

23 March 2016

Australian Securities Exchange
Attention: **Companies Department**

BY ELECTRONIC LODGEMENT

Dear Sir / Madam

Please find attached the Brickworks Limited Appendix 4D for the half year ended 31 January 2016, incorporating the interim financial report for that period, for immediate release to the market.

Yours faithfully

BRICKWORKS LIMITED



Susan Leppinus

Company Secretary

Proudly supports



ASX Appendix 4D

Lodged with the ASX in accordance with Listing Rule 4.2A.3

BRICKWORKS LIMITED

A.B.N. 17 000 028 526

Half Year Report Results for announcement to the market

Reporting period: 6 months ended 31 January, 2016

Previous corresponding period: 6 months ended 31 January, 2015

		CURRENT PERIOD 31 JAN 16	PREVIOUS PERIOD 31 JAN 15
Revenues from ordinary activities (\$000's)	UP 3.0% TO	359,989	349,616
Net profit after tax before significant items (\$000's)	UP 19.4% TO	75,029	62,826
Profit (loss) from ordinary activities before tax attributable to members (\$000's)	UP 69.6% TO	93,910	55,368
Profit (loss) from ordinary activities after tax attributable to members (\$000's)	UP 82.2% TO	76,914	42,204
Net profit (loss) for the period attributable to members (\$000's)	UP 82.2% TO	76,914	42,204
Basic earnings per share (cents per share)	UP 81.8% TO	51.8	28.5
Net tangible assets per share (cents per share)	UP 3.3% TO	1,075.3	1,041.3

Comments on above results

HIGHLIGHTS

DIVERSIFIED PORTFOLIO PRODUCES ANOTHER STRONG RESULT

- Brickworks statutory NPAT including significant items up 82.2% to \$76.9 million
- Underlying NPAT before significant items up 19.4% to \$75.0 million
 - Building Products EBIT up 24.9% to \$32.6 million
 - Land and Development EBIT up 17.3% to \$45.4 million
 - Investments EBIT down 11.0% to \$26.8 million
- Net debt/capital employed of 12.5%, net debt of \$264.3 million
- Interim dividend of 16.0 cents fully franked, up 6.7%
- One year total shareholder return of 29.3%

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

This information should be read in conjunction with the most recent annual report.

This report is based on accounts which have been subject to review. There was no dispute or qualification in relation to these accounts or report.

BRICKWORKS LIMITED

A.B.N. 17 000 028 526

ASX Appendix 4D Half Year Report

DIVIDENDS

ORDINARY SHARES	Cents per share (cents)	Franked amount per security (cents)	Total amount paid / payable (\$000's)	Foreign source dividend per security (cents)
Proposed interim ordinary dividend (payable 3 May 2016)	16.0	16.0	23,798	0.0
Record date for determining entitlements to the dividend			12 April 2016	
Previous corresponding period (paid 5 May 2015)	15.0	15.0	22,261	0.0

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

BRICKWORKS

LIMITED

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

INTERIM FINANCIAL REPORT

HALF YEAR ENDED 31 JANUARY 2016

DIRECTORS' REPORT

The Directors of Brickworks Limited present their report and the financial report of Brickworks Limited and its controlled entities (referred to as the Brickworks Group or the Group) for the half year ended 31 January 2016.

Directors

The names of the Directors in office at any time during or since the end of the half year up to the date of this report are:

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

Review of Operations

Highlights¹

Diversified portfolio produces another strong result

- Brickworks statutory NPAT including significant items up 82.2% to \$76.9 million
- Underlying NPAT before significant items up 19.4% to \$75.0 million
 - Building Products EBIT up 24.9% to \$32.6 million
 - Land and Development EBIT up 17.3% to \$45.4 million
 - Investments EBIT down 11.0% to \$26.8 million
- Net debt/capital employed of 12.5%, net debt \$264.3 million
- Interim dividend of 16.0 cents fully franked, up 6.7%
- One year total shareholder return of 29.3%

Overview

Brickworks Group (ASX: BKW) posted a statutory Net Profit After Tax ('NPAT') for the half year ended 31 January 2016 of \$76.9 million, up 82.2% on the previous corresponding period, with the prior period adversely impacted by impairments. Underlying NPAT of \$75.0 million was up 19.4% from \$62.8 million for the half year ended 31 January 2015.

On record sales revenue of \$358.0 million, **Building Products'** underlying earnings before interest and tax ('EBIT') was \$32.6 million, up 24.9% on the previous corresponding period. Earnings across all divisions improved, through an increase in sales volume and prices, and improved production efficiencies.

Land and Development EBIT was \$45.4 million for the first half, driven primarily by a strong revaluation profit in the Joint Venture Industrial Property Trust² ('Property Trust').

Investments EBIT, including the underlying contribution from Washington H Soul Pattinson ('WHSP'), was down 11.0% to \$26.8 million. This was due primarily to the impact of low coal prices on the earnings of New Hope Corporation.

Underlying earnings per share ('EPS') were 50.5 cents, up 19.1% from 42.4 cents for the previous corresponding period.

Directors have declared a fully franked interim **dividend** of 16.0 cents per share for the half year ended 31 January 2016, up 6.7% from 15.0 cents. The record date for the interim dividend will be 12 April 2016, with payment on 3 May 2016.

¹ Unless otherwise stated all earnings measures exclude significant items

² The Joint Venture Industrial Property Trust is a 50/50% partnership between Brickworks and Goodman Industrial Trust

DIRECTORS' REPORT

Total shareholder return ("TSR") for the year to 31 January 2016 was 29.3%, representing a 34.0% outperformance compared to the All Ordinaries Accumulation Index of -4.7%. Over 15 years, Brickworks has delivered returns of 11.4% per annum, compared to index returns of 7.2% per annum.

Financial Analysis

Gearing (debt to equity) was 16.2% at 31 January 2016, down from 17.8% at 31 July 2015. Total interest bearing debt decreased to \$300.0 million and net debt declined to \$264.3 million at 31 January 2016. Net debt to capital employed was 12.5% at the end of the period.

Interest costs were down to \$7.0 million for the half on the reduced debt level. Total borrowing costs were \$6.8 million, including the gain in mark to market valuation of swaps of \$0.2 million. Interest cover was a conservative 14.2 times at 31 January 2016.

