

BRICKWORKS

LIMITED

ABN 17 000 028 526

ANNUAL REPORT 2005



BRICKWORKS LIMITED AND CONTROLLED ENTITIES

A.B.N. 17 000 028 526

FIVE YEAR SUMMARY

	2001	2002	2003	2004	2005	%
	\$000	\$000	\$000	\$000	\$000	Growth
Total revenue	172,969	197,524	246,961	703,559	766,418	9%
Building products revenue	118,463	149,709	180,793	487,691	520,124	7%
Earnings before interest, tax and amortisation						
Building products	18,910	26,463	31,560	94,667	87,134	(8%)
Property	-	1,510	5,485	9,601	25,156	162%
Waste management	-	-	1,226	1,639	1,428	(13%)
Investments	7,347	6,988	9,823	5,056	795	(84%)
Associates	17,921	28,592	32,348	24,876	47,608	91%
Head office and other expenses	(1,601)	(1,576)	(3,102)	(4,545)	(5,508)	21%
Total EBITA	42,577	61,977	77,340	131,294	156,613	19%
Amortisation	-	-	-	(14,566)	(16,409)	13%
Interest expense	-	(3,674)	(5,009)	(22,862)	(18,985)	(17%)
Income tax	(4,684)	(8,726)	(8,508)	(19,626)	(27,268)	39%
Net profit after tax - normalised	37,893	49,577	63,823	74,240	93,951	27%
Non-regular items (after tax)						
Washington H Soul Pattinson & Co.	22,111	2,350	2,916	11,788	152,512	
Portfolio sale	-	-	-	74,161	-	
Tax consolidation	-	-	5,950	(1,003)	-	
Funding costs	-	-	-	(1,812)	-	
Write down of property, plant & equipment to recoverable value	-	-	-	-	(42,637)	
Net profit after tax and non-regular items	60,004	51,927	72,689	157,374	203,826	30%
Basic earnings per share (cents)	45.6	39.4	55.2	114.3	146.5	28%
Dividends						
Ordinary (cents per share)	14.0	15.5	20.0	24.0	31.0	(29%)
Special (cents per share)	4.0	-	-	-	-	
Total dividends (cents per share)	18.0	15.5	20.0	24.0	31.0	
Ratios						
Net tangible assets per share	\$3.87	\$4.13	\$4.61	\$4.91	\$6.54	33%
Return on shareholders equity	11.8%	9.5%	12.0%	17.6%	18.5%	5%
Interest cover ratio	-	-	21.9	5.0	7.6	51%
Net debt to capital employed	-	11.0%	4.7%	23.2%	14.7%	(36%)

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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:	<p>ROBERT D. MILLNER FAICD (Chairman) Director since 1997</p> <p>MICHAEL J. MILLNER (Deputy Chairman) Director since 1998</p> <p>ALAN J. BENTLEY FAICD Joined the Company 1984. Director since 1995</p> <p>TIMOTHY V. FAIRFAX AM; FAICD Director since 1997</p> <p>DAVID N. GILHAM FCIT; FAIM; FAICD Director since 2003</p> <p>THE HON. ROBERT J. WEBSTER MAICD; MAIM; JP Director since 2001</p>
MANAGING DIRECTOR:	LINDSAY R. PARTRIDGE BSc. Hons.Ceramic Eng; SFCDA; Dip.CD
CHIEF FINANCIAL OFFICER:	ALEXANDER J. PAYNE B.Comm; Dip CM; FCPA; FCIS; JP
COMPANY SECRETARY:	IAIN H. THOMPSON B.Ec; CA; Grad Dip CSP; FCIS
AUDITORS:	ERNST & YOUNG
BANKERS:	NATIONAL AUSTRALIA BANK
SHARE REGISTER:	COMPUTER SHARE REGISTRY SERVICES PTY. LIMITED P.O. Box 7045, Sydney N.S.W. 2001 Telephone: 1800 269 981 Facsimile: (02) 8234 5050
PRINCIPAL ADMINISTRATIVE OFFICE:	THE AUSTRAL BRICK COMPANY PTY. LIMITED Group Administration Office, 738-780 Wallgrove Road, Horsley Park N.S.W. 2175 Telephone: (02) 9830 7700 Facsimile: (02) 9620 1328

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 31 July 2005.

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 (Deputy Chairman)
Lindsay R. Partridge BSc. Hons. Ceramic Eng; SFCDA; Dip. CD
Alan J. Bentley FAICD
Timothy V. Fairfax AM; FAICD
David N. Gilham FCIT; FAIM; FAICD
The Hon. Robert J. Webster MAICD; MAIM; JP

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 building products, property realisation and investment.

Change of financial year end

During the year the Brickworks Group and its Directors applied to ASIC for relief from the requirements of subsection 323D(2)(b) of the Corporations Act 2001 (the Act), that a financial year subsequent to the first financial year be 12 months long, for the 2005 financial year. On 30 March 2005 ASIC approved this relief, the result of which is that the Brickworks Group 2005 financial year was extended to 13 months ending on 31 July 2005, and all subsequent financial years will end on 31 July.

The relief was granted subject to certain conditions, including that Brickworks comply with Parts 2M.2, 2M.3 and 2M.4 of the Act in respect of the period from 1 July 2004 to 31 July 2005 as if that period was a financial year, and that the Directors form the opinion no earlier than 12 months and no later than 13 months after the commencement of the 2005 financial year that there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable. Brickworks Ltd has complied with these conditions.

Following the approval by ASIC referred to above, Brickworks applied to ASX for a waiver of listing rule 4.4A which would have required the Company to lodge an Appendix 4F for the 12 months to 30 June 2005 as well as an Appendix 4E for the 13 months to 31 July 2005. The ASX granted this waiver on the condition that the Company include a statement of financial performance for the 12 months ended 30 June 2005 in the Appendix 4E it lodges for the period to 31 July 2005.

All references in this report to the 2005 financial year, or year ending 31 July 2005, refer to the 13 month period from 1 July 2004 to 31 July 2005, covering the entire period from the end of the previous financial year, unless otherwise stated.

To assist users of the financial report to make comparisons to prior year results, some information covering the 12 months 1 July 2004 to 30 June 2005 is provided. Where included, this information is clearly marked as such to avoid confusion.

Result of operations

The consolidated net profit for the year ended 31 July 2005 (13 months) of the Brickworks Group after income tax expense, amounted to \$203,826,000 compared with \$157,374,000 for the previous year (12 months).

Dividends – ordinary shares

The Directors recommend that the following final dividend be declared:

Ordinary shares - 21 cents per share (fully franked)

Dividends paid during the year under review were:

- (a) Final ordinary of 15 cents per share (fully franked) out of profits for the year ended 30 June 2004 and referred to in the previous Directors' report;
- (b) Interim ordinary of 10 cents per share (fully franked) paid 12 April 2005.

Dividends – PAVERS

A dividend on PAVERS is scheduled to be paid on 1 December 2005 for the period 1 June 2005 to 30 November 2005, calculated at 6.565% p.a. per PAVERS (fully franked). This will equate to \$3.29 per share.

PAVERS dividends paid during the year under review were:

- (a) Dividend paid on 1 June 2005 for the period 1 December 2004 to 31 May 2004, calculated at 6.565% p.a. per PAVERS (fully franked). This equated to \$3.27 per share.
- (b) Dividend paid on 1 December 2004 for the period 1 June 2004 to 30 November 2004, calculated at 6.565% p.a. per PAVERS (fully franked). This equated to \$3.29 per share.

REVIEW OF OPERATIONS

Highlights

- Record NPAT up 30% to \$203.8 million
- NPAT before non-regular items up 27% to \$93.9 million
- EBIT from property and development increased 163% to \$25.2 million
- Significant increase in final dividend to 21 cents a year, up 40% (full year dividend 31 cents)
- Scoresby brick plant written down in preparation for redevelopment
- Debt reduced by \$71.3 million to \$204.7 million, reducing gearing from 31% to 19%

Overview

Brickworks Limited has increased Net Profit After Tax (NPAT) including non-regular items to \$203.8 million, up from \$157.4 million for the year ending 30 June 2004.

The normalised NPAT in the 13 months to 31 July 2005 of \$93.9 million was up 27% compared to \$74.2 million in the year ending 30 June 2004 (on a normalised 12 months basis the NPAT was up 8% to \$79.8 million in the year to 30 June 2005).

The main factors contributing to the normalised result were a significant boost in profit from property development and investments offsetting reductions from building products.

Normalised, basic EPS increased to 63.1 cents per share for the 13 months ending 31 July 2005 (normalised earnings per share were 52.3 cents for the 12 months ending 30 June 2005).

Directors have recommended a significant increase in the final dividend to 21 cents fully franked, taking the full year dividend to 31 cents fully franked, up 29% from 24 cents the previous year. The dividend payout now approximates 50% of the normalised earnings (less PAVERS dividend) of the company and reflects the underlying strength of the business.

Change of financial year

Brickworks' financial year has been changed to the 12 months ending 31 July each year commencing this year, and resulting in a once off 13 month year. This change is a consequence of the implementation of AIFRS, specifically AASB 128 Investments in Associates. The effect of this change was to equity account 18 months of Washington H. Soul Pattinson (WHSP) results to 31 July 2005 in this year's results.

In future periods Brickworks will equity account WHSP results for each 12 months to 31 July (previously 12 months to 31 January each year).

Non-regular items

During the period, non-regular earnings after tax of \$104.2 million were received from WHSP for the sale of New Hope Limited's share of its Indonesian Coal operations (Adaro). WHSP has a 63.5% interest in New Hope. In addition to the sale proceeds from New Hope, WHSP contributed earnings of \$48.3 million in the six months to 31 July 2005.

In December 2004 the Board approved the construction of a new brick plant at Wollert in Victoria, paving the way for the sale of Austral Bricks™ Scoresby site. The Board, subsequent to this approval, reassessed the useful life of the Scoresby factory and a number of other small items of plant in the group. Consequently buildings, plant and equipment have been written down and provisions for redundancies, demolition and rehabilitation of \$42.6 million post tax have been made.

Cash flow

The total free cash flow was very strong at \$188.1 million, up from \$91.3 million last year, including \$82.1 million which was received from property and development compared to \$20.7 million last year.

Strong cash generation from property, investments and building products has allowed debt to be reduced by \$71.3 million from \$276.0 million to \$204.7 million at 31 July 2005, resulting in gearing of 19%.

Strategy overview

Brickworks Limited consists of three core businesses: building products, property realisation and investments. These complimentary businesses provide superior earnings and capital growth through diversity of revenue streams. Brickworks' investments provide reliable cash flow and enable a profit maximising long term view of cyclical building materials and property realisation businesses.

The building products strategy is to maximise margin, and subsequently return on funds, by vigorous competition in product range and quality while offering superior service. Concurrently every effort is made to reduce costs including prudent capital expenditure. The long term methodical focus on these objectives has led to Brickworks being the lowest cost producer in many businesses and achieving best in class margins in many markets that it operates.

Property and development maximises the use of property assets that are no longer required for the building products businesses. Profit is maximised through timely change to highest and best use. However, timing of approvals can be unpredictable and the various property segments have their own cycle making it difficult to predict the timing of cash flows and the recognition of profits.

WHSP has been a long term success story offering exposure to a diverse range of sectors including telecommunications and media, pharmaceuticals, mineral resources and investment management. Compound

annual returns of 16.1% over 15 years compared to the All Ordinaries Accumulation Index of 11.3% have ensured that Brickworks has never missed paying a dividend. Brickworks Investment Company Limited (BICL) is also producing satisfactory earnings and capital growth.

This year, strong performances from property and investments offset a weaker building products result. Until recently, profit was only generated by investments and building products. Less volatile earnings was experienced this year due to a more balanced approach with 30% from investments, 54% from building products and 16% from property.

Building Products

During the year the result moved from the peak experienced in the previous years. For the year ending 30 June 2005, sales were down 1.4% at \$480.8 million compared to \$487.7 million in the year ending 30 June 2004 (in the thirteen months to 31 July 2005 sales were \$520.1 million).

EBITA in the 12 months to 30 June 2005 was \$81.3 million, down 14.1% on the \$94.7 million on the 12 months to 30 June 2004 (EBIT in the 13 months to 31 July 2005 was \$87.1 million).

Brickworks faces numerous competitive pressures not only from incumbent players but also new products and building systems. Brickworks' focus however is to maintain the EBIT to sales ratio and profitability. Despite the downturn, building products achieved an EBIT to sales ratio for the 12 months to 30 June 2005 of 16.9% compared to 19.4% in the previous corresponding period.

EBITDA was more resilient at \$108.5 million (22.6% to sales) for the 12 months to 30 June 2005. This compared to the \$117.5 million in the 12 months to 30 June 2004.

The relentless pursuit of the lowest cost base in the industry is underscored by employee productivity. Revenue of \$344,000 and EBITA of \$58,200 per employee compares favourably to Australian Building Products peers.

During the period \$1.7 million was spent on redundancies which led to a reduction in employee numbers of 78. Employee numbers reduced to 1397 prior to the inclusion of the 125 Auswest Timbers employees and now total 1522.

Market conditions

Nationally, dwelling approvals peaked in September/October 2003 and have appeared to form a base over the last six to nine months some 20% lower (seasonally adjusted).

During the course of the year Western Australia (WA) was the standout market and emphasised the value of Brickworks' recent steps toward greater geographic diversity. Approvals in WA remain close to the highest reached during this extended cycle.

New South Wales (NSW) generates the largest proportion of revenue and consequently this market's poor performance has had a significant impact. In addition to the Vendor Tax, suitable building land is in short supply throughout Sydney and priced beyond the reach of potential homebuyers due to State government imposts. These negative factors were compounded by concerns of a potential price bubble emerging and subsequent interest rate rises.

While the abolition of the Vendor Tax is encouraging and has raised confidence in the industry, this has not yet translated into increased approvals or sales. Consequently the two year 30% slide in trend dwelling approvals in NSW since the peak of August 2003 has continued, leaving the housing industry to search for signs that the bottom is near.

In Victoria the approval figures showed a significant spike at year's end as builders attempted to beat the introduction of a new "five star" energy rating system coming into effect 1 July 2005. Of greater long term concern is the State Government's 2030 policy which is likely to create an artificial contraction of land supply and has the potential to put home ownership beyond the reach of many homebuyers.

The Queensland market was one of the first to start turning down in late 2003 due to affordability issues. Fortunately the Queensland market bottomed on trend estimates in February 2005 and it is anticipated it will lead the other markets into recovery due to a strong local economy and high levels of population increase.

Tasmania and South Australia have slowed from their peaks but have not seen to date the significant reductions experienced in the other states.

Segment results

Austral Bricks™

Sales of Austral Bricks™ and pavers for the 12 months to 30 June 2005 dropped 6.5% by volume with the largest declines experienced in NSW and Queensland. The impact of the NSW market was also felt in the Queensland business where significant quantities of product had previously been sourced. As WA operations were already at full capacity, increased sales volumes were insufficient to offset reductions in the softer eastern states.

Unit brick prices increased by 3% in line with expectations. Production output was reduced by 5.5% to avoid excessive increases in inventory. This reduced volume, combined with factory refurbishment costs, produced an uncharacteristic increase in unit cost.

At Rochedale, Queensland, one complete base load production line has been closed for refurbishment since March 2005. The refurbishment program was more extensive than anticipated after this relatively new kiln had virtually worked non-stop for ten years. This major overhaul of the dryers, kilns, kiln cars and other support equipment will take until October 2005 to complete.

Transfer of product to NSW is reducing rapidly due to trading conditions in that state, freeing a considerable amount of low cost production capacity for the local Queensland market. Consequently it has been possible to fully supply the Queensland and Export markets while this production unit has been closed.

It is of some concern for long term stability in the Queensland market that the largest single production line will be returned to production in the same period as the commissioning of a new kiln by a competitor. Combined, in excess of 100 million bricks will enter the market, which is likely to be well beyond the ability of the Queensland market to absorb. Selling prices in Queensland continued to increase but are expected to remain flat or fall

going forward for the above reasons. Unit costs were up due to the plant closures and refurbishments, however the refurbishment of Rochedale plant along with the updated Riverview plant will keep Austral Bricks™ well positioned as they remain two of the group's most efficient production facilities.

In all other states except WA most kilns have now been taken off line for maintenance and stock control. By the completion of the 2005/06 Christmas maintenance period all plants will be in excellent condition. While this has resulted in higher production costs in the short term it is a proven way to manage this cyclical business and avoid costly equipment failures while under peak demand conditions.

National variations in activity have created some interesting market shifts. Due to the booming WA conditions and the soft NSW market conditions, Austral Bricks™ is now selling almost as many bricks in WA as NSW. However, Austral Bricks™ remains Australia's leading brick producer.

Bristile Roofing™

Roof tile sales decreased in eastern states and were constrained by the availability of installation trades in WA. Nationally, selling prices increased by 5% as substantially higher installation rates were partially recovered. This was achieved even though sales volumes nationally fell by 10%.

Nationally, Bristile Roofing™ roof tile production reduced by 16%. Production volume in WA was maintained to meet market requirements. Output on the East Coast was reduced to control stock and allow a complete refurbishment of both concrete roof tile plants. The improvements in the production performance of these plants subsequent to the refurbishment in the last quarter restricted unit costs increases to 5% for the year.

The strong position of Bristile Roofing™ in WA and small exposure to NSW has meant Bristile Roofing™ has strengthened its market position in Australia. It is of concern the leading metal roof manufacturer and the leading roof tile manufacturer are both aggressively attempting to increase market share. Brickworks' focus will remain not on market share but profitability.

Eureka Tiles™

Floor tile sales volumes reduced due to stiff competition from Chinese imports and a new local manufacturer. In addition, the renovation market was down nationally but it was particularly affected in NSW which is the most significant floor tile market for Eureka Tiles™. It is estimated approximately half of all floor tile sales are destined for the renovation market.

The overall sales volume increased with the outstanding success of Riviera® pavers which are produced in the state-of-the-art Punchbowl works. Significant increase in EBIT was achieved due to tight cost controls with unit production costs falling by 10%.

The competitive flooring market is expected to remain unchanged for the foreseeable future. A series of new product launches in the coming year are expected to further differentiate the Eureka Tiles™ offering, improving volume and price in the process. Broadening of the range through imports has had initial success and it is expected that this will be built on in the coming year.

Over time this division will concentrate on products not affected significantly by imports while developing an import and distribution business to replace the current production lines.

