

BRICKWORKS

LIMITED

ABN 17 000 028 526

ANNUAL REPORT 2002

BRICKWORKS LIMITED AND CONTROLLED ENTITIES

A.B.N. 17 000 028 526

FIVE YEAR SUMMARY

	1998 \$000	1999 \$000	2000 \$000	2001 \$000	2002 \$000
Total Revenue	122,198	147,711	186,458	172,969	197,524
Clay Products Revenue	108,241	119,128	159,070	118,463	149,709
Net Profit Before Income Tax:					
Clay Products	11,576	20,732	30,472	18,910	26,463
Property	-	-	-	-	1,510
Investment (excluding associates)	4,796	7,139	6,508	7,347	6,988
Associates*	7,158	19,135	16,301	40,032	30,942
Borrowing Costs and Others	-	-	-	(1,601)	(5,250)
	<u>23,530</u>	<u>47,006</u>	<u>53,281</u>	<u>64,689</u>	<u>60,653</u>
Income Tax	<u>4,758</u>	<u>8,290</u>	<u>10,274</u>	<u>4,684</u>	<u>8,726</u>
Net Profit After Income Tax	<u><u>18,772</u></u>	<u><u>38,716</u></u>	<u><u>43,007</u></u>	<u><u>60,005</u></u>	<u><u>51,927</u></u>
Earnings cents per Share**	14.3¢	29.4¢	32.6¢	45.6¢	39.4¢
Ordinary Dividends cents per Share**	10.0¢	11.0¢	12.5¢	14.0¢	15.5¢
Special Dividends cents per Share	10.0¢	7.5¢	8.5¢	4.0¢	-
Total	<u><u>20.0¢</u></u>	<u><u>18.5¢</u></u>	<u><u>21.0¢</u></u>	<u><u>18.0¢</u></u>	<u><u>15.5¢</u></u>
NTA Per Share**	\$2.17	\$3.39	\$3.52	\$3.87	\$4.13
Return on Shareholder's Equity	6.6%	8.7%	9.3%	11.8%	9.5%

Notes

* Figures include the equity accounted result in accordance with AASB 1016 Accounting for Investments in Associates from 1999. For other years, dividends received from associates have been shown.

The 2001 Associate result includes the abnormal effect of the API transaction in Washington H. Soul Pattinson & Co Ltd which increased profit by \$22.1 million.

** Earnings, dividends and NTA per share have been adjusted for the 10 for 1 share split on 18 December 2000.

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REGISTERED OFFICE:	1/114 Longueville Road, Lane Cove N.S.W. 2066 Telephone: (02) 9427 6555 Facsimile: (02) 9427 5127	
DIRECTORS:	ROBERT D. MILLNER FAICD (Chairman) Director since 1997 MICHAEL J. MILLNER (Deputy Chairman) Director since 1998 ALAN J. BENTLEY FAICD Joined the Company 1984. Director since 1995 TIMOTHY V. FAIRFAX FAICD Director since 1997 THE HON. ROBERT J. WEBSTER Director since 2001	
MANAGING DIRECTOR:	LINDSAY R. PARTRIDGE BSc. Hons.Ceramic Eng; SFCDA; Dip. CD	
SECRETARY:	ALEXANDER J. PAYNE BComm; Dip. CM; CPA; FCIS; FCIM; JP. IAIN H. THOMPSON BEc; CA; Grad.Dip.CSP	
AUDITORS:	TRAVIS & TRAVIS Chartered Accountants	
BANKERS:	NATIONAL AUSTRALIA BANK LIMITED	
CONTROLLED ENTITIES:	THE AUSTRAL BRICK COMPANY PTY. LIMITED A.B.N. 52 000 005 550 THE AUSTRAL TILE COMPANY PTY. LIMITED A.B.N. 38 000 012 340 THE AUSTRAL EXPORT COMPANY PTY. LIMITED A.B.N. 30 000 646 695 BOWRAL BRICKWORKS PTY. LIMITED A.B.N. 39 000 165 579 HORSLEY PARK HOLDINGS PTY. LIMITED A.B.N. 65 008 392 014 HORSLEY PARK OPERATIONS PTY. LIMITED A.B.N. 12 094 905 996 CARRINGTON BRICK COMPANY PTY. LIMITED A.B.N. 93 000 002 979 THE WARREN BRICK COMPANY LIMITED A.B.N. 24 000 006 682 EUREKA TILES PTY. LIMITED A.B.N. 82 074 202 592 TSA DISTRIBUTORS PTY. LIMITED A.B.N. 22 077 240 665 VISIGOTH PTY. LIMITED A.B.N. 72 076 286 710 EUREKA TILES (NZ) PTY. LIMITED A.B.N. 64 076 976 880	
SHARE REGISTER:	COMPUTERSHARE INVESTOR SERVICES PTY. LIMITED NSW: Level 3, 60 Carrington Street, Sydney N.S.W. 2000 VICTORIA: Level 1, 565 Bourke Street, Melbourne VIC. 3000 Telephone: (02) 8234 5000	
PRINCIPAL ADMINISTRATIVE OFFICE:	The Austral Brick Company Pty. Ltd. Plant 1 Wallgrove Road HORSLEY PARK NSW 2164 Telephone: (02) 9830 7700 Facsimile: (02) 9831 2383	

BRICKWORKS LIMITED

A.B.N. 17 000 028 526

DIRECTORS' REPORT

The directors of Brickworks Limited present their report and the financial report of Brickworks Limited and its controlled entities (referred to as the Brickworks Group or the Group) for the financial year ended 30 June 2002.

Directors

The names of the directors in office at any time during or since the end of the year are:

Robert D. Millner FAICD (Chairman)
Michael J. Millner
Geoffrey G. Travis BEc. (Syd); FCA (Retired 2 November 2001)
Alan J. Bentley FAICD
Timothy V. Fairfax FAICD
Lindsay R. Partridge BSc. Hons. Ceramic Eng; SFCDA; Dip. CD
The Hon. Robert J. Webster (Appointed 13 August 2001)

All directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal Activities

The principal activities of the Brickworks Group during the year were the manufacture of clay products and investment.

Result of Operations

The consolidated net profit for the year ended 30 June 2002 of the Brickworks Group after income tax expense, amounted to \$51,927,000 compared with \$60,005,000 for the previous year.

Dividends

The directors recommend that the following final dividend be declared:

Ordinary shareholders - 9 cents per share (fully franked)

Dividends paid during the year under review were:

- (a) Final ordinary of 8 cents per share (fully franked) out of profits for the year ended 30 June 2001 and referred to in the previous directors' report;
- (b) Interim ordinary of 6.5 cents per share (fully franked) paid 11 April 2002;

Review of Operations

Results

The record NPAT of \$51.9 million is up 37 per cent on the normalised* 2001 result of \$37.9 million. The result was driven by strong sales revenue of \$149.7 million, up 26 per cent and a strong profit before tax from clay products of \$26.5 million, up 40 per cent.

Investment income (dividends and realised gains) of \$23.8 million was up 5 per cent.

The total investment portfolio returned 27 per cent including unrealised gains compared with a negative 4.5 per cent from the S&P/ASX 300 Accumulation Index over the same period.

At 30 June the value of the total investment portfolio stood at \$880.3 million, up from \$642.2 million in June 2001. The portfolio includes the \$85.2 million purchase of Bristle shares.

Earnings per share increased to 39.4 cents compared to a normalised* 28.7 cents last year.

The result was achieved after incurring an additional \$4.0 million in income tax expense due to increased profits and adjustment to deferred income tax. Interest on borrowings of \$3.7 million has been incurred for the first time.

The strong performance of the Group has enabled directors to recommend that the final ordinary dividend be increased 12 per cent to 9 cents per share fully franked and payable on 4 November 2002. This brings the total dividend payments to 15.5 cents per share for the year.

* (In 2001 Washington H Soul Pattinson (WHSP) sold its pharmaceutical business to API yielding an abnormal profit of \$22.1 million in Brickworks Equity Accounting. The Brickworks reported result last year was \$60.0 million including this one-off profit.)

Clay Products

The Austral Brick Company Pty Ltd

A strong domestic economy and the lowest interest rates in a generation provided the environment for the first home buyer's grant to stimulate a substantial upturn in the housing industry. The subsequent reduction of the grant to \$10,000 on 30 June 2002 has moderated housing sales. Most forecasters are tipping a downturn of approximately 10 per cent in 2002/2003.

The clay products division lifted revenue 26 per cent to \$149.7 million and EBIT by 40 per cent to \$26.5 million in line with the upturn. As in previous years, the second half was slightly weaker than the first half due to reduced factory operation in January for maintenance and stock control, exceptionally wet weather in New South Wales during February and disruption during enterprise bargaining negotiations in April. All factories now have new three-year enterprise agreements in place and a stable industrial relations environment is anticipated over this period. The result included a full year's contribution from Bowral Bricks and one month of Eureka Tiles Australia.

Brick and paver sales volumes increased in line with increased housing starts. Selling prices increased slightly, however remained under pressure from competitors. The EBIT to sales ratio completed the year at a respectable 18 per cent, up from 16 per cent in 2001. The closure of a competitor's plant (Norbrik) in New South Wales during the year will moderate the impact on volume and prices of any slowdown in 2002/2003.

The disruption to manufacturing, due to maintenance / stock control closures, industrial action and higher insurance costs, increased unit costs in the second half at a higher rate than experienced in recent years. Austral has a number of capital projects under way which will continue to reduce unit manufacturing costs over the coming year.

Stock levels dropped during the year, falling to \$22.3 million (excluding Eureka Tiles) from \$25.2 million previously. The operation is therefore in a strong position to run factories at full capacity over the coming year.

Eureka Tiles Australia

On 17 May 2002 The Austral Tile Company purchased Eureka Tiles Pty Ltd for \$3.7 million cash and \$9.5 million debt. Eureka Tiles is based in Ballarat with one floor tile and one bathroom fittings plant. The combination of Eureka Tiles and Austral Tiles has formed Australia's largest floor tile producer with capacity approaching two million square metres per annum. The combined company is trading under the name Eureka Tiles Australia. The purchase included \$10.3 million in land, plant and equipment, and \$4.1 million in stock. There was no goodwill or intangibles included in the purchase price of Eureka Tiles Pty Ltd.

Eureka Tiles commenced producing roof tiles in the early 1900's, and then refocussed on external floor tiles in the 1960's. The factory uses a traditional tunnel kiln, which has been extensively retrofitted and is now close to the world's best. In addition a modern fast fire roller hearth kiln is used to produce a range of large format slip resistant glazed tiles.

The two production lines offer enormous diversity, efficiency and capacity exceeding one million metres square per annum. The skill and experience of Eureka, combined with the new state of the art Punchbowl plant, now give Eureka Tiles Australia a pre-eminent position in this growing market.

The new floor tile factory at Punchbowl was commissioned in January as previously reported. As market demand increases, output will be increased accordingly. The unit production cost is substantially below the imported price of equivalent products and below all local competitors.

With the opening of the new tile plant a number of new products will become available, including large format pavers and tiles, and a terracotta façade system.

