

# BRICKWORKS

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LIMITED

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25 March 2010

Australian Securities Exchange  
Attention: **Companies Department**

**BY ELECTRONIC LODGEMENT**

Dear Sir/Madam,

Please find attached the Brickworks Ltd Appendix 4D for the half year ended 31 January 2010, incorporating the interim financial report for that period, for immediate release to the market.

Yours faithfully,  
BRICKWORKS LIMITED



IAIN THOMPSON  
COMPANY SECRETARY

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**BRICKWORKS LIMITED**

ABN 17 000 028 526

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**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, 2010

Previous corresponding period: 6 months ended 31 January, 2009

		CURRENT PERIOD 31 JAN 10	PREVIOUS PERIOD 31 JAN 09
Revenues from ordinary activities (\$000's)	UP 28.6% TO	319,125	248,248
Normal profit after tax (\$000's)	UP 12.1% TO	57,014	50,841
Profit (loss) from ordinary activities after tax attributable to members (\$000's)	DOWN 65.5% TO	88,200	255,316
Net profit (loss) for the period attributable to members (\$000's)	DOWN 65.5% TO	88,200	255,316
Normal earnings per share (cents per share)	UP 6.4% TO	40.7	38.3
Basic earnings per share (cents per share)	DOWN 67.2% TO	63.0	192.3
Net tangible assets per share (cents per share)	UP 19.7% TO	906.1	756.9

**Comments on above results****HIGHLIGHTS****BRICKWORKS DELIVERS ROBUST HALF YEAR RESULTS**

- \*\* Brickworks Normal NPAT up 12.1% to \$57.0 million**
- \*\* Building products EBIT up 32.9% to \$21.8 million**
- \*\* Land & Development EBIT up 1.7% to \$12.3 million**
- \*\* Investments EBIT down 16.1% to \$41.1 million**
- \*\* Net Debt reduced to \$195.1 million, Net Debt to Capital Employed 10.8%**
- \*\* Interim dividend of 13.0 cents fully franked, up 4.0%**

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

	Cents per share (cents)	Franked amount per security (cents)	Total amount paid / payable (\$000's)	Foreign source dividend per security (cents)
<b>ORDINARY SHARES</b>				
<b>Proposed interim ordinary dividend (payable 20 May 2010)</b>	13.0	13.0	19,141	0.0
<b>Record date for determining entitlements to the dividend</b>			<b>30 APRIL 2010</b>	
Previous corresponding period (paid 19 May 2009)	12.5	12.5	16,609	0.0
There were no dividend reinvestment plans in operation at any time during or since the end of the financial year.				



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

**INTERIM FINANCIAL REPORT**

**HALF YEAR ENDED 31 JANUARY 2010**

# BRICKWORKS LIMITED AND CONTROLLED ENTITIES

A.B.N. 17 000 028 526

## DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity for the half year ended 31 January 2010.

### 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 BSc. Hons. Ceramic Eng; SFCDA; Dip. CD (Managing Director)  
Brendan P. Crotty LS, DQIT, Dip. Bus Admin, FAPI, FAICD, FRICS  
David N. Gilham FCILT; FAIM; FAICD  
The Hon. Robert J. Webster MAICD, MAIM, JP

### REVIEW OF OPERATIONS

#### Overview

Brickworks (ASX: BKW) **Normal** Net Profit After Tax ('NPAT') was \$57.0 million for the half year ended 31 January 2010 up 12.1% from \$50.8 million for the previous corresponding period. Including non-regular items Brickworks' **Headline** NPAT was down 65.5% to \$88.2 million.

The improved Normal result highlights the benefits of the diversified business model of Brickworks and the stability of earnings derived from the combination of its Building Products, Land and Development and Investment Groups.

Normal earnings per share ('EPS') were 40.7 cents per share, up 6.4% from 38.3 cents per share for the same period last year, after recognising the issue of 14.1 million new shares under the Share Purchase Plan.

Directors have declared an increased interim dividend of 13.0 cents per share for the half year ended 31 January 2010, up 4.0% from 12.5 cents per share for the previous corresponding period.

The record date for the interim dividend will be 30 April 2010, with payment on 20 May 2010.

#### Financial Analysis

Net Debt decreased by 48.9% to \$195.1 million at 31 January 2010 from \$382.1 million at 31 July 2009. Total Interest Bearing Debt ('TIBD') reduced to \$300 million at 31 January 2010, down 25.0% from \$400 million at 31 July 2009. Borrowings were primarily reduced by the \$173.6 million net proceeds of the Share Purchase Plan ('SPP') raised in September 2009 and proceeds of \$30.4 million from property sales.

Gearing (debt to equity) improved to 18.7% at 31 January 2010 from 29.2% at 31 July 2009. Net Debt to capital employed also improved to 10.8% from 21.8% at 31 July 2009.

During the period there was a significant improvement in the ratio of current assets to current liabilities from 1.5 at 31 July 2009 to 4.0 at 31 January 2010.

Brickworks has a three year debt facility of \$300.0 million due for maturity in July 2011 and an undrawn (\$150.0 million) working capital facility due to rollover in August 2010. The company continues to meet its banking covenant obligations.

Borrowing costs decreased by 50.5% to \$10.5 million from \$21.2 million in the previous corresponding period due to lower interest rates and lower debt levels.

Total net cash flow from operating activities was \$63.5 million, up from \$13.5 million in the previous corresponding period. The increase was due to reduced borrowing costs, proceeds from property sales and increased dividends received.

Major cash outflows during the period included ordinary dividends of \$39.0 million and capital expenditure of \$9.7 million.

## BRICKWORKS LIMITED AND CONTROLLED ENTITIES

A.B.N. 17 000 028 526

### DIRECTORS' REPORT

Inventory levels were steady at 31 January 2010 at \$148.4 million, this includes finished goods inventory of \$111.5 million.

Net Tangible Assets per share increased to \$9.06 at 31 January 2010 up from \$7.57 at 31 July 2009. Total shareholders equity also increased by \$234.7 million from \$1,371.4 million at 31 July 2009, to \$1,606.1 million at 31 January 2010.