Auswest Timbers

Auswest Timbers Pty. Ltd. was fully acquired on 28 June 2005. Brickworks had owned 33% of Auswest since the Bristile acquisition in September 2002.

Auswest has three sawmills nationally, with mills at Fyshwick in the ACT, Orbost in Victoria and Pemberton in WA. Auswest produces a diverse range of timber products from heavy structural to floor boards and roof tile battens.

New products

All divisions continued to develop new products. Successful new products in the past 12 months include TerraÇade® cladding, Riviera® pavers and the Elements™ range of bricks. New products will continue to grow revenues and prices in the year to come with several new products scheduled to be launched.

A new generation of TerraÇade® has been developed to compliment the existing TerraÇade® XP system and will be launched shortly. Manufactured at Eureka Tiles in Ballarat, the large format façade will soon be available in a range of glazed and unglazed colours. TerraÇade® XL is a lightweight façade system supported using a vertical suspension rail to provide a rear ventilated façade which minimises thermal transfer to the building structure improving comfort and providing energy savings. The TerraÇade® XL system is easy to install and suitable for installation on timber or metal frames, masonry and concrete buildings for both the residential and commercial markets.

Building products general

Brickworks continued to recruit, train and develop its people throughout the period. Trade shortages continue to plague the manufacturing operations. Additional resources were allocated to this area in the past twelve months in an effort to reduce these trade shortages and to improve the quality of people and strengthen succession planning.

National trade shortages of bricklayers, roof tilers and floor tilers is of a major concern with the installation of products now many times more expensive than the products themselves. Brickworks through its various divisions is working with other industry participants to increase the number of trainees and apprentices to assist in addressing this major concern.

Environment, Occupational Health and Safety remain a central focus. A significant amount of resource (time, expense and capital) has been applied to these responsibilities. This effort is expected to increase with the goal of achieving an excellent safety record and environmental performance.

Exports

The sustained strength of the Australian Dollar coupled with higher transport costs, caused by higher oil prices and shipping shortages, had a significant impact on margins. Prices were maintained in Australian dollars leading to higher prices in domestic currencies and a reduction in brick volume of 10%. Floor tile volumes responded to the focused effort of the sales team increasing 68%.

New Zealand softened as the housing construction cycle retreated from its peak. This was especially evident in the largest market, Auckland, where housing commencements were most affected. Volumes to Japan declined throughout the year. A Japanese based representative will shortly be appointed to reverse this trend. In Hong Kong, where Brickworks opened an office in 2003, sales improved on the back of the government's recommenced urban renewal program. Macau is now providing growth for the region with substantial activity in the gaming sector driving demand.

In several new markets preliminary investigations were carried out during the year and are expected to fuel the growth of exports in the future.

During the year production of export bricks was redistributed around Australia. This effort will allow for a significantly improved product range to be offered to export customers as well as reducing the need for capital expenditure on capacity expansion in the long term.

Capital expenditure

Brickworks' capital expenditure program continued strongly during the period. The focus of the program within building products was cost reduction and improvement in safety and environmental performance. Property development included both property acquisition and development costs. Capital expenditure totalled \$55.3 million in the 13 months to 31 July 2005 including \$6.7 million for property development. This compares to \$40.4 million last year and depreciation of \$29.0 million for the 13 months to 31 July 2005.

The upgrade of the Austral Bricks™ Bowral plant in NSW at a total cost of \$12.0 million, of which \$8.1 million was spent this year, was successfully completed. The improved quality has been well accepted by the NSW market. Although waiting lists still exist for some products it is expected that these will be eliminated in the not too distant future. Nonetheless opportunities for further cost reductions exist for this specialised plant.

Stage One of the capital program for the Austral Bricks™ Riverview plant in Queensland at a cost of \$2.4 million, of which \$1.1 million was spent this year, is underway and will significantly increase efficiency. The planned Stage Two expansion of Riverview which was to double the capacity has been postponed indefinitely due to the poor trading conditions and the substantial over capacity in this market.

A series of upgrades to concrete roof tile manufacturing have been completed in the last quarter at both Dandenong in Victoria and Wacol in Queensland. The total was \$3.1 million, of which \$2.7 million was spent this year. This upgrade included new tile machines and packaging equipment, and new curing chambers which improved quality and costs.

North of Melbourne at Wollert, Austral Bricks™ is building a new brick plant at a cost of \$44.0 million, of which \$7.9 million has been spent this year. This plant will replace the aging Scoresby brick plant and free 56 hectares of land for sale at Scoresby as well as 19 hectares at Hallam. Wollert is on schedule to be completed by February 2007 and is expected to be the lowest cost plant in Australia with design capacity of 85 million standard brick equivalents (SBEs).

The Austral Bricks™ plant in Golden Grove, South Australia is in the process of being upgraded at a cost of \$5.5 million, of which \$2.2 million was spent this year. Whilst capacity will remain the same, the introduction of robotic unloading and loading equipment will greatly reduce the cost of manufacture and enhance production flexibility.

A new brick plant remains under consideration for WA. Whilst the market is showing signs that the cycle has peaked, demand is now routinely being met although with little margin for error. Attention is still focussed on the best long term solution for the WA market and community with there being no need for additional capacity until the market reaches its next cyclical peak. With the company fully occupied building the new brick plant at Wollert it is likely to be one or two years before a final determination is made.

The newly acquired Auswest business is undertaking a significant capacity and capability upgrade at Pemberton in WA. Underpinned by lengthy log licences, the upgraded Pemberton plant will be capable of completing most of its own 'value adding' on site, including the production of flooring products.

Property and development

The 2004/05 financial year has seen substantial advances in relation to the Brickworks property realisation program for surplus property holdings. Property and development EBIT was \$25.2 million in the 13 months to 31 July 2005 up from \$9.6 million last year. Cash flow was \$82.1 million for the 13 months to 31 July 2005.

The sale of Crouch Road, Golden Grove for \$22.0 million including \$1.0 million interest was completed.

The most significant progress in the 2004/05 year was the approval of the Precinct Plan for Brickworks SEPP 59 property, now known as the M7 Business Hub, at Horsley Park in NSW. This resulted in the Joint Venture agreement with Macquarie Goodman to develop the property becoming unconditional and a commencement payment of \$20.5 million being received. The approval also allowed Brickworks to settle on the sale of property to Macquarie Goodman for the construction of the regional distribution facility for Coles Myer for \$18.3 million.

Contracts for the sale of a large portion of the eastern section of the site, which have already been signed, including Coca Cola Amatil for \$16.5 million, have not yet completed and are due to settle in the 2005/06 financial year. These sales will provide a strong impetus for the development of the remainder of the site.

Under the Joint Venture with Macquarie Goodman, Brickworks will receive minimum total payments amounting to around \$150.0 million plus a share of profits. Payments were originally expected over a ten to twelve year time frame but strong demand for the land is indicating that cash flows and profits may be realised earlier.

Development of the Eastwood site in NSW over the 2004/05 financial year has continued well after the restructuring of the development agreement in late 2004. Civil works have commenced on Stage One of the development

and lots are due to be ready for sale in late 2005. The sale of lots will be a significant milestone, as it will allow Brickworks to realise profits on these lots in the 2005/06 year. During the year \$20.5 million was received from the development joint venture. Profit on this transaction has been deferred until the sale of the lots commences.

Positive progress has been made on the sub-division of the Mamre Road site at Erskine Park in NSW. This is due to an in-principle agreement being reached with Department of Environment and Conservation (DEC) and Penrith Council on the biodiversity areas to be kept on the site. An agreement is now being documented with deeds due to be signed by late 2005. Brickworks is now preparing a revised sub-division application which will be lodged in the coming months.

Work on the redevelopment of the Scoresby and Hallam sites in Melbourne has commenced in late 2004, following Board approval for the new Austral Bricks™ factory at Wollert. This has included preparing plans and applications to rehabilitate both sites and to rezone the Scoresby site to allow residential development. The Hallam site is already appropriately zoned for industrial development.

An application for a permit to fill and compact the Scoresby site was lodged with Knox Council in June 2005, following a community consultation process. No objections were received. The Master Plan and rezoning application for the site is expected to be lodged prior to January 2006.

Waste management

The Horsley Park and Bowral waste facilities provided royalties totalling \$1.4 million over the 2004/05 period. The royalties from the Horsley Park facility, operated by Collex, has continued to be well over the minimum requirement. The accelerated rate of filling, however, has now resulted in Collex catching up to the mining being undertaken by Brickworks. Fill volumes will slow down over the next financial year.

Investments

Washington H. Soul Pattinson Limited (WHSP)

ASX Code: SOL

The market value of Brickworks' 42.85% share of WHSP increased \$286.0 million (41.2%) to \$981.0 million at year end. Fully franked dividends of \$32.7 million (\$23.5 million last year) were also received and included a special dividend of 10 cents per share in November 2004.

WHSP has announced a further special dividend to be paid in November 2005.

The equity accounted contribution to 31 July 2005 included three six month periods as a result of the change in Brickworks' financial year end to 31 July 2005.

The total 12 month equity contribution of WHSP to 31 January 2005 was \$44.8 million (\$35.5 million last year). The additional period of six months WHSP results to 31 July of \$152.5 million included a non-regular contribution from the sale of the New Hope Limited Indonesian operations (Adaro) amounting to \$104.2 million.

The investment in WHSP has a 15 year compound annual return of 16.1% compared to 11.3% in the ASX All Ordinaries Accumulation Index. The compound annual return for five years is 26.0% compared to 10.3% in the ASX All Ordinaries Accumulation Index.

Brickworks Investment Company Limited (BICL)

ASX Code: BKI

BICL has reported a Net Profit After Tax of \$10.5 million for its first full year of operation to 30 June 2005 compared to \$3.59 million in the seven months to 30 June 2004.

Brickworks equity accounted share of BICL was \$2.4 million. At 31 July Brickworks holding had reduced to 22.17% of BICL following the scrip takeover of Pacific Strategic Investments Ltd (PSI).

The fully franked dividend of 2.2 cents per share has been declared bringing the total to 4.3 cents (fully franked) per share for the year.

The value of Brickworks' investment in BICL increased 19% from \$42.2 million to \$50.4 million at 31 July 2005, however the total portfolio value of the BICL increased by 35% during the period to \$248.3 million from \$183.8 million. This increase was assisted by the successful acquisition of PSI.

Net Asset backing per share before tax as at 30 June has also increased to \$1.28 per share from \$1.08 per share, an 18.5% improvement.

The BICL share price has increased from 98 cents per share at 30 June 2004 to \$1.17 per share at June 30 year end.

Financial conditions

The total free cash flow before capital expenditure and dividends was very strong at \$188.1 million up from \$91.3 million last year.

Cash flow from operations was \$104.8 million for the 13 months to 31 July 2005, \$88.3 million for the 12 months to 30 June 2005 compared to \$66.6 million to 30 June 2004, and \$82.1 million was received from property and development compared to \$20.7 million last year.

Strong cash generation from property, investments and building products has allowed debt to be reduced by \$71.3 million from \$276.0 million to \$204.7 million at 31 July 2005.

Debt reduction during the period is after paying Ordinary Dividends of \$33.0 million, PAVERS Dividends of \$10.8 million and Capital Expenditure of \$55.3 million.

Net Debt to Capital Employed also continues to improve, finishing the year at 15% down from 23% at 30 June 2004. Gearing (Debt to Equity) reduced to 19% from 31% last year.

Interest paid during the year was \$19.0 million, down 26% on last year's \$25.5 million.

The Interest Cover ratio was 7.6 times (5.0 times in 2004) excluding non regular items and the non-cash portion of Equity Accounting.

The effective tax rate has increased, returning to normal levels in the normalised profit due to inability to utilise accumulated tax losses to the same level as last year.

Working capital at 31 July 2005 was \$84.9 million compared to \$88.6 million at 1 July 2004. Stringent control of working capital resulted in this small improvement and included the acquisition of the Auswest Timbers business.

Outlook

Economy

Whilst the GDP growth of Australia has declined slightly over the last year as has the home building industry, many fundamentals remain robust. Inflation is within the Reserve Bank's target range. Full employment and strong immigration levels, all point to a solid economy and good prospects for dwelling commencements in the future.

WA and Queensland are being positively impacted by the resources boom. There is concern about the shortage of tradespeople and higher fuel prices, both of which will have an impact on home affordability as has the social engineering policies of the NSW and Victorian State Governments.

Building Approvals and Building Products

The downturn to date in housing approvals has been the mildest on record. Emerging data suggests the lowest commencements of this cycle may be encountered at 140,000 to 145,000 in the coming year. Due to this cautious outlook, management will continue to rigorously manage inventory levels in preparation for the next upturn. With the changed financial year the planned January factory closures will be included in the first half of the 2005/06 year reducing the historical first half bias of building products.

Property and Development

General economic conditions are expected to remain robust supporting high property values in the coming year.

Profit from property and development will depend on the timing of approvals and completions as in the past. A significant number of contracts in hand should enable several transactions to be completed in the 2005/06 year.

The Scoresby project will gather momentum throughout 2005/06, however will not deliver either revenue or profit in this coming period.

Investments

Continued strong performance from WHSP and BICL is expected as they outperform the market as they have done in the past.

Impact of AIFRS

AIFRS will have significant impacts in future reporting periods. Intangible assets will no longer be amortised (\$15.3 million in 2005), but instead will be subject to an impairment test each year. A tax charge will also be booked against profit for any increase in the carrying value of investments. These and other minor adjustments will be made in this coming period.

The recognition of the PAVERS dividend (\$10.8 million in 2005) as a borrowing cost, thereby reducing profit, has been delayed for Brickworks until the year ended July 2007.

Brickworks Limited

Brickworks overall position continues to strengthen quickly despite weaker building products markets. The diversity offered by investment and property development is likely to assist Brickworks through the current period.

Significant changes in state of affairs

There were no significant changes in the state of affairs of the Brickworks Group during the year, other than those events referred to in the Review of Operations and the financial statements.

After balance date events

No other matters or circumstances have arisen since the end of the financial year that have significantly affected the current financial year, or 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 understands and accepts its responsibility for environmental protection which is integral to the conduct of its commercial operations. Brickworks' objective is to comply with all applicable environmental laws and regulations in a commercially effective way. We are committed to encouraging concern and respect for the environment and emphasising every employee's responsibility for environmental performance.

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

The Group has manufacturing facilities in Brisbane, Sydney, Melbourne, Ballarat, Adelaide, Perth and Launceston. 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 the level of compliance with site operating conditions.

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. Various approvals have also been obtained from Brisbane City Council relating to the operation of the concrete roof tile facility.

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 and Assessment Act 1979 applies to the approval conditions of the group's activities. Some sites also operate within additional requirements imposed by local government.

Victorian operations and mining leases operate and are licenced under the EPA Act 1970, including various state environmental protection policies and regulations. Some sites have additional requirements under local authority regulations.

South Australian production facilities are licenced under the EPA Act 1993, while mining and rehabilitation plans are approved in accordance with Regulations under the Mines and Works Inspection Act 1920.

Western Australian operations operate under the Environmental Protection Act 1986. They have licences issued from a number of government agencies, including the Department of Environment and the Department of Industrial Resources. A number of our sites also operate under additional requirements issued by local shires and councils.

Tasmanian operations and mining leases operate under the Environmental Protection Act of 1973.

Independent environment auditors complete an environmental compliance audit of all factory sites annually, while operational clay mining areas are audited at least every two years. The purpose of this is to ensure compliance with all current licences and regulations and identify risks of an adverse environmental event under any other relevant legislation.

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

Brickworks 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. He is the Chairman of the Remuneration Committee.

Other directorships:

Washington H. Soul Pattinson and Co. Ltd	Director since 1984
New Hope Corporation Ltd	Director since 1995
SP Telemedia Ltd (incl NBN)	Director since 2000
Brickworks Investment Company Ltd (incl PSI Ltd)	Director since 2003
Choiseul Investments Ltd	Director since 1995
Milton Group	Director since 1998
Australian Pharmaceutical Industries Ltd	Director since 2000
Souls Private Equity Ltd	Director since 2004
Bristle Ltd (now a wholly owned subsidiary)	Director since 2002
KH Foods Ltd	Appointed 1994, Resigned 2004
Clover Corporation Ltd	Appointed 1999, Resigned 2002

Michael J. Millner Deputy Chairman

Mr. M. Millner is a non-executive Director who was appointed to the Board in 1998. He is a councillor of the Royal Agricultural Society of NSW. Mr Millner is the deputy chairman of the Board, and a member of the Audit and Remuneration Committees.

Other directorships:

Washington H. Soul Pattinson & Co Ltd	Director since 1997
K H Foods Ltd	Director since 1997
SP Telemedia Ltd (incl NBN)	Director since 2000
Choiseul Investments Ltd	Director since 2001
Ruralco Ltd	Director since 2003
Australian Food & Fibre Ltd	Appointed 2000, Resigned 2004

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 the United States of America before joining The Austral Brick Company in 1985. In 1989 he was appointed NSW General Manager. Mr. Partridge was appointed Chief Executive Officer in 1999, and was appointed to the Board in 2000.

Other directorships:

Bristle Ltd (now a wholly owned subsidiary)	Director since 2002
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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. Mr. Bentley has over 35 years experience in the manufacture and marketing of ceramic products. He is a member of the Remuneration Committee.

Other directorships:
Hudson Timber Ltd

Appointed 2003, Resigned 2003

Timothy V. Fairfax AM; FAICD
Director

Mr. Fairfax was appointed to the Board in 1997 and is a non-executive Director. He is a member of the Audit and Remuneration Committees. He is Deputy Chancellor of the University of the Sunshine Coast, Deputy Chairman of Australian Rural Leadership Foundation Ltd, Deputy Chairman of the National Portrait Gallery, Trustee of Queensland Art Gallery, Chairman of the University of the Sunshine Coast Foundation, Board member Foundation for Rural and Regional Renewal, Council Member of Royal National Association Brisbane and Chairman of the Salvation Army Brisbane Advisory Board.

Other directorships:
Rural Press Ltd

Director since 1988

David N. Gilham FCIT; FAIM; FAICD
Director

Mr. Gilham was appointed to the Board of Brickworks in 2003. He has extensive experience in the building products and timber industries. He was previously General Manager of the Building Products Division of Futuris Corporation and Managing Director of Bristle Ltd from 1997 until its acquisition by Brickworks in 2003, and has been involved with various timber companies. He is a member of the Remuneration Committee.