Capital Expenditure

Capital expenditure during the year totalled \$20.7 million, being \$14.9 million for the Punchbowl tile plant and \$5.8 million for "stay in business" capital. This compares to depreciation of \$9.9 million (\$9.5 million in 2001). Future capital expenditure will focus on high yielding efficiency improvements, safety and environmental projects.

Export

Export sales increased by 14 per cent supported by a strong lift in sales to New Zealand and Hong Kong. Significant progress was made in Japan in the DIY market more than offsetting losses from the Government projects sector, which is in decline.

Land and Property Realisation

Brickworks property realisation program for surplus land holdings has continued strongly during the 2001/2002 period. Profit from property sales totalled \$1.5 million.

On the Punchbowl site, the sub-division and sale of the three excess sites has been successfully completed for a total of \$3.8 million. A further lot has been leased for the long-term storage of sea shipping containers.

At Brookvale, the company entered an agreement to sell the site to a third party in preference to continuing participation in the development of the site. This agreement provides a higher return from the site estimated at \$6.5 million with significantly less risk. The sale is expected to settle in February 2003.

At Mamre Road, St Marys, progress has been made on the development application to subdivide the 64-hectare site into commercial lots. Various issues that were holding up approval, including the preservation of Cumberland Plain Woodland and a native plant previously thought to be extinct, have been resolved with Council. We will continue to work with Council until the subdivision is approved. Several parties have already expressed an interest in this land.

The development agreement for Eastwood, signed with Clarendon Apartments and Baulderstone Hornibrook, is progressing well. The master plan for the redevelopment of the site was submitted to Council in March 2002 and has recently been on public exhibition. The master plan provides for not less than 260 dwellings and not more than 280 dwellings on the site.

The contract for the first stage of filling the quarry at the Eastwood site has been awarded. A development application for the remainder of the filling work will be lodged following approval of the master plan.

Significant progress has been made on the release of the property known as the Vineyard at Eastern Creek for industrial development under SEPP 59. Servicing and environmental reports on the development capability of the land have been commissioned and are due for completion in August 2002 with release expected soon after. Precinct planning will continue through to the end of the current financial year.

Waste Management

The development contract signed with Collex at the start of last financial year has progressed well. Initial requirements, including Foreign Investment Review Board approval and the issuing of an EPA licence, have been met and Collex made an initial payment of \$3.6 million.

Construction of the landfill and sub-division of the land are complete with Collex commencing operations of the landfill in late July 2002. Brickworks received the final payment of \$3.6 million in July 2002.

Investments Overall

Brickworks investment performance of 27 per cent return compares more than favourably to the S&P/ASX 300 Accumulation Index, which declined by 4.5 per cent during the same period.

The value of the total investment portfolio increased 37 per cent during the year to \$880.3 million at 30 June.

Brickworks acquired a 22.3 per cent holding in listed brickmaker, Bristle Limited, for \$85.2 million. Other listed share purchases included Macquarie Infrastructure Trust, John Fairfax Ltd and BHP Billiton. Proceeds of \$6.4 million were received on shares sold during the year.

Washington H. Soul Pattinson (WHSP) (Brickworks 42.85 per cent)

WHSP declared a half-year profit of \$36.2 million, 15.2 cents per share, up from 9.4 cents previously and adjusted for the 10 for 1 share split on 26 June 2002. This result was up 61 per cent on the previous corresponding period.

The value of WHSP increased by \$150 million to \$634 million. Dividends totalled \$12.8 million, achieving a total return of 33 per cent. The equity accounting share of profit was \$25.1 million.

WHSP continues its strong performance in a number of areas:

- **API**

API reported its results for the year ending 30 April on 3 July. Sales were up 15 per cent to \$1.88 billion and NPAT was up 21 per cent to \$34.7 million. WHSP increased its shareholding in API to 26 per cent at 31 January 2002.

The final dividend was increased 8 per cent to 6.75 cents per share fully franked, making the full year dividend 13 cents per share, an increase of 5 per cent on the previous full year.

- **Coal (New Hope Group)**

WHSP Group results were improved by the strong performance of its 69 per cent controlled entity, New Hope Corporation Limited. During the half year New Hope increased both coal production and sales in Australia and Indonesia. Total steaming coal sales from New Hope and its associated entity, P.T. Adaro Indonesia were 11.4 million tonnes, an increase of 1.5 million tonnes over the same period last year. As a result of increased production and sales, coupled with higher coal prices during the period, New Hope Corporation Limited reported a substantial increase in profit.

On 23 May, WHSP announced that saleable coal production for Q3 for the New Hope and Indonesian (Adaro) operations was 5.6 million tonnes, 24 per cent up on previous corresponding period. The lift in production was attributable to Adaro, which is targeting output of 20 million tonnes per annum. Adaro is a world class facility.

- **Media (NBN Group)**

NBN Television reported a profit after tax of \$4.2 million, a 20 per cent increase over the previous corresponding period. This result is especially pleasing given the difficult conditions for national advertising during the period, details of which have been well documented by the major free to air television stations as the worst experienced across Australia for many years. Against this backdrop, NBN was able to report advertising revenue growth of almost 10 per cent with strong contributions from both National and Local sales, with the Newcastle, Central Coast and Gold Coast markets leading the way.

The summer ratings for NBN were excellent, with both the cricket test matches and one day internationals achieving near record audience levels. The commencement of the football season has strengthened the line up with NBN confident of maintaining its mantle as Australia's highest rating television station again this year.

NBN officially commenced its first digital broadcasts in Newcastle on 1 May 2002. Increased costs associated with the introduction of digital services have been partly offset by the government's 8 year, \$1.7 million per annum licence fee rebate scheme.

- **SP Telecommunications Limited (SOT)**

In less than twelve months the share price has risen from the IPO price of 25 cents to a high of 70 cents on the back of sustained profit performance. WHSP currently holds 56.5 per cent of SOT's share capital. SOT's half yearly results released on 12 March 2002 reported a profit after tax of \$602,000 compared to last year's start up losses. Total revenue for the six months was \$10.8 million. SOT's operating cash flow for the six months was \$1.2 million, with cash on hand at the end of the six months totalling \$15.3 million.

SOT is extremely well positioned to continue its strong growth, especially in light of the joint venture with ntlT and its unique business model, which will now be applied along the entire Eastern seaboard of Australia.

SOT earnings will be boosted significantly during the second half of the financial year due to the commencement of some major contracts including ABC Asia Pacific Television Service, NBN Television Digital Service and NSW Government business.

- **Clover Corporation Limited (Clover)**

Clover reported a loss of \$2.5 million for the half year ended 31 December 2001 including some one off non-recurring expenses. As a result of a restructure and re-organisation, Clover's operating expenses have been reduced considerably.

Since Clover reported in December 2001, interest in its DHA products has increased significantly in countries where scientific research has shown that DHA has a beneficial effect on a number of health areas, including heart, eyes and the incidence of depression and improving mental health.

- **WHSP Investment Portfolio**

The market value of the investment portfolio as at 31 January 2002 was \$878 million, an increase of \$50 million or 6 per cent compared with the value reported in July 2001. The portfolio's return for the period was 8.6 per cent compared to the Benchmark ASX 300 Accumulation Index of 6.1 per cent.

During the half year a further \$12.0 million was invested in the Australian stock market. Major share purchases included Australian Pharmaceutical Industries Ltd, Macquarie Infrastructure, Cambooya Investments Ltd, Milton Corporation Ltd, Commonwealth Bank and National Bank.

The annual return from Brickworks investment in WHSP over 15 years is 17.2 per cent compared to the performance of the all ordinaries accumulation index of 8.3 per cent over the same period.

- **Bristile (BRS) (Brickworks 22.3 per cent)**

The full year profit after tax for Bristile was \$39.3 million, which was up 28 per cent on the previous year, and sales revenue of \$278.1 million was up 25 per cent on the previous year. Earnings per share for the year of 26.4 cents were an increase of 19 per cent on the previous year's pre abnormal earnings.(*)

Directors declared a fully franked final dividend of 9 cents, a 50 per cent increase on the previous year. Total dividends for the year increased to 16 cents compared to 11 cents for the previous year.

Debt levels have continued to fall and are now around 26 per cent of capital employed. Sales and profits rose strongly on the back of the strong market conditions and the Pioneer Roof Tile acquisition.

Bristile has identified a number of small efficiency improvement projects, which will provide a fast payback.

Order levels remain strong and volumes are currently expected to remain robust at least until the end of 2002. Low stock levels and low debt places the company in a strong position to weather any likely downturn.

Brickworks investment in Bristile was valued at \$87.0 million at 30 June. Including the dividend and capital appreciation the total return on the Bristile investments was 6.9 per cent for the year.

(*) Excluding the previous year's non-recurring contribution of \$7.9 million on the sale of Wesfi Ltd and dividends from the same of \$3.0 million.

Other Investments

The value of the balance of listed securities (excluding Washington H. Soul Pattinson and Bristle) was \$159.3 million as at 30 June 2002, up slightly on 30 June 2001, which was valued at \$158.9 million. During the year \$5.9 million was received in dividends and \$1.1 million was realised as profit on sales. Additional investments totalled \$2.8 million. The total return for the year was 6.6 per cent again compared to the negative performance of 4.5 per cent in the S&P/ASX 300 Accumulation Index.

Finance

As at 30 June total interest bearing debt was \$80.3 million and total cash on hand was \$11.8 million. The interest cover ratio was 13.6 with a net borrowing cost payment of \$3.7 million for the year. The ratio of net debt to capital employed was 11 per cent at 30 June 2002.

Compliance Programs

The company is subject to substantial legislation including health and safety, environmental, trade practices, discrimination and harassment. Extensive compliance programs are being undertaken to ensure the operations meet these requirements and senior staff are required to participate in a series of compulsory annual lectures and regular training.

The group safety effort has been substantially increased in response to higher standards of occupational safety and workers compensation insurance rates. Additional training and capital works are in progress to further reduce accident frequency rates.

The community and legislation are requiring higher standards of environmental performance. The group is meeting this challenge with various environmental projects, additional training through all levels of the organisation, continued independent audits and by working closely with the EPA and the local communities.

Future

At the time of writing, the New South Wales and Queensland markets have continued to perform well and approvals have remained relatively robust. The strong order bank, combined with a full construction pipeline, should see a respectable first six months.

The shortage of land in the greater Sydney area will possibly cause many housing companies to experience financial difficulties over the next twelve months, even though there is an unsatisfied demand. This situation is at odds with the medium density market where an over supply of properties in the rental market may cause a slowdown in due course.

The floor tile market has shown consistent growth for over 30 years. The market is fashion based and premiums can be sought for aesthetics. Eureka will concentrate on developing its market share based on our modern plants and technical know how.

General

During the year Brickworks took positive steps to improve its philanthropic performance by donating to the Children's Cancer Institute. The donation will allow the purchase of a preparative ultracentrifuge which will greatly assist the research work undertaken by the Institute and will hopefully lead to improved survival rates for young cancer sufferers.

Since Brickworks split the shares ten for one on 18 December 2000, the number of shareholders has increased from 1,100 to 2,712 at 30 June 2002.

