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24 September 2015

Australian Securities Exchange

Attention: **ASX Market Announcements**

BY ELECTRONIC LODGEMENT

Dear Sir/Madam,

Please find attached the Brickworks Limited Review of Results for the year ended 31 July 2015, for immediate release to the market.

Yours faithfully

Susan Leppinus
Company Secretary

BRICKWORKS LIMITED

REVIEW OF RESULTS

FULL YEAR ENDED JULY 2015

Released: 24th September 2015

BRICKWORKS LIMITED - REVIEW OF RESULTS

FULL YEAR ENDED JULY 2015

RECORD BUILDING PRODUCTS SALES, DIVIDEND UP 7.1%

$ MILLIONS[1]	**July 15 12 mths**	**July 14 12 mths**	**Variance %**
REVENUE			
Building Products	700.9	636.9	10.0
Land and Development	22.4	33.1	(32.1)
Other	0.3	0.3	0.0
Total	**723.6**	**670.3**	**8.0**
EBIT			
Building Products	56.4	45.1	25.0
Land and Development	64.4	62.4	3.1
Associates & Investments	54.8	44.6	22.9
Head Office & Other	(9.7)	(8.9)	(8.4)
Total EBIT (before significant items)	**165.9**	**143.2**	**15.8**
Total EBITDA (before significant items)	**191.1**	**168.1**	**13.7**
Interest cost	(17.1)	(19.5)	12.2
Mark to market valuation of swaps	(2.4)	1.4	(267.3)
Underlying tax expense	(26.1)	(23.8)	(9.5)
Underlying NPAT	**120.3**	**101.3**	**18.8**
Significant items	(42.2)	1.5	N/A
Statutory NPAT	**78.1**	**102.8**	**(24.0)**
Per share Analysis			
Underlying earnings per share (cents)	81.1	68.4	18.5
Statutory earnings per share (cents)	52.6	69.4	(24.2)
Final ordinary dividend (cents)	30.0	28.0	7.1
Total full year dividend (cents)	45.0	**42.0**	7.1
Share price (31 Jul 15)	$14.90	$14.30	4.2
Net tangible assets (NTA)	$10.59	$10.32	2.6
Share price / NTA (times)	1.4	1.4	0.0

Significant items primarily relate to non cash impairments in Austral Precast and Auswest Timbers, reported in the first half, and in WHSP's subsidiary companies New Hope Corporation and CopperChem in the second half.

Total Shareholder Return to 31 Jul 2015 (Index return[2])			
1 year TSR %	7.6 (5.4)	10 year TSR % p.a.	7.0 (7.2)
5 year TSR % p.a.	8.4 (9.4)	15 year TSR % p.a.	12.5 (8.2)

[1] All underlying profit and earnings measures exclude significant items, unless otherwise stated
[2] All Ordinaries Accumulation Index

RECORD BUILDING PRODUCTS SALES, DIVIDEND UP 7.1%

Highlights

- **Brickworks underlying NPAT before significant items up 18.8% to $120.3 million**
  - **Building Products EBIT up 25.0% to $56.4 million**
  - **Land and Development EBIT up 3.1% to $64.4 million**
  - **Investments EBIT up 22.9% to $54.8 million**
- **Statutory NPAT including significant items, down 24.0% to $78.1 million**
- **Net debt/capital employed of 14.2%, net debt $301.9 million**
- **Final dividend of 30.0 cents fully franked, up 2 cents or 7.1%**
- **Total full year dividend of 45.0 cents fully franked, up 3 cents or 7.1%**

Overview

Brickworks' (ASX: BKW) posted a record underlying Net Profit After Tax ('**NPAT**') for the year ended 31 July 2015 of $120.3 million, up 18.8% on the prior year. A feature of the result was the diversified earnings contribution, with Building Products, Land and Development and Investments all delivering an uplift in underlying earnings compared to the prior year.

After including the impact of significant items, statutory NPAT was down 24.0% to $78.1 million. The significant items primarily relate to non cash impairments in Austral Precast and Auswest Timbers, reported in the first half, and in Washington H Soul Pattinson's ('WHSP') subsidiary companies New Hope Corporation and CopperChem in the second half.

On record sales revenue of $700.9 million, **Building Products'** underlying earnings before interest and tax ('EBIT') was $56.4 million, up 25.0% on the prior year. The improved earnings were driven by a combination of continued sales growth and solid price increases in some divisions.