Other directorships:

Consolidated Minerals Ltd

Director since 2004

Australian Wine Holdings Ltd

Director since 2004

Integrated Tree Cropping Ltd

Appointed 2004, Resigned 2005

Forest Enterprises Australia Ltd

Appointed 2004, Resigned 2005

The Hon. Robert J. Webster MAICD; MAIM; JP
Director

Mr. Webster was appointed to the Board in 2001 and is a non-executive Director. He is Senior Client Partner in Korn/Ferry International's Sydney office. Mr Webster is a Director of Macquarie Generation and was a Director of ASX Settlement and Transfer Corp Pty Ltd from 1998 to 2003. He is the Chairman of the Audit Committee and a member of the Remuneration Committee.

Other directorships:

Allianz Australia Insurance Ltd

Appointed 1997

Mirvac Group

Appointed 1997, Resigned 2004

Information on chief financial officer and company secretary

Alexander J. Payne B.Comm; Dip CM; FCPA; FCIS; JP
Chief Financial Officer

Mr. Payne is an accountant with significant financial experience, who joined The Austral Brick Company in 1985. In 1987 he was appointed Group Company Secretary, and was appointed Chief Financial Officer in 2003. He is a Director of Brickworks Investment Company Ltd.

Iain H. Thompson B.Ec; CA; Grad Dip CSP; FCIS
Company Secretary

Mr. Thompson is a chartered accountant who joined The Austral Brick Company in 1996. He worked in various accounting roles within the Company before being appointed Group Company Secretary in 2003.

Meetings of Directors

During the financial year, 19 meetings of Directors (including committees) were held. Attendances were:

	DIRECTORS' MEETINGS		REMUNERATION COMMITTEE MEETINGS		AUDIT COMMITTEE MEETINGS	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
R.D. Millner	14	13	3	3		
M.J. Millner	14	14	3	3	2	2
L.R. Partridge	14	14				
A.J. Bentley	14	13	3	3		
T.V. Fairfax	14	14	3	3	2	2
D.N. Gilham	14	12	3	3		
R.J. Webster	14	13	3	2	2	2

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

Directors interests

As at 29 September 2005, Directors had the following relevant interests in Brickworks shares:

	ORDINARY SHARES	PAVERS
R.D. Millner	3,370,088	-
M.J. Millner	3,356,588	300
L.R. Partridge	63,483	250
A.J. Bentley	18,440	500
T.V. Fairfax	25,000	550
D.N. Gilham	55,500	40,000
R.J. Webster	4,000	-

As at 29 September 2005, no Director had relevant interests in debentures of, or interests in a registered scheme made available by Brickworks or a related body corporate.

As at 29 September 2005, no Director 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 29 September 2005, 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, debentures of, or interests in a registered scheme made available by Brickworks or a related body corporate.

REMUNERATION REPORT

Remuneration Committee

Brickworks Remuneration Committee operates under the delegated authority of Brickworks' Board of Directors. A summary of the Remuneration Committee charter is included on the Brickworks website (www.brickworks.com.au). All non-executive Directors of Brickworks are members of the Remuneration Committee.

The main functions of the Remuneration Committee are to assist the Board in fulfilling its responsibilities relating to:

- Ensuring remuneration policies and practices are consistent with Brickworks' strategic goals and human resources objectives and which enable Brickworks to attract and retain executives and Directors who will create value for shareholders;
- Equitably, consistently and responsibly rewarding executives having regard to the performance of Brickworks, the performance of the executive and the general pay environment; and
- Ensuring executive succession planning is adequate and appropriate.

This Committee met three times during the year, and attendance details are included in the Directors' report.

The Committee is authorised by the Board to obtain external professional advice, and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

Non-executive Directors

Remuneration of non-executive Directors is determined by the full Board after consideration of Company performance and market rates for Directors' remuneration. Non-executive Director fees are fixed each year, and are not subject to performance based incentives. Brickworks' non-executive Directors are not employed under an employment contract.

The maximum 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 \$800,000, and was approved by shareholders at the Annual General Meeting on 31 October 2003. It is not proposed to vary this amount at the 2005 Annual General Meeting.

For the year ended 31 July 2005, Brickworks paid non-executive Directors base fees of \$70,000 per annum, with the chairman of the Board receiving \$140,000 per annum, and the chairman of the audit committee receiving an additional \$10,000 per annum. All Directors are entitled to receive superannuation contributions at the statutory rate (9%) on these amounts. The total aggregate fees paid to non-executive Directors during the year was within the maximum approved by shareholders.

Brickworks constitution requires that Directors must own a minimum of 500 shares in the Company. All Directors have complied with this requirement during the year.

Executive directors and executives

Board policy for determining remuneration

Board policy for determining the nature and amount of remuneration of the executive Director and senior managers (the executives) is set by the Remuneration Committee. This policy is applied consistently across all divisions within the Group. Brickworks' remuneration policy is to ensure that executive's remuneration reflects their duties and responsibilities, as well as ensuring the Company is able to attract and retain key talent. The Board of Brickworks recognises that the Group's performance is tied to its ability to attract, retain and develop highly skilled and motivated executives. Whilst remuneration is a key factor in achieving this, the Board recognises there are other factors that influence this ability, including the culture and reputation of the group and its employees, the general human resources policies, and professional development opportunities.

Executive remuneration is comprised of both fixed and variable remuneration components. The structure of the remuneration is designed to provide an appropriate balance between these components.

Fixed remuneration is made up of base salary, superannuation and other benefits (where taken). Fixed remuneration is approved by the Remuneration Committee based on data sourced from external sources, including independent salary survey providers and government bodies.

Variable remuneration is tied to the performance of both the individual and the Company. Any such remuneration earned is split equally between short term and long term components. The short term component is available as Brickworks shares purchased through the Brickworks Deferred Employee Share Plan or as cash.

The long term component must be taken as Brickworks shares purchased through the Brickworks Deferred Employee Share Plan, which vest over the following five years. Any variable remuneration component is available only with the approval of the Brickworks Board.

Performance based remuneration

Brickworks Incentive Scheme has been designed to focus executives on the necessity to achieve a range of planned targets for their respective businesses. The variable remuneration program is structured around the achievement of annual performance criteria and is payable following recommendation by the Managing Director and approval by the Remuneration Committee. Any payments to executives under this incentive scheme are split equally between short term and long term components, as detailed above. Funding for the Incentive Scheme accrues based on divisional and group earnings.

Variable remuneration available as a proportion of total salary for an employee increases as that employee gains greater responsibility and has greater capacity to influence the performance of the business as a whole. The proportion of remuneration related to performance for the Managing Director and Chief Financial Officer is at the discretion of the Remuneration Committee, and for the 2004 and 2005 financial years the variable remuneration has exceeded the fixed component. For the other specified executives and senior managers covered by the incentive scheme, the potential variable component is up to 75% of base salary, adjusted up or down for performance compared against prior years.

This scheme covers the Managing Director, Chief Financial Officer, General Managers, and various other senior managers within the group.

Seventy percent of variable remuneration is directly tied to achievement of divisional profit results against both prior year and budgeted performance. The Board considers this measure highly appropriate as it is directly linked to the Company's ability to generate profit and create value for shareholders. This is also appropriate from an executive's perspective as the executive is assessed against areas of direct responsibility and influence. Comparison of divisional profit is made against both prior year results and Board approved budgets for the current year. This criteria takes into account the aim of continual improvement in shareholders returns, whilst at the same time recognising that there are a number of external factors (such as the cyclical nature of the Australian Building industry) that are outside the control of the executive. Comparison against properly determined and approved budgets that take into account these external factors is aimed at rewarding executives for strong performance in a weaker environment, which assists in reducing the impact of any negative factors on the business as a whole.

The remaining thirty percent of variable remuneration is not directly tied to profit performance. The Board considers that there are a number of other areas of business performance that are critical to the success of the Company yet may not be reflected directly in divisional profits in the current year. These are areas of wider corporate responsibility that, if not achieved or improved, have the capacity to damage shareholder value, such as environmental compliance and performance and occupational health and safety performance. Additionally, an executive's ability to train, develop and motivate staff, to maintain positive community relations, and to develop the industry we rely on, all have a major impact on the future profitability of the Company. These non-profit factors are assessed against internal targets set in advance and aimed at continual improvement in these areas.

Brickworks Employee Share Plan

Brickworks Employee Share Plan operates as part of the remuneration structure of the group. All employees of Brickworks with a minimum 3 months service are eligible to join the plan, whereby the employee salary sacrifices an amount toward the purchase of Brickworks Ordinary shares and the Company contributes a maximum of \$500 per employee. The plans are aimed at encouraging employees to share in ownership of their Company, and help to align the interests of all employees with that of the shareholders.

In addition to the optional salary sacrifice portion of the plans, annual bonuses are also paid into the share plan. Employees may elect the short term component of any bonus to be taken as cash, however the long term bonus must be taken as shares through the Employee Share Plan. Under the terms of the bonus, the employee will receive the voting rights and entitlement to any future dividends immediately upon purchase, however they are unable to access the shares to trade unless they satisfy continuity of service criteria. These shares will become available to the employee at 20% per annum at the end of each of the following five years, providing they continue to be employed by Brickworks. If the employee terminates their employment, they forfeit their entitlement to the unvested shares, except in limited circumstances, such as medical reasons, bona fide retirement or termination other than for gross misconduct.

An employee's right to transact the shares is governed by the trust deed for the Employee Share Plans and the Company's policy regarding trading windows.

Brickworks Employee Share Plan is seen as both an employee retention mechanism, due to the service criteria attaching to the vesting of the shares, and a method of aligning employee interests with those of external shareholders. At 31 July 2005, there were 560 employees participating in the share plans, holding 448,065 shares (0.34% of issued capital).

In accordance with ASX Listing Rule 10.14, the Company contribution to the Employee Share Plan is unavailable to Directors of Brickworks.

All share purchases through the employee share plans are performed on market, ensuring there is no dilution to existing shareholders through the issue of new shares.

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.

Superannuation

The Company contributes to a number of superannuation funds for its employees. Company superannuation contributions are set at 9% of salary as required under the relevant superannuation guarantee legislation. Employees are entitled to salary sacrifice additional amounts as superannuation contributions, provided any contributions comply with superannuation guarantee requirements.

Brickworks does not have any, or any interest in, defined benefit superannuation funds. All funds administered on behalf of the Company are accumulation funds, and as a result there is no ongoing liability to Brickworks for unfunded superannuation plans.

Company performance, shareholder wealth and remuneration

This remuneration policy has been tailored to help align Director and executive interests with those of shareholders. The main method of this is through the use of the variable remuneration component and the use of the Brickworks Employee Share Plan. The Company believes this policy has been effective in increasing shareholder wealth over the past five years, and will continue to be effective in creating additional shareholder value.

The following table shows a number of relevant measures of Company performance over the past five years. A detailed discussion on the current year results is included in the review of operations and is not duplicated here, however an analysis of the figures below demonstrates continued share price and dividend growth on the back of improving revenues and profits. The Board is of the opinion that these results can be attributed in part to the previously described remuneration policies and is satisfied that this continued improvement has led to increased shareholder wealth over the past five years.

	2001	2002	2003	2004	2005 ⁽²⁾
Total revenue (millions)	\$173.0	\$197.5	\$247.0	\$703.6	\$766.4
Net profit before non-regular items after tax (millions)	\$37.9	\$49.6	\$63.8	\$74.2	\$93.9
Net profit after tax (millions)	\$60.0	\$51.9	\$72.7	\$157.4	\$203.8
Share price at year end	\$5.85	\$6.35	\$7.88	\$9.10	\$10.51
Dividends paid – ordinary shares (cents)	18.0 ⁽¹⁾	15.5	20.0	24.0	31.0 ⁽³⁾

(1) Includes 4.0c special dividend

(2) 13 months 1 July 2004 to 31 July 2005

(3) Includes proposed final dividend for 2005

Remuneration of Executive Directors and Specified Executives

References to 2005 amounts are for the 13 month period 1 July 2004 to 31 July 2005.

Specified Directors (\$000's)	Year	PRIMARY BENEFITS			Equity Compensation (Long term bonus)	Post Employment (Super-annuation)	Total
		Base salary / fees	Short term bonus	Non-monetary benefits			
Mr R. Millner Chairman	2005	152	-	-	-	14	166
	2004	140	-	-	-	13	153
Mr M. Millner Deputy Chairman	2005	76	-	-	-	7	83
	2004	70	-	-	-	6	76
Mr A. Bentley	2005	76	-	-	-	7	83
	2004	70	-	-	-	6	76
Mr T. Fairfax	2005	76	-	-	-	7	83
	2004	70	-	-	-	6	76
Mr D. Gilham	2005	76	-	-	-	7	83
	2004	64	-	-	-	6	70
Mr R. Webster	2005	87	-	-	-	8	95
	2004	80	-	-	-	7	87
Mr L. Partridge Managing Director	2005	605	335	20	335	38	1,333
	2004	461	320	18	320	54	1,173
Total Remuneration – Specified Directors	2005	1,148	335	20	335	88	1,926
	2004	955	320	18	320	98	1,711

Specified Directors (\$000's)	Year	PRIMARY BENEFITS			Equity Compensation (Long term bonus)	Post Employment (Super- annuation)	Total
		Base salary / fees	Short term bonus	Non- monetary benefits			
Mr A. Payne ^{(1), (2)} Chief Financial Officer	2005	310	210	16	210	28	774
	2004	254	200	17	200	28	699
Mr P. Scott ⁽²⁾ Group GM - Western Australia	2005	248	109	28	109	12	506
	2004	172	180	14	-	11	377
Mr D. Fitzharris ⁽²⁾ Group GM - Sales & Marketing, Austral Bricks East Coast	2005	244	77	18	77	22	438
	2004	178	90	14	90	25	397
Mr D. Willmot ⁽²⁾ Group GM - Manufacturing, Austral Bricks East Coast	2005	234	76	12	76	21	419
	2004 ⁽³⁾	-	-	-	-	-	-
Ms M. Tamsett ⁽²⁾ Group GM - Property & Development	2005	197	90	22	90	18	417
	2004	145	70	14	70	21	320
Mr I. Thompson ⁽¹⁾ Company Secretary	2005	132	30	11	30	12	215
	2004 ⁽³⁾	-	-	-	-	-	-
Total Remuneration – Specified Executives	2005	1,365	592	107	592	113	2,769
	2004 ⁽⁴⁾	902	640	82	360	108	2,092

- (1) Messrs Payne and Thompson are Company Executives as defined under s300A(1B) of the Corporations Act.
- (2) Messrs Payne, Scott, Fitzharris and Willmot, and Ms Tamsett are Group Executives as defined under s300A(1B) of the Corporations Act, and Specified Executives as defined in AASB1046 Director and Executive Disclosures by Disclosing Entities.
- (3) No comparatives are provided for Mr Willmot or Mr Thompson as they were not specified executives in the prior year.
- (4) Group totals in respect of the financial year ended 30 June 2004 do not necessarily equal the sum of amounts disclosed for 2004 for individuals specified in 2005, as different individuals were specified in 2004.

Discussion in relation to specific executives

During the financial year, the Company signed employment contracts with the Managing Director and other senior executives of the Brickworks group. These contracts are a continuing agreement, and were aimed at confirming the existing arrangements for those executives. There is no fixed termination date under the contract, however the terms allow for a review every five years, or in certain limited circumstances, such as a material change in the executives position.

If the executive resigns from their employment, they are entitled to their salary up to termination date plus any accrued leave provisions. They will also be entitled to a pro-rata portion of the average of the previous 3 years annual bonus.

If the Company terminates Mr Partridge (Managing Director) other than under immediate termination (as defined in his employment contract), he will receive six months notice (or a payment equivalent to this amount in lieu of notice), plus a termination benefit of twelve months base salary and the average of the previous three years annual bonus. In addition Mr Partridge will receive immediate access to all unvested shares held on his behalf by the Brickworks employee share plan.

If the Company terminates the specified executives other than under immediate termination (as defined in their employment contract), the executive will receive up to six months notice (or a payment equivalent to this amount in lieu of notice), plus a termination benefit of six months base salary and a pro-rata of the average of the previous three years annual bonus. In addition the executive will receive immediate access to all unvested shares held on their behalf by the Brickworks employee share plan.

If the Managing Director or any executive is subject to immediate termination (as defined in their employment contract), Brickworks is not liable for any termination payments to the employee other than any outstanding base pay and accrued leave amounts. All unvested shares held on their behalf by the Brickworks employee share plan will be forfeited.

All senior executives gain strategic business knowledge during the course of their employment. Brickworks will use any means available to it by law to ensure that this information is not used to the detriment of the Company by any staff member on termination. In order to protect the Group's interests, Brickworks has an enforceable restraint through the executive's employment contract to prevent executives either going to work for a competitor, or inducing other employees to leave the Company, for a specified period. In consideration of the restraint, executives will receive a monthly payment, equivalent to their existing base salary plus one twelfth of the average of the previous three annual bonuses, for a period of time. For the Managing Director this period is 12 months, and for other executives this period is up to 6 months.

The employment contracts referred to above have been prepared and reviewed by an external party. The Managing Director's salary package has also been reviewed by an external party and is considered to be fair and reasonable.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 17.

Provision of non-audit services by External Auditor

During the year the external auditors, Ernst & Young, provided non-audit services to the Group, totalling \$64,000. The Directors are of the opinion that the provision of non-audit services has not compromised the independence of the auditors.

\$27,000 was paid for a review of the Group's IT disaster recovery strategy, concentrating on the adequacy of procedures for the operation of the business in the event of a disaster involving the group's IT services. This work did not include any financial estimates or internal controls relating to the financial statements as reported.

\$34,000 was paid for the provision of AIFRS advice. This advice was general in nature, relating to the interpretation and potential application of the new accounting standards. Brickworks management has been responsible for selecting, applying and calculating all impacts of AIFRS on the Group's financial statements.

\$3,000 was paid for general tax advice in relation to the entry of the Bristle entities into the Brickworks tax consolidated group. This advice was general in nature and not of a size to compromise the auditors independence.

The details of total amounts paid to the external auditors are included in Note 5 to the financial statements.

Proceedings on behalf of the Company

No person has applied for leave of the 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. The total premium paid in respect of this insurance was \$99,920.

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

Dated 29 September 2005.

R.D. MILLNER
Director

R.J. WEBSTER
Director

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of Brickworks Limited

In relation to our audit of the financial report of Brickworks Limited for the financial period ended 31 July 2005, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Graham Ezzy
Partner
29 September 2005

BRICKWORKS LIMITED

A.B.N. 17 000 028 526

CORPORATE GOVERNANCE STATEMENT

The Brickworks Board is committed to developing and maintaining good corporate governance within the Company, and recognise that this is best achieved through its people and their actions. Brickworks' long term future is best served by ensuring that its employees have the highest levels of honesty and integrity and that these employees are retained and developed through fair remuneration, appropriate long term incentives and equity participation in the Company. It is also critical to the success of the Company that an appropriate culture is nurtured and developed, starting from the Board itself.