Working capital, excluding land held for resale, was \$189.9 million at 31 January 2016, an increase of \$37.0 million compared to 31 July 2015. This was due primarily to a reduction in tax provisions, together with an increase in cash and stock on hand.

During the half **finished goods inventory** increased by \$3.9 million, with most factories operating through the Christmas and New Year holiday period to build stock to meet the strong order book. The finished goods inventory across the business represented 3.6 months sales at the end of the period.

Total **cash flow from operating activities** was \$92.0 million, up 35.6% from \$67.9 million in the previous corresponding period. Excluding the impact of the distribution following the sale of the Coles Cold Distribution Centre ("Coles CDC") including the related tax payment and the benefit of property sales in the prior period, operating cash flow was relatively steady.

Total **cash outflow from investing activities** was \$9.7 million. This includes a capital return of \$21.1 million from the Coles CDC sale, offset by re-investments of \$13.0 million into the Property Trust and capital expenditure in Building Products and Land and Development.

Building Products **capital expenditure** increased to \$18.8 million, from \$16.5 million in the previous corresponding period. Stay in business capital expenditure was \$13.7 million, in line with depreciation. Spend on major growth projects totalled \$5.1 million, primarily consisting of upgrades to the Rochedale plant in Queensland.

The underlying **income tax expense** for the period increased to \$16.9 million compared to \$14.8 million for the previous corresponding period, due to the increased earnings from the combined Building Products and Land and Development Groups.

Net tangible assets ('NTA') per share was \$10.75 at 31 January 2016, up from \$10.59 at 31 July 2015 and total shareholder's equity was up \$27.7 million to \$1.852 billion.

Return on equity of underlying earnings for the half was 8.1%, up from 7.0% in the prior corresponding period. 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 long term shareholder returns.

Significant items increased NPAT by \$1.9 million for the half year. Brickworks share of WHSP significant items for the period was \$6.4 million, consisting mainly of a partial realisation of the increased value of TPG, largely offset by impairments against oil and copper assets. Other significant items include site relocation charges at Rochedale in Queensland, costs associated with the Perpetual litigation and other Building Products items such as decommissioning costs at the Bowral dome kiln in New South Wales.

Significant Items (\$m)	Gross	Tax	Net
Significant items relating to WHSP	6.4	(1.4)	5.0
Site relocation	(1.2)	0.4	(0.8)
Costs relating to Perpetual litigation	(0.7)	0.2	(0.5)
Other Building Products items, including restructuring	(2.6)	0.8	(1.8)
TOTAL	1.9	0.0	(1.9)

DIRECTORS' REPORT

Perpetual Litigation Update

On 20 February 2015, Brickworks announced that Perpetual and Carnegie had agreed to the cancellation of the general meeting of shareholders and Carnegie had withdrawn its cross-claim against Brickworks and WHSP. On the basis the general meeting of shareholders would be cancelled Brickworks agreed with Perpetual to put a resolution to the 2015 Annual General Meeting regarding the proposed nomination of Ms Elizabeth Crouch as a director. A resolution concerning the proposed nomination of Ms Crouch as a director was subsequently put to the 2015 Annual General Meeting but was not approved.

The cross-claim brought by Perpetual against Brickworks and WHSP is continuing. The discovery process is proceeding.

The Perpetual litigation has caused Brickworks to incur approximately \$0.7 million in costs during the 6 months to 31 January 2016.

Brickworks Building Products

Summary of Housing Commencements – 6 Months to December 2015

Estimated Starts ³	Detached Houses			Other Res			Total		
	Dec 15	Dec 14	Change	Dec 15	Dec 14	Change	Dec 15	Dec 14	Change
New South Wales ⁴	14,839	13,610	9.0%	19,350	16,525	17.1%	34,189	30,135	13.5%
Queensland	11,741	11,608	1.1%	11,488	9,920	15.8%	23,229	21,528	7.9%
Victoria	17,598	16,869	4.3%	15,614	14,589	7.0%	33,212	31,458	5.6%
Western Australia	10,491	12,608	(16.8%)	3,747	4,400	(14.8%)	14,238	17,008	(16.3%)
South Australia	3,953	4,146	(4.7%)	1,390	1,434	(3.1%)	5,343	5,580	(4.2%)
Tasmania	1,075	1,075	0.0%	197	262	(24.8%)	1,272	1,337	(4.9%)
Total Australia⁵	60,204	60,344	(0.2%)	52,164	47,990	8.7%	112,368	108,334	3.7%
New Zealand ⁶	13,516	11,892	13.7%	1,559	1,205	29.4%	15,075	13,097	15.1%

Total dwelling commencements for Australia were up 3.7% to 112,368 for the six months ended 31 December 2015. This level of residential building activity is the highest on record in Australia, and has been driven by unprecedented growth in other residential commencements.

Following two years of steady growth, detached housing commencements have plateaued, with continued momentum in the major east coast states being offset by weakness in Western Australia. Although the current level of detached house building exceeds the 25 year average, it remains below recent peaks.

The strong momentum in other residential activity has continued, with commencements up a further 8.7% to a new record high of 52,164 for the six months to 31 December 2015. This level of other residential activity is more than double the levels recorded six years ago. Other residential developments now represent over 45% of all residential commencements in Australia, up from less than 30% six years ago.

Conditions in **New South Wales** (including ACT) continue to improve, with total residential commencements up 13.5% to 34,189 for the six months to 31 December 2015. Strong growth was recorded in detached houses, up 9.0% and other residential, up 17.1%.

Queensland experienced an increase in overall activity, with commencements up 7.9% on the prior corresponding period. Driving growth in this state was other residential activity, up 15.8%, continuing the momentum from financial year 2015.

Growth has begun to slow in **Victoria**, following the surge in activity over the past 18 months. Modest gains of 4.3% in detached houses, and 7.0% in other residential were recorded for the 6 months to 31 December 2015.

³ Original data sourced from ABSCat. 8752.0 Number of Dwelling Unit Commencements by Sector, States & Territories (Sep 15 quarter). December 15 quarter estimate from BIS Shrapnel

⁴ Includes ACT, to align with Brickworks divisional regions

⁵ Includes Northern Territory, not shown separately on table

⁶ Building Consents data sourced from Statistics New Zealand – Building Consents

DIRECTORS' REPORT

In contrast to the major east coast states, residential building activity in **Western Australia** has now passed the peak, following the record levels achieved in financial year 2015. The sharp decline has been felt across both detached houses, down 16.8% and other residential, down 14.8% on the prior corresponding period.