Land and Development EBIT was $64.4 million for the 12 months to 31 July 2015, driven primarily by a strong revaluation profit in the Joint Venture Industrial Property Trust[3] ('Property Trust') and the sale of the Coles Chilled Distribution Centre ('Coles CDC').

Investment EBIT, including the underlying contribution from WHSP, was up 22.9% to $54.8 million. This was due primarily to increased underlying earnings in TPG Telecom and New Hope Corporation.

Underlying earnings per share ('**EPS'**) were 81.1 cents, up 18.5% from 68.4 cents for the prior year.

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

Directors have declared a fully franked final **dividend** of 30.0 cents per share for the year ended 31 July 2015, up 7.1% from 28.0 cents. Together with the interim dividend of 15.0 cents per share, this brings the total dividends paid for the year to 45.0 cents per share, up 3.0 cents or 7.1% on the prior year.

The record date for the final dividend will be 5 November 2015, with payment on 25 November 2015.

Financial Analysis

Gearing (debt to equity) was 17.8% at 31 July 2015, down from 18.1% at 31 July 2014. Total interest bearing debt remained unchanged at $325.0 million and **net debt** was $301.9 million at 31 July 2015, down 1.0% from $304.8 million at 31 July 2014. Net debt to capital employed was 14.1% at the end of the period, but reduced further to 12.3% at 31 August 2015, following settlement of the Coles CDC sale within the Property Trust and distribution of proceeds to Brickworks.

Interest costs were down 12.2% to $17.1 million for the year. **Total borrowing costs** were $19.5 million, including the loss in mark to market valuation of swaps of $2.4 million. Interest cover was 9.7 times, up from 7.3 times at 31 July 2014.

Working capital, excluding land held for resale, was $167.8 million at 31 July 2015, a decrease of $4.9 million compared to the prior year. **Finished goods inventory** reduced by $3.9 million during the year, however total inventory was up by $2.2 million. This included the acquisition of a masonry plant and greater production output that resulted in increased raw materials and work in progress.

Total **cash flow** from operating activities was $133.3 million, up 32.6% from $100.5 million in the prior year. This includes $18.3 million in proceeds from the sale of the Port Kembla site in New South Wales and the Riverview site in Queensland. Excluding these sales, operating cash flow was up 14.4%, primarily reflecting the higher level of trading and decreased working capital.

Building Products **capital expenditure** on plant and equipment increased to $41.1 million, from $33.2 million in the prior year. Stay in business capital expenditure was $25.8 million, approximately in line with depreciation. Spend on major growth projects totalled $15.3 million and included the first phase of a plant upgrade at the Rochedale brick plant in Queensland and a range of alternative fuels projects.

Spending on Building Products **acquisitions** totalled $5.5 million for the year, comprising the purchase of a masonry plant in Rockhampton during the first half. In addition, property acquisitions totalled $15.3 million, including the previously leased Austral Masonry sites at Yatala and Cairns in Queensland and a clay reserve at Berrima in New South Wales.

The underlying **income tax** expense for the year increased to $26.1 million compared to $23.8 million for the previous year, due to the increased earnings from the Building Products and Land and Development Groups. The statutory tax expense of $18.8 million was down 10.5% on the previous year, with the low effective tax rate of 19.4% reflecting the fully franked dividend and lower equity accounted earnings from WHSP.

Net tangible assets ('NTA') per share was $10.59 at 31 July 2015, up from $10.32 at 31 July 2014 and total shareholder's equity was up $27.8 million to $1.824 billion.

Return on equity of underlying earnings was 6.6%, up from 5.7% in the prior year. Over the longer term, Brickworks diversified corporate structure has provided stability of earnings and enabled prudent investments that have steadily built net asset value and underpinned superior long term shareholder returns.

Brickworks’ continues to outperform the All Ordinaries Accumulation index in terms of total shareholder returns (‘**TSR**’) over most time horizons. TSR for the year to 31 July 2015 was 7.6%, 2.2% higher than the index. Over 15 years, Brickworks has delivered returns of 12.5% per annum, 4.3% above the index.

Significant items decreased NPAT by $42.2 million for the year, consisting of non cash impairments, plant commissioning costs at Rochedale in Queensland and Horsley Park in New South Wales, costs associated with the Perpetual litigation (discussed below) and other Building Products items such as acquisition costs and redundancies.