An employee share ownership plan (based on Division 13A of the Tax Act) has been implemented commencing on 1 July 2002. Brickworks staff overwhelmingly supported this initiative with over 270 staff members opting to join the scheme buying shares with their own money and a small contribution from the company. This strong uptake is positive for all shareholders with the interests of a majority of employees now more closely aligned with that of all shareholders. All shares are purchased on market under an independent trust deed, thereby not causing any dilution to existing shareholders.

The compound return from an investment in Brickworks over 15 years was 12.4 per cent, a significant out performance from the all ordinaries accumulation index of 8.3 per cent over the same period.

Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the Brickworks Group during the year.

After Balance Date Events

No matters or circumstances have arisen since the end of the financial year that may significantly affect in subsequent financial years:

- the operations of the Brickworks Group;
- the results of those operations; or
- the state of affairs of the Brickworks Group.

other than those matters referred to in the review of operations.

Likely Developments and Expected Results of Operations

The review of operations gives an indication of likely developments and the expected results of operations in subsequent financial years. Further information as to likely developments in the operations of the Group, and the expected results of those operations in subsequent financial years, has not been included in this report because inclusion of such information would be likely to result in unreasonable prejudice to the Group.

Environmental Regulation

The Brickworks Group is subject to significant environmental regulation in respect of its clay products manufacturing activities as set out below.

The Group's main manufacturing facilities are based in Brisbane, Sydney and Ballarat. Each site holds a current licence and/or consent in consultation with the local environment protection authorities. Annual returns were completed for each licence stating compliance with site operating conditions.

New South Wales production facilities and mine areas are administered under the Protection of the Environment Operations Act 1997 which licences organisations and regulates the level of all discharges into the environment. Load based licencing fees are determined by the Environmental Protection Authority based on the level of discharges. The environmental Planning & Assessment Act 1979 applies to the approval conditions of the groups activities.

The Queensland production facilities and mining leases operate and are licenced under the Environmental Protection Act 1994 and Regulations. Each site is regulated by Environmental Management Overview Strategy documentation or plans of operations.

The Victorian operations and mining leases operate and are licenced under the EPA Act 1970, and the Central Highlands Regional Water Authority. These operations were subject to environmental due diligence investigations prior to acquisition.

Independent environmental auditors complete an environmental compliance audit of all factory sites and clay mining areas on an annual basis. The purpose of the audit is to ensure compliance with all licences and regulations and to identify risks of an adverse environmental event under any other relevant legislation.

The environmental audits did not identify any material non-compliances, however they have suggested minor housekeeping issues that will assist individual locations maintain the highest levels of compliance. Ongoing environmental monitoring is now an integral part of the operation at all factories.

The directors are not aware of any material breaches of environmental regulations during the financial year.

Information on Directors

Robert D. Millner FAICD

Chairman

Mr. R. Millner is the non-executive chairman of the Board. He first joined the Board in 1997 and was appointed chairman in 1999. Mr. Millner is also chairman of Washington H. Soul Pattinson and Company Ltd, NBN Ltd, New Hope Collieries Ltd, Keith Harris & Co Ltd and Choiseul Investments Ltd. His other directorships include Milton Corporation Ltd, Clover Corporation Ltd, SP Telecommunications Ltd, Pacific Strategic Investments Ltd, Australian Pharmaceutical Industries Ltd and Bristle Limited. He is a member of the Audit Committee.

Michael J. Millner

Deputy Chairman

Mr. M. Millner was appointed to the board in 1998 and is a non-executive director. His other directorships include Washington H. Soul Pattinson and Company Ltd, New Hope Collieries Ltd, NBN Ltd and Keith Harris & Co Ltd, Australian Food & Fibre Limited, SP Telecommunications Ltd and Choiseul Investments Ltd. He is also a councillor of the Royal Agricultural Society of NSW Ltd. He is a member of the Audit Committee.

Alan J. Bentley FAICD

Director

Mr. Bentley was appointed to the board in 1995. He is a non-executive director who joined the company in 1984 as General Manager. In 1988 he was appointed CEO and served in this position until 1999. He is a member of the Audit Committee.

Timothy V. Fairfax FAICD

Director

Mr. Fairfax was appointed to the board in 1997 and is a non-executive director. He holds numerous other directorships including Rural Press Ltd, Marinya Media Pty Ltd, Cambooya Pty Ltd, Stanbroke Pastoral Company Pty Ltd, and Australian Transport & Energy Corridor Pty Ltd. He is a Councillor of the University of the Sunshine Coast and Deputy Chairman of Australian Rural Leadership Foundation Ltd. He is a member of the Audit Committee.

The Hon. Robert J. Webster

Director

Mr. Webster was appointed to the board in August 2001 and is a non executive director. He is Vice President - Partner in Korn/Ferry International's Sydney office, Chairman of the National Science and Technology Centre and Director of Allianz Australia, Mirvac Group, Macquarie Generation and ASX Settlement and Transfer Corporation. He is a member of the Audit Committee.

Lindsay R. Partridge BSc Hons. Ceramic Eng; SFCDA; Dip CD

Managing Director

Mr. Partridge is a Ceramic Engineer who worked extensively in all facets of the industry in Australia and United States of America before joining the Austral Brick Company in 1985 as a factory manager. In 1987 he was appointed NSW Operations Manager and in 1989 NSW General Manager. Mr. Partridge was appointed Chief Executive Officer in 1999. He is a director of Bristle Ltd.

Meetings of Directors

During the financial year, 17 meetings of directors (including committees) were held.

Attendances were:

	DIRECTOR'S MEETINGS		COMMITTEE MEETINGS	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
R. D. Millner	15	15	2	2
M. J. Millner	15	12	2	1
G. G. Travis	7	7	1	1
A. J. Bentley	15	15	2	2
T. V. Fairfax	15	15	2	2
L. R. Partridge	15	15	2	2
R. J. Webster	13	13	2	2

As at the date of this report there is an Audit Committee.

Directors' Interests

As at 27 August 2002, the following directors had relevant interests in the following Brickworks shares:

R. D. Millner	2,914,841
M. J. Millner	2,901,341
A. J. Bentley	11,440
T. V. Fairfax	15,000
L. R. Partridge	56,234
R. J. Webster	4,000

As at 27 August 2002, none of the directors had relevant interests in debentures of, or interests in a registered scheme made available by Brickworks or a related body corporate.

As at 27 August 2002, none of the directors had any rights or options over shares in debentures of, or interests in a registered scheme made available by Brickworks, or a related body corporate.

As at 27 August 2002, there were no contracts entered into by Brickworks or a related body corporate to which any director is party, or under which any director is entitled to benefit nor were there any contracts which confer any right for any director to call for or deliver shares in or debentures of or interest in a registered scheme made available by Brickworks or a related body corporate.

Remuneration Details of Directors and Executive Officers

	Base Salary	Directors' Fees	Superannuation Contributions	Short Term Bonus	**Long Term Incentives	Non Cash Benefits	Total
Directors							
R. D. Millner	–	89,167	7,133	–	–	–	96,300
M. J. Millner	–	44,583	3,567	–	–	–	48,150
G. G. Travis*	–	115,318	–	–	–	–	115,318
T. V. Fairfax	–	44,583	3,567	–	–	–	48,150
A. J. Bentley	–	44,583	3,567	–	–	2,454	50,604
L. R. Partridge	256,967	–	50,667	125,000	125,000	50,563	608,197
R. J. Webster	–	40,551	3,244	–	–	–	43,795

	Base Salary	Directors' Fees	Superannuation Contributions	Short Term Bonus	**Long Term Incentives	Non Cash Benefits	Total
Executive Officers							
L. R. Partridge	256,967	–	50,667	125,000	125,000	50,563	608,197
P. J. Mahony	159,820	–	31,533	56,250	56,250	10,227	314,080
A. J. Payne	145,353	–	21,500	80,000	80,000	11,544	338,397
D. T. Fitzharris	145,353	–	21,500	56,250	56,250	26,764	306,117
R. J. Clarke	145,351	–	21,500	56,250	56,250	20,011	299,362

Non cash benefits include fringe benefits tax where applicable.

*Retired on 3 November 2001. Includes retirement benefit of \$102,700.

**A Long Term Incentive program has been introduced to retain key management personnel through an employee share scheme. Shares only vest in the employee at 20% per annum at the end of each succeeding year. The shares are purchased "on market" and therefore are non dilutive to existing shareholders.

Directors' and Senior Executives' Remuneration

The Constitution provides for the directors, other than executive directors, to be collectively paid as remuneration for their services as a fixed sum not exceeding the aggregate maximum sum determined by the company in general meeting. Shareholders have approved an aggregate maximum sum of \$400,000. The aggregate fees paid to non-executive directors during the period ended 30 June 2002 were \$299,617. The fees are divided among directors as they determine.

The remuneration of non-executive directors and senior executives is reviewed annually by the Board. The policy of the Board in setting remuneration levels includes, whilst not exclusively, reference to individual performance, the trading performance of the group or relative business units and annual movements in the Consumer Price Index.

Options

No options over unissued shares or interests in Brickworks Limited or a controlled entity were granted during or since the end of the financial year and there were no options outstanding at the date of this report. No shares or interests have been issued during or since the end of the year as a result of the exercise of any option over unissued shares or interests in Brickworks or any controlled entity.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Indemnification of directors and officers

The Company's Rules provide for an indemnity of directors, executive officers and secretaries where liability is incurred in connection with the performance of their duties in those roles other than as a result of their negligence, default, breach of duty or breach of trust in relation to the Company. The Rules further provide for an indemnity in respect of legal costs incurred by those persons in defending proceedings in which judgment is given in their favour, they are acquitted or the Court grants them relief.

Since the end of the previous financial year, the Company has paid insurance premiums in respect of directors' and officers' liability. The insured persons under those policies are defined as all directors (being the directors named in this Report), executive officers and any employees who may be deemed to be officers for the purposes of the Corporations Act 2001.

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

Dated 27 August 2002.

R. D. MILLNER, Director

A. J. BENTLEY, Director

BRICKWORKS LIMITED

A.B.N. 17 000 028 526

CORPORATE GOVERNANCE STATEMENT

A description of the company's main corporate governance practices is set out below.

Board Responsibility

The Board of Directors takes ultimate responsibility for all aspects of corporate governance including overall direction of the company's businesses and investment policy. Responsibility for day to day conduct of the company's businesses is delegated to the chief executive officer and other senior executive officers.

To assist it in fulfilling its responsibilities the Board has established an audit committee which has the authority described below. Management of the investment of the Company's funds is dealt with by the full Board.

The attendance at directors' and audit committee meetings is recorded in the Directors' Report.

Board Composition

At the date of this report, the Board consists of five non-executive directors listed in the Directors' Report and the Managing Director, Mr. Lindsay R. Partridge.

It is Board policy that the majority of the Board should be non-executive Directors and the Chairman should be a non-executive director.

