

# **BRICKWORKS**

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LIMITED

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11 April 2006

Australian Stock Exchange (Sydney) Limited  
Attention: **Companies Department**

**BY ELECTRONIC LODGEMENT**

Dear Sir/Madam,

Please find attached a press release relating to the Brickworks Ltd financial results for the half year ended 31 January 2006, for immediate release to the market.

Yours faithfully,  
BRICKWORKS LIMITED



IAIN THOMPSON  
COMPANY SECRETARY

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**BRICKWORKS LIMITED**

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## NEW REPORTING PERIOD

ASX & MEDIA RELEASE

11 APRIL 2006

### BRICKWORKS OVERCOMES CHALLENGING CONDITIONS, LIFTS PROFIT 15%

	Jan 06 (\$M)	Dec 04 (\$M)	Change (%)
	6 months	6 months	
<b><i>PROFIT</i></b>			
Net Profit After Tax (NPAT)	46.1	39.9	+15%
<b><i>TOTAL REVENUE</i></b>			
	258.9	252.9	+2%
<b><i>EBITA</i></b>			
Building Products EBITA	31.6	48.3	-35%
Property EBITA	15.5	0.2	N/A
Waste EBITA	0.7	0.7	0%
Investments	0.3	0.3	0%
Associates	13.5	23.4	-42%
Finance Costs	(12.7)	(15.0)	-15%
Other Costs	(2.1)	(3.5)	-40%
Net Profit Before Tax	46.8	54.4	-14%
Tax	(0.7)	(14.5)	-95%
Net Profit After Tax (NPAT)	46.1	39.9	+15%
<b><i>PER SHARE</i></b>			
Earnings per Share (cents)	34.7	30.3	+15%
Final Ordinary Dividend (cents)	11.0	10.0	+10%
NTA/Share	\$5.13	\$4.16	+23%

**Highlights for the six months to 31 January 2006 include:**

- Net profit after tax \$46.1 million, ninth consecutive increase in first half profit
- Interim dividend of 11 cents, up 10 per cent, seventh consecutive increase
- Diversity of earnings overcomes challenging trading conditions in building products
- Increased contributions from Land & Development
- Reduced Washington H. Soul Pattinson (WHSP) equity accounted contribution
- Reduced income tax expense driven by Washington H. Soul Pattinson (WHSP) investment

**BRICKWORKS OVERCOMES CHALLENGING CONDITIONS, LIFTS PROFITS 15%**

National building products company, Brickworks Limited, has overcome challenging trading conditions in Australia's building market to lift net profit after tax for the ninth consecutive first half.

Net profit after tax increased 15 per cent to \$46.1 million compared to \$39.9 million for the six months to January 2005.

Earnings per share also improved strongly, increasing 15 per cent from 30.3 cents a share to 34.7 cents a share, enabling directors to increase interim dividend for the seventh consecutive year from 10 cents fully franked to 11 cents fully franked.

Directors attributed Brickworks strong performance to diversified earnings across building products, land & development, waste management and investments.

While the continuation of the housing downturn led to building products earnings before interest, tax and amortisation (EBITA) falling 35 per cent to \$31.6 million, this was offset by land & development EBITA increasing substantially to \$15.5 million.

Chairman of Brickworks, Mr Robert Millner, said the structure of Brickworks in which it was able to offset cyclical building products performance with alternative earnings streams meant a steady and increasing flow of dividends to shareholders despite tough trading conditions.

Brickworks managing director, Mr Lindsay Partridge, added that while the housing downturn had been severe, with New South Wales housing approvals at a 25 year low, the impact had not been uniform nationally and it had provided opportunities for operational improvement.

"Within our operations we have lifted maintenance expenditure, achieved price increases on some products, improved distribution arrangements in New Zealand, extended our product range, increased capital expenditure to reduce costs and progressed our new Victorian plant further," Mr Partridge said.

"Our operations are in excellent shape for when improved industry conditions return and in the meantime we have substantial profits in the pipeline from our land and development projects," Mr Partridge added.

While trading conditions in building products were difficult, there were several offsetting factors which indicate the strength of the underlying business:

- sales revenue held steady at \$258.9 million, with margins lower because of lower volumes
- Inflation on costs was fully recovered by cost reductions and price rises
- Western Australia increased volumes and prices requiring product to be shipped from NSW to meet demand
- Bristle Roofing increased EBIT significantly on reduced sales
- Eureka Tiles lifted volumes and prices through new products

Capital expenditure on building products operations was maintained at a high level of \$22.3 million, with more than half going to build the new Victorian plant at Wollert, which is on track for completion in February 2007.

The remainder of capital expenditure was principally for the cost reduction project at Riverview in Queensland, now completed, and the refit at Golden Grove in South Australia, nearing completion.

Improved earnings from Brickworks land & development business relate principally to the sale to Coca-Cola Amatil Limited of 15 hectares of the M7 Business Hub property in Sydney's west.

Brickworks land holdings remain extensive and indicate development opportunities in the pipeline for the future.

Brickworks own 400 ha at Horsley Park in Western Sydney, 13 ha at Eastwood in Sydney, 58 ha at Scoresby in Victoria and 19 ha at Hallam in Victoria, with each of these in varying stages of consideration, rezoning or rehabilitation.

Among other Brickworks operations are Auswest Timbers, which reported a flat result but is expected to benefit from combination with Terra Timbers in a move to high margin niche flooring and other differentiated products. Waste Management lifted EBITA to \$830,000 and concluded an agreement with Collex to boost filling at Horsley Park, leading to additional payments to Brickworks.

Equity accounted earnings after tax under AIFRS from 42.85 per cent owned Washington H Soul Pattinson and Company Limited decreased to \$11.9 million and from 22.17 per cent owned Brickworks Investment Company Limited increased to \$1.5 million.

Income tax expense reduced \$13.9 million largely driven by an AIFRS impact on Washington H. Soul Pattinson (WHSP) equity accounted investment.

Free cash flow before capital expenditure and dividends remained at a high level of \$60.4 million and allowed Brickworks to reduce net debt by \$7.1 million to \$182.6 million.

Regarding outlook, Brickworks directors said priorities were to improve building products performance and maximise profits from land & development.

Over the past five years Brickworks has achieved a total shareholder return of 26.1 per cent per annum compared to the ASX Accumulation Index of 12.5 per cent and S&P/ASX200 index of 12.5 per cent per annum.

Interim dividend will be paid on May 11 to shareholders registered on April 27.

*Brickworks Limited has national building products operations and is an exporter of these products to the Asia Pacific region and the Middle East. It is Australia's largest brick manufacturer, a major roof and floor tile producer and has operations in timber products and waste management. It has a market capitalisation of \$1.9 billion and owns 42.85 per cent of Washington H Soul Pattinson and Company Limited and 22.17 per cent of Brickworks Investment Company Limited.*

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**ISSUED FOR** : **BRICKWORKS LIMITED (ASX CODE: BKW)** [www.brickworks.com.au](http://www.brickworks.com.au)

**FOR FURTHER INFORMATION** : **MR LINDSAY PARTRIDGE, MANAGING DIRECTOR, TEL: (02) 9830 7700**  
**OR MR ROBERT MILLNER, CHAIRMAN, BRICKWORKS LIMITED, TEL: (02) 9232 7166**

**ISSUED BY** : WESTBROOK COMMUNICATIONS, CONTACT: IAN WESTBROOK, TEL (02) 9231 0922, MOBILE 0407 958 137