In addition, significant items relating to WHSP were incurred, primarily related to non cash impairments in subsidiary companies New Hope Corporation and CopperChem in the second half.

The Building Products' non cash asset impairments, reported in the first half, comprised $10.0 million associated with goodwill in Austral Precast and $6.7 million in relation to Auswest Timbers log licenses, both reported in the first half. The impairment charges recognised reflect a delay and risk in achieving planned operational efficiencies in these businesses.

Significant Items ($m)	Gross	Tax	Net
Impairment of goodwill in Austral Precast	(10.0)	-	(10.0)
Impairment of Auswest Timbers log licenses	(6.7)	0.5	(6.2)
Plant commissioning costs	(4.3)	1.3	(3.0)
Costs relating to Perpetual litigation	(1.6)	0.5	(1.1)
Other Building Products items	(1.8)	0.5	(1.3)
Significant items relating to WHSP	(25.1)	4.5	(20.6)
TOTAL	**(49.5)**	**7.3**	**(42.2)**

Perpetual Litigation Update

On 20 February 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. Additional information will be contained in the Company’s Notice of Annual General Meeting to shareholders.

The cross-claim brought by Perpetual against Brickworks and WHSP is continuing. The discovery process has commenced, and will likely take some months to complete.

The Perpetual litigation has caused Brickworks to incur approximately $1.6 million in costs during the 12 months to 31 July 2015.

Brickworks Building Products

Summary of Housing Commencements – 12 Months to June 2015

Estimated Starts[4]	Detached Houses			Other Res			Total		
	Jun 15	Jun 14	Change	Jun 15	Jun 14	Change	Jun 15	Jun 14	Change
New South Wales[5]	25,454	22,541	12.9%	32,093	27,683	15.9%	57,547	50,224	14.6%
Queensland	22,306	19,355	15.2%	20,113	16,146	24.6%	42,419	35,501	19.5%
Victoria	32,302	29,440	9.7%	30,894	22,051	40.1%	63,196	51,491	22.7%
Western Australia	23,420	22,664	3.3%	7,957	6,451	23.3%	31,377	29,115	7.8%
South Australia	7,676	7,924	-3.1%	2,723	2,754	-1.1%	10,399	10,678	-2.6%
Tasmania	2,083	1,603	29.9%	415	307	35.2%	2,498	1,910	30.8%
Total Australia[6]	**114,116**	**104,404**	**9.3%**	**95,485**	**76,569**	**24.7%**	**209,601**	**180,973**	**15.8%**
New Zealand[7]	22,969	20,451	12.3%	2,185	2,875	-24.0%	25,154	23,326	7.8%

Total dwelling commencements for Australia were up 15.8% to 209,601 for the twelve months ended 30 June 2015. This level of residential building activity is the highest on record in Australia, with detached housing activity now three years into a recovery and other residential commencements continuing to record unprecedented growth.

Detached housing commencements increased 9.3% on the prior year. The growth in detached housing was broad-based, with all states except South Australia experiencing improved conditions. Following three years of growth, the level of detached house building now exceeds the 25 year average by 10%, but remains 14% below the record level.

Momentum in other residential activity continued unabated, with commencements up a further 24.7% to a new record high of 95,485 for the twelve months to 30 June 2015. This level of other residential activity is 85% higher than the 25 year average and more than double the levels recorded six years ago. Other residential developments now represent 45.6% of all residential commencements in Australia, up from 20.9% six years ago.

Conditions in **New South Wales** (including ACT) continue to improve, with total residential commencements up 14.6% on the prior year and just shy of the record level achieved 20 years ago. Double digit growth was recorded in both detached houses and other residential activity.

Queensland experienced a strong increase in overall activity, with commencements up 19.5% to 42,419 for the twelve months to 30 June 2015. Despite the strong growth, the recovery in Queensland has lagged the rest of the country, with detached housing commencements still almost 10% below the 25 year average.

Total commencements in **Victoria** of 63,196 for the year, are the highest on record for any state. Activity in this state has been fuelled by unprecedented growth in other residential commencements, up a staggering 40.1% to 30,894. As a result of this sharp increase, other residential activity now makes up almost 50% of total commencements in Victoria. Growth in detached house commencements was also strong, up 9.7% to 32,302.