This Corporate Governance statement has been summarised into sections in line with the 10 essential corporate governance principles as specified in the ASX Corporate Governance Council's "Principles of Good Corporate Governance and Best Practice Recommendations".

A summary of corporate governance information can be found on the Brickworks website at www.brickworks.com.au/corp_governance.

Lay solid foundations for management and oversight

The Board is ultimately responsible for all matters relating to the running of the Company, however that role is achieved mainly through governing the Company. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board, and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

Brickworks Board has the final responsibility for the successful operations of the Company. In general, it is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body.

The principal functions and responsibilities of the Board include the following:

- Providing leadership to the Company and its employees;
- Overseeing the development and implementation of appropriate corporate strategies;
- Ensuring corporate accountability to shareholders;
- Overseeing the control and accountability systems within the Company;
- Ensuring robust and effective risk management, compliance and control systems are in place and operating effectively;
- Monitoring the performance and conduct of the Company;
- Monitoring the performance and conduct of senior management, and ensuring adequate succession plans are in place; and
- Ensuring the Company continually builds an honest and ethical culture.

Structure the Board to add value

It is Board policy that the majority of the Board should be non-executive Directors and the Chairman should be a non-executive Director. At the date of this report, the Board consists of six non-executive Directors listed in the Directors' Report and the Managing Director, Mr Lindsay Partridge. Specific details concerning each Director are contained in the Director's Report.

Under the ASX Best Practice Recommendations, Messrs Timothy Fairfax and Robert Webster are the only Directors considered independent. Messrs Alan Bentley and David Gilham are not independent due to previous senior executive roles with Brickworks and Bristle respectively, and Messrs Robert Millner and Michael Millner are not independent due to their directorial relationships with Washington H. Soul Pattinson, a major shareholder in Brickworks. Whilst the majority of Directors are not strictly considered 'independent' in accordance with the ASX Best Practice Recommendations, the Brickworks Board feels that there is an appropriate blend of skills and experience covering all aspects of the Company's operations, particularly the core business of building products manufacturing.

The Company considers both quantitative and qualitative elements in determining the materiality of any relationships between individual Directors and the Company. The Company uses the guidance contained in accounting standard AASB1031: Materiality to determine quantitative thresholds, whereby amounts less than 5% are considered immaterial and amounts greater than 10% are considered material, subject to the assessment of qualitative factors. Major qualitative factors include the strategic importance of any relationship and the nature of that relationship.

Individual Directors of Brickworks are entitled to seek independent professional advice in relation to their role as Director, at the cost of Brickworks. Directors are required to advise the Chairman or full Board prior to engaging parties to provide this advice.

Brickworks does not have a separate nomination committee, however the non-executive members of the Board who are not up for re-election at the next AGM fulfil the role of a nomination committee. These 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, in conjunction with external advisors if appropriate, will select suitable candidates. Any Director appointed by the Board in this manner must be elected at the next Annual General Meeting.

Promote ethical and responsible decision-making

Brickworks has an established code of conduct under which all Directors and employees are expected to operate. This code is centred on having the Company and its employees achieving the highest integrity in all its business dealings at all levels of the organisation. The code covers a number of areas, including ethical standards, conflicts of interest, excellence in performance, confidentiality, trading in Company securities, continuous disclosure and equal opportunity, anti-discrimination and harassment. All Directors and employees of Brickworks and its subsidiaries are expected to abide by the code of conduct and the comprehensive policy manual which covers a number of items in more detail.

Brickworks is committed to generating an environment whereby its employees are encouraged to advise senior management of breaches to its code of conduct and policy manual.

A summary of the main principles of the Brickworks share trading policy are outlined below. These provisions are applicable to both Ordinary shares (ASX Code BKW) and Redeemable Preference shares (also known as PAVERS – ASX Code BKWPA).

- Brickworks' Directors and employees are prohibited from trading in shares of Brickworks when in possession of price sensitive information about Brickworks Ltd or its business and this information is not available to the public.
- Directors and employees are also prohibited from encouraging another person (for example, family members or business colleagues) to deal in Brickworks Shares when we have "inside information".
- Brickworks has established share trading windows during which employees or Directors of the Company may trade shares in the Company. These windows are each for a period of six (6) weeks duration commencing at:
 - the announcement of the Yearly result to the ASX;
 - the AGM date;
 - the announcement of the half yearly result to the ASX; and
 - the lodgement of a prospectus.
- Directors and employees are restricted from trading in Brickworks shares during these trading windows if they are in possession of price sensitive information.
- In exceptional circumstances, senior management and Directors may trade outside these windows, providing they obtain approval from the Managing Director or Chairman respectively prior to trading.
- This restriction does not apply to normal fixed monthly share purchases made by the trustee through the Brickworks Employee Share Plans. More information on the employee share plans is available in the Remuneration Report.

Safeguard integrity in financial reporting

Brickworks has an established Audit Committee, which has its own charter outlining the committee's function, composition, authority, responsibilities and reporting. A summary of the charter is available on the Brickworks website (www.brickworks.com.au). The composition required under the charter is consistent with the best practice guidelines specified by the ASX.

Current members of the Audit Committee are The Hon. Robert Webster (Chairman), Mr. Timothy Fairfax and Mr. Michael Millner. Details of these Directors' qualifications and experience are available in the Director's Report. The other Board members have a right of attendance, however the Managing Director, the Chief Financial Officer and the Company Secretary may attend by invitation only to discuss issues on audit and internal control matters.

The committee also requests that representatives from both the external auditors and the internal auditors attend the Audit Committee meetings to report on the results of their work in the period under review. Representatives from both external and internal auditors have direct access to the Audit Committee if required.

During the financial year ended 31 July 2005, there were 2 Audit Committee meetings held. All members of the Audit Committee were in attendance at each of those meetings.

The function of the Audit Committee is to assist the Board in fulfilling its statutory and fiduciary responsibilities relating to:

- The external reporting of financial information, including the selection and application of accounting policies;
- The independence and effectiveness of the external auditors;
- The effectiveness of internal control processes and management information systems;
- Compliance with the Corporations Act, ASX Listing Rules and any other statutory requirements applicable to Brickworks Limited; and
- The application and adequacy of risk management systems within Brickworks Limited.

It is a requirement of the Board that the Managing Director and Chief Financial Officer sign off to the Board, via the Audit Committee, on the content of the financial statements, and that these represent a true and fair view of the Company's operations and the financial position of the Company.

Make timely and balanced disclosure

As noted previously, the Company has a written policy dealing with its requirements under the Continuous Disclosure rules contained in ASX listing rule 3.1. Generally, this policy states that all employees have a responsibility to advise senior management of any information about Brickworks or its subsidiaries which could be considered price sensitive for Brickworks shares. Senior management will then consider, in consultation with the Directors, which information will be released to the ASX and what form this release will take.

Respect the rights of Shareholders

Brickworks is committed to keeping its shareholders and other interested parties informed about the Company's activities. This is achieved in a number of ways, including through releases to the market via the ASX, through the Brickworks website (www.brickworks.com.au), through shareholder mailings, and at any general meetings of the Company. Time is allocated at general meetings for questions to be put to the Board of Directors.

The partner or delegate responsible for signing the audit report is expected to be at the annual general meeting of the Company to answer any questions raised in relation to the audit and the auditor's report. Attendees at that meeting are given an opportunity to ask questions of the auditors.

Recognise and manage risk

Brickworks is committed to the management of risks throughout our operations to protect our employees, shareholders, the environment, our assets, earnings, markets and reputation. The specific risk management policies are contained within the Brickworks group policy manual, and are aimed at assisting the Board in the management of risks in areas such as health and safety, environmental issues, industrial relations, insurance and legal matters. Certain risk management techniques, including foreign currency and interest rate hedging, may only be undertaken where approved by the full Board of Directors.

It is a requirement of the Board that the Managing Director and Chief Financial Officer sign off to the Board, via the Audit Committee, on the risk management and internal compliance and control systems implemented by the Board, and that these compliance and control systems are operating efficiently and effectively in all material respects.

Encourage enhanced performance

The performance of the Managing Director and senior executive staff is formally reviewed twice yearly by the non-executive Directors. Senior executive performance is continually monitored by the Managing Director on behalf of the Board, and the Managing Director's performance is subject to continuous monitoring by the full Board.

Non-executive Director performance is reviewed by the Chairman. If the performance of any non-executive Director is considered unsatisfactory, the matter is referred to the remainder of the Board.

The efficiency, effectiveness and operations of the Board are continuously subject to informal monitoring by the Chairman and the Board as a whole.

Remunerate fairly and responsibly

Brickworks has a Remuneration Committee with a membership of all non-executive Directors. The committee operates under the delegated authority of the Board, and has its own charter, a summary of which is available on the Brickworks website (www.brickworks.com.au).

The main functions of the Remuneration Committee are to assist the Board in fulfilling its responsibilities relating to:

- Ensuring remuneration policies and practices are consistent with Brickworks' strategic goals and human resources objectives and which enable Brickworks to attract and retain executives and Directors who will create value for shareholders;
- Equitably, consistently and responsibly rewarding executives having regard to the performance of Brickworks, the performance of the executive and the general pay environment; and
- Ensuring executive succession planning is adequate and appropriate.

Remuneration Committee attendance details are included in the Directors' report.

This Committee is authorised by the Board to obtain external professional advice, and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

The Remuneration Report contains detailed information relating to Director and Senior Executive remuneration, including the policy for determining remuneration, the use of fixed and variable remuneration, and the relationship between executive remuneration and Company performance.

Recognise the legitimate interests of Stakeholders

Brickworks recognises its obligations to all stakeholders of the Company, including shareholders, employees, customers, suppliers and other interested parties. The code of conduct and policy manual referred to previously in this Corporate Governance statement recognises these responsibilities and aims to continue fostering a culture of compliance with the obligations that the Company has.

BRICKWORKS LIMITED AND CONTROLLED ENTITIES

A.B.N. 17 000 028 526

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 JULY 2005

	NOTE	CONSOLIDATED		PARENT ENTITY	
		13 MTHS 31 JULY 05	12 MTHS 30 JUNE 04	13 MTHS 31 JULY 05	12 MTHS 30 JUNE 04
		\$000	\$000	\$000	\$000
Sales revenue	2	519,032	486,319	-	-
Cost of sales		<u>(327,157)</u>	<u>(298,140)</u>	<u>-</u>	<u>-</u>
Gross profit		191,875	188,179	-	-
Other revenues from ordinary activities	2	47,266	180,576	34,855	188,388
Distribution expenses		(44,576)	(45,291)	-	-
Administration expenses		(18,810)	(19,812)	(16)	(841)
Selling expenses		(42,745)	(34,432)	-	-
Borrowing costs expense		(18,985)	(25,450)	(18,952)	(22,156)
Other expenses from ordinary activities	3(c)	(92,613)	(90,088)	-	(73,315)
Share of net profits of associates accounted for using the equity method	33	<u>200,120</u>	<u>36,664</u>	<u>-</u>	<u>-</u>
Profit from ordinary activities before income tax expense	3	221,532	190,346	15,887	92,076
Income tax (expense) / benefit attributable to profit from ordinary activities	4	<u>(17,706)</u>	<u>(32,972)</u>	<u>5,920</u>	<u>(7,552)</u>
Profit from ordinary activities after related income tax expense		<u>203,826</u>	<u>157,374</u>	<u>21,807</u>	<u>84,524</u>
Net profit attributable to members of the parent entity		<u>203,826</u>	<u>157,374</u>	<u>21,807</u>	<u>84,524</u>
Share of net increase / (decrease) in reserves of associates accounted for using the equity method	33	<u>27,707</u>	<u>(2,397)</u>	<u>-</u>	<u>-</u>
Total revenues, expenses and valuation adjustments attributable to members and recognised directly in equity		<u>27,707</u>	<u>(2,397)</u>	<u>-</u>	<u>-</u>
Total changes in equity other than those resulting from transactions with owners as owners		<u>231,533</u>	<u>154,977</u>	<u>21,807</u>	<u>84,524</u>
Basic earnings per share (cents per share)	7	146.5	114.3		
Diluted earnings per share (cents per share)	7	139.0	105.0		

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 31 JULY 2005

	NOTE	CONSOLIDATED		PARENT ENTITY	
		13 MTHS	12 MTHS	13 MTHS	12 MTHS
		31 JULY 05	30 JUNE 04	31 JULY 05	30 JUNE 04
		\$000	\$000	\$000	\$000
CURRENT ASSETS					
Cash assets	8	15,042	6,426	1,438	2,080
Receivables	9(a)	73,084	81,317	-	-
Other financial assets	10(a)	223	364	-	-
Inventories	11(a)	100,640	78,008	-	-
Other	13	3,681	1,901	5	18
TOTAL CURRENT ASSETS		<u>192,670</u>	<u>168,016</u>	<u>1,443</u>	<u>2,098</u>
NON-CURRENT ASSETS					
Receivables	9(b)	1,018	-	518,112	632,723
Other financial assets	10(b)	1,110	-	237,874	224,625
Inventories	11(b)	34,697	31,804	-	-
Investments accounted for using the equity method	14	489,258	289,694	-	-
Property, plant and equipment	15	502,651	541,684	645	645
Deferred tax assets	16	32,028	18,693	32,027	18,693
Intangible assets	17	232,547	247,311	-	-
TOTAL NON-CURRENT ASSETS		<u>1,293,309</u>	<u>1,129,186</u>	<u>788,658</u>	<u>876,686</u>
TOTAL ASSETS		<u>1,485,979</u>	<u>1,297,202</u>	<u>790,101</u>	<u>878,784</u>
CURRENT LIABILITIES					
Payables	18(a)	59,687	45,522	3,013	1,742
Interest-bearing liabilities	19(a)	4,700	76,000	-	76,000
Current tax liabilities	20	16,227	8,233	16,233	8,250
Provisions	21(a)	32,637	27,191	-	-
TOTAL CURRENT LIABILITIES		<u>113,251</u>	<u>156,946</u>	<u>19,246</u>	<u>85,992</u>
NON-CURRENT LIABILITIES					
Payables	18(b)	43,117	10,250	630	40
Interest-bearing liabilities	19(b)	200,000	200,000	200,000	200,000
Provisions	21(b)	17,067	13,928	844	844
Deferred tax liabilities	22	11,149	21,362	11,149	21,362
Non interest-bearing liabilities	23	1,320	-	-	-
TOTAL NON-CURRENT LIABILITIES		<u>272,653</u>	<u>245,540</u>	<u>212,623</u>	<u>222,246</u>
TOTAL LIABILITIES		<u>385,904</u>	<u>402,486</u>	<u>231,869</u>	<u>308,238</u>
NET ASSETS		<u>1,100,075</u>	<u>894,716</u>	<u>558,232</u>	<u>570,546</u>
EQUITY					
Contributed equity	24	311,805	302,168	311,805	302,168
Reserves	25	287,360	255,822	96,124	96,124
Retained profits	26	500,910	336,726	150,303	172,254
TOTAL EQUITY		<u>1,100,075</u>	<u>894,716</u>	<u>558,232</u>	<u>570,546</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 31 JULY 2005

	NOTE	CONSOLIDATED		PARENT ENTITY	
		13 MTHS	12 MTHS	13 MTHS	12 MTHS
		31 JULY 05	30 JUNE 04	31 JULY 05	30 JUNE 04
		\$000	\$000	\$000	\$000
Cash flows from operating activities					
Receipts from customers		578,881	524,463	-	30
Payments to suppliers and employees		(464,640)	(437,555)	(3)	(1,146)
Interest received		1,726	1,383	365	1,184
Borrowing costs		(18,011)	(22,192)	(17,978)	(18,898)
Dividends received		34,689	27,038	34,490	26,921
Income tax paid		(27,838)	(26,495)	(3,882)	(3,310)
Net cash flows from operating activities	29(a)	<u>104,807</u>	<u>66,642</u>	<u>12,992</u>	<u>4,781</u>
Cash flows from investing activities					
Proceeds from the sale of investments		208	3,951	-	3,951
Purchases of investments		(1,110)	(10,414)	(1,110)	(10,414)
Proceeds from disposal of controlled entity	29(d)	-	119,889	-	119,889
Payment for controlled entity net of cash acquired	29(c)	78	(432,597)	(258)	-
Proceeds from sale of land held for resale		42,434	-	-	-
Proceeds from sale of property, plant and equipment		9,902	5,521	-	-
Purchases of property, plant and equipment		(55,258)	(40,408)	-	-
Net cash flows from / (used in) investing activities		<u>(3,746)</u>	<u>(354,058)</u>	<u>(1,368)</u>	<u>113,426</u>
Cash flows from financing activities					
Proceeds from borrowings		60,500	549,716	60,500	549,716
Repayment of borrowings		(139,950)	(411,718)	(136,500)	(343,716)
Proceeds from issue of shares		-	161,799	-	161,799
Loan (to) / from controlled entity		-	-	107,492	(486,481)
Loan (to) / from other entity		30,763	15,200	-	-
Pre-acquisition dividend received from subsidiary		-	-	-	965
Dividends paid by subsidiary to outside equity interests		-	(25,333)	-	-
Dividends paid		(43,758)	(35,746)	(43,758)	(35,746)
Net cash flows from / (used in) financing activities		<u>(92,445)</u>	<u>253,918</u>	<u>(12,266)</u>	<u>(153,463)</u>
Net increase / (decrease) in cash held		8,616	(33,498)	(642)	(35,256)
Cash at beginning of year		<u>6,426</u>	<u>39,924</u>	<u>2,080</u>	<u>37,336</u>
Cash at end of year	8	<u><u>15,042</u></u>	<u><u>6,426</u></u>	<u><u>1,438</u></u>	<u><u>2,080</u></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 2005

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.

Brickworks Limited is a listed public company, incorporated and domiciled in Australia.

During the year Brickworks received approval from ASIC to change its financial year end date to 31 July annually, effective from the 2005 financial year. Accordingly, references to the year ended 31 July 2005 refer to the 13 month period 1 July 2004 to 31 July 2005. The 2004 financial year was for the 12 month period 1 July 2003 to 30 June 2004, and end of year balances shown as "2004" are at 30 June 2004.