The non-executive directors are responsible for reviewing the composition of the Board to ensure that it comprises directors with an appropriate mix of experience and expertise. Where a vacancy exists on the Board or where the non-executive directors consider that the Board would benefit from the appointment of additional directors with particular expertise or experience, the non-executive directors, if appropriate in conjunction with external advisors, will select suitable candidates. Any director appointed must be re-elected at the next Annual General Meeting.

Term of Appointment

The term of appointment of executive directors is linked to their executive office. The performance of executive directors and the chief executive officer is reviewed by the non-executive directors.

The performance of non-executive directors is reviewed by the Chairman. The performance of the Chairman is reviewed by the other non-executive directors. If the performance of any non-executive director is considered unsatisfactory, the matter is referred to the remainder of the Board.

Independent Professional Advice

Directors have the right, in connection with their duties and responsibilities as directors, to seek independent professional advice at the company's expense. Prior written approval of the Chairman is required, but this will not be unreasonably withheld.

Remuneration

The remuneration and employment terms of executive directors and other senior executive officers are set by the non-executive directors.

The remuneration of non-executive directors is determined by the full Board after consideration of company performance and market rates for directors' remuneration. Individual fee levels are set to reflect the level of responsibilities of the individual non-executive directors. The aggregate level of fees which may be paid to non-executive directors is required to be approved by shareholders in general meeting. This figure is currently \$400,000.

Further information on directors' and executives' remuneration is set out in the Directors' Report and Note 5 to the financial statements.

Audit Committee

The audit committee comprises the non-executive directors and meets at least bi-annually. The chief executive officer and the company secretary may attend by invitation to discuss issues on audit and internal control matters.

The main responsibilities of the audit committee are to:

- recommend to the Board the appointment, removal and remuneration of the external auditors, and review the terms of their engagement, and the scope and quality of the audit;
- review and report to the Board on the annual report and financial statements;
- provide assurance to the Board that it is receiving adequate, up to date and reliable financial information; and
- assist the Board in reviewing the effectiveness of the organisation's internal control procedures and to ensure that remedial action is taken if any deficiencies arise.

In fulfilling its responsibilities the committee receives regular reports from management and the external auditors. The external auditors have a clear line of communication at any time to the Chairman of the audit committee and attend audit committee meetings to report with respect to the conduct and outcome of the audit.

The committee has authority, within the scope of its responsibilities to:

- seek any information it requires from any employee or external party; and
- obtain external legal or other independent professional advice.

The committee reports to the full Board after each committee meeting and relevant papers and minutes are provided to all directors.

Risk Management and Ethical Standards

The company has a comprehensive policy and procedures manual which sets out the standards expected of directors, management and staff in the conduct of the company's business at all levels and establishes procedures designed to assist the Board in the management of risks in areas such as health and safety, environmental issues, industrial relations, insurance and legal matters.

All directors and employees are required to be familiar with and to abide by these policies and procedures. The specific issues referred to above are subject to regular reporting to the Board.

The Board also requires:

- submission of detailed monthly budgets and monthly reporting of financial performance against those budgets.
- that the acquisition or disposal of the Company's investments be reviewed by the full Board.
- monitoring by senior management and reporting to the Board in relation to the Company's compliance with its continuous disclosure obligations.

Certain risk management techniques, including insurances, interest rate and foreign currency hedging may only be undertaken where approved by the full Board of directors.

BRICKWORKS LIMITED AND CONTROLLED ENTITIES

A.B.N. 17 000 028 526

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2002

	NOTE	CONSOLIDATED		PARENT ENTITY	
		2002 \$000	2001 \$000	2002 \$000	2001 \$000
Revenue from sale of goods		148,437	119,319	-	-
Cost of sales		<u>(88,741)</u>	<u>(71,925)</u>	-	-
Gross profit		59,696	47,394	-	-
Other revenues from ordinary activities	2	18,145	13,618	42,051	63,683
Distribution expenses		(19,289)	(15,435)	-	-
Administration expenses		(7,827)	(7,917)	(647)	(899)
Selling expenses		(9,143)	(7,444)	-	-
Borrowing costs expense		(3,674)	-	(3,667)	-
Other expenses from ordinary activities		(8,197)	(5,559)	(4,406)	(4,105)
Share of net profits of associates accounted for using the equity method		<u>30,942</u>	<u>40,032</u>	-	-
Profit from ordinary activities before income tax expenses	3	60,653	64,689	33,331	58,679
Income tax attributable to profit from ordinary activities	4	<u>(8,726)</u>	<u>(4,684)</u>	<u>(70)</u>	<u>(637)</u>
Profit from ordinary activities after related income tax expenses		<u>51,927</u>	<u>60,005</u>	<u>33,261</u>	<u>58,042</u>
Net exchange difference on translation of financial report of self-sustaining foreign operations		(3)	-	-	-
Share of net (increase) decrease in reserves of associates accounted for using the equity method		<u>(1,697)</u>	<u>3,933</u>	-	-
Total changes in equity other than those resulting from transactions with owners as owners		<u>50,227</u>	<u>63,938</u>	<u>33,261</u>	<u>58,042</u>
Basic earnings per share (cents per share)	8	39.4	45.6		
Diluted earnings per share (cents per share)	8	39.4	45.6		

The accompanying notes form part of these financial statements

BRICKWORKS LIMITED AND CONTROLLED ENTITIES

A.B.N. 17 000 028 526

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2002

	NOTE	CONSOLIDATED		PARENT ENTITY	
		2002 \$000	2001 \$000	2002 \$000	2001 \$000
CURRENT ASSETS					
Cash		1,640	2,057	116	164
Receivables	9(a)	24,346	18,144	1,755	1,549
Other financial assets	10(a)	11,192	16,474	10,135	13,027
Inventories	11	26,135	25,163	-	-
Other	12	1,441	743	657	-
TOTAL CURRENT ASSETS		<u>64,754</u>	<u>62,581</u>	<u>12,663</u>	<u>14,740</u>
NON-CURRENT ASSETS					
Receivables	9(b)	-	-	52,151	41,266
Other financial assets	10(b)	66,592	67,249	335,568	251,022
Inventories	11	806	-	-	-
Investments accounted for using the equity method	13	309,825	207,088	-	-
Property, plant and equipment	14	226,132	208,573	645	645
Deferred tax assets	15	4,595	5,103	68	88
TOTAL NON-CURRENT ASSETS		<u>607,950</u>	<u>488,013</u>	<u>388,432</u>	<u>293,021</u>
TOTAL ASSETS		<u>672,704</u>	<u>550,594</u>	<u>401,095</u>	<u>307,761</u>
CURRENT LIABILITIES					
Payables	16(a)	15,033	9,300	45	35
Current interest bearing liabilities	17	80,262	-	80,000	-
Current tax liabilities	18	2,787	4,214	(158)	609
Provisions	19(a)	18,921	17,008	11,855	10,636
TOTAL CURRENT LIABILITIES		<u>117,003</u>	<u>30,522</u>	<u>91,742</u>	<u>11,280</u>
NON-CURRENT LIABILITIES					
Payables	16(b)	-	-	195	195
Provisions	19(b)	3,358	1,549	226	194
Deferred tax liabilities	20	8,188	9,243	-	4
TOTAL NON-CURRENT LIABILITIES		<u>11,546</u>	<u>10,792</u>	<u>421</u>	<u>393</u>
TOTAL LIABILITIES		<u>128,549</u>	<u>41,314</u>	<u>92,163</u>	<u>11,673</u>
NET ASSETS		<u>544,155</u>	<u>509,280</u>	<u>308,932</u>	<u>296,088</u>
EQUITY					
Contributed equity	21	139,409	139,409	139,409	139,409
Reserves	22	263,306	258,361	96,124	96,124
Retained profits	23	141,440	111,510	73,399	60,555
TOTAL EQUITY		<u>544,155</u>	<u>509,280</u>	<u>308,932</u>	<u>296,088</u>

The accompanying notes form part of these financial statements

BRICKWORKS LIMITED AND CONTROLLED ENTITIES

A.B.N. 17 000 028 526

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2002

	NOTE	CONSOLIDATED		PARENT ENTITY	
		2002 \$000	2001 \$000	2002 \$000	2001 \$000
Cash flows from operating activities					
Cash receipts in the course of operations		162,836	137,148	92	125
Cash payments in the course of operations		(129,500)	(117,388)	(727)	(1,241)
Interest received		707	2,106	4,141	2,104
Borrowing costs		(4,331)	-	(4,324)	-
Dividends received		22,432	21,223	32,314	56,745
Income tax paid		(10,101)	(12,957)	(821)	(409)
Net cash provided by operating activities	31(b)	<u>42,043</u>	<u>30,132</u>	<u>30,675</u>	<u>57,324</u>
Cash flows from investing activities					
Proceeds from the sale of investments		5,299	4,535	5,299	4,535
Purchases of investments		(88,929)	(9,052)	(88,929)	(9,052)
Payment for subsidiary net of cash acquired		(5,631)	(6,658)	-	-
Proceeds from sale of property, plant & equipment		5,382	190	-	-
Purchases of property, plant & equipment		(20,680)	(11,477)	-	-
Net cash used in investing activities		<u>(104,559)</u>	<u>(22,462)</u>	<u>(83,630)</u>	<u>(4,517)</u>
Cash flows from financing activities					
Proceeds from borrowings		89,000	-	89,000	-
Repayment of borrowings		(16,605)	-	(9,000)	-
Loan to controlled entity		-	-	(10,885)	(43,426)
Loan from other entities		5,650	-	-	-
Dividends paid		(19,100)	(30,296)	(19,100)	(30,296)
Net cash used in financing activities		<u>58,945</u>	<u>(30,296)</u>	<u>50,015</u>	<u>(73,722)</u>
Net increase (decrease) in cash and cash equivalents		(3,571)	(22,626)	(2,940)	(20,915)
Cash & cash equivalents at beginning of year		<u>15,084</u>	<u>37,710</u>	<u>13,191</u>	<u>34,106</u>
Cash & cash equivalents at end of year	31(a)	<u>11,513</u>	<u>15,084</u>	<u>10,251</u>	<u>13,191</u>

The accompanying notes form part of these financial statements

BRICKWORKS LIMITED AND CONTROLLED ENTITIES

A.B.N. 17 000 028 526

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board, and the Corporations Act 2001.

The financial report covers the economic entity of Brickworks Limited and controlled entities, and Brickworks Limited as an individual parent entity. Brickworks Limited is a listed public company, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the significant accounting policies adopted by the Brickworks Group in the preparation of the financial report.

The accounting policies have been consistently applied, unless otherwise stated.

PRINCIPLES OF CONSOLIDATION

A controlled entity is any entity controlled by Brickworks Limited. Control exists where Brickworks Limited has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Brickworks Limited to achieve the objectives of Brickworks Limited.

A list of controlled entities is contained in Note 27 to the financial statements. All inter-company balances and transactions between entities in the Brickworks Group, including any unrealised profits or losses, have been eliminated on consolidation.

Where controlled entities have entered or left the group during the year, their operating results have been included from the date control was obtained or ceased.

NON-CURRENT INVESTMENTS

Investments held as non-current investments, other than controlled entities and associates in the consolidated financial statements, are brought to account at cost. The carrying amount of investments is reviewed annually by directors to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the shares' current market value. The expected net cash flows from investments have not been discounted to their present value in determining the recoverable amounts.