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[4] Original data sourced from ABSCat. 8752.0 Number of Dwelling Unit Commencements by Sector, States & Territories, except June 15 quarter estimate, from BIS Shrapnel.
[5] Includes ACT, to align with Brickworks divisional regions
[6] Includes Northern Territory, not shown separately on table
[7] Building Consents data sourced from Statistics New Zealand – Building Consents.

After recording record levels midway through the year, and an overall increase in commencements of 7.8% at year end, residential building activity in **Western Australia** now appears to have passed the peak. Activity in the second half of the year was 15.5% below the first half, with the decline being felt in both detached houses and other residential developments.

Tasmania delivered the greatest uplift in building activity of any state during the year, recording an overall increase of 30.8%. Both detached housing and other residential commencements were up significantly on the prior year.

Continued growth in **New Zealand** was also recorded, with building consents for the year ended 30 June 2015 increasing by 7.8%.

The value of approvals in the **non residential** sector in Australia decreased by 18.7% to $29.447 billion for the twelve months to 31 July 2015. Within the non residential sector, **Commercial** building approvals decreased by 23.4% to $11.194 billion for the period and **Industrial** building approvals decreased 16.4% to $4.248 billion. The **Educational** sub-sector, an important driver for bricks and masonry demand, was down 21.8% to $3.667 billion.

Building Products' Results in Detail[8]

Year Ended July		2015	2014	Change %
Revenue	$mill	700.9	636.9	10.0
EBITDA	$mill	81.6	70.0	16.6
EBIT	$mill	56.4	45.1	25.0
Capital Expenditure[9]	$mill	41.1	33.2	23.9
EBITDA margin	%	11.6	11.0	5.9
EBIT margin	%	8.0	7.1	13.6
Capital Employed	$mil	842.9	813.8	3.6
Net Tangible Assets	$mil	590.8	544.8	8.4
Return on Capital Employed	%	6.7	5.5	20.7
Return on Net Tangible Assets	%	9.5	8.3	15.3
Full Time Employees		1,468	1,414	3.8
Safety (TRIFR)[10]		22.5	33.6	(32.3)
Safety (LTIFR)[11]		2.0	3.3	(37.8)

Revenue for the year ended 31 July 2015 was up 10.0% to a record $700.9 million, compared to $636.9 million for the prior year. Financial year 2015 saw a continuation of the broad-based recovery in building materials demand, with sales revenue exceeding the prior year in all divisions except Austral Precast. Particularly strong momentum was recorded in Austral Bricks, Bristile Roofing and Auswest Timbers.

EBIT was $56.4 million, up 25.0% on the prior year, and **EBITDA** was $81.6 million. Improved earnings were achieved on the back of the strong growth in sales volume and higher prices in most divisions.

Earnings in the second half of $30.3 million were 16.0% higher than the first half. Whilst this momentum was encouraging, extended periods of rain and cold weather from April till July, and supply constraints such as availability of land and trades, adversely impacted sales volumes across many divisions in the second half.

Over the full year, improved volumes delivered a positive EBIT impact of $10.4 million compared to the prior year. This was primarily due to higher volume in Austral Bricks, in particular the two largest east coast markets of New South Wales and Victoria.

Pricing outcomes were patchy across the divisions and in total contributed an EBIT uplift of $15.5 million. Strong price increases were achieved in Austral Bricks in all states except Western Australia. Austral Masonry, Bristile Roofing and Auswest Timbers also recorded solid gains, however pricing in Austral Precast decreased, primarily due to strong competition in New South Wales and Victoria.

The EBIT impact of increases in unit production and installation costs was negative $12.2 million for the year. However after including the $7.0 million benefit from the removal of the carbon tax,

[8] All references to earnings within Building Products represent underlying earnings, pre significant items.
[9] Excludes plant rebuild costs covered by insurance
[10] Total Reportable Injury Frequency Rate (TRIFR) measures the total number of reportable injuries per million hours worked
[11] Lost Time Injury Frequency Rate (LTIFR) measures the number of lost time injuries per million hours worked

the net impact was $5.2 million, representing a 1.2% uplift in unit costs. Whilst the increased volume delivered improved operating efficiency across many plants, cost pressures still remain in some areas.