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. These accounting policies have been consistently applied from the prior year, unless otherwise stated.

a. Principles of consolidation

The consolidated financial statements are those of the consolidated entity, comprising Brickworks Ltd (the parent entity) and all entities that Brickworks controlled from time to time during the year and at reporting date. Control exists where Brickworks 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 to achieve the objectives of Brickworks. A list of controlled entities is contained in Note 32 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 to the date control ceased.

There are no dissimilarities in reporting periods or accounting policies between Brickworks or any of its controlled entities.

b. Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.

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.

Proceeds on disposal, and profits on disposal, of investments and property, plant and equipment, are recognised at the point where title to the asset has passed.

Proceeds on disposal, and profits on disposal, of land held for resale, are recognised at the point at which any contract of sale in relation to the land has become unconditional, and title to the land has passed to the purchaser.

c. 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 income tax benefit at the rate of income tax applicable to the year 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 tax 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.

Brickworks and its wholly-owned Australian subsidiaries formed an income tax consolidated group under the Tax Consolidation Regime from 1 July 2002. Entities acquired subsequent to that date have been added to the tax consolidated group at the point they became 100% owned subsidiaries. Brickworks is responsible for recognising the current and deferred tax assets and liabilities for the tax consolidated group. The tax consolidated group has entered a tax sharing agreement whereby each company in the group contributes to the income tax payable based on the current income tax rate, applied to the profit from ordinary activities adjusted for any permanent differences.

d. Cash

Cash on hand and in banks and short-term deposits are stated at nominal value.

For the purpose of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts; and investments in money market instruments with less than 14 days to maturity.

e. Receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Receivables from related parties are recognised and carried at nominal amounts due.

f. 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.

g. 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.

h. Land held for Resale

Land held for development and resale is recognised when properties have been identified and incorporated into specific developments that have been approved by relevant planning authorities and commenced. These properties are valued at the lower of cost and net realisable value. Cost includes the cost of acquisition and development.

i. Non-current financial assets

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.

j. Investments in associates

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 statement of financial performance, 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.

k. 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 plant and equipment 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% - 4% Prime cost
Plant and Equipment	4% - 33% Prime cost, 7½% - 22 ½% Diminishing value

There has been no change in depreciation rates used during the period.

The gain or loss on disposal of all property, plant and equipment 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.

l. Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the years in which they are incurred.

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the group are classified as finance leases. The Company currently does not have any finance leases.

The cost of improvements to or on leasehold property is capitalised, disclosed as leasehold improvements, and amortised over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is the shorter.

m. Intangibles

Goodwill is initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at the date of acquisition. Goodwill is amortised on a straight line basis over a period of 20 years. The balances are reviewed annually and any balance representing future benefits for which the realisation is considered to be no longer probable are written off.

Brand names acquired are valued based on independent valuations and are amortised on a straight line basis over the expected future life of the brand name.

Timber access rights are valued at cost on acquisition, based on independent valuations, and are amortised on a straight line basis over the expected future life of the right. If the timber access right is considered to have an indefinite life the right is carried at cost, and this carrying value is tested to ensure it is not in excess of the recoverable amount of the asset.

n. Recoverable amount

The carrying amount of non-current assets are reviewed annually by Directors to ensure they are not in excess of the recoverable amount from these assets. This amount is assessed on the basis of the expected undiscounted net cash flows which will be received from the assets employment and/or on subsequent disposal of the assets.

o. Payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the consolidated entity.

Deposits received on land sale agreements relate to amounts received as deposits on pending property transactions where the revenue and associated profit has not been brought to account due to uncertainty surrounding the completion of the transaction.

Payables from related parties are recognised and carried at nominal amounts due.

p. Interest bearing liabilities

All loans and commercial bills are measured at the principal amount. Interest is recognised as an expense as it accrues.

q. Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits 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 nominal amounts based on the amounts expected to be paid when the liability is settled, plus related on costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

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

Amounts owing to employee through equity based compensation arrangements relate to the long term bonus as outlined in the Remuneration Report. These amounts are expensed to the statement of financial performance in the year in which the bonus is earned by the employee.

r. Restoration and rehabilitation

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

Where the relevant site is identified as being unable to be used for landfill purposes once the clay and shale reserves are exhausted, a provision is generated. This provision is raised based on the expected net present value of future cash flows associated with the total rehabilitation cost of the site, and charged to expenses on a tonnes extracted basis.

s. Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of shares are recognised directly in equity as a reduction of the share proceeds received.

t. Interest rate swaps

Interest rate swaps are used to convert the variable interest rate of short term borrowings to fixed interest rates. The swaps are entered into with the objective of reducing the risk of rising interest rates.

It is the Company's policy not to recognise interest rate swaps in the financial statements. Net receipts and payments are recognised as an adjustment to interest expense.

u. 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. Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

v. Foreign currency transactions and balances

The financial statements of the overseas controlled entity, which are integrated, are translated using the temporal method, whereby non-monetary assets are translated using historical rates of exchange, and monetary assets are translated using the rates of exchange current at that date. Transactions during the year are converted to Australian currency at the exchange rates applicable at the dates of the transactions.

Any gains or losses arising from the conversion of assets and liabilities, whether realised or unrealised, are included in profit from ordinary activities as they arise.

w. Comparative Figures

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

x. Rounding of Amounts

The parent entity has applied the relief available to it 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 where allowed under that class order.

	CONSOLIDATED		PARENT ENTITY	
	13 MTHS 31 JULY 05	12 MTHS 30 JUNE 04	13 MTHS 31 JULY 05	12 MTHS 30 JUNE 04
	\$000	\$000	\$000	\$000
NOTE 2: REVENUE				
Trading revenue				
Sale of goods	518,824	485,652	-	-
Sale of current investments	208	667	-	-
Other operating revenue				
Interest received:				
- other corporations	1,726	1,266	365	1,067
Dividends received:				
- associated companies	-	-	34,490	23,519
- other corporations	10	3,439	-	3,421
Proceeds on sale of:				
- land held for resale	42,434	-	-	-
Rental revenue	804	480	-	-
Net foreign exchange gains	-	42	-	-
Other	1,290	549	-	2
Share of net profits of associates	200,120	36,664	-	-
Total operating revenue	<u>765,416</u>	<u>528,759</u>	<u>34,855</u>	<u>28,009</u>
Other non-operating revenue				
Proceeds on sale of:				
- property, plant and equipment	1,002	14,421	-	-
- non-current investments	-	160,379	-	160,379
Total non-operating revenue	<u>1,002</u>	<u>174,800</u>	<u>-</u>	<u>160,379</u>
Total revenue	<u><u>766,418</u></u>	<u><u>703,559</u></u>	<u><u>34,855</u></u>	<u><u>188,388</u></u>

	CONSOLIDATED		PARENT ENTITY	
	13 MTHS	12 MTHS	13 MTHS	12 MTHS
	31 JULY 05	30 JUNE 04	31 JULY 05	30 JUNE 04
	\$000	\$000	\$000	\$000
NOTE 3: PROFIT FROM ORDINARY ACTIVITIES				
Profit from ordinary activities before income tax has been determined after:				
(a) Charging as expenses:				
Depreciation and amortisation				
- Buildings	3,743	3,157	-	-
- Leasehold improvements	-	9	-	-
- Plant and equipment	25,234	19,618	-	-
Total depreciation	<u>28,977</u>	<u>22,784</u>	<u>-</u>	<u>-</u>
- Goodwill	13,655	12,020	-	-
- Brand names	2,754	2,546	-	-
Total amortisation	<u>16,409</u>	<u>14,566</u>	<u>-</u>	<u>-</u>
Total depreciation and amortisation expense	<u>45,386</u>	<u>37,350</u>	<u>-</u>	<u>-</u>
Net loss on disposal of:				
- property, plant and equipment	5,991	-	-	-
Borrowing costs - other corporations	18,985	25,450	18,952	22,156
Rental expense on operating leases	2,404	2,691	-	-
Unrealised loss on carrying value of current investments	-	90	-	-
Bad and doubtful debts - trade debtors	(53)	617	-	-
Write down of inventories to net realisable value	5	251	-	-
(b) Crediting as income:				
Net gain on disposal of:				
- land held for resale	24,311	-	-	-
- property, plant and equipment	-	9,951	-	-
- current investments	62	-	-	-
- non-current investments	-	89,160	-	89,160
Unrealised gain on carrying value of current investments	9	-	-	-
(c) Significant Revenues and Expenses:				
The following items are relevant in explaining the financial performance for the year:				
Consideration on disposal of subsidiary holding portfolio of listed investments (Brickworks Securities Pty Ltd (BSPL))	-	158,390	-	158,390
Carrying amount of net assets sold	-	70,107	-	70,107
Net gain on disposal of subsidiary	<u>-</u>	<u>88,283</u>	<u>-</u>	<u>88,283</u>
Contribution to profit of investment portfolio disposed of during the year through the sale of subsidiary (excluding gain on disposal)	<u>-</u>	<u>4,060</u>	<u>-</u>	<u>2,127</u>
Contribution to profit of subsidiary (Bristile Ltd) acquired during the year on consolidation	-	36,096	-	-
Contribution to profit of associate (Bristile Ltd) during the year accounted for using the equity method	-	767	-	-
	<u>-</u>	<u>36,863</u>	<u>-</u>	<u>-</u>
Amortisation of goodwill on acquisition of Bristile Ltd	<u>(13,655)</u>	<u>(12,020)</u>	<u>-</u>	<u>-</u>

	CONSOLIDATED		PARENT ENTITY	
	13 MTHS 31 JULY 05 \$000	12 MTHS 30 JUNE 04 \$000	13 MTHS 31 JULY 05 \$000	12 MTHS 30 JUNE 04 \$000
NOTE 3: PROFIT FROM ORDINARY ACTIVITIES (cont.)				
Additional revenue reported due to change of financial year by inclusion of 18 months of equity accounted profit of Washington H Soul Pattinson & Co	152,512	-	-	-
The following one-off expenses were incurred during the year:				
Write down of property to recoverable value	17,876	-	-	-
Write down of plant and equipment to recoverable value	21,153	-	-	-
Net loss on disposal of:				
- property, plant and equipment	5,754	-	-	-
Demolition, redundancy and rehabilitation	7,416	-	-	-
	<u>52,199</u>	<u>-</u>	<u>-</u>	<u>-</u>

NOTE 4: INCOME TAX EXPENSE

The prima facie tax on profit from ordinary activities is reconciled to the income tax provided in the accounts as follows:

Prima facie tax payable on profit from ordinary activities before income tax at 30%	66,462	57,104	4,766	27,623
Add tax effect of:				
- non-allowable items and adjustments	723	16	-	589
- non-deductible depreciation	640	742	-	-
- non-deductible amortisation	4,922	4,369	-	-
- non-deductible asset write downs	6,097	-	-	-
	<u>78,844</u>	<u>62,231</u>	<u>4,766</u>	<u>28,212</u>
Less tax effect of:				
- capital profits not subject to income tax	852	15,739	-	12,586
- share of net profits of associates	49,581	3,943	-	-
- rebateable dividends	10,349	8,074	10,347	8,074
- tax losses recognised during the year	-	1,241	-	-
- over / (under) provision for income tax in prior year	356	262	339	-
Income tax expense / (benefit) attributable to profit from ordinary activities	<u>17,706</u>	<u>32,972</u>	<u>(5,920)</u>	<u>7,552</u>

NOTE 5: AUDITORS' REMUNERATION

Amount receivable by the auditors for:

- Auditing the financial report	210	150	200	150
- Taxation services relating to tax consolidation	-	414	-	-
- Other services	64	185	31	55
	<u>274</u>	<u>749</u>	<u>231</u>	<u>205</u>

Details of non-audit services are outlined in the Directors Report.

	CONSOLIDATED		PARENT ENTITY	
	13 MTHS 31 JULY 05 \$000	12 MTHS 30 JUNE 04 \$000	13 MTHS 31 JULY 05 \$000	12 MTHS 30 JUNE 04 \$000
NOTE 6: DIVIDENDS				
Final ordinary dividend (prior year) of 15.0 cents per share fully franked at the tax rate of 30% and paid on 8 Nov 2004 (2003 - 13.0 cents fully franked paid 3 Nov 2003)	19,759	17,124	19,759	17,124
Interim ordinary dividend of 10.0 cents per share, fully franked at the tax rate of 30% and paid on 12 April 2005 (2004 - 9.0 cents fully franked paid 16 April 2004)	13,172	11,855	13,172	11,855
Redeemable preference dividend calculated at 6.565% p.a. (\$3.29) per share fully franked at the tax rate of 30% and paid 1 Dec 2004 (2003 - N/A)	5,431	-	5,431	-
Redeemable preference dividend calculated at 6.565% p.a. (\$3.27) per share fully franked at the tax rate of 30% and paid 1 June 2005 (2004 - \$4.10 per share fully franked paid 1 June 2004)	5,396	6,767	5,396	6,767
Group's share of dividend received by associated company	(9,564)	(5,626)	-	-
	<u>34,194</u>	<u>30,120</u>	<u>43,758</u>	<u>35,746</u>
Proposed interim ordinary dividend of 21 cents per share fully franked at the tax rate of 30% but not recognised as a liability at year end (prior year 15.0 cents per share fully franked)	<u>27,865</u>	<u>19,759</u>	<u>27,865</u>	<u>19,759</u>
Redeemable preference dividend calculated at 6.565% p.a. per share fully franked at the tax rate of 30% and payable 1 Dec but not recognised as a liability at year end	<u>5,429</u>	<u>5,431</u>	<u>5,429</u>	<u>5,431</u>
Balance of franking account at year end adjusted for franking credits arising from payment of income tax payable and dividends recognised as receivables, and franking debits arising from payment of proposed dividends	<u>114,997</u>	<u>76,356</u>	<u>114,997</u>	<u>76,356</u>

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

	CONSOLIDATED		PARENT ENTITY	
	13 MTHS 31 JULY 05	12 MTHS 30 JUNE 04	13 MTHS 31 JULY 05	12 MTHS 30 JUNE 04
	\$000	\$000		
NOTE 7: EARNINGS PER SHARE				
(a) Reconciliation of earnings				
Net profit	203,826	157,374		
less redeemable preference share dividends	(10,827)	(6,767)		
Earnings used in the calculation of basic EPS	192,999	150,607		
Dividends on redeemable preference shares	10,827	6,767		
Earnings used in the calculation of diluted EPS	203,826	157,374		
	No.	No.		
(b) Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS				
Weighted average number of converting redeemable preference shares on issue	131,784,748	131,723,600		
Weighted average number of ordinary shares outstanding during the year used in calculation of diluted EPS	146,634,748	149,873,600		
Basic earnings per share (cents)	146.5	114.3		
Diluted earnings per share (cents)	139.0	105.0		
	\$000	\$000	\$000	\$000
NOTE 8: CASH ASSETS				
Cash on hand	13,685	4,377	81	31
Deposits at call	1,357	2,049	1,357	2,049
	15,042	6,426	1,438	2,080
NOTE 9: RECEIVABLES				
(a) Current				
Trade debtors	67,065	73,669	-	-
Less: provision for doubtful debts	1,555	2,018	-	-
	65,510	71,651	-	-
Less: advance payments by customers	2,577	966	-	-
	62,933	70,685	-	-
Add: other debtors	10,151	10,632	-	-
	73,084	81,317	-	-
(b) Non-Current				
Amount receivable from associated companies	1,018	-	-	-
Amount receivable from wholly owned subsidiaries	-	-	518,112	632,723
	1,018	-	518,112	632,723

		CONSOLIDATED		PARENT ENTITY	
	Note	13 MTHS 31 JULY 05 \$000	12 MTHS 30 JUNE 04 \$000	13 MTHS 31 JULY 05 \$000	12 MTHS 30 JUNE 04 \$000
NOTE 10: OTHER FINANCIAL ASSETS					
(a) Current					
Share trading portfolio at lower of cost and net realisable value		223	364	-	-
Share trading portfolio at market value		224	381	-	-
(b) Non-Current					
Unlisted investments, at cost					
- Shares in controlled entities		-	-	165,402	153,263
Listed investments, at cost					
- Shares in associated companies	33	-	-	71,362	71,362
- Shares in other corporations		1,110	-	1,110	-
		1,110	-	237,874	224,625
Market values of listed investments					
- Shares in associated companies		-	-	1,032,104	737,593
- Shares in other corporations		1,108	-	1,108	-
		1,108	-	1,033,212	737,593
NOTE 11: INVENTORIES					
(a) Current					
Raw materials and stores at cost		21,670	18,443	-	-
Work in progress at cost		3,416	4,278	-	-
Finished goods at cost		68,412	55,001	-	-
		93,498	77,722	-	-
Finished goods at net realisable value		229	286	-	-
		93,727	78,008	-	-
Land held for resale	12	6,913	-	-	-
Total inventories at lower of cost or net realisable value		100,640	78,008	-	-
(b) Non-Current					
Raw materials and stores at cost		1,411	1,586	-	-
Land held for resale	12	33,286	30,218	-	-
		34,697	31,804	-	-
NOTE 12: LAND HELD FOR RESALE					
Cost of acquisition		34,868	30,070	-	-
Other capitalised costs		5,331	148	-	-
		40,199	30,218	-	-
NOTE 13: OTHER CURRENT ASSETS					
Prepayments		3,681	1,901	5	18
NOTE 14: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD					
Investment in associated companies	33	489,258	289,694	-	-
Market value of listed investments		1,032,104	737,593	-	-

	CONSOLIDATED		PARENT ENTITY	
	13 MTHS 31 JULY 05 \$000	12 MTHS 30 JUNE 04 \$000	13 MTHS 31 JULY 05 \$000	12 MTHS 30 JUNE 04 \$000
NOTE 15: PROPERTY, PLANT AND EQUIPMENT				
(a) Freehold land				
At cost	<u>213,439</u>	<u>232,231</u>	<u>645</u>	<u>645</u>
(b) Leasehold land				
At cost	<u>235</u>	<u>235</u>	<u>-</u>	<u>-</u>
(c) Buildings				
At cost	127,688	126,868	-	-
Less: accumulated depreciation	13,521	11,522	-	-
Less: write-down to recoverable value	<u>17,876</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>96,291</u>	<u>115,346</u>	<u>-</u>	<u>-</u>
(d) Leasehold improvements				
At cost	-	-	-	-
Less: accumulated amortisation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(e) Plant and equipment				
At cost	330,205	297,029	-	-
Less: accumulated depreciation	137,443	123,146	-	-
Less: write-down to recoverable value	<u>21,153</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>171,609</u>	<u>173,883</u>	<u>-</u>	<u>-</u>
Add: capital works in progress at cost	<u>21,077</u>	<u>19,989</u>	<u>-</u>	<u>-</u>
	<u>192,686</u>	<u>193,872</u>	<u>-</u>	<u>-</u>
Total property, plant and equipment	<u><u>502,651</u></u>	<u><u>541,684</u></u>	<u><u>645</u></u>	<u><u>645</u></u>

The carrying value of assets that have been subject to recoverable amount write-downs, by class are outlined below:

Buildings

Assets subject to write-downs	387	-	-	-
Assets not subject to write-downs	<u>95,904</u>	<u>115,346</u>	<u>-</u>	<u>-</u>
	<u><u>96,291</u></u>	<u><u>115,346</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

Plant and equipment

Assets subject to write-downs	1,597	-	-	-
Assets not subject to write-downs	<u>170,012</u>	<u>173,883</u>	<u>-</u>	<u>-</u>
	<u><u>171,609</u></u>	<u><u>173,883</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

The recoverable value of non-current assets has been assessed after considering the economic benefits to be derived over the remaining useful life.