Continued growth in **New Zealand** was also recorded, with building consents for the year ended 31 December 2015 increasing by 15.1% compared to the prior corresponding period.

The value of approvals in the **non residential** sector in Australia increased by 10.3% to \$16.789 billion for the six months to 31 December 2015. Within the non residential sector, Commercial building approvals decreased by 2.2% to \$5.628 billion for the period and Industrial building approvals increased 3.2% to \$2.204 billion.

Building Products' Results in Detail

Half Year Ended January		2015	2014	Change %
Revenue	\$mill	358.0	340.6	5.1
EBITDA	\$mill	46.2	38.8	19.1
EBIT	\$mill	32.6	26.1	24.9
Capital Expenditure	\$mill	18.8	16.5	13.9
EBITDA margin	%	12.9	11.4	13.2
EBIT margin	%	9.1	7.7	18.2
Capital Employed	\$mil	872.9	837.4	4.2
Net Tangible Assets	\$mil	620.8	568.5	9.2
Return on Capital Employed	%	7.5	6.2	21.0
Return on Net Tangible Assets	%	10.5	9.2	14.1
FTE Employees ⁷ (vs. Jul 15)		1,464	1,468	(0.3)
Safety (TRIFR) ⁸ (vs. Jul 15)		19.7	22.5	(12.4)
Safety (LTIFR) ⁹ (vs. Jul 15)		1.4	2.0	(30.0)

Revenue for the half year to 31 January 2016 was up 5.1% to a record \$358.0 million, with particularly strong sales growth recorded in Austral Bricks and Bristle Roofing.

EBIT was \$32.6 million, up 24.9% on the prior corresponding period, and EBITDA was \$46.2 million. Improved earnings were achieved on the back of an increase in sales volume, strong price increases and improved production efficiencies that enabled manufacturing costs to be well contained.

The increase in sales volume delivered a positive EBIT impact of \$2.4 million compared to the prior corresponding period. Significant volume increases in most east coast operations was partially offset by declines in Western Australia.

Pricing outcomes were generally positive, with a weighted average increase of 4.0% achieved¹⁰, contributing an EBIT uplift of \$11.6 million compared to the prior corresponding period. Strong price increases were achieved by Austral Bricks in all states except Western Australia, and in Bristle Roofing on both the east and west coast. Austral Masonry and Auswest Timbers also recorded modest gains, however pricing in Austral Precast decreased due to a change in product mix and strong competition, particularly in Western Australia.

Unit production costs improved in most divisions, primarily due to an increase in production volume, with most plants operating through the Christmas holiday period in order to replenish stock levels and meet the strong order book. However this was offset by higher installation costs in Bristle Roofing, where strong demand on the east coast is resulting in trade shortages and increased installation rates. The net impact was a \$0.9 million increase in unit cost of sales compared to the previous corresponding period.

⁷ Excludes 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

¹⁰ Excluding product "tolling" arrangements and export volume

DIRECTORS' REPORT

Sales and overhead costs were well controlled, remaining steady as a percentage of sales compared to the prior corresponding period. A \$3.2 million increase in these costs was driven by higher selling support and information technology costs to better support our customer requirements. During the period the company continued its investment in advertising to enhance brand awareness, with a high fashion branding campaign and the roll out of CBD design studios across all major capitals, set to deliver ongoing benefits in the years ahead.

Despite the improved earnings in the six months to 31 January 2016, Building Products' Return on Capital Employed ('**ROCE**') of 7.5% remains below internal targets. Excluding goodwill and other intangible assets of \$252.1 million, the underlying Return on Net Tangible Assets ('**RONTA**') was 10.5%, up from 9.2% in the prior year.

Full time employees decreased by 4 during the half, taking the total number to 1,464. This reduction in employees reflects Brickworks' on-going commitment to maintaining a pro-active approach to workforce sizing to ensure maximum efficiency across all functions of the business.

There were 2 Lost Time **Injuries** ('LTIs') during the half. This translated into a reduction in the Lost Time Injury Frequency Rate ('LTIFR') to 1.4, compared to 2.0 in the 2015 financial year. The Total Reportable Injury Frequency Rate ('TRIFR') decreased to 19.7 from 22.5 in the prior financial year.

Divisional Results

Austral Bricks delivered an 18.4% increase in earnings for the six months ended 31 January 2016, with sales revenue up 5.2% to \$194.0 million.

Unit manufacturing costs improved on the prior corresponding period, on the back of increased production output over the Christmas holiday period, and prior period plant upgrades.

Performance on the east coast was particularly strong, reflecting the buoyant market conditions, an increase in prices, improved operational performance, and a continued focus on style and product differentiation that is driving increased sales of higher margin products.

In Victoria, the Wollert plant is performing better than the original design expectations, with production now at record levels. Whilst in Queensland, the first phase of the Rochedale plant upgrades is now complete, resulting in improved product quality and plant efficiency. The final phase of the refurbishment program, comprising upgrades to the kiln and packaging plant, is planned for the second half of calendar year 2016.

The business continues to benefit from many years of investment to position Austral Bricks as the leading style brand in the industry, resulting in supply to many multi-residential towers and urban renewal projects including a 24 storey Lend Lease development at Darling Quarter and a 26 storey mixed use tower in Sussex Street, both in Sydney. In addition, there is growing demand for premium range products, such as pressed bricks from both Bowral and Wollert.

Earnings in **Western Australia** were lower, with this market now experiencing a sharp reduction in market activity and intense competition for sales. As a result, sales volume decreased compared to the prior corresponding period, despite a small decrease in average selling price. Prices in this market are now lower than they were seven years ago.

A refit to fully automate the currently mothballed Cardup plant is now underway and will deliver a significant improvement in product quality and a lower manufacturing cost, with this site benefitting from on site clay reserves.

Earnings from the **New Zealand Brick Distributors** joint venture were lower following a decline in volumes from the previous record levels, with softer demand in Christchurch.

Austral Masonry delivered another increase in earnings on relatively flat sales revenue of \$44.5 million for the half. The improved performance was driven by a continued recovery in demand in south east Queensland and strong price increases in New South Wales. Elsewhere, the Central Queensland market is currently depressed due to a downturn in mining related activity, whilst demand remains stable in the tourist based economy of North Queensland.