Investments in associates are accounted for in the consolidated financial statements using the equity method. Under this method, the Brickworks Group's share of the profits or losses of associates is recognised as revenue in the consolidated profit and loss statement, and its share of movements in reserves is recognised in consolidated reserves. Associates are those entities over which the Brickworks Group exercises significant influence, but not control.

CURRENT INVESTMENTS

Shares in listed companies held as current assets are held as a trading portfolio, and are valued at the lower of cost or net realisable value. The gains or losses, whether realised or unrealised, are included in profit from ordinary activities before income tax.

PROPERTY PLANT AND EQUIPMENT

Freehold land is carried at cost or deemed cost. Deemed cost is the carrying value of each item of land at 30 June 2000. This carrying value was derived from independent valuations carried out in 1999, based on estimated market values at that time. The valuations took into account potential capital gains tax.

Plant and equipment (including buildings) are measured on the cost basis.

The depreciable amount of all fixed assets including buildings but excluding freehold land, are depreciated over their useful lives commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class	Rate
Buildings	2.5% PC
Plant and Equipment	4% - 33% PC, 8% - 22½% DV

The gain or loss on disposal of all fixed assets is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds of disposal, and is included in the profit from ordinary activities before income tax of the company in the year of disposal.

The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and/or on subsequent disposal of the assets. The expected net cash flows have, where appropriate, been discounted to their present values in determining recoverable amounts.

INCOME TAX

The Brickworks Group adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any permanent differences.

Timing differences, which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income, are brought to account as either a provision for deferred income tax or as a future tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Brickworks Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

INVENTORIES

Finished goods, raw materials and work in progress are valued at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour, and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity.

EMPLOYEE ENTITLEMENTS

Provision is made for the company's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at their nominal amount. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements.

Contributions are made by the Brickworks Group to employee superannuation funds and are charged as expenses when incurred.

RESTORATION AND REHABILITATION

The landfill opportunities created through the extraction of clay and shale is considered to be a valuable future resource. No provision has been made for future rehabilitation costs as the rehabilitation process is expected to be cash flow positive.

REVENUE

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates are accounted for in accordance with the equity method of accounting.

GOODS AND SERVICES TAX

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- (i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- (ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

FOREIGN CURRENCY TRANSACTIONS AND BALANCES

The assets and liabilities of the overseas controlled entities, which are self-sustaining, are translated at year-end rates and operating results are translated at the average rate for the year. Gains and losses arising on translation are taken directly to the foreign currency translation reserve.

ROUNDING OF AMOUNTS

The parent entity has applied the relief available under ASIC Class Order 98/100 and accordingly, amounts in the financial report and directors' report have been rounded off to the nearest \$1,000.

COMPARATIVE FIGURES

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

CONSOLIDATED		PARENT ENTITY	
2002	2001	2002	2001
\$000	\$000	\$000	\$000

NOTE 2: OPERATING REVENUE

Trading revenue				
Sale of goods	148,437	119,319	-	-
Other revenue				
Interest received				
- wholly owned subsidiaries	-	-	3,482	-
- other corporations	681	2,075	635	2,073
Dividends received:				
- wholly owned subsidiaries	-	-	10,497	36,297
- associated companies	-	-	16,279	14,742
- other corporations	5,895	6,060	5,859	5,871
Proceeds on sale of:				
- non-current investments	5,299	4,535	5,299	4,535
- property, plant and equipment	5,135	430	-	-
Rental revenue	251	135	-	-
Other	884	383	-	165
Share of net profits of associates	30,942	40,032	-	-
	<u>197,524</u>	<u>172,969</u>	<u>42,051</u>	<u>63,683</u>
Total revenue				

NOTE 3: PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX HAS BEEN DETERMINED AFTER:

(a) Charging as expenses:				
Depreciation of property, plant and equipment				
- Buildings	812	751	-	-
- Plant and equipment	9,081	8,721	-	-
	<u>9,893</u>	<u>9,472</u>	<u>-</u>	<u>-</u>
Borrowing costs				
- other corporations	3,674	-	3,667	-
Rental expense on operating leases	268	236	-	-
Net loss on disposal of:				
- property, plant & equipment	292	664	-	-
- current investments	-	42	-	-
Unrealised loss on carrying value of current investments	203	888	-	-
Charge to provision for:				
- employee entitlements	5,133	4,459	37	132
- doubtful debts – trade debtors	210	299	-	-
- product claims	(96)	245	-	-
Write down of inventories to net realisable value	29	323	-	-
(b) Crediting as income:				
Dividends received from:				
- controlled entities	-	-	10,497	36,297
- associated companies	-	-	16,279	14,742
- other corporations	5,895	6,060	5,859	5,871
Interest received from:				
- other corporations	681	2,075	635	2,073
Net gain on disposal of:				
- property, plant & equipment	2,086	-	-	-
- current investments	335	-	-	-
- non-current investments	893	431	893	431

CONSOLIDATED		PARENT ENTITY	
2002	2001	2002	2001
\$000	\$000	\$000	\$000

NOTE 4: INCOME TAX EXPENSE

- (a) The prima facie tax on operating profit is reconciled to the income tax provided in the accounts as follows:

Prima facie tax payable on operating profit before income tax at 30% (2001 34%)	18,196	21,994	9,999	19,951
Add tax effect of:				
- non-allowable items and adjustments	<u>445</u>	<u>322</u>	<u>(3)</u>	<u>52</u>
	18,641	22,316	9,996	20,003
Less tax effect of:				
- capital profits not subject to income tax	221	147	221	147
- share of net profits of associates	4,250	13,611	-	-
- rebateable dividends	6,720	1,935	9,717	19,231
- over (under) provision for income tax in prior year	16	254	(12)	(1)
- tax losses of controlled entity recognised during the year	-	1,987	-	-
- overstatement of deferred tax items in prior year	(1,292)	-	-	-
- restatement of deferred tax balances from change in income tax rates	<u>-</u>	<u>(302)</u>	<u>-</u>	<u>(11)</u>
Income tax expense attributable to operating profit	<u>8,726</u>	<u>4,684</u>	<u>70</u>	<u>637</u>

- (b) Income tax expense attributable to:

Operating profit before income tax	<u>8,726</u>	<u>4,684</u>	<u>70</u>	<u>637</u>
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- (c) The income tax expense comprises amounts set aside as:

Provision for income tax attributable to current year				
- income tax payable on operating profit	8,661	8,313	42	655
- (over) under provision for income tax in prior year	(16)	(254)	12	1
Provision for income tax attributable to future years				
- provision for deferred income tax	(1,263)	(1,028)	(4)	(18)
- future income tax benefit	<u>1,344</u>	<u>(2,347)</u>	<u>20</u>	<u>(1)</u>
	<u>8,726</u>	<u>4,684</u>	<u>70</u>	<u>637</u>

CONSOLIDATED		PARENT ENTITY	
2002	2001	2002	2001
\$000	\$000	\$000	\$000

NOTE 5: REMUNERATION OF DIRECTORS AND EXECUTIVES

(a) Directors' remuneration.

Amount paid, and payable to directors of the Brickworks Group from the parent entity and any related entities

<u>1,011</u>	<u>711</u>	<u>1,011</u>	<u>711</u>
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The number of directors whose total income fell within the following bands:

	No.	No.
\$30,000 - \$39,999	-	4
\$40,000 - \$49,999	3	-
\$50,000 - \$59,999	1	-
\$70,000 - \$79,999	-	1
\$90,000 - \$99,999	1	-
\$100,000 - \$109,999	-	1
\$110,000 - \$119,999	1	-
\$380,000 - \$389,999	-	1
\$600,000 - \$609,999	1	-

The names of parent entity directors who have held office during the financial year are:

Robert D. Millner
Michael J. Millner
Geoffrey G. Travis (Retired 2 November 2001)
Alan J. Bentley
Timothy V. Fairfax
The Hon Robert J. Webster (Appointed 13 August 2001)
Lindsay R. Partridge (Managing Director)

Directors remuneration includes all non cash benefits received as disclosed in the Directors Report.

The amounts above include any retirement gratuity paid during the year to retiring directors.

(b) Executive officers' remuneration.

An executive is a person who is directly accountable and responsible to the board or the Managing Director

Income paid or payable to executive officers (including executive directors) of the Brickworks Group from all entities in the group and any related entities, whose income is \$100,000 or more.

<u>2,002</u>	<u>1,583</u>	<u>-</u>	<u>-</u>
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The number of executive officers whose income was within the following bands:

	No.	No.	No.	No.
\$130,000 - \$139,999	1	-	-	-
\$140,000 - \$149,999	-	1	-	-
\$190,000 - \$199,999	-	2	-	-
\$200,000 - \$209,999	-	1	-	-
\$220,000 - \$229,999	-	1	-	-
\$230,000 - \$239,999	-	1	-	-
\$290,000 - \$299,999	1	-	-	-
\$300,000 - \$309,999	1	-	-	-
\$310,000 - \$319,999	1	-	-	-
\$330,000 - \$339,999	1	-	-	-
\$380,000 - \$389,999	-	1	-	-
\$600,000 - \$609,999	1	-	-	-

Remuneration includes all salary and bonuses, superannuation contributions, fringe benefits and fringe benefits tax.

On 1 July 2002, the group implemented an employee share scheme that operates through on-market purchases, and as such are non-dilutive to existing shareholders.