Independent valuations were undertaken during the 2003 financial year to establish the current valuations of freehold land and buildings owned at that time. Land and buildings owned by the Bristle group at acquisition (23 July 2003) and Auswest Timbers Pty Ltd group at acquisition (28 June 2005) were valued, and these valuations have been reflected in the carrying value of land and buildings under AASB 1015: "Acquisition of Assets". The total fair market values of all land and buildings owned at 31 July 2005 by the Group were \$225,561,276 for land and \$107,461,454 for buildings (parent entity \$687,540 and Nil), after adjusting for the purchase price of assets acquired since the valuations were performed. These values do not take into account any potential capital gains tax. The values do not include the value of land held for resale.

	CONSOLIDATED		PARENT ENTITY	
	13 MTHS	12 MTHS	13 MTHS	12 MTHS
	31 JULY 05	30 JUNE 04	31 JULY 05	30 JUNE 04
	\$000	\$000	\$000	\$000
NOTE 15: 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 beginning of year	232,231	118,601	645	645
Additions	3,131	5,070	-	-
Assets acquired by purchase of subsidiary	255	140,101	-	-
Asset transferred to inventory	(22,178)	(30,070)	-	-
Disposals	-	(1,471)	-	-
Carrying amount at end of year	<u>213,439</u>	<u>232,231</u>	<u>645</u>	<u>645</u>
Leasehold land				
Carrying amount at beginning of year	<u>235</u>	<u>235</u>	-	-
Carrying amount at end of year	<u>235</u>	<u>235</u>	-	-
Buildings				
Carrying amount at beginning of year	115,346	28,471	-	-
Additions	3,299	1,690	-	-
Amounts transferred from leasehold improvements	-	1,891	-	-
Assets acquired by purchase of subsidiary	1,718	86,692	-	-
Disposals	(2,453)	(241)	-	-
Write down of buildings to recoverable value	(17,876)	-	-	-
Depreciation / amortisation expense	(3,743)	(3,157)	-	-
Carrying amount at end of year	<u>96,291</u>	<u>115,346</u>	<u>-</u>	<u>-</u>
Leasehold improvements				
Carrying amount at beginning of year	-	-	-	-
Assets acquired by purchase of subsidiary	-	1,900	-	-
Transfer to buildings	-	(1,891)	-	-
Depreciation / amortisation expense	-	(9)	-	-
Carrying amount at end of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plant and equipment				
Carrying amount at beginning of year	173,883	64,073	-	-
Additions	41,817	24,925	-	-
Assets acquired by purchase of subsidiary	6,836	107,366	-	-
Disposals	(4,540)	(2,757)	-	-
Asset transferred to non-current inventory	-	(106)	-	-
Write down of plant and equipment to recoverable value	(21,153)	-	-	-
Depreciation / amortisation expense	(25,234)	(19,618)	-	-
Carrying amount at end of year	<u>171,609</u>	<u>173,883</u>	<u>-</u>	<u>-</u>
Capital works in progress				
Carrying amount at beginning of year	19,989	6,458	-	-
Additions	49,335	36,847	-	-
Assets acquired by purchase of subsidiary	-	4,808	-	-
Transfer to property, plant and equipment	(48,247)	(28,124)	-	-
Carrying amount at end of year	<u>21,077</u>	<u>19,989</u>	<u>-</u>	<u>-</u>

	CONSOLIDATED		PARENT ENTITY	
	13 MTHS 31 JULY 05	12 MTHS 30 JUNE 04	13 MTHS 31 JULY 05	12 MTHS 30 JUNE 04
	\$000	\$000	\$000	\$000

NOTE 16: DEFERRED TAX ASSETS

Future income tax benefit	32,028	18,693	32,027	18,693
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The future income tax benefit is made up of the estimated tax benefits relating to timing differences only, and does not include any benefit relating to tax losses.

The company has capital losses with a tax value of \$16,685,206 (2004 \$8,933,929) which have not been brought to account as a future income tax benefit because there is no virtual certainty that the benefit of these losses can be realised. The benefit of these losses will only be obtained if the company derives future assessable income of a nature and amount sufficient to enable the benefit from the deductions for the loss to be realised, the company continues to comply with the conditions for deductibility imposed by tax legislation, and no changes in tax legislation adversely affect the company in realising the benefit from the deductions for the loss.

NOTE 17: INTANGIBLE ASSETS

(a) Brand names

At cost	5,300	5,300	-	-
Less: accumulated amortisation	5,300	2,546	-	-
	<u>-</u>	<u>2,754</u>	<u>-</u>	<u>-</u>

(b) Goodwill

At cost	253,375	256,577	-	-
Less: accumulated amortisation	25,675	12,020	-	-
	<u>227,700</u>	<u>244,557</u>	<u>-</u>	<u>-</u>

(c) Timber access rights

	4,847	-	-	-
	<u>232,547</u>	<u>247,311</u>	<u>-</u>	<u>-</u>

NOTE 18: PAYABLES

(a) Current

Unsecured liabilities				
Trade creditors and accruals	50,433	38,522	3,013	1,742
Deposits received on land sale agreements	9,254	7,000	-	-
	<u>59,687</u>	<u>45,522</u>	<u>3,013</u>	<u>1,742</u>

(b) Non-Current

Unsecured liabilities				
Deposits received on land sale agreements	43,117	10,250	-	-
Amounts owing to wholly owned subsidiaries	-	-	630	40
	<u>43,117</u>	<u>10,250</u>	<u>630</u>	<u>40</u>

NOTE 19: INTEREST BEARING LIABILITIES

(a) Current

Commercial bills - unsecured	4,700	76,000	-	76,000
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(b) Non-current

Commercial bills - unsecured	200,000	200,000	200,000	200,000
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NOTE 20: CURRENT TAX LIABILITIES

Provision for income tax	16,227	8,233	16,233	8,250
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	CONSOLIDATED		PARENT ENTITY	
	13 MTHS 31 JULY 05 \$000	12 MTHS 30 JUNE 04 \$000	13 MTHS 31 JULY 05 \$000	12 MTHS 30 JUNE 04 \$000
NOTE 21: PROVISIONS				
(a) Current				
Employee benefits	20,364	17,466	-	-
Demolition	4,815	4,415	-	-
Product claims	453	370	-	-
Workers compensation	4,739	4,215	-	-
Site rehabilitation	2,102	-	-	-
Other	164	725	-	-
	<u>32,637</u>	<u>27,191</u>	<u>-</u>	<u>-</u>
(b) Non-current				
Employee benefits	14,948	12,061	844	844
Site rehabilitation	2,119	1,867	-	-
	<u>17,067</u>	<u>13,928</u>	<u>844</u>	<u>844</u>
(c) Aggregate employee benefits liability				
	<u>35,312</u>	<u>29,527</u>	<u>844</u>	<u>844</u>
(d) Number of employees at year end				
	<u>No.</u> <u>1,522</u>	<u>No.</u> <u>1,475</u>	<u>No.</u> <u>6</u>	<u>No.</u> <u>6</u>
	\$000	\$000	\$000	\$000

(e) Provision for demolition

A provision was recognised on the acquisition of the Bristle group of companies for the demolition of some buildings not suitable for the ongoing operations of the Group. A further provision has been recognised for the closure and demolition of the Scoresby, VIC manufacturing facilities.

Provision for demolition at beginning of year	4,415	-	-	-
Provision recognised on acquisition of subsidiary	-	4,415	-	-
Provision recognised during the year	1,193	-	-	-
Provision settled during the year	(793)	-	-	-
Provision for demolition at end of year	<u>4,815</u>	<u>4,415</u>	<u>-</u>	<u>-</u>

(f) Provision for product claims

A provision has been recognised for estimated claims in respect of products sold. The provision has been based upon product rectification or replacement requests made known to the Group as at the end of the financial year.

Provision for product claims at beginning of year	370	615	-	-
Provision recognised on acquisition of subsidiary	-	159	-	-
Claims arising during the year	623	231	-	-
Claims settled during the year	(540)	(635)	-	-
Provision for product claims at end of year	<u>453</u>	<u>370</u>	<u>-</u>	<u>-</u>

(g) Provision for workers compensation

The Brickworks group self-insures for workers compensation in certain states. The provision has been based on independent actuarial calculations based on incidents reported before year end.

Provision for workers compensation at beginning of year	4,215	-	-	-
Provision recognised on acquisition of subsidiary	-	3,179	-	-
Claims arising during the year	1,747	1,890	-	-
Claims settled during the year	(1,223)	(854)	-	-
Provision for workers compensation at end of year	<u>4,739</u>	<u>4,215</u>	<u>-</u>	<u>-</u>

	CONSOLIDATED		PARENT ENTITY	
	13 MTHS 31 JULY 05	12 MTHS 30 JUNE 04	13 MTHS 31 JULY 05	12 MTHS 30 JUNE 04
	\$000	\$000	\$000	\$000

NOTE 21: PROVISIONS (cont.)

(h) Provision for restructuring costs

A provision was recognised for restructuring costs relating to the closure of the Eastwood, NSW manufacturing facility during the 2004 financial year.

Provision for restructuring costs at beginning of year	-	1,171	-	-
Amounts paid for restructuring costs during the year	-	(1,171)	-	-
Provision for restructuring costs at end of year	-	-	-	-

(i) Other current provisions

Other provisions are made up from a number of sundry items.

Other provisions at beginning of year	725	-	-	-
Provision recognised on acquisition of subsidiary	14	7,548	-	-
Provision recognised during the year	(182)	4	-	-
Provision settled during the year	(393)	(6,827)	-	-
Other provisions at end of year	164	725	-	-

(j) Site rehabilitation

A provision has been recognised for estimated costs of restoring quarry sites to their original state in accordance with relevant approvals.

Site rehabilitation provisions at beginning of year	1,867	-	-	-
Provision recognised on acquisition of subsidiary	-	1,247	-	-
Provision recognised during the year	2,446	620	-	-
Site rehabilitation settled during the year	(92)	-	-	-
Site rehabilitation provisions at end of year	4,221	1,867	-	-

(k) Employee share scheme

Brickworks Ltd has an employee share ownership plan, which allows all employees who have achieved 3 months service with the Group to purchase Brickworks Ltd ordinary shares, using their own funds plus a contribution of up to \$500 from the company. All shares are purchased on-market under an independent trust deed, thereby not causing any dilution to existing shareholders. At 31 July 2005, the employee share schemes had 560 members (2004 544) taking part who owned a combined 448,065 shares (2004 317,472) or 0.34% of issued ordinary capital in Brickworks Ltd.

(l) Equity-based compensation plans

The Brickworks Ltd deferred employee share plan held the following fully paid ordinary shares as at balance date:

	Opening balance	Granted	Vested	Forfeited / Withdrawn	Closing Balance
Unvested					
Granted Aug 02	53,753	-	(17,901)	(1,692)	34,160
Granted Aug 03	69,429	-	(17,336)	(2,475)	49,618
Granted Sept 04	-	98,802	(19,740)	-	79,062
Total unvested	123,182	98,802	(54,977)	(4,167)	162,840
Vested	53,138	-	54,977	(17,964)	90,151
Total	176,320	98,802	-	(22,131)	252,991

All shares held by the Brickworks Employee Share Plan are fully paid ordinary shares. The numbers included above do not include shares relating to employee salary sacrificed amounts, which are not granted by the company. All shares granted by the company provide dividend and voting rights to the employee. The unvested shares vest to employees at 20% per year for each of the following 5 years, provided ongoing employment is maintained. Unvested shares are unavailable for trading by the employee. The fair value of vested shares held by the share plan at 31 July 2005 was \$2,658,935, based on the closing share price at 31 July 2005. More information regarding the employee share plan is outlined in the Remuneration Report.

NOTE 21: PROVISIONS (cont.)

(m) The amount recognised in the statement of financial performance in relation to equity based compensation arrangements for the year ended 31 July 2005 was \$1,776,044 (2004 \$1,174,000).

	CONSOLIDATED		PARENT ENTITY	
	13 MTHS 31 JULY 05	12 MTHS 30 JUNE 04	13 MTHS 31 JULY 05	12 MTHS 30 JUNE 04
	\$000	\$000	\$000	\$000

NOTE 22: DEFERRED TAX LIABILITIES

Provision for deferred income tax	11,149	21,362	11,149	21,362
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NOTE 23: NON INTEREST-BEARING LIABILITIES

Non-current				
Government grant	1,320	-	-	-

NOTE 24: CONTRIBUTED EQUITY

132,692,188 fully paid ordinary shares	149,046	139,409	149,046	139,409
1,650,000 fully paid redeemable preference shares	162,759	162,759	162,759	162,759
	<u>311,805</u>	<u>302,168</u>	<u>311,805</u>	<u>302,168</u>

(a) Ordinary shares	2005		2004	
	No. of Shares	Value \$000	No. of Shares	Value \$000
Opening balance	131,723,600	139,409	131,723,600	139,409
Shares issued during the year	968,588	9,637	-	-
Balance at end of year	<u>132,692,188</u>	<u>149,046</u>	<u>131,723,600</u>	<u>139,409</u>

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

There have been no options issued or on issue at any time during or since the end of the financial year.

(b) Redeemable preference shares

On 17 October 2003 the company issued 1,650,000 redeemable preference shares (PAVERS) of \$100 each. The PAVERS may be converted to ordinary shares at the discretion of Brickworks Ltd on specified reset dates, the first of which is 1 December 2008. The conversion rate to ordinary shares is based upon the daily volume weighted average sale price of ordinary shares traded on the ASX during the 20 business days immediately preceding the conversion date. The PAVERS pay a fully franked dividend of 6.565% p.a, payable in June and December each year.

	13 MTHS 31 JULY 05	12 MTHS 30 JUNE 04	13 MTHS 31 JULY 05	12 MTHS 30 JUNE 04
	\$000	\$000	\$000	\$000

NOTE 25: RESERVES**(a) Composition of reserves**

Capital reserves				
- capital profits	92,118	92,195	84,479	84,479
- asset revaluation	52,095	27,907	645	645
Revenue reserves				
- general	140,165	139,402	11,000	11,000
- foreign currency	2,982	(3,682)	-	-
	<u>287,360</u>	<u>255,822</u>	<u>96,124</u>	<u>96,124</u>

	Note	CONSOLIDATED		PARENT ENTITY	
		13 MTHS 31 JULY 05 \$000	12 MTHS 30 JUNE 04 \$000	13 MTHS 31 JULY 05 \$000	12 MTHS 30 JUNE 04 \$000
NOTE 25: RESERVES (cont.)					
(b) Movements in reserves					
Capital profits reserve					
The Capital profits reserve represents amounts allocated from Retained Profits that were profits of a capital nature.					
		92,195	92,209	84,479	84,479
Balance at beginning of year					
Share of associates transfer to retained earnings		-	-	-	-
Share of associates increment / (decrement)					
in reserve		(77)	(14)	-	-
Balance at end of year		<u>92,118</u>	<u>92,195</u>	<u>84,479</u>	<u>84,479</u>
Asset revaluation reserve					
The Asset revaluation reserve includes net revaluation increments and decrements arising from the revaluation of non-current assets.					
		27,907	25,192	645	645
Balance at beginning of year					
Share of associates increment / (decrement)					
in reserve		24,188	2,715	-	-
Balance at end of year		<u>52,095</u>	<u>27,907</u>	<u>645</u>	<u>645</u>
General reserve					
The General reserve represents amounts allocated from Retained Profits as reserved for the future general needs of the operations of the entity.					
		139,402	139,402	11,000	11,000
Balance at beginning of year					
Share of associates increment / (decrement)					
in reserve		763	-	-	-
Balance at end of year		<u>140,165</u>	<u>139,402</u>	<u>11,000</u>	<u>11,000</u>
Foreign currency reserve					
The Foreign currency reserve records the foreign currency differences arising from the translation of the financial statements of self-sustaining foreign operations.					
		(3,682)	1,417	-	-
Balance at beginning of year					
Share of associates transfer from retained earnings		3,831	-	-	-
Share of associates increment / (decrement)					
in reserve		2,833	(5,099)	-	-
Balance at end of year		<u>2,982</u>	<u>(3,682)</u>	<u>-</u>	<u>-</u>
NOTE 26: RETAINED PROFITS					
		336,726	209,472	172,254	123,476
Retained profits at the beginning of the year					
Net profit from ordinary activities after related income tax expense		203,826	157,374	21,807	84,524
Share of associated companies adjustment to opening retained earnings		(1,617)	-	-	-
Dividends paid	6	(34,194)	(30,120)	(43,758)	(35,746)
Aggregate of amounts transferred to reserves		(3,831)	-	-	-
Retained profits at the end of the year		<u>500,910</u>	<u>336,726</u>	<u>150,303</u>	<u>172,254</u>

	CONSOLIDATED		PARENT ENTITY	
	13 MTHS 31 JULY 05	12 MTHS 30 JUNE 04	13 MTHS 31 JULY 05	12 MTHS 30 JUNE 04
	\$000	\$000	\$000	\$000

NOTE 27: CAPITAL AND LEASING EXPENDITURE COMMITMENTS

(a) Capital expenditure projects contracted for but not provided for at reporting date

Payable not later than one year	53,823	27,666	-	-
Share of associated company's capital expenditure commitments	*	1,132	-	-

* Note: Associated company's 2005 figures were not publicly available at the time of preparation of this report.