In addition, other costs increased by $8.7 million, due primarily to a significant increase in advertising and selling support expenses. During the year, costs were incurred to ensure that service levels were maintained despite the significant increase in demand. The company has also made a strategic investment in a high fashion branding campaign and the roll out of CBD design studios across all major capitals, and will continue to benefit from these initiatives in the years ahead.

Despite the improved earnings, Building Products' Return on Capital Employed ('**ROCE**') of 6.7% remains below internal targets. Excluding goodwill and other intangible assets of $252.1 million, the underlying Return on Net Tangible Assets ('**RONTA**') was 9.5%, up from 8.3% in the prior year.

Full time **employees** increased by 54 during the year, taking the total number to 1,468 at 31 July 2015. This includes the addition of 11 employees as a result of the masonry plant acquisition in Rockhampton, and 23 employees due to the recommissioning of Plant 2 at Horsley Park.

During the downturn in 2012-13, employee numbers were reduced significantly in many areas of the business. With conditions now much improved, the company has taken the opportunity to upskill in a number of key areas such as research and development, engineering and marketing. In addition, the senior management team has been boosted by the recruitment of executive staff in selected areas to ensure the long term sustainability of the business as it continues to grow.

There were 6 Lost Time **Injuries** ('LTIs') during the year. This translated into a reduction in the Lost Time Injury Frequency Rate ('LTIFR') to 2.0, compared to 3.3 in the 2014 financial year. The Total Reportable Injury Frequency Rate ('TRIFR') decreased to 22.5 from 33.6 in the prior financial year.

Tragically, these statistics are overshadowed by the fatal accident that occurred in February, when a roofing contractor fell at Plant 2, Horsley Park. All management and staff at Brickworks are deeply saddened by this loss and our thoughts and condolences are extended to the family. It is our ongoing goal to have a workplace free from injuries and this incident has re-enforced our commitment to rolling out best practice OH&S procedures across the organisation.

Divisional Results

Austral Bricks delivered a 40.5% increase in earnings for the twelve months ended 31 July 2015. Total sales revenue was up 12.7% to $379.7 million, driven by a 9.7% uplift in sales volume and strong selling price increases in most states. Excluding the impact of Western Australia where pricing was flat, the average selling price was up 6.1% on the prior year.

Manufacturing costs were held approximately in line with the prior year, on the back of increased volume throughput in most plants and a range of cost reduction initiatives, such as the implementation of alternative fuels projects.

Finished goods stock levels were reduced by 11.7%, with reductions in all states except Western Australia. As a result of the increased demand across all markets, the flow of bricks between states has increased as production is optimised across the country.

New South Wales recorded a significant increase in earnings, primarily as a result of strong price increases and a range of business improvement initiatives. Strong market conditions also supported growth in sales volume, up 9.7% excluding the impact of tolling arrangements.

This business is reaping the benefits of 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. The success of this strategy is illustrated by Austral Bricks New South Wales products featuring in the winning residential and commercial projects at the recent Horbury Hunt awards that recognise excellence in the use of bricks in architectural design.

In response to the increasing demand for up-market products, the Punchbowl factory has been transitioned from a floor tile and paver plant to a premium bricks manufacturer and the previously mothballed Plant 2 at Horsley Park recommenced production in March. This plant has not been operational since 2007, indicating the strength of the current market in New South Wales.

Production costs reduced by 1.2% compared to the previous corresponding period, with increased throughput supported by cost reduction projects such as the use of landfill gas in Plant 1 and Plant 3 at Horsley Park.

In **Queensland** the Rochedale plant was shutdown for 18 weeks to accommodate the first phase of a plant upgrade, comprising new clay storage, brick making and setting installation. As a result earnings declined, with manufacturing costs significantly higher than the prior year. However, the underlying performance of the business was positive, with local sales volume up by 7.8% and strong selling price increases achieved. Performance in the final quarter, post the upgrades, was particularly pleasing.

The final phase of the refurbishment program, comprising upgrades to the kiln, dryers and packaging plant, is planned for the second half of financial year 2016. This investment will deliver lower production costs, increased capacity and improve product quality, positioning the business to deliver sustainable returns over the long term.

Earnings from **Victoria** were significantly higher than the prior year on the back of very strong sales volume, up 17.6%. Production volumes were up a comparatively low 7.1%, resulting in a 31.7% reduction in finished goods inventory levels.

The increased production volume, together with a range of operational improvement projects delivered significant efficiency benefits, with unit manufacturing costs down by 3.1%. The recently built Wollert factory is now delivering on its full potential, following the transition to the new facility.