Total non-regular items reduced from \$204.5 million in the six months to 31 January 2009 to \$31.2 million in the current period. While the previous period included an equity accounting adjustment from Washington H. Soul Pattinson ('WHSP') from New Hope Corporation's sale of the New Saraji mine, the current period includes a tax adjustment for an increase in the tax carrying value of the investment in WHSP.

Brickworks has taken significant steps to reduce debt and strengthen its Balance Sheet through the Global Financial Crisis. This included initiatives to sell surplus assets, reduce capital expenditure and close or mothball least efficient facilities. Major transactions to achieve this were:

Sale and leaseback of Wollert plant	\$40.6 million
Sale of stake in Brickworks Investment Company Limited	\$44.0 million
Sale of the Eastwood site, NSW	\$70.0 million
Sale of the Scoresby site, Victoria	\$93.7 million
Share Purchase Plan	\$173.6 million
Total	\$421.9 million

#### Brickworks Building Products

##### Market conditions<sup>1</sup>

National dwelling commencements for **Australia** for the six months ended 31 December 2009 increased to 78,884, up 9.4% from 72,115 in the previous corresponding half year. Brickworks forecast total dwelling commencements for the year ended 30 June 2010 will be approximately 145,000 new dwellings, still well below the Housing Industry Association's estimated underlying demand of 190,000 new dwellings and BIS Shrapnel's estimate of 182,600.

Increased **First Home Owner** activity in response to the increased grant underpinned overall building levels in the first half of this year. The pull through of demand from this segment offset the continued weakness in the upgrader and investor markets. This program has had the greatest impact in Victoria and Western Australia.

The **Building Education Revolution** ('BER') and **Social Housing** stimulus programs started to impact demand at the end of the half year. New South Wales has seen an increase in demand earlier and stronger than other States. Victoria is yet to see any tangible increase in activity from the BER and social housing packages, the complete opposite to the First Home Owners Grant ('FHOG'). The remaining States have experienced varying levels of activity.

Supply side constraints of available developable land remain a concern especially in New South Wales, Western Australia and Queensland. The combination of the respective State Governments imposing significant infrastructure levies on land and the lack of approvals of land for development have resulted in a deterioration of housing affordability, particularly for first home buyers.

There were 14,253 dwelling commencements in **New South Wales** in the six months to 31 December 2009, an increase of 12.8% on the previous corresponding period. The recovery was in detached houses with an increase of 30.5% to 8,518 commencements. The medium to high density segment continued to be weak with commencements for the six months to 31 December 2009 down 7.5% to 5,470.

**Queensland's** dwelling commencements decreased by 2.2% compared to the previous corresponding half, to a total of 16,905 dwellings during the six months to 31 December 2009. Approvals appear to have reached the bottom of the cycle in the six months to 30 June 2009. The housing construction industry continues to be constrained by affordability issues limited by a lack of available land for development and increasing

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<sup>1</sup> Original Data sourced from ABS Cat. 8750.0 Dwelling Unit Commencements Australia, December 2009

## BRICKWORKS LIMITED AND CONTROLLED ENTITIES

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### DIRECTORS' REPORT

development charges.

Total dwelling commencements in **Victoria** exhibited strong growth in the six months to 31 December 2009 to 26,033, up 17.6% compared to 22,143 commencements for the six months to 31 December 2008. The increase was evident in both detached housing and medium to high density dwellings with increases of 19.8% and 11.5% respectively in the half year compared to the previous corresponding period.

Commencements in **Western Australia** for the half year ended 31 December 2009 were up 16.8% to 11,352 from 9,722 in the previous corresponding period. Detached housing commencements recorded growth of 31.3% to 9,589 compared to 7,302 in the previous corresponding period while medium to high density dwelling commencements were down 26.5% to 1,735.

In **South Australia** commencements of detached houses decreased by 10.5% to 4,509 for the six months ended 31 December 2009 compared to the previous corresponding period. Total dwelling commencements decreased by 13.9% to 5,762 for the period as the medium to high density segment declined by 25.1% to 1,223 commencements for the period.

**Tasmanian** commencements increased by 6.0% to 1,598 for the six months to 31 December 2009 compared to the previous corresponding period.

#### **New Zealand Market Conditions<sup>1</sup>**

Building consents increased by 9.7% for the six months to 31 January 2010 with the housing sector up 17.0% and apartments down 45.2%. The New Zealand economy officially came out of recession during this half.

#### **Results in detail**

The Building Products result was higher due to increased volume and higher average selling prices. Building Products EBIT was \$21.8 million for the six months to 31 January 2010, up 32.9% from \$16.4 million in the prior period.

Revenue for the half year was \$263.0 million, up 7.0% from \$245.7 million for the previous corresponding period. Margins in Australia improved despite increased sales to high volume builders at lower margins caused by the increase in First Home Owners activity. In the latter part of the period this was counterbalanced by the sale of high value premium products to the BER program.

In the period it became evident that the bottom of the cycle had passed, sales had stabilised and there was no reason to continue to reduce stock. Consequently production levels were increased to match sales, resulting in improved factory utilisation. The increase in production volumes partially offset the effect of higher input costs such as electricity and gas.

Employee levels were reduced by a further 29, or 2.2%, during the half. The reduction in staffing levels was a result of productivity gains from completed capital projects and a continued focus on reducing costs in the business.

Brickworks' ongoing commitment to providing a safe workplace has resulted in a substantial reduction in the Lost Time Injury Frequency Rate ('LTIFR') of 67.0% to 3.1 in the six months ended 31 January 2010, even though the Total Reportable Injury Frequency Rate ('TRIFR') increased to 201.0.

New Display Centres at Geelong in Victoria, Busselton in Western Australia and Cairns, Silkwood and Proserpine in Queensland were completed during the half year. Maintaining world class displays and development of cutting edge product offerings are vital to support Brickworks goal of being *Australia's Best Building Products Company*. A program of revitalising existing display centres and construction of new centres is continuing across the country.