	CONSOLIDATED		PARENT ENTITY	
	2002	2001	2002	2001
	\$000	\$000	\$000	\$000
NOTE 6: AUDITORS' REMUNERATION				
Amount receivable by the auditors for:				
- auditing the financial report	202	182	59	54
- other services	67	65	45	44
	<u>269</u>	<u>247</u>	<u>104</u>	<u>98</u>
NOTE 7: DIVIDENDS				
Interim ordinary dividend paid of 6.5 cents per share, fully franked at the tax rate of 30% (2001 6.0 cents franked at 34% tax rate)				
	8,562	7,903	8,562	7,903
Interim special dividend (2001 4.0 cents franked at 34% tax rate)				
	-	5,269	-	5,269
Proposed final ordinary dividend of 9 cents per share, fully franked at the tax rate of 30% (2001 8.0 cents franked at 34% tax rate)				
	11,855	10,538	11,855	10,538
Group's share of dividend received by associated company				
	(5,064)	(5,908)	-	-
	<u>15,353</u>	<u>17,802</u>	<u>20,417</u>	<u>23,710</u>
Balance of franking account at year end adjusted for franking credits arising from payment of income tax payable and payment of proposed dividends				
	<u>105,673</u>	<u>76,968</u>	<u>74,373</u>	<u>62,638</u>
NOTE 8: EARNINGS PER SHARE				
Basic earnings per share (cents per share)				
	39.4	45.6		
Diluted earnings per share (cents per share)				
	39.4	45.6		
Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS				
	131,723,600	131,723,600		
NOTE 9: RECEIVABLES				
(a) Current				
Trade debtors	23,619	17,530	-	-
Less: provision for doubtful debts	750	750	-	-
	<u>22,869</u>	<u>16,780</u>	-	-
Add: Other debtors	2,325	1,996	1,755	1,549
	<u>25,194</u>	<u>18,776</u>	<u>1,755</u>	<u>1,549</u>
Less: advance payments by customers				
	848	632	-	-
	<u>24,346</u>	<u>18,144</u>	<u>1,755</u>	<u>1,549</u>
(b) Non-current				
Amount owing by controlled entities	-	-	52,151	41,266
	<u>-</u>	<u>-</u>	<u>52,151</u>	<u>41,266</u>

	NOTE	CONSOLIDATED		PARENT ENTITY	
		2002 \$000	2001 \$000	2002 \$000	2001 \$000
NOTE 10: OTHER FINANCIAL ASSETS					
(a) Current					
Short term deposits and loans		10,135	13,027	10,135	13,027
Share trading portfolio at lower of cost and market value		<u>1,057</u>	<u>3,447</u>	<u>-</u>	<u>-</u>
		<u>11,192</u>	<u>16,474</u>	<u>10,135</u>	<u>13,027</u>
Share trading portfolio at market value		<u>1,089</u>	<u>6,291</u>	<u>-</u>	<u>-</u>
(b) Non-Current					
Shares in controlled entities not listed, at cost		-	-	156,323	156,323
Investments - listed:					
- Associated companies	30	-	-	112,653	27,450
- Other corporations - at cost		<u>66,592</u>	<u>67,249</u>	<u>66,592</u>	<u>67,249</u>
		<u>66,592</u>	<u>67,249</u>	<u>335,568</u>	<u>251,022</u>
Market values - listed investments					
- Associated companies		721,047	483,271	696,385	464,472
- Other corporations		<u>158,184</u>	<u>152,633</u>	<u>158,184</u>	<u>152,633</u>
		<u>879,231</u>	<u>635,904</u>	<u>854,569</u>	<u>617,105</u>
Estimated capital gains tax liability of total investment portfolio (including equity accounted associates)		<u>58,728</u>			
(c) Top 20 largest other investments				Market Value 30 June 2002 \$000's	
Investment		Holding (No Shares)			
National Australia Bank Ltd		1,773,690		59,773	
Commonwealth Bank Ltd		618,874		19,674	
St George Bank Ltd		447,750		8,158	
BHP Billiton Ltd		687,836		6,933	
WMC Ltd		661,313		5,833	
Wesfarmers Ltd		139,518		3,732	
Choisuel Investments Ltd		216,049		3,694	
Woolworths Ltd		282,700		3,554	
SP Telecommunications Ltd		3,750,000		2,888	
Macquarie Bank Ltd		99,977		2,720	
Sabre Group Ltd		1,333,821		2,374	
Macquarie Infrastructure Group		761,038		2,169	
Brambles Ltd		222,952		2,015	
Westpac Banking Corporation Ltd		123,872		1,999	
Wattyl Ltd		673,881		1,705	
Australian Food & Fibre Ltd		6,173,827		1,698	
Bendigo Bank Ltd (8% Notes)		250,000		1,688	
Suncorp Metway Ltd		138,028		1,651	
Woodside Petroleum Ltd		110,000		1,474	
Milton Corporation Ltd		105,203		1,262	
				<u>134,994</u>	
Total value of portfolio (excluding associates)				<u>159,273</u>	
Percentage of total investment portfolio				84.76%	

	NOTE	CONSOLIDATED		PARENT ENTITY	
		2002 \$000	2001 \$000	2002 \$000	2001 \$000
NOTE 11: INVENTORIES					
(a) Current					
Raw materials and stores at cost		6,694	5,924	-	-
Work in progress at cost		1,451	1,316	-	-
Finished goods at cost		17,562	17,706	-	-
		<u>25,707</u>	<u>24,946</u>	-	-
Finished goods at net realisable value		428	217	-	-
		<u>26,135</u>	<u>25,163</u>	-	-
(b) Non-current					
Raw materials and stores at cost		806	-	-	-
		<u>806</u>	<u>-</u>	<u>-</u>	<u>-</u>
NOTE 12: OTHER ASSETS					
Prepayments		<u>1,441</u>	<u>743</u>	<u>657</u>	<u>-</u>
NOTE 13: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD					
Investment in associated company	30	<u>309,825</u>	<u>207,088</u>	<u>-</u>	<u>-</u>
At market value		<u>721,047</u>	<u>483,271</u>	<u>-</u>	<u>-</u>
NOTE 14: PROPERTY, PLANT AND EQUIPMENT					
(a) Freehold land					
At cost		5,740	4,156	-	-
At deemed cost		119,902	121,500	645	645
		<u>125,642</u>	<u>125,656</u>	<u>645</u>	<u>645</u>
(b) Leasehold land					
At cost		235	235	-	-
		<u>235</u>	<u>235</u>	<u>-</u>	<u>-</u>
(c) Buildings					
At cost		32,891	29,194	-	-
Less: depreciation		7,579	6,770	-	-
		<u>25,312</u>	<u>22,424</u>	<u>-</u>	<u>-</u>
(d) Leasehold improvements					
At cost		-	15	-	-
Less: depreciation		-	15	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(e) Plant and equipment					
At cost		179,219	147,755	-	-
Less: depreciation		107,114	96,098	-	-
		<u>72,105</u>	<u>51,657</u>	<u>-</u>	<u>-</u>
Add: capital works in progress at cost		2,838	8,601	-	-
		<u>74,943</u>	<u>60,258</u>	<u>-</u>	<u>-</u>
Total property, plant & equipment		<u>226,132</u>	<u>208,573</u>	<u>645</u>	<u>645</u>

All property, plant and equipment is being carried at cost in accordance with AASB 1041: "Revaluation of Non-Current Assets". Where the carrying value of assets (land) had previously been adjusted on the basis of a market valuation, these assets are now taken to be at "deemed cost" as at 30 June 2000, in accordance with the requirements of that Accounting Standard.

	CONSOLIDATED		PARENT ENTITY	
	2002	2001	2002	2001
	\$000	\$000	\$000	\$000
NOTE 14: PROPERTY, PLANT AND EQUIPMENT (cont.)				
Reconciliations				
Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current and previous financial year are set out below.				
Freehold land				
Carrying amount at start of period	125,656	123,925	645	645
Additions	1,955	41	-	-
Assets acquired by purchase of subsidiary	873	1,930	-	-
Disposals	(2,842)	(240)	-	-
Carrying amount at end of period	<u>125,642</u>	<u>125,656</u>	<u>645</u>	<u>645</u>
Leasehold land				
Carrying amount at start of period	235	-	-	-
Additions	-	-	-	-
Assets acquired by purchase of subsidiary	-	235	-	-
Disposals	-	-	-	-
Carrying amount at end of period	<u>235</u>	<u>235</u>	<u>-</u>	<u>-</u>
Buildings				
Carrying amount at start of period	22,424	20,054	-	-
Additions	313	578	-	-
Assets acquired by purchase of subsidiary	3,425	2,791	-	-
Disposals	(38)	(248)	-	-
Depreciation / amortisation expense	(812)	(751)	-	-
Carrying amount at end of period	<u>25,312</u>	<u>22,424</u>	<u>-</u>	<u>-</u>
Plant and equipment				
Carrying amount at start of period	51,657	54,630	-	-
Additions	24,175	5,738	-	-
Assets acquired by purchase of subsidiary	5,843	619	-	-
Disposals	(489)	(609)	-	-
Depreciation / amortisation expense	(9,081)	(8,721)	-	-
Carrying amount at end of period	<u>72,105</u>	<u>51,657</u>	<u>-</u>	<u>-</u>
Capital works in progress				
Carrying amount at start of period	8,601	3,487	-	-
Additions	15,356	8,574	-	-
Assets acquired by purchase of subsidiary	-	27	-	-
Transfer to plant and equipment	(21,119)	(3,487)	-	-
Depreciation / amortisation expense	-	-	-	-
Carrying amount at end of period	<u>2,838</u>	<u>8,601</u>	<u>-</u>	<u>-</u>
NOTE 15: DEFERRED TAX ASSETS				
Future income tax benefit	<u>4,595</u>	<u>5,103</u>	<u>68</u>	<u>88</u>

	CONSOLIDATED		PARENT ENTITY	
	2002	2001	2002	2001
	\$000	\$000	\$000	\$000
NOTE 16: PAYABLES				
(a) Current				
Trade creditors and accruals	9,383	9,300	45	35
Amounts owing to other entities	5,650	-	-	-
	<u>15,033</u>	<u>9,300</u>	<u>45</u>	<u>35</u>
(b) Non-current				
Amounts owing to controlled entities	-	-	195	195
	<u>-</u>	<u>-</u>	<u>195</u>	<u>195</u>
NOTE 17: CURRENT INTEREST BEARING LIABILITIES				
(a) Secured liabilities				
Bank overdraft	262	-	-	-
(b) Unsecured liabilities				
Bill acceptance discount facility	80,000	-	80,000	-
	<u>80,262</u>	<u>-</u>	<u>80,000</u>	<u>-</u>
(c) Bank overdraft				
The bank overdraft is secured by registered mortgages over certain properties of controlled entities.				
NOTE 18: CURRENT TAX LIABILITIES				
Provision for income tax	<u>2,787</u>	<u>4,214</u>	<u>(158)</u>	<u>609</u>
NOTE 19: PROVISIONS				
(a) Current				
Dividends	11,855	10,538	11,855	10,538
Employee entitlements	6,980	6,049	-	98
Product claims	86	421	-	-
Other	-	-	-	-
	<u>18,921</u>	<u>17,008</u>	<u>11,855</u>	<u>10,636</u>
(b) Non-current				
Employee entitlements	<u>3,358</u>	<u>1,549</u>	<u>226</u>	<u>194</u>
(c) Aggregate employee entitlements liability	<u>10,338</u>	<u>7,598</u>	<u>226</u>	<u>292</u>
	No.	No.	No.	No.
(d) Number of employees at year end	<u>639</u>	<u>572</u>	<u>5</u>	<u>5</u>
	\$000	\$000	\$000	\$000
NOTE 20: DEFERRED TAX LIABILITIES				
Provision for deferred income tax	<u>8,188</u>	<u>9,243</u>	<u>-</u>	<u>4</u>
NOTE 21: CONTRIBUTED EQUITY				
Issued and paid up capital				
131,723,600 fully paid ordinary shares	<u>139,409</u>	<u>139,409</u>	<u>139,409</u>	<u>139,409</u>