Earnings in **Western Australia** were considerably improved, recovering to the highest level since 2010. This result was achieved primarily as a result of lower unit manufacturing costs due to prior year upgrades at Bellevue.

Despite the increased earnings and strong market activity, conditions in Western Australia remain difficult, with competition for sales volume remaining intense. This is reflected by a slight loss in market share, despite average selling prices remaining flat compared to the prior year.

During the year, contracts were signed that will deliver significantly lower energy costs, with the new rates for electricity and gas effective from 1st July 2015 and 1st January 2016 respectively.

Earnings in **South Australia** were up significantly on the prior period, due largely to an increase in local sales volume of 10.1%. The gross margin was relatively steady, with improved average selling prices being offset by manufacturing costs increases.

Tasmania delivered an outstanding result with earnings more than double the prior corresponding period. This result was achieved primarily due to a strong increase in local sales volume and solid price increases. An intensive marketing campaign aimed at increasing the share of brick in housing construction proved very successful, and delivered good returns in a state where Austral Bricks is now the sole local manufacturer.

New Zealand Brick Distributors delivered a decrease in earnings for the year. Although overall market activity in New Zealand remains robust, sales of bricks to support the Christchurch rebuild program has slowed due to the limited release of land suited to brick construction. Together with an increase in competition in other areas of the country and increased use of other cladding systems this has resulted in a decline in sales volume from the previous record levels.

Austral Masonry delivered another increase in earnings, up 9.6% compared to the prior year, on record sales revenue of $87.1 million. Sales volume increased by 4.0%, with strong growth being recorded in north and south-east Queensland.

The improved earnings were supported by a sustained focus on premium products in both the commercial and residential sectors that delivered improved pricing outcomes, particularly in New South Wales. Increased sales of higher margin engineered retaining wall systems such as “Keystone” and “Magnumstone” also had a positive impact on the results.

In December, Austral Masonry completed the acquisition of the independent manufacturer Capricornia Rockblock, located in Rockhampton in Central Queensland. This plant is a modern facility, commissioned in 2011, and delivers Austral Masonry the leading position in a region where it did not previously have a significant market presence.

The previously leased operational sites at Yatala and Cairns, both in Queensland, were also purchased during the year. Due to rental savings, both of these land acquisitions are immediately earnings and cash flow positive.

Bristile Roofing earnings increased by 19.8% on the prior year, with sales revenue up 11.0% to $111.4 million. Higher earnings were driven by strong gains in Queensland and Western Australia, with growth also returning in Victoria following a period of declining earnings in that state. The strong growth of imported La Escandella terracotta tiles continues, and is now a key driver of earnings growth for Bristile.

Price increases of 6.3% were achieved, supported by an increased proportion of higher priced commercial volume in Western Australia. Production costs were well controlled, with only a marginal increase in unit costs over the prior year.

Austral Precast revenue was down 5.0% to $66.4 million on flat sales volumes. Conditions varied across the country with increased sales volume in Victoria and Queensland being offset by declines in New South Wales and Western Australia. Earnings for the year were lower, with an exceptionally strong performance in Queensland offset by weakness in New South Wales and Victoria, both impacted by an unfavourable product mix.

A re-structure is well underway and a range of cost reduction projects are being implemented across the business, including a focus on streamlining the pre-production process and enhancing operating systems. During the second half of the year, significant progress was made on improving productivity across all operations. In addition, the business is being repositioned to focus on the fast growing high rise residential market.

Auswest Timbers sales revenue increased by 17.2% to $55.7 million on record sales volume of around 63,200m^3. The improved volume resulted from an increased focus on value added product sales into both domestic and export markets. Domestic demand in the decking market has improved significantly, due in part to the higher prices of imported alternatives as a result of the lower Australian dollar. Export demand increased from the US and UK markets, helping to offset weaker demand from China.

Whilst earnings were down on the prior year, direct comparison is impacted by prior year insurance claims and one-off issues in the first half of 2015 such as poor quality Jarrah log feedstock. Despite the decrease in earnings, underlying performance is much improved, with the new management team continuing to make good progress to enhance operational efficiency, with productivity improvements being wide spread across all sites.

Industry rationalisation continued during the year in both Western Australia and Victoria, with several years of difficult conditions resulting in a number of competitors exiting these markets.