Capital expenditure was 12.2% higher at \$9.2 million for the half year compared to \$8.2 million for the prior period. Projects completed during the six months to 31 January 2010 included the tail of existing projects and stay in business expenditure. Brickworks removed the constraint on new major capital projects imposed in

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<sup>1</sup> Original data sourced from Statistics New Zealand – Building Consents, January 2010

## BRICKWORKS LIMITED AND CONTROLLED ENTITIES

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### DIRECTORS' REPORT

September 2007 and began approving projects that will be reflected in expenditure in the second half. The company's capital program focusses on projects designed to deliver improved safety, product quality, production efficiency and environmental management.

Greenhouse Gas Emissions were reduced by a further 2.9% in the half year, a result of Brickworks continued commitment to reducing energy usage. The reduced emissions are due to the decision to close older less efficient plants such as Cardup 2 in Western Australia and operating more efficient plants such as Wollert in Victoria at higher capacity levels.

#### Divisional Results

**Austral Bricks™** overall brick sales volumes were up 1.3% in the six months to 31 January 2010 compared to the six months ended 31 January 2009, while net average selling prices were up 3.7%.

Manufacturing volumes increased by 1.5% to better match sales volumes. The increased production efficiency only partially offset the increases in input costs.

Specifications for the BER package have resulted in increased orders across the country. However sales into this program to date have been inconsistent as the pace of projects commenced has varied from State to State.

Manufacturing output was matched to market demand in **New South Wales** by intermittently bringing kilns back on line as required. A significant improvement in the quality and range of products has allowed the New South Wales business to be well positioned to take advantage of the stimulus programs.

The downturn in building activity in **Queensland** has been particularly severe and this market has been the slowest to show signs of a recovery. Shut downs and reduced output of the Rochedale plant was again necessary to control inventory during the half year, while Riverview ran throughout the period. Despite the poor market conditions, the business delivered a much improved result compared to the previous corresponding period. Considerable work has been undertaken in Queensland to invigorate the business in anticipation of an upturn in the market.

**Western Australia** delivered a solid result in a significantly more competitive market. Despite cutthroat pricing in the market, average selling prices were increased by 4.2% during the period. This increase in selling prices did not fully recover the 9.1% increase in production costs driven by the 100% increase in gas costs. Only one plant was taken offline for maintenance during the Christmas period due to steady demand.

Sales volumes during the half year were supported by increased activity associated with the FHOG and BER program. The sales mix during this half year was more heavily weighted toward volume builders due to these stimulus packages. Residential building activity from the First Home Owner segment was declining at the end of the half year.

Sales volumes increased again for **Victoria** and the business was able to achieve a significantly improved result from the previous corresponding half year. The peak construction phase of the First Home Owner building activity is yet to be reached. The BER program is also expected to gain momentum in the second half after a slow start.

**South Australia's** sales volumes were in line with the previous corresponding period, reflecting the steady market conditions. The kiln at Golden Grove had a planned shut down over the Christmas period to control stock levels and to carry out essential maintenance. BER activity has also been slow to commence in South Australia but increases in volume were beginning to be seen at the end of the half year.

The upgrades to the Longford plant in **Tasmania** completed during the previous financial year delivered the expected operational performance improvement and the business delivered a much improved result compared to the previous corresponding period.

The previous investment in the national distribution network positioned Austral Bricks™ **New Zealand** to take advantage of the first signs of a recovery in building activity and achieved an improved result compared to the previous year. The country emerged from recession in September 2009 with the first quarter of positive growth in 18 months.



## BRICKWORKS LIMITED AND CONTROLLED ENTITIES

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### DIRECTORS' REPORT

**Austral Masonry™** was able to achieve average selling price increases of 3.0% despite the continued weakness of commercial building activity and aggressive competition in some markets. Sales volumes were up 4.1% compared to the prior period.

Production volumes were increased as there was no longer a need to reduce stock, resulting in unit manufacturing costs 4.7% lower than the previous corresponding period.

The expansion of the Austral Masonry™ product range continued during the half with the launch of the Ecology™ paver range in North Queensland. Specifications for coloured masonry products have been achieved for a number of BER projects in South East Queensland.

**Bristle Roofing™** achieved significant increases in sales volumes on the East Coast, up over 20.0% compared to the previous corresponding period, due to strong market conditions in Victoria. Demand in Victoria has overtaken production capacity, with product being shipped from Queensland to maintain supply. Average selling prices were affected by the increased volume to major builders servicing the first home owner segment. Cement roof tiles are the roofing material of choice for first home buyers.

Similarly in Western Australia sales volumes improved and average selling prices were constrained due to increased first home owner work. Volumes were increasing in the latter months of the first half and this momentum will be carried into the second half of this financial year.

**Eureka Tiles™**. During the period the decision was made to exit the floor tile business for a number of reasons based around conditions in Australia making it uncompetitive to manufacture tiles locally. Consequently the Eureka Tiles™ factory at Ballarat was closed at the end of January 2010 and a non-regular charge of \$5.2 million was incurred to write off the plant and equipment and obsolete stock. The Eureka Tiles™ brand name and imported stock were sold in February 2010. The balance of the locally produced stock will be sold over the next six months.

**Auswest Timbers™** delivered an improved result primarily due to improved processing efficiency and cost management. Sales volumes were driven by strong roof tile batten demand across all markets.

The batten mill at Fyshwick in the ACT suffered a major fire on 11 December 2009. Battens to customers were supplied from the mill at Orbost in Victoria until the Fyshwick mill was recommissioned on 18 January 2010.

#### **Brickworks Land and Development**

Land and Development produced an EBIT of \$12.3 million for the half year ended 31 January 2010, an increase of 1.7% from \$12.1 million for the prior period.

**Property Sales** contributed an EBIT of \$8.3 million to the result for the six months to 31 January 2010. The settlement of Stage 2 of the Eastwood site to AV Jennings was completed on 19 January 2010 for \$17.5 million. In addition, an unconditional sale contract for Stage 3 of the Eastwood site was exchanged and the profit accounted for during the period.