(b) Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements	9,833	4,752	-	-
Payable				
- not later than one year	2,847	2,054	-	-
- later than one year but not later than five years	6,063	2,582	-	-
- later than five years	923	116	-	-
	9,833	4,752	-	-

Operating leases are for the rental of land (used for sales and display centres), manufacturing equipment and motor vehicles. The leases are non-cancellable with rent payable monthly in advance. Leases for properties are on terms of between 3 and 10 years, with renewal options of similar lengths. Some of the operating leases contain contingent rental provisions that state the minimum lease payments shall be increased by the higher of CPI or a given percentage per annum. The highest such percentage increase is 5%.

Share of associated company's lease commitments

- operating leases	*	4,871	-	-
- finance leases	*	60	-	-

* Note: Associated company's 2005 figures were not publicly available at the time of preparation of this report.

NOTE 28: CONTINGENT LIABILITIES

Contingent liabilities at balance date not provided for in these financial statements

Bank guarantees issued in the ordinary course of business	11,184	13,699	-	-
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Members of the economic entity are parties to various legal actions against them that are not provided for in the financial statements. These actions are being defended and the directors do not anticipate that any of these actions will result in material adverse consequences for the Company or the Consolidated Entity.

Share of associated company's contingent liabilities	*	7,800	-	-
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* Note: Associated company's 2005 figures were not publicly available at the time of preparation of this report.

	CONSOLIDATED		PARENT ENTITY	
	13 MTHS 31 JULY 05	12 MTHS 30 JUNE 04	13 MTHS 31 JULY 05	12 MTHS 30 JUNE 04
	\$000	\$000	\$000	\$000

NOTE 29: CASH FLOW INFORMATION

(a) Reconciliation of cash flow from operations with net profit after income tax

Net profit after income tax	203,825	157,374	21,807	84,524
Non-cash flows in net profit				
Amortisation of intangible assets	16,409	14,566	-	-
Depreciation of non-current assets	28,977	22,784	-	-
Write down of property, plant and equipment to recoverable value	39,029	-	-	-
(Profits) / losses on sale of land held for resale	(24,311)	-	-	-
(Profits) / losses on disposal of property, plant and equipment	5,991	(9,951)	-	-
(Profits) / losses on sale of investments	(71)	(89,160)	-	(89,160)
Share of profits of associates not received as dividends	(165,440)	(13,044)	-	-
Write down of investment in subsidiary	-	-	-	2,095
Changes in assets and liabilities net of the effects of purchase of subsidiaries				
(Increase) / decrease in trade and sundry debtors	7,878	(4,045)	-	2,100
(Increase) / decrease in inventories	(10,459)	(11,671)	-	-
(Increase) / decrease in prepayments	(1,556)	3,020	13	1,685
(Increase) / decrease in future income tax benefit	(13,076)	(10,185)	511	(1,495)
(Increase) / decrease in share trading portfolio	142	619	-	-
Increase / (decrease) in creditors and accruals	6,545	(3,087)	974	(636)
Increase / (decrease) in taxes payable	7,996	(811)	(10,313)	(3,864)
Increase / (decrease) in other current provisions	5,446	(5,701)	-	-
Increase / (decrease) in other non-current provisions	3,139	211	-	(56)
Increase / (decrease) in deferred taxes payable	(5,657)	15,723	-	9,588
Net cash flows from operations	<u>104,807</u>	<u>66,642</u>	<u>12,992</u>	<u>4,781</u>

(b) Credit standby arrangements with banks

Credit facilities	332,800	325,000	325,000	325,000
Amount utilised	<u>204,700</u>	<u>276,000</u>	<u>200,000</u>	<u>276,000</u>
Unused credit facility	<u>128,100</u>	<u>49,000</u>	<u>125,000</u>	<u>49,000</u>

The major facilities are summarised as follows:

Facilities agreement

A \$325,000,000 variable interest rate facility, currently drawn to \$200 million (2004 \$276 million) is secured by way of three deeds of charge between Brickworks Ltd, various subsidiary guarantor companies and the bank which provide for fixed and floating charges over all present and future assets of the consolidated group.

The facility limit reduces to \$200,000,000 during the 2006 financial year, \$100,000,000 during the 2007 financial year, and expires during the 2009 financial year.

The carrying amount of non-current assets pledged as security for this facility at 31 July 2005 was \$1,060,762,000 (2004 \$884,629,000).

A \$7,800,000 variable interest rate facility, currently drawn to \$4.7 million (2004 N/A), exists for Auswest Timbers Pty Ltd, a wholly owned subsidiary of Brickworks Ltd. The facility is secured by way of registered mortgages over various assets of the subsidiary and guarantees of the company.

The facility limit reduces to Nil over the life of the facility and expires on 31 March 2008.

The carrying amount of non-current assets pledged as security for this facility at 31 July 2005 was \$18,188,434 (2004 N/A).

	CONSOLIDATED	
	13 MTHS 31 JULY 05	12 MTHS 30 JUNE 04
	\$000	\$000

NOTE 29: CASH FLOW INFORMATION (cont.)

(c) Acquisition of entities

On 28 June 2005 the Group acquired the remaining issued capital of Auswest Timbers Pty Ltd that it did not already hold, through the issue of 968,588 Brickworks Ltd shares.

During the year ended 30 June 2004 the Group acquired the remaining issued capital of Bristile Ltd that it did not already hold, through a series of both on and off-market share purchases. Control was gained on 23 July 2003, and compulsory acquisition was completed on 9 October 2003.

Purchase consideration

Cash	258	435,736
Payment by way of listed shares	9,637	-
	9,895	435,736
Cash consideration	258	435,736
Cash balance acquired	(336)	(3,139)
	(78)	432,597
	(78)	432,597

Assets and liabilities held at acquisition date

Cash	336	3,139
Current receivables	4,186	44,161
Inventories	5,261	38,294
Other current assets	187	1,248
Non-current receivables	1,018	-
Investments accounted for using the equity method	714	1,250
Property, plant and equipment	8,809	340,866
Deferred tax assets	260	2,548
Intangibles	4,847	5,300
Payables	(5,365)	(28,145)
Current interest-bearing liabilities	(8,150)	(68,002)
Current tax liabilities	3	(7,541)
Current provisions	-	(59,732)
Non-current provisions	-	(6,599)
Non-current non interest-bearing liabilities	(1,320)	-
Deferred tax liabilities	(471)	(5,038)
	10,315	261,749
Fair value of net assets acquired	10,315	261,749
Ownership interest already held	(2,245)	(82,590)
Goodwill on acquisition	1,825	256,577
	9,895	435,736
	9,895	435,736

CONSOLIDATED

	13 MTHS	12 MTHS
	31 JULY 05	30 JUNE 04
	\$000	\$000

NOTE 29: CASH FLOW INFORMATION (cont.)

(d) Disposal of entities

On 9 December 2003 the controlled entity Brickworks Securities Pty Ltd (BSPL) was sold. BSPL owned the Brickworks investment portfolio at the time of disposal.

Details of this transaction are:

Disposal price	-	158,390
Cash proceeds on disposal	-	119,889
Shares issued by purchaser	-	38,501
	-	158,390
<hr style="border-top: 1px solid black;"/>		
Assets and liabilities held at disposal date		
Receivables	-	1,974
Investments	-	68,146
Provisions	-	(13)
Net assets of entity sold	-	70,107
Net gain on disposal before income tax	-	88,283
	-	158,390
	-	158,390

NOTE 30: RELATED PARTY TRANSACTIONS

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

Purchase of telecommunications services from SP Telemedia Ltd (SOT), an associated entity of WHSP, on terms no more favourable than to unrelated parties, totalling \$1,104,899 (2004 \$810,158). Mr R.D. Millner and Mr M.J. Millner are directors of SOT.

Purchase of investment advice from Pitt Capital Partners Ltd, an associated entity of WHSP, on terms no more favourable than to unrelated parties, totalling \$53,081 (2004 \$3,460,283). Mr R.D. Millner is a director of Pitt Capital Partners Ltd.

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 31: 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 represent 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 5.35% (2004 5.10%).

There are no other financial assets with exposure to interest rate risk.

The Brickworks group variable interest rate facility currently drawn to \$200 million (2004 \$276 million) is a floating rate facility determined with reference to the BBSY bid rate at each 90 day maturity. The effective weighted interest rate current on the bills borrowed under this facility at balance date is 5.72% (2004 5.53%).

NOTE 31: 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 (6.155%). 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 \$140 million over the next four years (2004 \$200 million over 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	
	2005 %	2004 %	2005 \$000	2004 \$000
Less than 1 year	6.16	6.16	30,000	60,000
1 to 2 years	6.16	6.16	30,000	30,000
2 to 3 years	6.16	6.16	20,000	30,000
3 to 4 years	6.16	6.16	60,000	20,000
4 to 5 years	-	6.16	-	60,000
Total notional principal at balance date			<u>140,000</u>	<u>200,000</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 pay to terminate the contract, is \$1,674,391 (2004 \$1,108,113).

(c) Credit risk

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount net of provision 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 32: CONTROLLED ENTITIES**(a) Controlled Entities**

	Country of Incorporation	Parent Entity's Interest		Party to Deed of Cross Guarantee (Yes / No)
		2005 %	2004 %	
Parent Entity				
Brickworks Ltd	Australia			Yes
Controlled entities of Brickworks Ltd				
The Austral Brick Company Pty Ltd	Australia	100.0	100.0	Yes
Eureka Tiles Australia Pty Ltd (formerly The Austral Tile Company Pty Ltd)	Australia	100.0	100.0	Yes
The Austral Export Company Pty Ltd	Australia	100.0	100.0	No
Horsley Park Holdings Pty Ltd	Australia	100.0	100.0	No
Bowral Brickworks Pty Ltd	Australia	100.0	100.0	No
Eureka Tiles Pty Ltd	Australia	100.0	100.0	Yes
Visigoth Pty Ltd	Australia	100.0	100.0	Yes
TSA Distributors Pty Ltd	Australia	Nil (1)	100.0	N/A
Eureka Tiles (NZ) Pty Ltd	Australia	100.0	100.0	Yes
The Warren Brick Company Pty Ltd	Australia	100.0	100.0	Yes
Carrington Brick Co Pty Ltd	Australia	100.0	100.0	No
Horsley Park Operations Pty Ltd	Australia	100.0	100.0	No

NOTE 32: CONTROLLED ENTITIES (cont.)

	Country of Incorporation	Parent Entity's Interest		Party to Deed of Cross Guarantee (Yes / No)
		2005 %	2004 %	
Auswest Timbers Pty Ltd	Australia	100.0	33.0 (2)	Yes (3)
Auswest Timbers Finance Pty Ltd	Australia	100.0	33.0 (2)	No
Auswest Timbers (ACT) Pty Ltd	Australia	100.0	33.0 (2)	No
Bristile Pty Ltd (formerly Bristile Ltd)	Australia	100.0	100.0	Yes
Blend Investments Pty Ltd	Australia	Nil (1)	100.0	N/A
Bristile (Asia) Pty Ltd	Australia	Nil (1)	100.0	N/A
Bristile Guardians Pty Ltd	Australia	100.0	100.0	Yes
Bristile Holdings Pty Ltd	Australia	100.0	100.0	Yes
Bristile Operations Pty Ltd	Australia	100.0	100.0	Yes
Bristile Roofing (East Coast) Pty Ltd	Australia	100.0	100.0	Yes
Christies Sands Pty Ltd	Australia	100.0	100.0	Yes
Clay Lands Pty Ltd	Australia	Nil (1)	100.0	N/A
Clifton Brick (Canberra) Pty Ltd	Australia	Nil (1)	100.0	N/A
Clifton Brick (N.Q.) Pty Ltd	Australia	Nil (1)	100.0	N/A
Clifton Brick (Queanbeyan) Pty Ltd	Australia	100.0	100.0	No
Austral Bricks (Tasmania) Pty Ltd (formerly Clifton Brick (Tasmania) Pty Ltd)	Australia	100.0	100.0	Yes
Clifton Brick Holdings Pty Ltd	Australia	100.0	100.0	Yes
Clifton Brick Manufacturers Pty Ltd	Australia	100.0	100.0	Yes
Davman Builders Pty Ltd	Australia	100.0	100.0	No
Evans Brothers (Bricks) Pty Ltd	Australia	100.0	100.0	Yes
Evans Brothers Pty Ltd	Australia	100.0	100.0	Yes
Gilburn Brick Company Pty Ltd	Australia	Nil (1)	100.0	N/A
H.B. Co (Brunswick) Pty Ltd	Australia	Nil (1)	100.0	N/A
Hallet Brick Pty Ltd	Australia	100.0	100.0	Yes
Hallet Roofing Services Pty Ltd	Australia	100.0	100.0	Yes
Hutton's Bricks (Manufacturers) Pty Ltd	Australia	100.0	100.0	No
International Brick & Tile Pty Ltd	Australia	100.0	100.0	Yes
J. Hallet & Son Pty Ltd	Australia	100.0	100.0	Yes
Metropolitan Brick Company Pty Ltd	Australia	100.0	100.0	Yes
N.R.T. Pty Ltd	Australia	100.0	100.0	Yes
Nubrik (NRT) Pty Ltd	Australia	100.0	100.0	Yes
Nubrik Concrete Masonry Pty Ltd	Australia	100.0	100.0	Yes
Nubrik Pty Ltd	Australia	100.0	100.0	Yes
Pilsley Investments Pty Ltd	Australia	100.0	100.0	Yes
Prestige Brick Pty Ltd	Australia	100.0	100.0	Yes
Prestige Equipment Pty Ltd	Australia	100.0	100.0	Yes
Ralph Brittain & Company Pty Ltd	Australia	100.0	100.0	No
Sandhurst Brick Company Pty Ltd	Australia	Nil (1)	100.0	N/A
Southern Bricks Pty Ltd	Australia	100.0	100.0	No
Team Hotels Pty Ltd	Australia	Nil (1)	100.0	N/A
Team Securities Pty Ltd	Australia	100.0	100.0	Yes
The Clay Tile Trust	Australia	100.0	100.0	No
Triffid Investments Pty Ltd	Australia	100.0	100.0	Yes
Vitclay Pipes Pty Ltd	Australia	100.0	100.0	No
Austral Bricks (Hong Kong) Ltd	Hong Kong	100.0	Nil	No

Note (1): Company was deregistered during the year ended 31 July 2005. The company was not a party to the deed of cross-guarantee, or a member of the closed group.

Note (2): Company was not a controlled entity during the prior year.

Note (3): Company was added to the closed group and deed of cross guarantee by an assumption deed dated 26 July 2005.

NOTE 32: CONTROLLED ENTITIES (cont.)**(b) Controlled entities acquired**

Details of controlled entities acquired can be found at note 29(c) Cash Flow Information.

(c) Controlled entities disposed of

Details of controlled entities disposed of during 2004 can be found at note 29(d) Cash Flow Information.

(d) Closed group

A deed of cross-guarantee between Brickworks Ltd and a number of its subsidiaries was enacted during the 2004 financial year and relief was obtained from preparing a financial report for those subsidiaries under ASIC Class Order 98/1418. Under the deed, Brickworks guarantees to support the liabilities and obligations of those subsidiaries. The controlled entities have also given a similar guarantee.

For details of those entities covered under the deed, refer note 32(a). The members of the closed group and the parties to the deed of cross guarantee are identical.

The following are the aggregate totals, for each category, relieved under the deed.

	CLOSED GROUP	
	13 MTHS 31 JULY 05	12 MTHS 30 JUNE 04
	\$000	\$000
STATEMENT OF FINANCIAL PERFORMANCE		
Profit from ordinary activities before income tax expense	219,888	198,147
Income tax attributable to profit from ordinary activities	(17,706)	(33,255)
Profit from ordinary activities after related income tax expense	<u>202,182</u>	<u>164,892</u>
Total changes in equity other than those resulting from transactions with owners as owners	<u>202,182</u>	<u>164,892</u>
RETAINED PROFITS		
Retained profits at the beginning of the year	333,127	198,355
Net profit from ordinary activities after related income tax expense	202,182	164,892
Dividends paid	(34,194)	(30,120)
Share of associated company's adjustment to opening retained earnings	(1,617)	-
Aggregate of amounts transferred to reserves	(3,831)	-
Retained profits at the end of the year	<u>495,667</u>	<u>333,127</u>

NOTE 32: CONTROLLED ENTITIES (cont.)

	CLOSED GROUP	
	13 MTHS	12 MTHS
	31 JULY 05	30 JUNE 04
	\$000	\$000
STATEMENT OF FINANCIAL POSITION		
CURRENT ASSETS		
Cash assets	14,403	6,425
Receivables	70,139	81,315
Other financial assets	223	364
Inventories	98,182	75,703
Other	3,636	1,873
TOTAL CURRENT ASSETS	<u>186,583</u>	<u>165,680</u>
NON-CURRENT ASSETS		
Receivables	1,018	-
Other financial assets	19,097	18,996
Inventories	34,554	31,804
Investments accounted for using the equity method	489,258	289,694
Property, plant and equipment	481,821	523,137
Deferred tax assets	32,028	18,693
Intangibles	232,547	247,310
TOTAL NON-CURRENT ASSETS	<u>1,290,323</u>	<u>1,129,634</u>
TOTAL ASSETS	<u>1,476,906</u>	<u>1,295,314</u>
CURRENT LIABILITIES		
Payables	56,969	44,710
Interest-bearing liabilities	4,150	76,000
Current tax liabilities	16,227	8,233
Provisions	32,075	27,174
TOTAL CURRENT LIABILITIES	<u>109,421</u>	<u>156,117</u>
NON-CURRENT LIABILITIES		
Payables	43,117	10,291
Interest-bearing liabilities	200,000	200,000
Provisions	17,067	13,797
Deferred tax liabilities	11,149	21,362
Non interest-bearing liabilities	1,320	-
TOTAL NON-CURRENT LIABILITIES	<u>272,653</u>	<u>245,450</u>
TOTAL LIABILITIES	<u>382,074</u>	<u>401,567</u>
NET ASSETS	<u>1,094,832</u>	<u>893,747</u>
EQUITY		
Contributed equity	311,805	302,168
Reserves	287,360	258,452
Retained profits	495,667	333,127
TOTAL EQUITY	<u>1,094,832</u>	<u>893,747</u>

NOTE 33: ASSOCIATED COMPANIES

An interest is held in the following associated companies

Name	Principal Activities	Ownership interest		Carrying amount	
		2005 %	2004 %	2005 \$000	2004 \$000
Washington H Soul	Pharmaceutical, coal, food	42.85	42.85	437,167	242,320
Pattinson & Co Ltd	television, investment				
Brickworks Investment Company Ltd	Listed investment company	22.17	25.17	51,377	45,300
Auswest Timbers Pty Ltd	Timber building products	100.00	33.33	N/A	2,074
Terra Timbers Pty Ltd	Timber building products	41.27	-	714	-
Newthorpe Pty Ltd	Property Development	50.00	-	-	-
				<u>489,258</u>	<u>289,694</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.

