition on the east coast. Sales revenue increased by 14.8% over the previous corresponding period to $55.2 million, due in part to a full year contribution from the Port Kembla plant. On a like for like basis sales volume decreased by 1.9% compared to the prior year.

Sales of pavers in particular were down, as retail sales were impacted by lower consumer confidence and falling house prices slowing the rate of household landscaping projects.

Average price increases of 2.7% were achieved, with significant increases on standard masonry products offset by marginal increases on coloured masonry and landscaping products due to heavy discounting in the market by competitors.

Austral Masonry’s product range was again expanded during the year with the launch of the Cornerstone retaining wall system. This product is ideal for use in larger scale projects, giving Austral Masonry access to several markets in which it did not previously compete.

The acquisition of East Coast Masonry in Coffs Harbour during the second half further expanded the Austral Masonry manufacturing footprint and provides an ideal location to serve the New South Wales central and mid north coast regions.

In 2006 Brickworks owned just one Masonry plant in Dandenong, Victoria. Since that time it has grown rapidly through the acquisition of a number of independent operators and is now established as the 3rd largest masonry manufacturer nationally and made a positive contribution to the Group result.

Austral Precast sales revenue was $56.6 million in its first full year of operations. The precast business delivered a solid result for the year ended 31 July 2011 with strong profitability on the East Coast and a significantly improved performance in Western Australia, compared to budget, despite closing for 2 months due to a plant upgrade.

Following the acquisition of Sasso Precast last year, Brickworks acquired the assets of the Girotto and Gocrete concrete panel businesses from Boral on 1 September 2010 for $14.2 million, including stock. The businesses have been successfully integrated and rebranded Austral Precast. Austral Precast is now the only national supplier in the precast concrete walling and flooring industry.

On the East Coast, Austral Precast has an automated production facility at Wetherill Park, Sydney and is investigating new automated plants for Melbourne and Brisbane. At Wetherill Park, the business is investing in concrete batching facilities to allow 24 hour operation. In addition the business is currently commissioning machinery that will allow production of double skin cavity walls for basements, a new product in the Australian walling market.

Austral Precast also has the only automated precast plant in Western Australia. A plant upgrade completed during the year added the capability to manufacture walling products efficiently in the automated plant and will lead to lower production costs. The Western Australian business has developed a promising order book and is well placed for future growth.

Auswest Timbers delivered a steady result for the year ended 31 July 2011 despite sales revenue decreasing 6.0% to $36.1 million compared to the previous year, due to soft domestic market conditions for green structural products. Higher returns from an improved sales mix assisted the business to achieve a 5.9% lift in average selling prices and a 3.4% increase in margin.

Further advances were achieved in sales of higher margin kiln dried products, as these products made strong gains in brand recognition and market share. UK export volumes increased despite the impact of higher exchange rates. Auswest has recently introduced a pre-finished flooring range with excellent market response to date.

LAND AND DEVELOPMENT

Land and Development produced an EBIT of $29.2 million for the year ended 31 July 2011, up 2.8% from $28.4 million in the previous corresponding period.

Property Sales contributed an EBIT of $16.3 million for the year.

The major transaction for the year was the sale to Hewlett Packard of land on the M7 Business Hub Estate for gross proceeds of $18.8 million. A number of smaller transactions also took place.

The **Property Trust** generated an EBIT of $12.5 million, up from $10.3 million in the year ended 31 July 2010. Distributions from the Property Trust were $7.1 million for the year, in line with the prior year with no new properties added. Revaluation profit totalled $4.7 million, up from $2.8 million in the previous year. Capitalisation rates have stabilised between 7.75% and 8.5%.

The sale of two lots from a six lot sub-division owned by the Heritage Trust JV on the M7 Business Hub Estate delivered a $0.7 million profit.

The total value of the Property Trust assets as at 31 July 2011 was $611.4 million, with borrowings of $243.5 million, giving a total net value of $367.9 million. Brickworks share of the Trust's net asset value was $184.0 million up $8.0 million from $176.0 million at 31 July 2010.

Waste Management contributed a profit of $2.5 million from operations at Horsley Park in New South Wales, up $0.8 million compared to the previous corresponding period.

INVESTMENTS

The EBIT from total investments was down 11.2% to $67.9 million in the year ended 31 July 2011.

Washington H. Soul Pattinson Limited (‘WHSP’)

ASX Code: SOL

The normalised profit from this investment was $66.2 million for the year, down from $74.0 million in the year ended 31 July 2010.