Bristle Roofing earnings increased by 14.6% on the prior corresponding period, with sales revenue up 10.9% to \$57.5 million. Earnings improved in all major east coast states, on the back of favourable market conditions and continued sales growth of premium imported terracotta tiles. An uplift was also recorded in Western Australia, despite the more difficult conditions in that state.

DIRECTORS' REPORT

Austral Precast earnings also increased, on relatively flat sales revenue of \$34.4 million. The result was driven by improved production efficiency and cost savings from restructuring initiatives.

A particular focus during the period was the creation of a unified national approach to back office functions such as estimating, drafting and quoting following multiple acquisitions over recent years. An increased focus on the growing high rise market, through developing "whole of structure" solutions is progressing well, with over 50% of sales now generated from this segment.

Auswest Timbers revenue was up 1.1% to \$27.5 million on flat sales volume of 31,300m³ for the half. Earnings were improved, primarily as a result of continued progress to enhance operational efficiency, with productivity improvements being wide spread across all sites. Domestic demand benefitted from the strong detached housing activity on the east coast, with the Fyshwick mill supplying roof tile battens into this market. Export demand increased from the Korean, US and UK markets, helping to offset weaker demand from China.

On 5 February 2016 Auswest completed the purchase of the previously shut down Whittakers timber mill in the southwest of Western Australia. This low cost modern mill is designed to process smaller sized Jarrah resource and the transfer of Deanmill operations to this site will deliver significant improvements to operations efficiency.

After many years of negotiation, the Victorian state government continues to frustrate our efforts to make the required investments in our East Gippsland mills, by denying certainty of log supply. As one of the largest employers in this region, these investments would provide an important boost for the local community, as well as enabling Auswest to cost effectively meet the strong demand for product from these mills. The Victorian operations now have only 16 months log supply contracted, with no clarity being provided to the industry by the government regarding longer term supply.

During the period **Specialised Building Systems** was established, with a focus on distributing high quality, market leading products to meet the evolving demands of the building industry. This business utilises a low capital cost model, through establishing partnerships with "best in class" manufacturers and leveraging Brickworks market leading customer relationships and distribution network. All products are rigorously tested to ensure they meet or exceed the requirements of the Building Code of Australia.

In November Pronto Panel was launched, a lightweight, durable, non-load bearing walling panel that can be utilised in internal and external walling applications. Initial market feedback has been very positive, with significant interest from our vast network of residential and commercial customers.

Other products in the portfolio include Terracade, a high-end terracotta façade system that continues to gain traction, particularly in commercial applications and INEX Boards, a range of lightweight cementitious sheets that can be used for virtually all building surfaces.

Land and Development

Land and Development produced an EBIT before significant items of \$45.4 million for the half year ended 31 January 2016, up 17.3% from \$38.7 million for the prior year.

Land Sales contributed an EBIT of \$1.1 million for the half. Transactions included the sale of 14 properties at Pemberton, Western Australia, originally part of the Pemberton mill leasehold land parcel.

The **Property Trust** generated an EBIT of \$45.1million, up 17.4% from \$38.4 million in the previous corresponding period.

Net property income distributed from the Trust was \$6.4 million for the half, down from \$7.1 million due to the Coles CDC sale in July 2015.

The revaluation profit of stabilised Property Trust assets totalled \$30.3 million, up from \$26.6 million due to compression in capitalisation rates of approximately 50bps. An additional EBIT of \$8.4 million was contributed following pre-leases being secured at Oakdale Central and classification of the land as investment property during the period.

The total value of the Property Trust assets at 31 January 2016 was \$933.5 million, with borrowings of \$309.4 million, giving a total net value of \$624.1 million. Brickworks Group share of the Trust's net asset value was \$312.1 million, down \$25.0 million from \$337.1 million at 31 July 2015. The decrease is due primarily to the Coles CDC sale.

Waste Management contributed a profit of \$1.0 million for the year, in line with the previous corresponding period. Royalty payments in relation to the Horsley Park landfill, operated by Veolia, ended in January 2016 and therefore no further waste management earnings will be generated from this facility.

DIRECTORS' REPORT

Property administration **expenses** totalled \$1.8 million, up slightly from \$1.5 million in the prior period. These expenses include holding costs such as rates and taxes on properties awaiting development.

Investments

The underlying EBIT from total investments was down 11.0% to \$26.8 million in the half year ended 31 January 2016.

Washington H. Soul Pattinson Limited ('WHSP')

ASX Code: SOL

Brickworks Group's investment in WHSP returned an underlying contribution of \$26.6 million for the half year ended 31 January 2016, down 11.0% from \$29.9 million in the previous corresponding period. This was due primarily to the impact of low coal prices on the earnings of New Hope Corporation.

The market value of Brickworks 42.72% share holding in WHSP was \$1.719 billion at 31 January 2016, up \$318.0 million from \$1.401 billion at 31 July 2015. This investment continues to provide diversity and stability to earnings, with cash dividends totalling \$30.7 million received during the half, up 3.4% on the prior period.

WHSP has delivered outstanding returns over the long term, outperforming the ASX All Ordinaries Accumulation Index by 6.8% p.a. over fifteen years.

WHSP holds a significant investment portfolio in a number of listed companies including Brickworks Group, TPG Telecom, New Hope Corporation, Australian Pharmaceutical Industries, BKI Investment Company, Ruralco Holdings and Apex Healthcare Berhad.

The investment in WHSP has been an important contributor to Brickworks Group's success for more than four decades. Over this period it has delivered an uninterrupted dividend stream that reflects the earnings from WHSP's diversified investments. This dividend helps to balance the cyclical earnings from the Group's Building Products and Land and Development divisions.

Significant Items Post Balance Date

Brickworks included in S&P/ASX 200

Brickworks was included in the S&P ASX 200 Index as at close of trading on 18 March 2016. The improved liquidity and profile from being included in the index will be beneficial to all shareholders and reflects the significant level of investor support for the Group.

Outlook

Building Products

Current residential building activity is at the highest level on record, however conditions vary significantly across the country, with continued momentum on the east coast being offset by declines in Western Australia. These conditions are reflected in an extremely strong order book in all east coast divisions with builders in the major markets of Sydney and Melbourne reporting work in hand extending by up to one year.