The 4.2 hectare site at the corner of Wallgrove Road and Old Wallgrove Road in the M7 Business Hub was sold for \$15.0 million in December 2009. This represents a rate of \$400 per m<sup>2</sup> based on the developable area of 3.8 hectares. Brickworks had a 50% share in this property with the Goodman Group.

No new facilities were completed in the **Property Trust** during the half year which resulted in no Development Profit being realised in this period compared to \$9.3 million in the prior period.

The JV Property Trusts contributed through income and revaluations an EBIT of \$4.0 million, up 135.4% from \$1.7 million in the previous corresponding period.

Net property income distributed from the Trust decreased during the period to \$3.6 million, down 18.2% from \$4.4 million previously. The prior period included a \$1.2 million lump sum expansion land rent paid on part of the Erskine Trust property.

## BRICKWORKS LIMITED AND CONTROLLED ENTITIES

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### DIRECTORS' REPORT

Revaluation adjustments during the six months to 31 January 2010 contributed \$440,000 compared to a loss of \$2.7 million in the prior period. There now appears to be some optimism that valuations have stabilised with capitalisation rates at 8.0% or above.

At 31 January 2010 the total Property Trust assets were \$595.2 million, with borrowings of \$265.2 million, giving a total net value of \$330.0 million. Brickworks share of the Trust's net assets was \$165.0 million, up \$4.6 million from \$160.4 million at 31 July 2009. Refinancing of one of the Property Trusts required an investment of \$3.9 million to reduce the loan to value ratio (LVR). All of the JV Property Trusts met their banking covenants during the period.

**Waste Management** EBIT was \$726,000 for the six months to 31 January 2010, down 39.5% from \$1.2 million in the previous corresponding period. The reduced royalty resulted from a lower waste delivery rate.

#### Brickworks Investments

##### Washington H. Soul Pattinson Limited ('WHSP')

ASX Code: SOL

The normal contribution from Brickworks' investment in WHSP for the half year ended 31 January 2010 was \$39.9 million, down 16.5% from \$47.8 million in the previous corresponding period.

The market value of Brickworks 48.25% share holding in WHSP was \$1.396 billion, up 24.1% or \$271.0 million, from \$1.125 billion at 31 July 2009. Fully franked dividends of \$45.0 million were received during the half year compared to \$18.4 million received in the previous corresponding half year. The dividends received during the half included a special dividend of 25.0 cents per share.

WHSP has a compound annual return of 19.0% over the last 15 years compared to 10.6% for the ASX All Ordinaries Accumulation Index, an outperformance of 8.4% per annum.

WHSP holds a significant investment portfolio in a number of listed companies including Brickworks, New Hope Corporation, TPG Telecom, API, BKI Investment Company, Clover, Ruralco and Souls Private Equity.

#### Significant Items since Balance Sheet Date

Brickworks acquired the assets of **Brick & Block Company Pty Ltd** from the Receivers and Managers in February 2010 for \$13.5 million. The acquisition of the largest independent masonry block manufacturer in the state provides Austral Masonry™ its first production facility in New South Wales. Austral Masonry™ is now a significant business on the East Coast with a market share in excess of 20.0%.

The settlement of the third and final stage of the **Eastwood** site in Sydney to AV Jennings was completed on 3 March 2010 for \$17.5 million. Total proceeds from the sale of the Eastwood site were \$70.0 million including GST.

Brickworks purchased the assets, including land and buildings, of **Sasso Precast Concrete ("Sasso")** in March 2010 for \$35.25 million. Sasso manufactures precast floor and wall panels from its state of the art manufacturing facility at Wetherill Park in western Sydney. This acquisition provides a strong platform for growth in the fastest growing segment of the external walling market in Australia.

The Austral Bricks™ factory at **Wollert** in Victoria has been a complete success, exceeding expectations and leading to the decision to expand the plant. At the time the company announced the plans to expand the current Wollert factory in Victoria EPA, approval had not been received. This approval was granted on 17 March 2010 and construction is underway.

The expansion will lift the plant's production design capacity of 85.0 million standard brick equivalents per annum to 170.0 million when complete. The expanded facility will include a repressed brick line and an upgraded clay grinding plant for a total cost of \$65.0 million for the project. The expanded facility will be fully commissioned in 2011 and will secure Austral Bricks™ leading presence in the Victorian market with state of the art manufacturing facilities for many years to come.

## **BRICKWORKS LIMITED AND CONTROLLED ENTITIES**

A.B.N. 17 000 028 526

### **DIRECTORS' REPORT**

#### **Outlook**

##### **Building Products**

The order bank, in New South Wales and Victoria in particular, has climbed strongly in recent months and expectations are for a strong second half performance driven by the federal government's stimulus measures. Brickworks is pleased to announce it has recommissioned the second kiln at the national flagship plant at Horsley Park, New South Wales after being closed for two and a half years.

There are a number of major risks that may impact the strength and duration of the recovery. If the Reserve Bank increase rates too aggressively and further constrains new housing supply it will add pressure to housing prices. Higher prices will in turn reduce affordability and demand for new homes. This may in turn lead to a further increase in housing prices, the very scenario the Reserve Bank is trying to avoid.

Increasing housing supply will reduce the rate of asset price growth and improve affordability. The issue of lack of supply will not be improved until regulation and excessive taxation of new land is reduced.

The ongoing lack of finance available for construction of medium and high density dwellings and finance for land development also poses a significant risk to the recovery in building activity. The medium to high density segment of the market is expected to remain weak during the second half as development is constrained.

The timing of a recovery in investor and upgrader activity is still uncertain and there is the very real possibility of a lull in activity in the second half of this calendar year as first home buyer activity declines.

##### **Land and Development**

Demand for serviced vacant industrial land is expected to be weak in the coming half, impacting on future land sales for the remainder of the financial year.

Whilst pre-commitment enquiry appears to have increased in early calendar 2010, the time involved in securing and delivering these projects will result in no development occurring in the Property Trust in the next six months.