The market value of Brickworks 42.85% shareholding in WHSP remained steady at $1.322 billion at 31 July 2011. This investment continues to provide diversity and stability to earnings, with cash dividends totalling $48.6 million, including a $12.8 million special dividend, received during the current year.

WHSP has a compound annual Total Shareholder Return (‘TSR’) for the last 15 years of 11.5%, compared with the ASX All Ordinary Accumulation Index, that returned 9.1% over the same period.

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

OUTLOOK

Building Products Group

Increasing interest rates and global uncertainty affecting investor confidence have caused a severe housing downturn. Unless there is a move to less restrictive monetary policy or a reduction in taxation and regulation on housing, there is unlikely to be an improvement. There is no indication that housing approvals have reached the bottom of the current cycle. Based on June and July seasonally adjusted figures they are running at an annualised rate of 146,000. Given that commencements are typically around 5% below approvals, Brickworks estimates housing starts for FY2012 will be 141,000.

A number of state governments have implemented schemes to stimulate the housing industry such as first home owner bonuses and / or stamp duty concessions in Victoria, New South Wales and South Australia. Initial sales reports are positive since the 1st August implementation of the long awaited Queensland government grant of $10,000 for new home purchases under $600,000.

The acceleration of land release programs and a review of planning legislation in New South Wales and Victoria are also welcome, however in a number of markets there remains a shortage of titled land.

The outlook for the New Zealand market is much improved with the Christchurch rebuild set to commence in FY2012 and the withdrawal of a competitor from this market.

A significant capital expenditure program over the past few years has enabled Brickworks to further strengthen its lowest cost manufacturer position in most markets in which it operates. The large capital projects on existing plant are almost complete and future expenditure will be “stay in business” capital and remain equal to or less than annual depreciation. Business growth projects and acquisitions however will continue to be undertaken as opportunities arise.

Maximising Profit in Difficult Conditions

In light of the dire condition of the housing industry and the failure of the federal government to act, Brickworks is undertaking additional initiatives to maintain earnings.

A significant **cost reduction** program is underway, with $17.9 million worth of savings identified last year that have not yet fully flowed through. In addition, a further $13.7 million worth of full year savings have been identified this year. Unfortunately these savings include the loss of many valued and long serving employees. In addition to the 165 employees layed off last year, a further 74 have been identified since year end. In total, the program has identified the loss of 239 people, representing around 17% of the total workforce.

A number of plants will **operate below capacity**, be on standby, or mothballed to ensure production is in line with demand and inventory levels are maintained. With an estimated brick production for the year of around 700 million SBE’s and a total production capacity of 950 million SBE’s, Brickworks will operate at 74% utilisation.

In order to improve margins, **price rises** will be implemented on a rolling basis throughout the year. Most divisiones have implemented a price rise in June 2011 with further rises planned to deliver average selling price increases of 5-10% compared to the prior year.

Land and Development

The first half of FY2012 will see the completion of three Property Trust projects including two DHL facilities totalling 36,000m2 on the Oakdale site. The existing Linfox facility at Erskine Park is also being extended by 15,000m2 and is due for completion in December 2011. The conclusion of these projects will provide additional rental returns and capital growth for the Property Trust.

The demand for new site developments is improving from a weak base across the broader market and the location of the properties continues to attract tenants relocating from other areas. Expansion options for facilities are also being pursued by a number of our larger tenants.

Land sales are proving to be resilient with interest shown in the remaining four smaller lots on the M7 Hub Estate and a number of Queensland properties.

Work continues on rezoning numerous surplus sites already identified for development including Craigieburn in Victoria, Rochedale in Queensland and Cardup in Western Australia. Progress on Craigieburn is expected to be slow, as a result of the review of the entire Victorian planning process. A decision on the Rochedale site is expected by December 2011. The rezoning application and lodgement for the Cardup site is planned for mid 2012.

Investments

The value of Brickworks investment in WHSP, including its exposure to the highly profitable mining sector through its stake in New Hope Coal (“NHC”), is at times unrecognised in valuations of the company. The market value of the Brickworks shareholding in WHSP alone is approximately equal to the current total Brickworks market capitalisation.

Brickworks Group

The forecast decline in housing activity will result in another challenging year for the Building Products Group. This challenge is being met head on with an aggressive cost reduction programme.

Strong contributions from both Land and Development and Investments are expected to largely offset any weakness in Building Products earnings.