With interest rates expected to stay at historically low levels for the foreseeable future, there is no sign of a slow down in activity on the east coast in the short term. Brickworks is also having significant success in combatting the ongoing competition from alternative products, with increased penetration in a number of key markets segments, such as face brick in high rise residential and commercial developments. The strength of our traditional and proven product portfolio has been re-enforced in recent times by a number of costly and high profile failures of other unaccredited building products.

However it is anticipated that further growth in sales volume will be limited due to industry trade shortages in a number of areas that effectively mean the industry has now reached a "natural peak" in capacity.

On balance, the short term outlook for Building Products is very positive, with the earnings uplift recorded in the first half expected to be maintained over the full financial year.

Regulatory concerns

Despite the positive outlook, Brickworks is frustrated that the full potential of the Australian manufacturing industry is being held back by a glaring lack of pro-active and holistic government policy.

DIRECTORS' REPORT

For example, Australia is missing a golden opportunity to utilise its energy advantage to fuel growth and investment in Australian manufacturing, with much of Australia's abundant natural gas resource being quarantined for export to international LNG markets. The outcome is a domestic supply squeeze and massive price hikes, with recent negotiations suggesting that gas prices for financial years 2017 and 2018 will increase by 30%, totally at odds with falling commodity prices across the world.

Other examples include coastal shipping regulations that make it cheaper to ship bricks to Sydney from Spain than from Perth, and an inconsistent approach to renewable energy resulting in massive electricity price volatility. This is exemplified in South Australia, where Austral Bricks have incurred a 90% hike in electricity prices over the past 12 months.

With more focus and attention on these issues by all levels of government, there is an opportunity to stimulate increased investment in manufacturing, create more jobs and a stronger overall economy.

New Brick Technology

Brick kiln design is fundamentally unchanged since the introduction of "2nd generation" low fuel consumption tunnel kilns in the 1980's. Direxa Engineering have developed a revolutionary new concept in brick kiln design, referred to as a "Skate-Kiln". This technology removes the need for kiln cars and would deliver significant cost savings as a result of reduced energy consumption, improved productivity and lower maintenance costs.

If this technology delivers as expected, it will result in a significant leap forward in brick manufacturing, delivering 30% lower manufacturing costs and up to 30% lower capital costs to construct a new plant.

Brickworks has an exclusive agreement to utilise this skate kiln technology in certain markets in Australia, with Western Australia having been identified as a priority for deployment. Initial planning is underway for the construction of a new plant utilising this technology in Western Australia, with a target commissioning date in the first quarter of financial year 2018.

Land and Development

The strong development activity in the Property Trust is set to increase further in the second half. Oakdale Central will see considerable growth with the completion of two additional DHL facilities (27,000m² and 31,000m²) in May 2016. Construction will then start on two new developments, Reckitt Benckiser at 36,870m² and DSV Transport and Logistics at 8,275m², which were secured as pre-commitments during the first half. 84% of Oakdale Central has now been committed for development, with a gross floor area of only 36,000m² remaining available.

To allow further growth of the Property Trust, a State Significant Development Application ("SSDA") has been submitted for the development of an industrial estate at the 62 hectare Oakdale South site. Portions of this site have been set aside for land sales. Sale negotiations are underway with a number of high profile local and international companies for 28 hectares at this site.

Planning work is also well underway for the Oakdale West site, with a SSDA for this 100 hectare property to be lodged before the end of March 2016. The first section of this property is likely to be sold into the Property Trust in the second half of the current financial year. The Oakdale South and West sites will help provide the necessary industrial space in western Sydney over the medium term to satisfy the increasing demand in the area.

At the Rochedale North estate, the Beaumont Tiles facility totalling 12,912m² reached practical completion in mid February 2016. Construction will now commence on the Franklyn Blinds facility (8,000m²) and two speculative developments (8,000m² and 5,800m²).

Investments

The diversified nature of our holding in WHSP's investments is expected to deliver steadily increasing earnings and dividends to Brickworks Group over the long term.

Brickworks Group

The earnings uplift recorded in Building Products during the first half is expected to be maintained over the full financial year. Land and Development earnings are also expected increase, subject to the timing and value of property transactions. Investments earnings are expected to steadily increase over the long term.

DIRECTORS' REPORT

Rounding of amounts

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

Auditor's independence declaration

The auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 10 for the half year ended 31 January 2016, and forms part of this report.

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

Dated 23 March 2016



R D MILLNER
Director



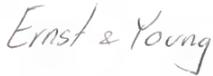
L R PARTRIDGE AM
Director

Auditor's Independence Declaration to the Directors of Brickworks Limited

As lead auditor for the review of Brickworks Limited for the half-year ended 31 January 2016, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Brickworks Limited and the entities it controlled during the financial period.



Ernst & Young



Anthony Jones
Partner
23 March 2016

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

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 JANUARY 2016**

	NOTE	CONSOLIDATED	
		31 JAN 16 \$000	31 JAN 15 \$000
Revenue	2	359,989	349,616
Cost of sales		<u>(249,921)</u>	<u>(245,071)</u>
Gross profit		110,068	104,545
Other income		1,198	2,738
Distribution expenses		(30,833)	(30,252)
Administration expenses		(13,967)	(12,119)
Selling expenses		(34,484)	(33,100)
Finance costs	2	(6,785)	(12,329)
Other expenses		(9,734)	(27,062)
Share of net profits of associates and joint ventures accounted for using the equity method	5, 6	<u>78,447</u>	<u>62,947</u>
Profit before income tax expense		<u>93,910</u>	<u>55,368</u>
Income tax attributable to profit	3	<u>(16,996)</u>	<u>(13,164)</u>
Profit after income tax expense		<u>76,914</u>	<u>42,204</u>
Other comprehensive income			
<i>Items that may subsequently be reclassified to net profit</i>			
Foreign currency translation		18	11
Share of increments in reserves attributable to associates and joint ventures		(20,951)	(12,099)
Income tax on items of other comprehensive income		<u>6,285</u>	<u>3,629</u>
Other comprehensive income for the period, net of tax		<u>(14,648)</u>	<u>(8,459)</u>
Total comprehensive income for the period		<u>62,266</u>	<u>33,745</u>
Net profit attributable to members of the parent entity		<u>76,914</u>	<u>42,204</u>
Total comprehensive income for the period attributable to members of the parent entity		<u>62,266</u>	<u>33,745</u>
Basic earnings per share (cents per share)		51.8	28.5
Diluted earnings per share (cents per share)		51.8	28.5