Stability of capitalisation rates and contracted rental increases will reduce the risk of further write downs in property values. Rental returns from the Property Trust will be steady over the coming period as all completed facilities are fully leased.

Significant work has commenced on rezoning of surplus land at Craigieburn in Victoria, Oxley and Rochedale in Queensland and Cardup in Western Australia.

##### **Investments**

Investment returns are expected to be solid in the second half and will continue to provide stable, diversified earnings to Brickworks. WHSP is in a strong financial position and has the ability to take advantage of any opportunities that may arise.

##### **Brickworks Group**

Brickworks full year result is expected to be solid due to improving performance of the Building Products Group, lower interest expense due to the conservative level of gearing and a solid contribution from Investments. Uncertainty remains around the underlying strength of the recovery in building activity supporting the Building Products Group performance, but the initial signs of a recovery are evident.

**DIRECTORS' REPORT**

**Rounding of amounts**

The consolidated entity has applied the relief available to it under ASIC Class Order 98/0100 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 9 for the half year ended 31 January 2010.

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

Dated 25 March 2010



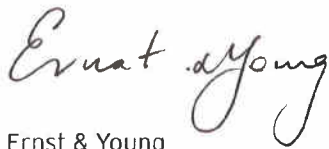
R D MILLNER  
Director



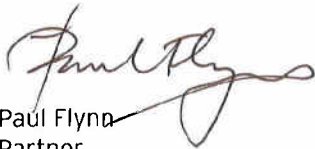
L R PARTRIDGE  
Director

## Auditor's Independence Declaration to the Directors of Brickworks Limited

In relation to our review of the financial report of Brickworks Limited for the half-year ended 31 January 2010, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



Ernst & Young



Paul Flynn  
Partner

25 March 2010

**BRICKWORKS LIMITED AND CONTROLLED ENTITIES**  
A.B.N. 17 000 028 526

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF YEAR ENDED 31 JANUARY 2010**

		<b>CONSOLIDATED</b>	
	<b>NOTE</b>	<b>31 JAN 10 \$000</b>	<b>31 JAN 09 \$000</b>
Revenue	2	319,125	248,248
Cost of sales		<u>(232,966)</u>	<u>(178,040)</u>
Gross profit		86,159	70,208
Other income		517	1,771
Distribution expenses		(24,234)	(22,883)
Administration expenses		(9,048)	(9,712)
Selling expenses		(26,796)	(26,171)
Finance costs	2	(12,244)	(30,921)
Other expenses	2	(6,123)	(47,697)
Share of net profits of associates and joint ventures accounted for using the equity method	2, 5, 6	<u>41,999</u>	<u>411,554</u>
Profit from ordinary activities before income tax expense		<u>50,230</u>	<u>346,149</u>
Income tax attributable to profit from ordinary activities	3	<u>37,970</u>	<u>(90,833)</u>
<b>Profit from ordinary activities after related income tax expense</b>		<u><b>88,200</b></u>	<u><b>255,316</b></u>
Other comprehensive income			
Cash flow hedge gain / (loss) taken to equity		(75)	83
Foreign currency translation		(160)	(128)
Share of increments / (decrements) in reserves attributable to associates		7,751	(87,911)
Tax on movement in equity accounted investment recognised directly in equity		<u>(1,754)</u>	<u>24,235</u>
<b>Other comprehensive income for the period, net of tax</b>		<u><b>5,762</b></u>	<u><b>(63,721)</b></u>
Total comprehensive income for the period		<u><u>93,962</u></u>	<u><u>191,595</u></u>
Net profit attributable to members of the parent entity		<u><u>88,200</u></u>	<u><u>255,316</u></u>
Total comprehensive income for the period attributable to members of the parent entity		<u><u>93,962</u></u>	<u><u>191,595</u></u>
Basic earnings per share (cents per share)		63.0	192.3
Diluted earnings per share (cents per share)		63.0	173.6

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

# BRICKWORKS LIMITED AND CONTROLLED ENTITIES

A.B.N. 17 000 028 526

## BALANCE SHEET AS AT 31 JANUARY 2010

		<b>CONSOLIDATED</b>	
	<b>NOTE</b>	<b>31 JAN 10</b>	<b>31 JULY 09</b>
		<b>\$000</b>	<b>\$000</b>
<b>CURRENT ASSETS</b>			
Cash assets		104,851	17,916
Receivables		84,342	68,747
Held for trading financial assets		23	23
Derivative financial instruments		487	-
Inventories		148,365	147,292
Land held for resale		6,170	50,461
Income tax receivable		4,159	-
Other		6,185	5,020
<b>TOTAL CURRENT ASSETS</b>		<b>354,582</b>	<b>289,459</b>
<b>NON-CURRENT ASSETS</b>			
Receivables		200	200
Derivative financial instruments		2,484	-
Inventories		8,536	8,699
Land held for resale		30,765	30,722
Investments accounted for using the equity method	5, 6	1,141,591	1,133,580
Property, plant and equipment	7	393,236	399,809
Intangible assets		271,943	272,099
Other		355	704
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,849,110</b>	<b>1,845,813</b>
<b>TOTAL ASSETS</b>		<b>2,203,692</b>	<b>2,135,272</b>
<b>CURRENT LIABILITIES</b>			
Payables		61,945	88,255
Derivative financial instruments		67	511
Interest-bearing liabilities		-	67,000
Current tax liabilities		-	8,620
Provisions		27,438	25,348
<b>TOTAL CURRENT LIABILITIES</b>		<b>89,450</b>	<b>189,734</b>
<b>NON-CURRENT LIABILITIES</b>			
Derivative financial instruments		3,435	517
Interest-bearing liabilities		300,000	333,000
Provisions		24,885	25,059
Deferred tax items		179,816	215,514
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>508,136</b>	<b>574,090</b>
<b>TOTAL LIABILITIES</b>		<b>597,586</b>	<b>763,824</b>
<b>NET ASSETS</b>		<b>1,606,106</b>	<b>1,371,448</b>
<b>EQUITY</b>			
Contributed equity	8	320,162	146,521
Reserves		361,165	353,572
Retained profits		924,779	871,355
<b>TOTAL EQUITY</b>		<b>1,606,106</b>	<b>1,371,448</b>