	CONSOLIDATED		PARENT ENTITY	
	2002	2001	2002	2001
	\$000	\$000	\$000	\$000
NOTE 22: RESERVES				
(a) Composition of reserves				
Capital reserves				
- capital profits	92,401	150,659	84,479	84,479
- asset revaluation	25,197	29,161	645	645
Revenue reserves				
- general	139,397	74,633	11,000	11,000
- foreign exchange	6,311	3,908	-	-
	<u>263,306</u>	<u>258,361</u>	<u>96,124</u>	<u>96,124</u>
(b) Movements in reserves				
Capital profits reserve				
Balance at start of period	150,659	126,355	84,479	84,479
Transfer to retained profits	-	(100)	-	-
Share of associates transfer from retained earnings	204	24,274	-	-
Share of associates increment in reserve	(58,462)	130	-	-
Balance at end of period	<u>92,401</u>	<u>150,659</u>	<u>84,479</u>	<u>84,479</u>
Asset revaluation reserve				
Balance at start of period	29,161	29,161	645	645
Revaluation of freehold land	-	-	-	-
Share of associates increment in reserve	(3,964)	-	-	-
Balance at end of period	<u>25,197</u>	<u>29,161</u>	<u>645</u>	<u>645</u>
General reserve				
Balance at start of period	74,633	70,957	11,000	11,000
Share of associates transfer from retained earnings	6,429	3,676	-	-
Share of associates increment in reserve	58,335	-	-	-
Balance at end of period	<u>139,397</u>	<u>74,633</u>	<u>11,000</u>	<u>11,000</u>
Foreign exchange reserve				
Balance at start of period	3,908	105	-	-
Translation of foreign operations	(3)	-	-	-
Share of associates transfer from retained earnings	12	-	-	-
Share of associates increment in reserve	2,394	3,803	-	-
Balance at end of period	<u>6,311</u>	<u>3,908</u>	<u>-</u>	<u>-</u>
NOTE 23: RETAINED PROFITS				
Retained profits at the beginning of the financial year	111,510	97,157	60,555	26,223
Net profit from ordinary activities after related income tax expenses	51,927	60,005	33,261	58,042
Dividends provided for or paid	7	(15,353)	(20,417)	(23,710)
Aggregate of amounts transferred to reserves	(6,644)	(27,850)	-	-
Retained profits at the end of the financial year	<u>141,440</u>	<u>111,510</u>	<u>73,399</u>	<u>60,555</u>

CONSOLIDATED		PARENT ENTITY	
2002	2001	2002	2001
\$000	\$000	\$000	\$000

NOTE 24: CAPITAL AND LEASING EXPENDITURE COMMITMENTS

(a) Capital expenditure projects				
Payable not later than one year	1,464	11,874	-	-
(b) Operating lease commitments				
Non-cancellable operating leases contracted for but not capitalised in the accounts	921	596	-	-
Payable				
- not later than one year	449	169	-	-
- later than one year but not later than five years	472	427	-	-
- later than five years	-	-	-	-
	921	596	-	-

Operating leases are for the rental of equipment and motor vehicles. The leases are non-cancellable with rent payable monthly in advance.

Some of the operating leases contain contingent rental provisions that state the minimum lease payments shall be increased by the higher of CPI or given percentage per annum. The highest such percentage increase is 5%.

NOTE 25: RELATED PARTY TRANSACTIONS

During the year material transactions took place with the following related parties:

(a) Ownership Interest in related parties				
Washington H. Soul Pattinson and Company Limited	42.85%	42.85%	41.18%	41.18%
Bristile Limited	22.33%	-	22.33%	-
(b) Dividend revenue derived from related parties:				
Washington H. Soul Pattinson and Company Limited	12,782	15,339	12,285	14,742
Bristile Limited	3,994	-	3,994	-
(c) Ownership Interest of related parties in Brickworks Limited				
Washington H. Soul Pattinson and Company Limited	49.84%	49.84%	49.84%	49.84%
(d) Dividend paid to related parties				
Washington H. Soul Pattinson and Company Limited	9,519	15,098	9,519	15,098
(e) Transactions with related parties				
Purchase of telecommunications services from SP Telecommunications Ltd, a controlled entity of Washington H. Soul Pattinson and Company Ltd, on terms no more favourable than to unrelated parties	335	52	-	-

(f) Shares of Directors and their director-related entities

	Held 30 June 2001	Shares Acquired	Shares Disposed of	Held 30 June 2002
Robert D. Millner	2,737,515	177,326	-	2,914,841
Michael J. Millner	2,726,515	174,826	-	2,901,341
Alan J. Bentley	10,040	1,400	-	11,440
Timothy V. Fairfax	5,000	10,000	-	15,000
The Hon Robert J. Webster	-	4,000	-	4,000
Lindsay R. Partridge	35,500	-	-	35,500

All share transactions by directors were on normal terms and conditions on the Australian Stock Exchange.

The Hon Robert Webster was appointed Director on 13 August 2001.

Directors and their director-related entities are able, with all staff members, to purchase goods produced by the Brickworks Group on terms and conditions no more favourable than those available to other customers.

**NOTE 26: STATEMENT OF OPERATIONS
BY SEGMENTS**

(a) Business segments	Clay Products		Property		Investment (excl. associates)		Equity Accounted Associates		Consolidated	
	2002 \$000	2001 \$000	2002 \$000	2001 \$000	2002 \$000	2001 \$000	2002 \$000	2001 \$000	2002 \$000	2001 \$000
REVENUE										
Sales to customers outside the group	149,709	118,462	3,934	-	12,939	14,475	30,942	40,032	197,524	172,969
Total revenue from ordinary activities									197,524	172,969
RESULT										
Segment result	26,463	18,910	1,510	-	6,988	7,347	30,942	40,032	65,903	66,289
Unallocated expenses									5,250	1,600
Profit from ordinary activities before income tax expense									60,653	64,689
Income tax expense									(8,726)	(4,684)
Profit from ordinary activities after income tax expense									51,927	60,005
ASSETS										
Segment assets	245,096	255,228	36,293	-	81,490	88,278	309,825	207,088	672,704	550,594
Total assets									672,704	550,594
LIABILITIES										
Segment liabilities	36,591	29,863	-	-	11,958	11,451	-	-	48,549	41,314
Unallocated liabilities									80,000	-
Total liabilities									128,549	41,314
OTHER										
Acquisition of non-current segment assets	24,345	18,137	-	-	5,436	9,052	85,204	-	114,985	27,189
Depreciation and amortisation	9,893	9,472	-	-	-	-	-	-	9,893	9,472
Non-cash expenses other than depreciation and amortisation	5,560	5,901	-	-	240	1,020	-	-	5,800	6,921

(b) Geographical Segments

The economic entity's business segments are located in Australia, with some product manufactured by the clay products division exported to countries within South-East Asia. Total revenue from export sales in the year ended 30 June 2002 was \$3.477 million (2001 \$3.039 million).

(c) Business Segments

The economic entity has the following four business segments:

Clay products division manufactures vitrified clay products used in the building industry. Major product lines include clay bricks, blocks, pavers, terracotta floor tiles and ceramic bathroom fittings.

Property division considers further opportunities to better utilise land owned by the Brickworks Group.

Investment division invests in the Australian share market, both for dividend income and capital growth.

Equity accounted associates includes the entity's investment in Washington H. Soul Pattinson & Company Ltd and Bristle Ltd.

NOTE 27: PARTICULARS RELATING TO CONTROLLED ENTITIES

	Country of Incorporation	Parent Entity's interest	
		2002 %	2001 %
(a) Controlled entities			
Parent Entity			
Brickworks Limited	Australia		
Controlled entities of Brickworks Limited			
The Austral Brick Company Pty Limited	Australia	100	100
- The Austral Tile Company Pty Limited	Australia	100	100
- The Austral Export Company Pty Limited	Australia	100	100
- Horsley Park Holdings Pty Limited	Australia	100	100
- Bowral Brickworks Pty Limited	Australia	100	100
- Eureka Tiles Pty Limited	Australia	100	-
- Visigoth Pty Limited	Australia	100	-
- TSA Distributors Pty Limited	Australia	100	-
- Eureka Tiles (NZ) Pty Limited	Australia	100	-
The Warren Brick Company Limited	Australia	100	100
Carrington Brick Company Pty Limited	Australia	100	100
Horsley Park Operations Pty Limited	Australia	100	100

(b) Controlled entities acquired

On 17 May 2002, the The Austral Tile Company Pty Limited acquired 100% of Eureka Tiles Pty Limited and its controlled entities. The Brickworks Group is entitled to all profits earned from 17 May 2002.

NOTE 28: SUPERANNUATION COMMITMENTS

Superannuation plans have been established for the provision of benefits to employees of entities in the Brickworks Group on retirement, death or disability. All benefits provided under the plans are based on contributions for each employee. Employees contribute various percentages of their gross income and the Brickworks Group contributes at various percentages of the employees contributions. There is a legally enforceable obligation on the Brickworks Group to contribute to a superannuation plan. All the plans provide benefits on a cash accumulation basis and as such are Defined Contribution Plans (accumulation plans). As all benefits are determined by accumulated contributions and earnings derived from those contributions the funds will be adequate to satisfy all benefits payable in the event of termination of the plans and voluntary termination of employment of each employee. The Brickworks Group does not have any Defined Benefits Plans.

NOTE 29: FINANCIAL INSTRUMENTS

(a) Net fair values

Cash, short term money market instruments, receivables, trade creditors and interest bearing liabilities are included in the financial statements at the carrying value which approximates their net fair values because of their short maturity. Current investments represents the share trading portfolio, which is carried at the lower of cost or net realisable value. Non-current investments are held at cost as these are not expected to be traded in the foreseeable future. The market values of current and non-current investments are disclosed at Note 10.

(b) Interest rate risk

Interest rates on money market instruments (deposits) vary with current short term bank bill rate movements. At balance date, the effective weighted interest rates on these financial assets was 4.59% (2001 5.00%).

The group maintains a set off facility with its bankers. The set off interest rate at balance date is 2.25% (2001 2.5%). There are no other financial assets with exposure to interest rate risk.

The interest rate applicable to bank overdrafts is 8.6% (2001 n/a).

The Brickworks Group bill acceptance discount facility currently drawn to \$80,000,000 is a floating rate facility determined with reference to the BBSY bid rate at each 90 day maturity. The rate current on the facility at balance date is 5.81% (2001 n/a).

NOTE 29: FINANCIAL INSTRUMENTS (cont.)

The Brickworks Group has entered into an interest rate swap contract that allows the Brickworks Group to raise borrowings at floating rates and effectively swap them into a fixed rate (5.18%) that is lower than those available to the Group if fixed rate borrowings were made directly. The contracts require settlement of net interest receivable or payable usually around 90 days. The settlement dates coincide with the dates on which interest is payable on the underlying debt and are brought to account as an adjustment to borrowing costs.

The notional principal amounts reduce from \$60,000,000 over the next five years as detailed below.

At balance date, the details of the interest rate swap contracts are:

Settlement	Effective Interest Rate Payable		Reduction in Notional Principal	
	2002 %	2001 %	2002 \$000	2001 \$000
Less than 1 year	5.18	-	15,000	-
1 to 2 years	5.18	-	15,000	-
2 to 3 years	5.18	-	10,000	-
3 to 4 years	5.18	-	10,000	-
4 to 5 years	5.18	-	10,000	-
Total notional principal at balance date			<u>60,000</u>	<u>-</u>

The value of the interest rate swap not recognised in the statement of financial position, reflecting the estimated amount which the Group would expect to receive to terminate the contract, is \$922,026 (2001 n/a).