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

BRICKWORKS LIMITED

A.B.N. 17 000 028 526

STATEMENT OF FINANCIAL POSITION AS AT 31 JANUARY 2016

		CONSOLIDATED	
	NOTE	31 JAN 16	31 JULY 15
		\$000	\$000
CURRENT ASSETS			
Cash and cash equivalents		35,667	23,051
Receivables		87,436	103,104
Inventories		183,289	178,706
Land held for resale		5,455	5,455
Prepayments		9,115	6,536
TOTAL CURRENT ASSETS		<u>320,962</u>	<u>316,852</u>
NON-CURRENT ASSETS			
Inventories		8,047	8,129
Land held for resale		8,182	8,182
Investments accounted for using the equity method		1,429,100	1,455,673
Property, plant and equipment		482,514	477,570
Intangible assets		252,556	252,111
TOTAL NON-CURRENT ASSETS		<u>2,180,399</u>	<u>2,201,665</u>
TOTAL ASSETS		<u>2,501,361</u>	<u>2,518,517</u>
CURRENT LIABILITIES			
Payables		73,387	88,335
Interest-bearing liabilities		-	24,445
Derivative financial instruments	10	-	234
Income tax provision		2,781	16,488
Provisions		49,405	53,978
TOTAL CURRENT LIABILITIES		<u>125,573</u>	<u>183,480</u>
NON-CURRENT LIABILITIES			
Interest-bearing liabilities		298,932	299,239
Derivative financial instruments	10	5,211	5,152
Provisions		5,418	5,410
Deferred taxes		214,281	200,986
TOTAL NON-CURRENT LIABILITIES		<u>523,842</u>	<u>510,787</u>
TOTAL LIABILITIES		<u>649,415</u>	<u>694,267</u>
NET ASSETS		<u>1,851,946</u>	<u>1,824,250</u>
EQUITY			
Contributed equity	7	333,110	334,165
Reserves		310,476	322,444
Retained profits		1,208,360	1,167,641
TOTAL EQUITY		<u>1,851,946</u>	<u>1,824,250</u>

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

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

STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 JANUARY 2016

31 JANUARY 2016 (\$000)	NOTE	Ordinary Shares	Treasury Stock	Capital Profits Reserve	Equity Adjustments Reserve	General Reserve	Foreign Currency Reserve	Share Based Payments Reserve	Associates & JV's Reserve	Retained Earnings	Total
Total equity at beginning of the half year		343,108	(8,943)	88,102	(25,315)	36,125	(1,516)	3,690	221,358	1,167,641	1,824,250
Net profit for the half year		-	-	-	-	-	-	-	-	76,914	76,914
Other comprehensive income for the half year		-	-	-	6,285	-	18	-	(20,951)	-	(14,648)
Total comprehensive income for the half year		-	-	-	6,285	-	18	-	(20,951)	76,914	62,266
Transactions with owners in their capacity as owners											
Net dividends provided or paid during the half year	4	-	-	-	-	-	-	-	-	(36,208)	(36,208)
Issue of shares through employee share plan	7	5,122	(5,135)	-	-	-	-	-	-	-	(13)
Purchase of shares through employee share plan	7	-	(1,152)	-	-	-	-	-	-	-	(1,152)
Shares vested to employees	7	-	110	-	-	-	-	(110)	-	-	-
Share of associates transfer to outside equity interests		-	-	-	-	-	-	-	-	13	13
Share based payments expense		-	-	-	-	-	-	2,790	-	-	2,790
		5,122	(6,177)	-	-	-	-	2,680	-	(36,195)	(34,570)
Total equity at the end of the half year		<u>348,230</u>	<u>(15,120)</u>	<u>88,102</u>	<u>(19,030)</u>	<u>36,125</u>	<u>(1,498)</u>	<u>6,370</u>	<u>200,407</u>	<u>1,208,360</u>	<u>1,851,946</u>
31 JANUARY 2015 (\$000)											
Total equity at beginning of the half year		338,204	(6,784)	88,102	(26,057)	36,125	(1,514)	3,068	223,834	1,141,518	1,796,496
Net profit for the half year		-	-	-	-	-	-	-	-	42,204	42,204
Other comprehensive income for the half year		-	-	-	3,629	-	11	-	(12,099)	-	(8,459)
Total comprehensive income for the half year		-	-	-	3,629	-	11	-	(12,099)	42,204	33,745
Transactions with owners in their capacity as owners											
Net dividends provided or paid during the half year	4	-	-	-	-	-	-	-	-	(33,701)	(33,701)
Issue of shares through employee share plan	7	4,904	(4,917)	-	-	-	-	-	-	-	(13)
Purchase of shares through employee share plan	7	-	(1,036)	-	-	-	-	-	-	-	(1,036)
Shares vested to employees	7	-	136	-	-	-	-	(136)	-	-	-
Share of associates transfer to outside equity interests		-	-	-	-	-	-	-	-	(214)	(214)
Share based payments expense		-	-	-	-	-	-	2,130	-	-	2,130
		4,904	(5,817)	-	-	-	-	1,994	-	(33,915)	(32,834)
Total equity at the end of the half year		<u>343,108</u>	<u>(12,601)</u>	<u>88,102</u>	<u>(22,428)</u>	<u>36,125</u>	<u>(1,503)</u>	<u>5,062</u>	<u>211,735</u>	<u>1,149,807</u>	<u>1,797,407</u>