CONSOLIDATED RESULTS
FOR THE YEAR ENDED 31 JULY 2011

$ MILLIONS	31 JULY 10	31 JULY 11	Variance %
REVENUE			
Building Products	580.3	604.9	4.2
Property & Waste	73.8	29.0	(60.7)
Other	2.4	1.7	(29.2)
Total	**656.5**	**635.6**	**(3.2)**
EBIT			
Building Products	53.4	42.0	(21.3)
Land and Development	28.4	29.2	2.8
Associates & Investments	76.5	67.9	(11.2)
Other & H.O.	(7.7)	(7.1)	7.8
Total EBIT	**150.5**	**132.0**	**(12.3)**
Total borrowing cost	(24.5)	(21.2)	13.5
Tax expense	(15.9)	(10.1)	36.5
Normalised NPAT	**110.2**	**100.8**	**(8.5)**
Significant items			
WHSP (significant items) (pre-tax)	-	88.7	
Other (pre-tax)	(14.4)	(29.0)	
Non-regular tax (expense) benefit	43.0	(17.9)	
NPAT (including significant items)	**138.8**	**142.6**	**2.7**
Normal earnings per share (cents)	76.7	68.3	(11.0)
Earnings per share (cents)	96.7	96.7	0.0
Interim ordinary dividend (cents)	13.0	13.5	3.9
Final ordinary dividend (cents)	27.0	27.0	0.0
Total full year dividend (cents)	40.0	40.5	1.3
NTA/Share	$9.28	$9.42	1.5

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 JULY 2011

	31 JULY 10 $000	31 JULY 11 $000
CURRENT ASSETS		
Cash assets	73,353	50,617
Receivables	98,761	83,639
Held for trading financial assets	15	14
Inventories	139,265	153,575
Land held for resale	6,340	1,249
Tax receivable	3,418	3,606
Prepayments	5,526	5,864
Derivative financial instruments	-	139
TOTAL CURRENT ASSETS	**326,678**	**298,703**
NON-CURRENT ASSETS		
Receivables	201	201
Inventories	8,533	8,372
Land held for resale	23,742	23,742
Equity accounted investments	1,189,126	1,211,298
Property, plant and equipment	432,069	450,520
Intangible assets	283,920	285,650
TOTAL NON-CURRENT ASSETS	1,937,591	1,979,783
TOTAL ASSETS	**2,264,269**	**2,278,486**
CURRENT LIABILITIES		
Payables	68,832	58,863
Provisions	29,908	34,755
TOTAL CURRENT LIABILITIES	**98,740**	**93,618**
NON-CURRENT LIABILITIES		
Interest-bearing liabilities	299,285	297,929
Derivative financial instruments	1,404	1,755
Provisions	25,964	25,397
Deferred taxes	188,942	184,041
TOTAL NON-CURRENT LIABILITIES	**515,595**	**509,122**
TOTAL LIABILITIES	**614,335**	**602,740**
NET ASSETS	**1,649,934**	**1,675,746**
EQUITY		
Contributed equity	322,666	325,018
Reserves	367,217	296,396
Retained profits	960,051	1,054,332
TOTAL EQUITY	**1,649,934**	**1,675,746**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2011

	31 JULY 10 $000	31 JULY 11 $000
Cash flows from operating activities		
Receipts from customers	625,738	680,020
Payments to suppliers and employees	(578,665)	(647,630)
Proceeds from land held for resale	65,877	18,750
Interest received	2,438	1,717
Borrowing costs	(21,285)	(19,513)
Dividends and distributions received	67,391	57,113
Income tax paid	(14,987)	(1,435)
Net cash flows from / (used in) operating activities	**146,507**	**89,022**
Cash flows from investing activities		
Purchases of investments	(16,102)	(3,153)
Proceeds from the sale of investments	2,504	6
Payment for business acquisition	(53,087)	(17,110)
Proceeds from sale of property, plant and equipment	6,164	4,644
Purchases of property, plant and equipment	(25,191)	(35,656)
Net cash flows from / (used in) investing activities	**(85,712)**	**(51,269)**
Cash flows from financing activities		
Proceeds from borrowings	30,000	70,000
Repayment of borrowings	(130,000)	(70,000)
Net proceeds from issue / (repayment) of shares	173,980	(10)
Loan (to) / from other entity	(21,180)	(714)
Dividends paid	(58,158)	(59,765)
Net cash flows from / (used in) financing activities	**(5,358)**	**(60,489)**
Net increase / (decrease) in cash held	**55,437**	**(22,736)**
Cash at beginning of year	17,916	73,353
Cash at end of year	**73,353**	**50,617**