After many years of negotiations, the log supply agreement in Victoria is expected to be finalised soon. Once in place, this agreement will provide certainty of supply and underpin planned investments to reduce costs and improve productivity at the Orbost and Bairnsdale facilities in the East Gippsland region. These investments will ensure that Auswest is able to meet the strong demand for products produced at these facilities.

Land and Development

Land and Development produced an EBIT before significant items of $64.4 million for the year ended 31 July 2015, up 3.1% from $62.4 million for the prior year.

The improved result was primarily due to growth in the **Property Trust,** generating an EBIT of $61.1million, up 40.8% from $43.4 million in the prior year.

Net property income distributed from the Trust was $15.3 million for the year, up from $13.0 million in the year ended 31 July 2014.

The revaluation profit of stabilised Property Trust assets totalled $29.0 million, up from $23.5 million due to compression in capitalisation rates of between 0.50% and 0.75%.

An EBIT of $1.9 million was generated through a revaluation of land that is now ready for development at Oakdale Central. In addition, a development profit of $2.7 million resulted from the completion of the Coles CDC expansion in the first half.

Following this expansion, the Coles CDC facility was sold for $253 million to Mapletree Logistics Trust in July 2015. This price was considerably higher than book value, reflecting a capitalisation rate of 5.7%, and generating an additional EBIT of $12.1 million.

The sale of the Coles CDC facility at this time reflects Brickworks strategy of realising the maximum value possible from it's portfolio of property assets. The current low capitalisation rates for industrial properties in the area, together with the long lease period and high quality tenant for this asset, created an ideal sale opportunity.

This property was sold into the Property Trust in 2006, with further expansion works completed recently. Over the life of the development, it has delivered profits of $44.9 million on an original book value of $3.6 million, in addition to rental distributions totalling $18.7 million.

The total value of the Property Trust at 31 July 2015 was $1.087 billion with borrowings of $413.0 million, giving a total net value of $674.0 million. This includes the Coles CDC sale value of $253 million, still held as an asset within the Trust at the end of the reporting period. Therefore Brickworks' 50% share of the Trust's net asset value was $337.0 million at 31 July 2015. Following the subsequent settlement of the Coles CDC sale and distribution of proceeds, Brickworks share of the Trust's net asset value decreased to $278.0 million.

Land Sales contributed an EBIT of $4.6 million for the year, down significantly from $21.0 million in the prior year. The largest transaction for the year was the sale of 12.4 hectares at Riverview in Queensland for a profit of $2.4 million. The remaining profit was realised from the compulsory acquisition of 1.5 hectares of land at Bellevue in Western Australia.

Waste Management contributed a profit of $2.6 million for the year, up from $1.4 million in the prior year.

Property administration **expenses** totalled $3.8 million, up slightly from $3.4 million in the prior year. These expenses include holding costs such as rates and taxes on properties awaiting development.

Investments

The underlying EBIT from total investments was up 22.9% to $54.8 million in the year ended 31 July 2015.

Washington H. Soul Pattinson Limited ('WHSP')

ASX Code: SOL

WHSP holds a significant investment portfolio in a number of listed companies including Brickworks, New Hope Corporation, TPG Telecom, API, Clover, Ruralco Holdings and CopperChem.

Brickworks' investment in WHSP returned an underlying contribution of $54.6 million for the year ended 31 July 2015, up 23.0% from $44.4 million in the previous corresponding period. This was due primarily to increased underlying earnings in TPG Telecom and New Hope Corporation. The statutory contribution from WHSP was $29.4 million, after including the impact of significant items primarily associated with non cash impairments in subsidiary companies New Hope Corporation and CopperChem.

The market value of Brickworks 42.72% share holding in WHSP was $1.401 billion at 31 July 2015, 22.3% higher than the equity accounted carrying value of $1.146 billion. WHSP has delivered outstanding returns over the long term, outperforming the ASX All Ordinaries Accumulation Index by 5.2% per annum over fifteen years, to 31 July 2015.

The investment in WHSP has been an important contributor to Brickworks' 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. For the 12 months to 31 July 2015, cash dividends totalling $50.1 million were received, up 4.2% on the prior year. This dividend helps to balance the cyclical earnings from Brickworks' Building Products and Land divisions.