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

BRICKWORKS LIMITED

A.B.N. 17 000 028 526

STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 JANUARY 2016

		CONSOLIDATED	
	NOTE	31 JAN 16	31 JAN 15
		\$000	\$000
Cash flows from operating activities			
Receipts from customers		409,552	396,751
Payments to suppliers & employees		(384,233)	(353,184)
Interest received		274	177
Finance costs		(6,952)	(12,776)
Dividends and distributions received		84,454	37,128
Income tax paid		(11,115)	(243)
		<u>91,980</u>	<u>67,853</u>
Net cash flows from operating activities			
Cash flows from investing activities			
Proceeds from the sale or return of investments	6	21,073	-
Purchases of intangible assets		-	(1)
Purchases of investments	6	(13,027)	(405)
Payment for business net of cash acquired	9	(388)	(5,495)
Proceeds from sale of property, plant & equipment		2,374	159
Purchases of property, plant & equipment		(19,775)	(30,164)
		<u>(9,743)</u>	<u>(35,906)</u>
Net cash flows used in investing activities			
Cash flows from financing activities			
Proceeds from borrowings		60,000	370,000
Repayment of borrowings		(85,000)	(362,000)
Dividends paid	4	(44,621)	(41,553)
		<u>(69,621)</u>	<u>(33,553)</u>
Net cash flows used in financing activities			
Net increase / (decrease) in cash held		12,616	(1,606)
Cash at beginning of half year		<u>23,051</u>	<u>21,208</u>
Cash at end of half year		<u><u>35,667</u></u>	<u><u>19,602</u></u>

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

BRICKWORKS LIMITED

A.B.N. 17 000 028 526

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 JANUARY 2016****NOTE 1: BASIS OF PREPARATION**

Brickworks Limited is a listed public company, incorporated and domiciled in Australia, and is a for-profit entity. These accounts were authorised for issue in accordance with a resolution of the directors on 23 March 2016.

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

The half year consolidated financial report is a condensed general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, and AASB 134: Interim Financial Reporting, and other mandatory professional reporting requirements.

The condensed half year general purpose financial report does not include full disclosures of the type normally included in an annual financial report, and as such this financial report should be read in conjunction with the annual financial report for the year ended 31 July 2015, and any public announcements made by Brickworks Limited and its controlled entities during the half year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies have been consistently applied by the entities in the Group and are consistent with those of the most recent annual financial report for the year ended 31 July 2015.

The Group is assessing the impact of IFRS 16: Leases issued in January 2016 (effective application for Brickworks 1 August 2019). The Group has considered the impact of other new standards issued during the period and no material impact has been noted for the period.

NOTE 2: INCOME AND EXPENSES

The following items are relevant to explaining the financial performance for the half year:

	CONSOLIDATED	
	31 JAN 16	31 JAN 15
	\$000	\$000
<i>REVENUES</i>		
Building products	357,979	340,551
Property	1,736	8,888
Investments	274	177
Total revenue	<u>359,989</u>	<u>349,616</u>
<i>BORROWING COSTS</i>		
Paid to other corporations	6,961	9,434
Mark to market swap valuation	(176)	2,895
Total borrowing costs	<u>6,785</u>	<u>12,329</u>
<i>PROPERTY RELATED PROFITS</i>		
Development profits from joint venture developments	-	2,664
Fair value adjustment of properties (Note 6)	38,738	28,546
Property Trust rental profits (Note 6)	6,461	7,407
Total profits from Property Trusts	<u>45,199</u>	<u>38,617</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 JANUARY 2016**

NOTE 2: INCOME AND EXPENSES (cont.)

	CONSOLIDATED	
	31 JAN 16	31 JAN 15
	\$000	\$000
<i>SIGNIFICANT ITEMS</i>		
Significant one-off transactions of associate ⁽²⁾	6,373	(3,685)
Restructuring costs ^(1,3)	(2,536)	-
Site relocation costs ⁽¹⁾	(1,201)	-
Costs relating to Perpetual proposal ⁽¹⁾	(695)	(842)
Impairment of intangible assets ⁽¹⁾	-	(16,761)
Business acquisition costs ⁽¹⁾	-	(980)
Other significant items ⁽⁴⁾	-	(9)
	<u>1,941</u>	<u>(22,277)</u>
Total significant items		
Income tax benefit on significant items	1,330	1,655
Income tax expense arising from WHSP carrying value	(1,386)	-
	<u>1,885</u>	<u>(20,622)</u>
Total significant items after income tax		

(1) Disclosed in "Other expenses" line on Statement of Comprehensive Income

(2) Disclosed in "Share of net profits of associates" line on Statement of Comprehensive Income

(3) Disclosed in "Administration expenses" line on Statement of Comprehensive Income

(4) Disclosed in "Costs of goods sold" line on Statement of Comprehensive Income

NOTE 3: INCOME TAX

Current Tax	4,656	360
Deferred Tax	16,260	13,707
Over provided in prior years	(2,661)	(903)
Utilisation of carried forward capital losses	(1,259)	-
	<u>16,996</u>	<u>13,164</u>
Tax expense / (benefit) on significant items	56	(1,655)
Tax expense on underlying operations	16,940	14,819
	<u>16,996</u>	<u>13,164</u>

NOTE 4: DIVIDENDS

Final ordinary dividend (prior year) of 30.0 cents per share paid 25/11/15 (prior year – 28.0c paid 27/11/14)	44,621	41,553
Group's share of dividend received by associated company	(8,413)	(7,852)
	<u>36,208</u>	<u>33,701</u>
Proposed interim ordinary dividend of 16.0 cents per share not recognised as a liability (prior year - 15.0c paid 5/05/15)	23,798	22,261

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

BRICKWORKS LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 JANUARY 2016**

NOTE 5: ASSOCIATED COMPANIES

Information relating to significant associated entities is set out below:

	Ownership interest		Contribution to profit	
	31 JAN 16	31 JAN 15	31 JAN 16	31 JAN 15
	%	%	\$000	\$000
Washington H Soul Pattinson & Co Ltd	<u>42.72</u>	<u>42.72</u>	<u>32,929</u>	<u>26,202</u>

NOTE 6: JOINTLY CONTROLLED ENTITIES

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

BGAI Erskine Trust (Note 2)	50.00	50.00	17,891	11,850
BGAI Capicure Trust (Note 2)	50.00	50.00	2,144	426
BGAI Heritage Trust (Note 2)	50.00	50.00	5,173	2,884
BGAI Oakdale Trust (Note 2)	50.00	50.00	19,708	9,420
BGAI Wacol Trust (Note 2)	50.00	50.00	283	267
BGAI CDC Trust (Note 2)	50.00	50.00	-	11,106
New Zealand Brick Distributors	50.00	50.00	<u>319</u>	<u>792</u>
			<u>45,518</u>	<u>36,745</u>

During the period the Group received return of capital distributions from the BGAI CDC Trust amounting to \$21,073,000 and made capital contributions to the BGAI Oakdale Trust (\$7,190,000) and the BMGW Rochedale Trust (\$5,837,413).