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

**BRICKWORKS LIMITED AND CONTROLLED ENTITIES**

A.B.N. 17 000 028 526

**STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 JANUARY 2010**

		Ordinary Shares	Treasury Stock	Capital Profits Reserve	Cash Flow Hedge Reserve	Equity Adjustments Reserve	General Reserve	Foreign Currency Reserve	Share Based Payments Reserve	Associates Reserve	Retained Earnings	Total
<b>31 JANUARY 2010</b>	<b>NOTE</b>											
Total equity at beginning of the half year		151,095	(4,574)	88,102	8	(39,963)	36,125	(1,624)	-	270,925	871,355	1,371,449
Net profit for the half year		-	-	-	-	-	-	-	-	-	88,200	88,200
Other comprehensive income for the half year		-	-	-	(75)	(1,754)	-	(160)	-	7,751	-	5,762
Total comprehensive income for the half year		-	-	-	(75)	(1,754)	-	(160)	-	7,751	88,200	93,962
Transactions with owners in their capacity as owners												
Dividends provided or paid during the half year	4	-	-	-	-	-	-	-	-	-	(31,563)	(31,563)
Issue of shares	8	177,944	-	-	-	-	-	-	-	-	-	177,944
Purchase of shares through employee share plan	8	-	(4,313)	-	-	-	-	-	-	-	-	(4,313)
Shares vested to employees	8	-	10	-	-	-	-	-	-	-	-	10
Share of associates transfer to outside equity interests		-	-	-	-	-	-	-	-	-	(3,213)	(3,213)
Share based payments		-	-	-	-	-	-	-	1,831	-	-	1,831
		177,944	(4,303)	-	-	-	-	-	1,831	-	(34,776)	140,695
Total equity at the end of the half year		329,039	(8,877)	88,102	(67)	(41,717)	36,125	(1,784)	1,831	278,676	924,779	1,606,106
<b>31 JANUARY 2009</b>												
Total equity at beginning of the half year		149,046	(4,154)	88,102	254	(41,067)	36,125	(1,360)	-	277,496	609,027	1,113,469
Net profit for the half year		-	-	-	-	-	-	-	-	-	255,316	255,316
Other comprehensive income for the half year		-	-	-	83	24,235	-	(128)	-	(87,911)	-	(63,721)
Total comprehensive income for the half year		-	-	-	83	24,235	-	(128)	-	(87,911)	255,316	191,595
Transactions with owners in their capacity as owners												
Dividends provided or paid during the half year	4	-	-	-	-	-	-	-	-	-	(27,757)	(27,757)
Issue of shares	8	2,049	-	-	-	-	-	-	-	-	-	2,049
Purchase of shares through employee share plan	8	-	(2,374)	-	-	-	-	-	-	-	-	(2,374)
Shares vested to employees	8	-	1,005	-	-	-	-	-	-	-	-	1,005
		2,049	(1,369)	-	-	-	-	-	-	-	(27,757)	(27,077)
		151,095	(5,523)	88,102	337	(16,832)	36,125	(1,488)	-	189,585	836,586	1,277,987

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



**BRICKWORKS LIMITED AND CONTROLLED ENTITIES**  
A.B.N. 17 000 028 526

**CASH FLOW STATEMENT**  
**FOR THE HALF YEAR ENDED 31 JANUARY 2010**

		<b>CONSOLIDATED</b>	
	<b>NOTE</b>	<b>31 JAN 10</b>	<b>31 JAN 09</b>
		<b>\$000</b>	<b>\$000</b>
<b>Cash flows from operating activities</b>			
Receipts from customers		322,559	296,142
Payments to suppliers & employees		(287,529)	(277,779)
Interest received		1,131	2,414
Interest paid		(10,254)	(15,088)
PAVERS interest		-	(5,461)
Dividends received		48,500	24,027
Income tax paid		(10,883)	(10,789)
		<u>63,524</u>	<u>13,466</u>
Net cash flows from / (used in) operating activities			
<b>Cash flows from investing activities</b>			
Proceeds from the sale of investments		4	-
Purchases of investments		(3,895)	-
Purchases of intangibles		-	(848)
Proceeds from sale of property, plant & equipment		1,652	51,659
Purchases of property, plant & equipment		(9,689)	(8,197)
		<u>(11,928)</u>	<u>42,614</u>
Net cash flows from / (used in) investing activities			
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		30,000	182,000
Repayment of borrowings		(130,000)	(62,000)
Proceeds from issue of shares	8	173,642	2,049
Buyback of shares		-	(165,000)
Loan (to) / from other entity		715	-
Dividends paid		(39,018)	(35,211)
		<u>35,339</u>	<u>(78,162)</u>
Net cash flows from / (used in) financing activities			
Net increase / (decrease) in cash held		86,935	(22,082)
Cash at beginning of half year		<u>17,916</u>	<u>37,808</u>
Cash at end of half year		<u><u>104,851</u></u>	<u><u>15,726</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 JANUARY 2010**

**NOTE 1: BASIS OF PREPARATION**

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 2009, 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.

Apart from the changes in accounting policy noted below, 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 2009.

**AASB 8: Operating Segments**

AASB 8 replaced AASB 114: Segment Reporting upon its effective date. The Group concluded that the operating segments determined in accordance with AASB 8 are the same as the business segments previously identified under AASB 114. AASB 8 disclosures are shown in note 9, including the related revised comparative information.

**AASB 101: Presentation of Financial Statements**

The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owners changes in equity presented in a reconciliation of each component of equity and included in the new statement of comprehensive income. The statement of comprehensive income present all items of recognised and expense, either in one single statement, or two linked statements. The Group has elected to present one statement.