Significant Items Post Balance Date

Settlement of Coles CDC Sale

Settlement of the Coles CDC sale occurred on 28th August 2015, resulting in sale proceeds of $253.0 million to the Property Trust. These funds were used to:

- Reduce debt within the Property Trust, resulting in the Trust gearing level reducing to 39.8% at 31 August 2015, from 44.8% at 31 July 2015;
- Pay a $60.0 million distribution to Brickworks Limited, resulting in Brickworks net debt decreasing to $256.3 million as at 31 August 2015; and
- Payout an interest rate swap within the Property Trust.

Brickworks Included in S&P/ASX 300

Brickworks' was included in the S&P ASX 300 Index as at close of trading on 18 September 2015. The improved liquidity and profile that will arise 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 and continued strong momentum in new building approvals suggests that activity could rise further in the next six months, driven primarily by the major east coast capital cities. In the major markets of Sydney and Melbourne, home builders are reporting strong demand, with work in hand extending by up to one year.

With interest rates expected to stay at historically low levels for the foreseeable future, it is possible that the pent-up underlying demand for housing will be built out in all states except New South Wales over the coming years. However government's across Australia need to do more to overcome land title bottlenecks, delays in building approvals and trade shortages.

These conditions are reflected in an extremely strong order book in most divisions. Austral Bricks and Bristile Roofing orders along the east coast are particularly strong, whilst in Austral Precast, capacity in Queensland is sold out for almost the entire year and demand in New South Wales is increasing rapidly.

In addition to market driven sales growth, significant success has been achieved in increasing the penetration of Brickworks products in a number of key markets, despite the ongoing competition from alternatives. For example, the use of face brick in high rise residential and commercial developments continues to increase, underpinned by the company's investment in design studios across the country and strong promotional activity to the architectural community. Similarly, La Escandella terracotta roof tiles have established a reputation as the premium roofing product in the market, and have re-invigorated sales across the Bristile Roofing range.

Price increases of 5-10% in Austral Bricks were successfully implemented, effective from 1 July 2015, and will add further impetus to earnings in 2016. Price increases in other divisions will also be implemented throughout the year.

Overall, the short term outlook for Building Products is very positive, with a long pipeline of work in our major markets and the successful implementation of price rises in July, set to drive increased earnings in 2016.

Following the Coles CDC sale Brickworks has an extremely strong balance sheet and is able to invest in strategic capital projects in its core business, and is exploring other opportunities to provide further earnings growth over the medium term.

Land and Development

Development activity in the Property Trust has increased significantly in the past six months and is set for a strong year ahead. Agreements for lease have been secured for two new DHL facilities on the Oakdale Central site, with areas of 27,000m^2 and 31,000m^2. Construction has already commenced on these facilities with completion due by July 2016. Once completed, the rent received from these facilities will partially offset the reduction caused by the Coles CDC sale.

Work has also commenced on a section of Old Wallgrove Road leading to the Oakdale Estate. These works will improve site access and enhance the areas status as a prime location for warehousing and logistics premises.

Available industrial space for lease in western Sydney is now severely limited due to hail damage at nearby industrial areas. As a result, there is significant potential to secure a number of additional pre-commitments over the next 6-12 months.

In response to the continued demand in the area, it is anticipated that the first section of Oakdale West will be sold into the Property Trust during financial year 2016. In total the Oakdale West estate comprises 100 hectares of developable land and this will progressively be sold into the Property Trust over a number of years. The land is currently zoned for industrial uses and a development application is now being prepared to enable this land to be developed.

Development of the Rochedale North estate in Queensland is also well underway, with infrastructure works to the entire estate due for completion in October 2015. The Beaumont Tiles facility, totalling 12,912m^2, is scheduled for completion in early calendar 2016. A Heads of Agreement has been signed for an additional 8,000m^2 facility at this site.

In Victoria significant process has been made on rezoning surplus land at Craigieburn, with the Metropolitan Planning Commission having identified the land as suitable for residential development in their draft Quarry Investigating Area Plan. Support for this proposal has been received from other parties and a final report is expected to be handed down by the end of calendar 2015.

Investments

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

Brickworks Group

Building Products earnings for the 2016 financial year are expected to exceed 2015. Land and Development earnings are expected to be approximately in line with the prior year, subject to the timing and value of property transactions. Investment earnings are expected to remain stable over the long term.

LINDSAY PARTRIDGE
MANAGING DIRECTOR