NOTE 7: CONTRIBUTED EQUITY

	CONSOLIDATED	
	31 JAN 16	31 JULY 15
	\$000	\$000
Fully paid ordinary shares	348,230	343,108
Treasury stock	<u>(15,120)</u>	<u>(8,943)</u>
	<u>333,110</u>	<u>334,165</u>
ORDINARY SHARES		
Opening balance	343,108	338,204
Shares issued during the period	5,135	4,917
Costs associated with shares issued	<u>(13)</u>	<u>(13)</u>
Balance at end of period	<u>348,230</u>	<u>343,108</u>
	No. Shares	No. Shares
Opening balance	148,403,478	148,038,996
Shares issued during the period	<u>333,660</u>	<u>364,482</u>
Balance at end of period	<u>148,737,138</u>	<u>148,403,478</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 JANUARY 2016**

NOTE 7: CONTRIBUTED EQUITY (cont.)

	CONSOLIDATED	
	31 JAN 16	31 JULY 15
	\$000	\$000
TREASURY STOCK		
Opening balance	(8,943)	(6,784)
Add: Bonus shares issued by share plan	(5,135)	(4,917)
Add: Bonus shares purchased by share plan	(1,152)	(1,036)
Less: Bonus shares vested during period	110	3,794
Balance at end of period	(15,120)	(8,943)
TREASURY STOCK		
	No. Shares	No. Shares
Opening balance	709,800	588,071
Add: Bonus shares issued by share plan	333,660	364,482
Add: Bonus shares purchased by share plan	74,805	76,829
Less: Bonus shares vested during period	(8,140)	(319,582)
Balance at end of period	1,110,125	709,800

NOTE 8: SEGMENT INFORMATION

	Building Products		Property		Investments		Consolidated	
	31 JAN 16	31 JAN 15	31 JAN 16	31 JAN 15	31 JAN 16	31 JAN 15	31 JAN 16	31 JAN 15
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
REVENUE								
Segment revenue from sales to external customers	357,979	340,551	1,736	8,888	274	177	359,989	349,616
RESULT								
Segment EBITDA	46,169	38,758	45,414	38,724	26,830	30,064	118,413	107,546
Less depreciation and amortisation	(13,599)	(12,657)	-	-	-	-	(13,599)	(12,657)
Segment EBIT (before significant items)	32,570	26,101	45,414	38,724	26,830	30,064	104,814	94,889
Add / (less) significant items	(3,187)	(17,750)	-	-	6,373	(3,685)	3,186	(21,435)
Segment result	29,383	8,351	45,414	38,724	33,203	26,379	108,000	73,454
Unallocated expenses								
Finance costs							(6,785)	(12,329)
Significant items							(1,245)	(842)
Other unallocated expenses							(6,060)	(4,915)
Profit before income tax expense							93,910	55,368
Tax expense on underlying operations							(16,940)	(14,819)
Tax (expense) / benefit on significant items							(56)	1,655
Total tax expense							(16,996)	(13,164)
Profit after income tax expense							76,914	42,204

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 JANUARY 2016**

NOTE 8: SEGMENT INFORMATION (cont.)

The Group has the following business segments:

Building Products division manufactures vitrified clay, concrete and timber products used in the building industry.

Property division considers further opportunities to better utilise land owned by the Brickworks Group, including the sale of property and investment in property trusts.

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

There are no inter-segment revenues within the Group.

NOTE 9: BUSINESS ACQUISITIONS

On 31 August 2015 the Group acquired the business and assets of CJM Roof & Building Services Pty Limited. Details of the net assets acquired under this transaction are set out below:

	\$000
Cost of acquisition	
Cash paid	<u>388</u>
Net assets acquired:	
Inventory	12
Deferred tax assets	14
Employee entitlements assumed	(45)
Trade payables and accruals	<u>(50)</u>
Fair value of net liabilities acquired	<u>(69)</u>
Goodwill arising on acquisition	<u>457</u>
Direct costs relating to the acquisition	<u><u>13</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 JANUARY 2016

NOTE 10: FINANCIAL INSTRUMENTS

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

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following financial instruments are carried at fair value in the Statement of Financial Position:

	CONSOLIDATED	
	31 JAN 16	31 JULY 15
	\$000	\$000
<i>Liabilities</i>		
Derivative financial instruments – current	-	234
Derivative financial instruments – non-current	5,211	5,152
	<u>5,211</u>	<u>5,386</u>

The derivative financial instruments are interest rate swap contracts (hedges) which allow the Group to raise borrowings at floating rates and effectively swap them into a fixed rate. The hedges in place at 31 January 2016 are not hedge accounted, and the fair value movement of the hedges is recognised in the statement of comprehensive income. The fair value of these derivatives is calculated using market observable inputs, categorised as “Level 2” (above), which includes market interest spot rates as confirmed by the relevant financial institution as at balance date. The carrying amount of all other financial instruments not listed in the table above approximates fair value.

NOTE 11: EVENTS OCCURRING AFTER BALANCE DATE

On 15 February 2016 the Group acquired the assets and the business of Adams Direct Fascia, Gutter and Roofing Pty Limited for the total consideration of \$850,000.

On 7 March 2016 the Group acquired the assets and the business of Metal Fascia Services from Crayvine Pty Limited for the total consideration of \$2,082,568.

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

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

DIRECTORS' DECLARATION

The Directors of the company declare that:

1. The financial statements and notes, as set out on pages 11 to 20, are in accordance with the Corporations Act 2001:
 - a. comply with accounting standards and the Corporations Regulations 2001; and
 - b. give a true and fair view of the Group's financial position as at 31 January 2016 and of its performance for the half year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Dated 23 March 2016



R D MILLNER
Director



L R PARTRIDGE AM
Director

To the members of Brickworks Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Brickworks Limited ('the company'), which comprises the consolidated statement of financial position as at 31 January 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half year end or from time to time during the half year.

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 January 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Brickworks Limited and the entities it controlled during the period, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

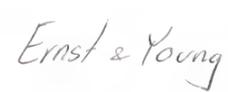
Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Brickworks Limited is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 January 2016 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Ernst & Young



Anthony Jones
Partner
Sydney
23 March 2016