**NOTE 2: SIGNIFICANT REVENUE AND EXPENSES**

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

	<b>CONSOLIDATED</b>	
	<b>31 JAN 10</b>	<b>31 JAN 09</b>
	<b>\$000</b>	<b>\$000</b>
<i>REVENUES</i>		
Building products	263,028	245,696
Property	54,961	1,656
Investments	1,136	896
	<hr/>	<hr/>
Total revenue	<u>319,125</u>	<u>248,248</u>
<i>FINANCE COSTS</i>		
Interest cost	10,548	17,400
Mark to market derivatives	1,696	9,736
PAVERS interest	-	3,650
PAVERS amortisation	-	135
	<hr/>	<hr/>
Total Finance costs expensed	<u>12,244</u>	<u>30,921</u>
Finance costs capitalised	<hr/> -	<hr/> 646
Total finance costs	<u>12,244</u>	<u>31,567</u>

**BRICKWORKS LIMITED AND CONTROLLED ENTITIES**  
A.B.N. 17 000 028 526

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 JANUARY 2010**

	<b>CONSOLIDATED</b>	
	<b>31 JAN 10</b>	<b>31 JAN 09</b>
	<b>\$000</b>	<b>\$000</b>
<b>NOTE 2: SIGNIFICANT REVENUE AND EXPENSES (cont.)</b>		
<i>PROPERTY TRUST PROFITS</i>		
Development profits from joint venture developments	-	3,349
Fair value adjustment of properties	440	(2,693)
Fair value adjustment on completion of developments	-	6,038
Property Trust rental profits	3,565	4,392
	<u>4,005</u>	<u>11,086</u>
Total profits from Property Trusts	<u>4,005</u>	<u>11,086</u>
<i>OTHER SIGNIFICANT ITEMS</i>		
Write down assets to net realisable value		
Buildings, Plant & Equipment <sup>(1)</sup>	(2,701)	(30,181)
Inventories <sup>(2)</sup>	(3,104)	(5,508)
Land held for resale <sup>(1)</sup>	-	(1,700)
Current assets held for sale <sup>(3)</sup>	-	(11,622)
One off costs on closure of manufacturing facilities		
Redundancy costs <sup>(1)</sup>	(1,007)	(1,794)
Provision for remediation and site rehabilitation <sup>(1)</sup>	(89)	(7,779)
Mark to market of derivative financial instruments <sup>(4)</sup>	(1,696)	(9,736)
Additional profit / (loss) due to significant one-off transactions of Washington H Soul Pattinson & Co Ltd <sup>(3)</sup>	(2,082)	363,340
Other non-regular items <sup>(1)</sup>	-	(1,624)
	<u>(10,679)</u>	<u>293,396</u>
Total non-regular items	<u>(10,679)</u>	<u>293,396</u>
Tax effect of above transactions	3,177	(88,921)
Tax adjustment for WHSP carrying value	38,688	-
	<u>31,186</u>	<u>204,475</u>
Total non-regular items after income tax	<u>31,186</u>	<u>204,475</u>

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

(2) Disclosed in "Cost of Sales" line on Income Statement

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

(4) Disclosed in "Finance costs" line on Income Statement

**NOTE 3: INCOME TAX EXPENSE**

Current Tax	(2,376)	2,348
Deferred Tax	(36,066)	103,235
Under / (over) provided in prior years	472	(14,750)
	<u>(37,970)</u>	<u>90,833</u>

**BRICKWORKS LIMITED AND CONTROLLED ENTITIES**  
A.B.N. 17 000 028 526

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 JANUARY 2010**

**CONSOLIDATED**  
**31 JAN 10                      31 JAN 09**  
**\$000                              \$000**

**NOTE 4: DIVIDENDS**

Final ordinary dividend of 26.5 cents per share fully franked at the tax rate of 30% (2009 - 26.5 cents fully franked) not recognised as a liability in the previous period

39,017                      35,211

Group's share of dividend received by associated company

(7,454)                      (7,454)

31,563                      27,757

Proposed interim ordinary dividend of 13.0 cents per share fully franked at the tax rate of 30% (2009 - 12.5 cents fully franked) and recognised as a liability

19,141                      16,609

**NOTE 5: ASSOCIATED ENTITIES**

Information relating to significant associated entities is set out below:

	<b>Ownership interest</b>		<b>Contribution to profit</b>	
	<b>31 JAN 10</b>	<b>31 JAN 09</b>	<b>31 JAN 10</b>	<b>31 JAN 09</b>
	<b>\$000</b>	<b>%</b>	<b>\$000</b>	<b>\$000</b>
Washington H Soul Pattinson & Co Ltd	42.85	42.85	37,862	411,187
Brickworks Investment Company Ltd	-	13.21	<u>-</u>	<u>(10,786)</u>
			<u>37,862</u>	<u>400,401</u>

At 31 January 2009, BKI was reclassified in the balance sheet to current assets held for sale. The investment was disposed of on 17 February 2009.

**NOTE 6: JOINTLY CONTROLLED ENTITIES**

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

BGAI CDC Trust	50.00	50.00	2,830	(2,837)
BGAI Erskine Trust	50.00	50.00	1,101	5,243
BGAI TTP Trust	50.00	50.00	341	(394)
BGAI Capicure Trust	50.00	50.00	(496)	1,467
BGAI Heritage Trust	50.00	50.00	(6)	1,569
BGAI Oakdale Trust	50.00	50.00	-	-
BGAI Wacol Trust	50.00	-	235	
Other jointly controlled entities			131	67
Fair value adjustments on completion of developments			<u>-</u>	<u>6,038</u>
			<u>4,136</u>	<u>11,153</u>

**BRICKWORKS LIMITED AND CONTROLLED ENTITIES**  
A.B.N. 17 000 028 526

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 JANUARY 2010**

**NOTE 7: PROPERTY, PLANT AND EQUIPMENT**

The Australian Federal Government has proposed introducing a Carbon Pollution Reduction Scheme (CPRS). The introduction of the CPRS has the potential to significantly impact the assumptions used to determine the future cash flows generated from the continuing use of the Group's assets for the purpose of value-in-use calculations in impairment testing. The assets most likely to be impacted include property, plant and equipment, and intangible assets. The Group has not yet incorporated the impact of CPRS into their assumptions at 31 January 2010 as significant uncertainty exists around a number of areas associated with CPRS and insufficient market information exists.