(c) Credit risk

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount net of provisions for doubtful debts, as disclosed in the balance sheet and notes to the financial statements. The Brickworks Group debtors are based in the building and construction industry, however the Group minimises its concentration of credit risk by undertaking transactions with a large number of customers. The Group ensures there is not a material credit risk exposure to any single debtor.

(d) Exchange rate risk

The Brickworks Group does not have any material exposure to unhedged foreign currency receivables. Export sales are all made through Australian agents or direct to overseas customers using Australian Dollars or letters of credit denominated in Australian Dollars.

NOTE 30: ASSOCIATED COMPANIES

Interests are held in the following associated companies:

Name	Principal activities	Ownership interest		Carrying amount	
		2002 %	2001 %	2002 \$000	2001 \$000
Washington H. Soul Pattinson & Co Ltd	Pharmaceutical, coal, television, investment, food	42.85	42.85	222,776	207,088
Bristile Ltd	Manufacturing building products	22.33	-	87,049	-
				<u>309,825</u>	<u>207,088</u>

Ownership interest in Washington H. Soul Pattinson & Co Ltd at that company's balance date was 42.85% of ordinary shares. The reporting date of the company is 31 July annually. In applying the equity method of accounting the most recent information of the associate made available to the shareholders has been used – the half yearly report to 31 January 2002. The equity accounted result is based on the full year's results of the associate calculated for the 12 months to 31 January 2002.

Washington H. Soul Pattinson & Co Ltd owns 49.84% of issued ordinary shares of Brickworks Ltd.

	2002 \$000	2001 \$000
NOTE 30: ASSOCIATED COMPANIES (cont.)		
Equity accounted investments		
Equity accounted amount of investments in associates at the beginning of the financial year	207,088	172,554
New investments during the year	85,204	-
Share of associates:-		
Operating profit before income tax	47,309	53,354
Income tax	(9,407)	(6,409)
Outside equity interests	(6,960)	(6,913)
Reserve increments arising during the year	(1,697)	3,933
Dividends received from associate	(16,776)	(15,339)
Group's share of dividend received by associated company	5,064	5,908
Equity accounted amount of investments in associates at the end of the financial year	<u>309,825</u>	<u>207,088</u>
Share of reserves attributable to associates		
Retained profits	<u>57,279</u>	<u>44,693</u>
Reserves		
Capital profits	4,300	62,558
Asset revaluation	687	4,651
General	127,781	63,018
Foreign exchange	6,314	3,908
	<u>139,082</u>	<u>134,135</u>
Share of associates contingent liabilities	12,626	73,246
Share of associates capital expenditure commitments	1,805	7,287
Share of associates lease commitments:		
Operating leases	6,866	4,631
Finance leases	1,462	73
Summary of the performance and financial position of associates		
The aggregate profits, assets and liabilities of associates are (excluding effects of reciprocal shareholding):		
Net profits after income tax and outside equity interests	97,894	93,425
Assets	1,293,016	1,142,197
Liabilities	(465,961)	(530,098)
Outside equity interests in controlled entities	<u>(95,353)</u>	<u>(128,814)</u>
Equity attributable to members of the parent entity	<u>731,702</u>	<u>483,285</u>

	CONSOLIDATED		PARENT ENTITY	
	2002	2001	2002	2001
	\$000	\$000	\$000	\$000
NOTE 31: CASH FLOW INFORMATION				
(a) Reconciliation of cash				
For the purposes of the statement of cash flows, cash includes:				
(i) cash on hand and in at call deposits with banks or financial institutions, net of bank overdrafts; and				
(ii) investments in money market instruments with less than 30 days to maturity.				
Cash at the end of the year is shown in the balance sheet as:				
Cash on hand	1,640	2,057	116	164
At call deposits with financial institutions	-	3,049	-	3,049
Money market instruments with less than 30 days to maturity	10,135	9,978	10,135	9,978
Bank overdraft	(262)	-	-	-
	<u>11,513</u>	<u>15,084</u>	<u>10,251</u>	<u>13,191</u>
(b) Reconciliation of cash flow from operations with operating profit after income tax				
Operating profit and abnormal items after income tax	51,927	60,005	33,261	58,042
Non-cash flows in operating profit				
Depreciation	9,893	9,472	-	-
Losses (profits) on sale of property, plant and equipment	(1,794)	664	-	-
Losses (profits) on sale of investments	(893)	(431)	(893)	(431)
Share of profits of associates not received as dividends	(14,165)	(24,693)	-	-
Unrealised exchange gain on intercompany loan	(9)	-	-	-
Cash flows excluded from profit from ordinary activities attributable to operating activities				
Changes in assets and liabilities net of the effects of purchase of subsidiaries				
(Increase) decrease in trade & sundry debtors	(3,549)	5,676	(205)	(173)
(Increase) decrease in inventories	2,294	(12,516)	-	-
(Increase) decrease in prepayments	(692)	(54)	(657)	-
(Increase) decrease in future income tax benefit	1,344	(2,347)	20	(1)
(Increase) decrease in share trading portfolio	2,390	(576)	-	-
Increase (decrease) in creditors and accruals	(1,886)	180	(14)	(377)
Increase (decrease) in taxes payable	(1,457)	(4,898)	(767)	246
Increase (decrease) in other current provisions	(1,386)	414	(98)	98
Increase (decrease) in other non-current provisions	1,289	264	32	(62)
Increase (decrease) in deferred taxes payable	(1,263)	(1,028)	(4)	(18)
Cash flows from operations	<u>42,043</u>	<u>30,132</u>	<u>30,675</u>	<u>57,324</u>

NOTE 31: CASH FLOW INFORMATION (cont.)

(c) Acquisition of controlled entity

During the year 100% of Eureka Tiles Pty Ltd was acquired (2001 100% of Bowral Brickworks Pty Ltd was acquired). Details of the aggregate cash flows and consideration relating to the acquisition and the aggregate assets and liabilities of the controlled entity at the date of acquisition are detailed below.

	2002	2001
	\$000	\$000
Net cash outflow on acquisition		
Cash consideration	3,664	6,660
add bank overdraft acquired	1,973	-
less cash balances acquired	<u>(6)</u>	<u>(2)</u>
	<u>5,631</u>	<u>6,658</u>
Fair value of net assets acquired		
Current Assets		
Cash	6	2
Receivables	3,060	870
Inventories	4,071	2,507
Other	6	248
Non-current Assets		
Property, plant and equipment	10,263	5,602
Deferred tax assets	836	172
Current Liabilities		
Payables	(2,260)	(2,179)
Current interest bearing liabilities	(1,973)	-
Current tax liabilities	(30)	(23)
Provisions	(1,982)	(505)
Non-current Liabilities		
Non-current interest bearing liabilities	(7,605)	-
Provisions	(520)	(34)
Deferred tax liabilities	<u>(208)</u>	<u>-</u>
Net Assets acquired	<u>3,664</u>	<u>6,660</u>

	CONSOLIDATED		PARENT ENTITY	
	2002	2001	2002	2001
	\$000	\$000	\$000	\$000
(d) Credit standby arrangements with banks				
Credit facility	87,120	-	85,000	-
Amount utilised	<u>80,262</u>	<u>-</u>	<u>80,000</u>	<u>-</u>
Unused credit facility	<u>6,858</u>	<u>-</u>	<u>5,000</u>	<u>-</u>

The major facilities are summarised as follows:

Banking overdrafts

Bank overdraft facilities are arranged with a number of Australian banks with the general terms and conditions being set and agreed to annually. Interest rates are variable and subject to adjustment.

Bank bill acceptance discount facility

\$85,000,000 12 monthly revolving variable interest rate bill facility provided by various Australian banks.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 12 to 32 are in accordance with the Corporations Act 2001:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2002 and of the performance for the year ended on that date of the company and the Brickworks Group;
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 27 August 2002

R.D. MILLNER, Director

A. J. BENTLEY, Director

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF BRICKWORKS LIMITED

Scope

We have audited the financial report of Brickworks Limited, as set out on pages 12 to 33 for the year ended 30 June 2002.

The financial report includes the consolidated financial statements of the Brickworks Group comprising Brickworks Limited and the entities it controlled at the year's end or from time to time during the financial year. The company's directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirements so as to present a view which is consistent with our understanding of the company's and of the Brickworks Group's financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of Brickworks Limited is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of Brickworks Limited's, and the Brickworks Group's financial position as at 30 June 2002 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements.

TRAVIS & TRAVIS
Chartered Accountants

A.J. FAIRALL
Partner

27 August 2002
1/114 Longueville Road
Lane Cove NSW 2066

SHAREHOLDER INFORMATION

STATEMENT OF SHAREHOLDERS AT 21 AUGUST 2002

	Fully Paid Ordinary Shares
Number of holders	2,729
Voting entitlement is one vote per fully paid ordinary share	
% of total holdings by or on behalf of twenty largest shareholders	80.88%
Distribution of Shareholdings	
1 - 1,000	701
1,001 - 5,000	1,218
5,001 - 10,000	371
10,001 - 100,000	381
100,001 and over	58
	<u>2,729</u>
Holdings of less than marketable parcel of 78 shares	11

The names of the substantial shareholders as disclosed in substantial shareholder notices received by the company:

Shareholder	Number of Shares
1. Washington H. Soul Pattinson & Co. Ltd	65,645,140
2. Perpetual Trustees Australia Ltd	19,025,860
3. Permanent Trustee Company Ltd	7,111,550

20 LARGEST SHAREHOLDERS AS DISCLOSED ON THE SHARE REGISTER AS AT 21 AUGUST 2002

	Number of Shares	%
1. Washington H. Soul Pattinson & Co. Ltd	65,645,140	49.84
2. RBC Global Services Australia Nominees Pty Ltd <PIPOOLED A/C>	11,988,291	9.10
3. GPG Australia Nominees Ltd	6,556,940	4.98
4. J P Morgan Nominees Australia Ltd	3,456,239	2.62
5. National Nominees Ltd	2,214,990	1.68
6. RBC Global Services Australia Nominees Pty Ltd <PIIC A/C>	1,718,820	1.30
7. AMP Life Ltd	1,674,181	1.27
8. Mr K. S. Baker & Mrs M. I. Baker	1,618,766	1.23
9. J S Millner Holdings Pty Ltd	1,557,480	1.18
10. Australian Foundation Investment Co Ltd <Investment Portfolio A/C>	1,477,970	1.12
11. RBC Global Services Australia Nominees Pty Ltd <BKCUST A/C>	1,307,000	0.99
12. Mr J. S. Millner	1,180,533	0.90
13. Westpac Custodian Nominees Ltd	1,140,074	0.87
14. Choiseul Investments Ltd	1,014,360	0.77
15. Milton Corporation Ltd	864,580	0.66
16. Cogent Nominees Pty Ltd	703,461	0.53
17. IOOF Investment Management Ltd	674,228	0.51
18. Commonwealth Custodial Services Ltd	638,882	0.49
19. RBC Global Services Australia Nominees Pty Ltd <PT A/C>	632,440	0.48
20. Cambooya Pty Ltd	472,800	0.36
	<u>106,537,175</u>	<u>80.88</u>
Total Shares		