	<b>CONSOLIDATED 31 JAN 10 \$000</b>	<b>31 JULY 09 \$000</b>
<b>NOTE 8: SHARE CAPITAL</b>		
Fully paid ordinary shares	329,039	151,095
Reserved shares	(8,877)	(4,574)
	<u>320,162</u>	<u>146,521</u>
<b>ORDINARY SHARES</b>		
Opening balance	151,095	149,046
Shares issued during the period	177,944	2,049
	<u>329,039</u>	<u>151,095</u>
	<b>No.</b>	<b>No.</b>
Opening balance	132,872,050	132,692,188
Shares issued during the period	14,363,854	179,862
	<u>147,235,904</u>	<u>132,872,050</u>
	<b>\$000</b>	<b>\$000</b>
<b>RESERVED SHARES</b>		
Opening balance	4,574	4,154
Reserved shares acquired by share plan	4,313	2,374
Reserved shares vested during period	(10)	(1,954)
	<u>8,877</u>	<u>4,574</u>
	<b>No.</b>	<b>No.</b>
Opening balance	377,035	332,279
Reserved shares acquired by share plan	319,818	211,445
Reserved shares vested during period	(1,278)	(166,689)
	<u>695,575</u>	<u>377,035</u>

**BRICKWORKS LIMITED AND CONTROLLED ENTITIES**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 JANUARY 2010**

**NOTE 8: SHARE CAPITAL (cont.)**

On 24 September 2009 Brickworks announced a Share Purchase Plan (SPP). When the SPP closed, acceptances from 12,221 shareholders were received totalling \$174.4 million, and 14,068,062 shares were issued as a result.

The proceeds from the SPP have been used to reduce net debt.

**NOTE 9: SEGMENT INFORMATION**

	<b>Building Products</b>		<b>Property</b>		<b>Investments</b>		<b>Consolidated</b>	
	<b>31 JAN 10</b>	<b>31 JAN 09</b>	<b>31 JAN 10</b>	<b>31 JAN 09</b>	<b>31 JAN 10</b>	<b>31 JAN 09</b>	<b>31 JAN 10</b>	<b>31 JAN 09</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>REVENUE</b>								
Segment revenue	<u>263,028</u>	<u>245,696</u>	<u>54,961</u>	<u>1,656</u>	<u>1,136</u>	<u>896</u>	<u>319,125</u>	<u>248,248</u>
<b>RESULT</b>								
Segment EBITDA	34,623	31,385	12,370	12,123	41,079	49,002	88,072	92,510
Less depreciation and amortisation	<u>(12,815)</u>	<u>(14,962)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,815)</u>	<u>(14,962)</u>
Segment EBIT	<u>21,808</u>	<u>16,423</u>	<u>12,370</u>	<u>12,123</u>	<u>41,079</u>	<u>49,002</u>	<u>75,257</u>	<u>77,548</u>
Less non-regular items	<u>(6,901)</u>	<u>(46,886)</u>	<u>-</u>	<u>(1,700)</u>	<u>(2,082)</u>	<u>351,718</u>	<u>(8,983)</u>	<u>303,132</u>
Segment result	<u>14,907</u>	<u>(30,463)</u>	<u>12,370</u>	<u>10,423</u>	<u>38,997</u>	<u>400,720</u>	<u>66,274</u>	<u>380,680</u>
Unallocated expenses								
Finance costs							(10,548)	(21,185)
Non regular finance costs							(1,696)	(9,736)
Other unallocated expenses							<u>(3,800)</u>	<u>(3,610)</u>
Profit from ordinary activities before income tax expense							50,230	346,149
Income tax expense							(3,895)	(1,912)
Non regular income tax expense							<u>41,865</u>	<u>(88,921)</u>
Profit from ordinary activities after income tax expense							<u>88,200</u>	<u>255,316</u>

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 and Co. Ltd.

Since 1 August 2009 the Group has adopted AASB 8: Operating Segments.

There has been no change in the basis of segmentation of the group or the basis of measurement of segment profit compared to the last annual financial statements.

There are no inter-segment revenues within the group.

**BRICKWORKS LIMITED AND CONTROLLED ENTITIES**  
A.B.N. 17 000 028 526

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 JANUARY 2010**

**NOTE 10: EVENTS OCCURRING AFTER BALANCE DATE**

On 12 February 2010 Brickworks completed the acquisition of the assets of Brick and Block Pty Ltd for \$13.5 million. This transaction has not been reflected in the financial statements as at 31 January 2010.

On 5 March 2010 Brickworks completed the acquisition of the assets of Sasso Precast Concrete for \$35.3 million. This transaction has not been reflected in the financial statements as at 31 January 2010.

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.

**NOTE 11: CONTINGENT LIABILITIES**

There has been no material change of any contingent assets or contingent liabilities since the last annual reporting date.

**BRICKWORKS LIMITED AND CONTROLLED ENTITIES**

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 10 to 19, are in accordance with the Corporations Act 2001:
  - a. comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
  - b. give a true and fair view of the economic entity's financial position as at 31 January 2010 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 25 March 2010



R D MILLNER  
Director



L R PARTRIDGE  
Director



## Independent Auditor's Report to 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 balance sheet as at 31 January 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes 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 and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### 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 Interim and Other Financial Reports 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 2010 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 half-year, 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 by reference included 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:

- i) giving a true and fair view of the consolidated entity's financial position as at 31 January 2010 and of its performance for the half-year ended on that date; and
- ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A stylized, handwritten signature of 'Ernst & Young' in a cursive script.

Ernst & Young

A stylized, handwritten signature of 'Paul Flynn' in a cursive script.

Paul Flynn

Partner  
Sydney  
25 March 2010