All other equity accounted associates have reporting dates of 30 June each year.

Washington H Soul Pattinson & Co. Ltd owns 49.47% (2004 49.84%) of issued ordinary shares of Brickworks Limited.

On 28 June 2005 Brickworks gained control of Auswest Timbers Pty Ltd, which was consolidated from this date

	2005 \$000	2004 \$000
(a) Movements during the year in equity accounted investments in associated companies		
Balance at the beginning of the financial year	289,694	320,424
New investments during the year	714	44,350
Share of associated company's profit from ordinary activities after income tax and outside equity interests	200,120	36,664
Share of associated company's reserve increments arising during the year	27,707	(2,397)
Share of associated company's opening balance adjustment to retained earnings	(1,617)	-
Dividend revenue from associated companies	(34,680)	(23,620)
Group's share of dividend received by associated company	9,564	5,626
Equity accounted associate consolidated during the year	(2,244)	(91,353)
Carrying amount at the end of the financial year	<u>489,258</u>	<u>289,694</u>
(b) Retained earnings attributable to associate		
Share of associated company's profit from ordinary activities before income tax	324,078	65,873
Share of associated company's income tax expense	(45,046)	(14,692)
Share of associated company's outside equity interests	(78,912)	(14,517)
Share of associated company's profit from ordinary activities after income tax and outside equity interests	200,120	36,664
Share of retained profits at beginning of the financial year	89,300	70,630
Dividend revenue from associated companies	(34,680)	(23,620)
Group's share of dividend received by associated company	9,564	5,626
Share of associated company's opening balance adjustment to retained earnings	(1,617)	-
Share of associated company's amounts transferred to reserves	(3,831)	-
	<u>258,856</u>	<u>89,300</u>

	2005 \$000	2004 \$000
NOTE 33: ASSOCIATED COMPANIES (cont.)		
(c) Reserves attributable to associates		
Capital profits reserve		
Balance at beginning of financial year	4,093	4,107
Share of associates increment / (decrement) in reserve	(77)	(14)
Balance at end of financial year	<u>4,016</u>	<u>4,093</u>
Asset revaluation reserve		
Balance at beginning of financial year	3,397	682
Share of associates increment / (decrement) in reserve	24,188	2,715
Balance at end of financial year	<u>27,585</u>	<u>3,397</u>
General reserve		
Balance at beginning of financial year	127,786	127,786
Share of associates increment / (decrement) in reserve	763	-
Balance at end of financial year	<u>128,549</u>	<u>127,786</u>
Foreign currency reserve		
Balance at beginning of financial year	(3,682)	1,417
Share of associates transfer from retained earnings	3,831	-
Share of associates increment / (decrement) in reserve	2,833	(5,099)
Balance at end of financial year	<u>2,982</u>	<u>(3,682)</u>
(d) Summarised presentation of aggregate assets, liabilities and performance of associates		
Share of associated company's total assets	893,857	496,509
Share of associated company's total liabilities	163,894	143,091
Share of associated company's net assets	729,963	353,418
Share of associated company's outside equity in controlled entities	<u>251,227</u>	<u>59,795</u>
Equity attributable to members of the parent entity of the associated companies	<u>478,736</u>	<u>293,623</u>
Share of associated company's profit from ordinary activities after income tax and outside equity interests	<u>200,120</u>	<u>36,664</u>

NOTE 34: DIRECTOR AND EXECUTIVE DISCLOSURES**(a) Directors remuneration**

The company has applied the exemption under Corporations Amendments Regulation 2005 which exempts listed companies from providing remuneration disclosures in relation to their specified directors and specified executives in their annual financial reports by Accounting Standard AASB 1046 "Director and Executive Disclosures by Disclosing Entities". These remuneration disclosures are provided in Remuneration Report section of the Directors' Report designated as audited.

All Directors are non-executive directors with the exception of Mr L. Partridge, who is the executive Managing Director.

(b) Directors shareholdings**SPECIFIED DIRECTORS**

ORDINARY SHARES	Held 30 June 2004	Granted as Remuneration	Net change Other	Shares Disposed of	Held 31 July 2005
Mr R. Millner	3,250,841	-	119,247	-	3,370,088
Mr M. Millner	3,237,341	-	119,247	-	3,356,588
Mr L. Partridge	74,558	28,681	(39,756)	-	63,483
Mr A. Bentley	17,440	-	1,000	-	18,440
Mr T. Fairfax	25,000	-	-	-	25,000
Mr D. Gilham	55,500	-	-	-	55,500
The Hon. R. Webster	4,000	-	-	-	4,000
PREFERENCE SHARES					
Mr M. Millner	300	-	-	-	300
Mr L. Partridge	250	-	-	-	250
Mr A. Bentley	500	-	-	-	500
Mr T. Fairfax	550	-	-	-	550
Mr D. Gilham	40,000	-	-	-	40,000

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

SPECIFIED EXECUTIVES

ORDINARY SHARES	Held 30 June 2004	Granted as Remuneration	Net change Other	Shares Disposed of	Held 31 July 2005
Mr A. Payne	33,456	19,073	-	-	52,529
Mr D. Fitzharris	17,661	8,296	-	-	25,957
Mr P. Scott	-	1,792	-	-	1,792
Ms M. Tamsett	11,401	6,596	-	-	17,997
Mr I. Thompson	2,856	2,969	-	-	5,825
PREFERENCE SHARES					
Mr A. Payne	100	-	-	-	100

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

Director and executive remuneration disclosures are contained in the remuneration report, as permitted by the relief of class order CO 05/0641.

NOTE 35: STATEMENT OF OPERATIONS BY SEGMENTS

(a) Business segments

	Building Products		Property		Investments		Consolidated	
	13 MTHS	12 MTHS	13 MTHS	12 MTHS	13 MTHS	12 MTHS	13 MTHS	12 MTHS
	2005	2004	2005	2004	2005	2004	2005	2004
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
REVENUE								
Revenue from sources outside the Group	520,124	487,691	45,259	13,651	915	165,553	566,298	666,895
Share of net profits of equity accounted associates	-	-	-	-	200,120	36,664	200,120	36,664
Total segment revenue	<u>520,124</u>	<u>487,691</u>	<u>45,259</u>	<u>13,651</u>	<u>201,035</u>	<u>202,217</u>	<u>766,418</u>	<u>703,559</u>
RESULT								
Segment EBITDA	116,111	117,451	26,584	11,240	48,403	41,720	191,098	170,411
Less depreciation	(28,977)	(22,784)	-	-	-	-	(28,977)	(22,784)
Segment EBITA before non-regular items	<u>87,134</u>	<u>94,667</u>	<u>26,584</u>	<u>11,240</u>	<u>48,403</u>	<u>41,720</u>	<u>162,121</u>	<u>147,627</u>
(Less) / add non-regular items	(52,199)	-	-	-	152,512	88,283	100,313	88,283
Less amortisation of intangibles	(16,409)	(14,566)	-	-	-	-	(16,409)	(14,566)
Segment result	<u>18,526</u>	<u>80,101</u>	<u>26,584</u>	<u>11,240</u>	<u>200,915</u>	<u>130,003</u>	<u>246,025</u>	<u>221,344</u>
Unallocated expenses								
Interest expense							(18,985)	(25,450)
Other unallocated expenses							(5,508)	(5,548)
Profit from ordinary activities before income tax expense							221,532	190,346
Income tax expense							(17,706)	(32,972)
Profit from ordinary activities after income tax expense							<u>203,826</u>	<u>157,374</u>
ASSETS								
Segment assets	<u>678,009</u>	<u>674,933</u>	<u>57,182</u>	<u>66,862</u>	<u>491,320</u>	<u>292,157</u>	<u>1,226,511</u>	<u>1,033,952</u>
Unallocated assets							<u>259,468</u>	<u>263,250</u>
Total assets							<u>1,485,979</u>	<u>1,297,202</u>
LIABILITIES								
Segment liabilities	<u>102,663</u>	<u>77,040</u>	<u>52,371</u>	<u>17,250</u>	-	-	<u>155,034</u>	<u>94,290</u>
Unallocated liabilities							<u>230,871</u>	<u>308,196</u>
Total liabilities							<u>385,905</u>	<u>402,486</u>
OTHER								
Aggregate carrying amount of investments accounted for using the equity method	-	-	-	-	489,258	289,694	489,258	289,694
Acquisition of non-current segment assets	51,841	471,197	3,340	1,809	1,110	10,414	56,291	483,420
Depreciation & amortisation	45,385	37,350	-	-	-	-	45,385	37,350
Non-cash expenses other than depreciation & amortisation	73,509	15,627	-	-	-	52	73,509	15,679

NOTE 35: STATEMENT OF OPERATIONS BY SEGMENTS (cont.)**(a) Business Segments (cont.)**

The Group has reclassified its business into 3 segments in the current year from 4 segments in the prior year, due to the disposal of the entity's investment portfolio. The equity accounted associates segment has been incorporated into the investment division. Comparative numbers have been restated to reflect this change.

The three segments are as follows:

Building products division manufactures vitrified clay, concrete and timber products used in the building industry. Major product lines include bricks, blocks, pavers, roof tiles, floor tiles, and timber products used in the building industry. The Auswest Timbers business is included in this segment from the date the Group gained control.

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

Investment division holds investments in the Australian share market, both for dividend income and capital growth, and includes the Group's investment in WHSP, BICL, and Auswest Timbers which were considered in a separate segment in the previous year. The investment in Auswest Timbers was transferred to the building products division from the date the economic entity gained control.

(b) Geographical Segments

The Group's business segments are located in Australia, with some product manufactured by the building products division exported to countries within South-East Asia. Total revenue from sales outside of Australia in the 13 months ended 31 July 2005 was \$12.040 million (30 June 2004: \$13.216 million).

(c) Segment accounting policies

Segment accounting policies are the same as the consolidated entity's policies described in note 1. During the year there were no changes in segment accounting policies that had a material effect on the segment information, aside from the reclassification of segments referred to in note (a) above.

NOTE 36: EVENTS OCCURRING AFTER BALANCE DATE

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

NOTE 37: ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

Brickworks Ltd is preparing and managing the transition to Australian equivalents to International Financial Reporting Standards (AIFRS), the adoption of which will be reflected in the Group's financial statements for the year ending 31 July 2006. On first time adoption of AIFRS, comparatives for the financial year ended 31 July 2005 are required to be restated. The majority of the AIFRS transitional adjustments will be made retrospectively against retained earnings at 1 July 2004.

Brickworks' management, with the assistance of external consultants, has assessed the significance of the expected changes and is preparing for their implementation. An AIFRS committee is overseeing and managing the transition to AIFRS. The impact of the alternative treatments and elections under AASB 1: First Time Adoption of Australian Equivalents to International Financial Reporting Standards has been considered where applicable.

Set out below are the main areas where accounting policies are expected to change on adoption of AIFRS and our best estimates of the quantitative impacts of those changes on total equity as at 31 July 2005 and on net profit for the year ended 31 July 2005. No material impacts are expected in relation to the statement of cash flows.

The figures disclosed are management's best estimates of the impacts of the changes as at the date of preparing the financial statements. The actual effects of transition to AIFRS may differ from the estimates disclosed due to a number of factors, including ongoing work being undertaken by the AIFRS committee, potential amendments to AIFRS and interpretations being issued by the AASB and the IASB, emerging accepted practices in the interpretation and application of AIFRS, and changes to associated entities financial statements on their adoption of AIFRS that are not currently available.

(a) Reconciliation of Operating Profit

Year ended 31 July 2005	Note	Consolidated \$000's	Parent \$000's
Net profit as reported under AGAAP		203,826	21,807
Adjustment to share based payment expense	(i)	1,230	628
Write-back of goodwill amortisation	(ii)	13,655	-
Re-allocation of associates profit to prior year (WHSP)	(iii)	(16,409)	-
Share of associates AIFRS adjustments	(iv)	337	-
Adjustment to income tax expense	(v)	(2,280)	(192)
Net profit as reported under AIFRS		<u>204,919</u>	<u>22,243</u>

ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (cont.)

(i) Share based payments

Under AASB2: Share Based Payments, Brickworks is required to recognise the fair value of the shares granted to employees as remuneration as an expense, on a pro-rata basis, over the vesting period in the Income Statement, with a corresponding adjustment to equity via Treasury Stock. These shares relate to purchases under the long-term incentive plan. Under AGAAP, Brickworks' policy has been to expense these amounts in the year in which the bonus is earned. Thus, amounts historically expensed in accordance with AGAAP are reversed.

(ii) Goodwill amortisation

Under AASB3: Business Combinations, goodwill is not permitted to be amortised, but is subject to annual impairment testing under AASB136: Impairment of Assets. The policy under AGAAP is that goodwill is amortised over its useful life, but not exceeding 20 years. Under AASB136 amortisation will no longer be charged, but goodwill will be written down to the extent that it becomes impaired. Impairment testing performed during the period indicated there would be no impairment write-down of goodwill required on transition to AIFRS.

Brickworks has elected to apply the exemption available under AASB1: First-Time Adoption of Australian Equivalents to International Financial Reporting Standards in relation to business combinations, and accordingly will not apply the requirements of AASB3 retrospectively to past business combinations.

(iii) Re-allocation of associates profit to prior year (WHSP)

Under AASB128: Investments in Associates, Brickworks is required to use information that is current to within 3 months of Brickworks' reporting date. Historically under AGAAP, Brickworks has used the last publicly available information which, for reporting periods ended on or before 30 June 2004, were prepared by WHSP 5 months prior to Brickworks' reporting date.

The requirement under AASB128 to use information that is more current has required Brickworks to move its year end to align with WHSP as at 31 July 2005. Under AGAAP this change has resulted in 18 months of WHSP profit being reflected in the 31 July 2005 financial statements of Brickworks as AGAAP 'catches up'.

Under AIFRS, Brickworks share of WHSP earnings is required to be calculated for the 13 month period ended 31 July 2005, which is consistent with the Brickworks 2005 financial year. This results in a reduction in current year AIFRS profit, and a corresponding increase in opening retained earnings at 1 July 2004.

(iv) Share of Associates AIFRS adjustments

Brickworks' associate, Brickworks Investment Company Ltd (BICL), currently does not recognise any profit in relation to the disposal of its listed investments, as these amounts are recognised through the Asset Revaluation Reserve. Under AIFRS, it is anticipated that BICL will recognise these profits in the income statement prior to transferring them to a capital profits reserve. Brickworks will reflect a proportion of this profit in accordance with its percentage holding in BICL.

AIFRS adjustments of WHSP was not publicly available at the time of preparing this report. As a result, the impacts shown above do not include any adjustments in relation to AIFRS adjustment of WHSP. Brickworks will be required to reflect its interest in any changes in WHSP financial statements as a result of WHSP adopting AIFRS.

(v) Income tax expense

Under AASB112: Income Taxes, the Group is required to use a Balance Sheet approach to calculating deferred tax assets and liabilities, rather than the existing (AGAAP) income statement method. This approach will see timing differences recognised for the first time on some items, such as the movement in the carrying value of equity accounted investments, and depreciation and amortisation of buildings.

As noted in (a) (iv) above, WHSP's AIFRS information was not publicly available at the time of preparing this report. As a result, no adjustment has been shown for tax expense in relation to the movement in the carrying value of Brickworks investment in WHSP.

(b) Reconciliation of Equity

	Note	Consolidated		Parent	
		31/7/05 \$000's	1/7/04 \$000's	31/7/05 \$000's	1/7/04 \$000's
Total equity as reported under AGAAP		1,100,075	894,716	558,232	570,546
Write-back of employee provision	(i)	1,776	1,174	-	-
Write-back of goodwill amortisation	(ii)	13,655	-	-	-
Re-allocation of associates profit to prior year (WHSP)	(iii)	-	16,409	-	-
Share of associates AIFRS adjustments	(iv)	(71)	-	-	-
Adjustment to deferred tax balances	(v)	(10,506)	(12,786)	(463)	(271)
Total equity as reported under AIFRS	(vi)	<u>1,104,929</u>	<u>899,513</u>	<u>557,769</u>	<u>570,275</u>

ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (cont.)

(i) Employee provisions

Under AASB2: Share Based Payments, Brickworks will only recognise an employee benefit expense in relation to amounts awarded as long term performance incentive as the shares held by the employee share plan vest to the employees. Historically under AGAAP, Brickworks has accrued and expensed the cost of the long term bonus in the year to which the performance relates. This change in policy will require a reversal of a portion of the employee entitlement provision (refer item (a) (i) above).

(ii) Goodwill

Under AASB3: Business Combinations, goodwill will no longer be amortised, but subjected to annual impairment testing under AASB136. The carrying value of goodwill is adjusted to re-instate the amortisation charged during the 2005 financial year (refer item (a)(ii) above).

(iii) Re-allocation of associates profit to prior year (WHSP)

Refer detailed explanation at item (a)(iii) above.

(iv) Share of associates AIFRS adjustments

Brickworks associate, BICL, has advised that its policy in relation to the valuation of its investment portfolio may change under AIFRS, resulting in an adjustment to the value of its Asset Revaluation Reserve. Brickworks will recognise a proportion of this adjustment in accordance with its percentage holding in BICL.

The impacts included above do not include any adjustments in relation to Brickworks investment in WHSP, as this was not publicly available at the time of preparing this report. Brickworks will be required to reflect any movements in WHSP equity as a result of WHSP adopting AIFRS.

(v) Deferred tax balances

Under AASB112: Income Taxes, the Group is required to use a Balance Sheet approach to calculating deferred tax assets and liabilities, rather than the existing (AGAAP) income statement method. This approach will see deferred tax items recognised for the first time on a number of items, including equity accounted investments, land and buildings.

A deferred tax liability will be recognised for the taxable temporary differences arising from Brickworks investment in WHSP. As noted in (b) (iv) above, WHSP's AIFRS information was not publicly available at the time of preparing this report, and hence no movement has been shown in relation to this adjustment.

Under UIG interpretation 1052, subsidiaries are required to recognise current and deferred tax amounts directly. Brickworks currently recognises all current and deferred balance sheet tax amounts in the parent company. Accordingly, an adjustment will be made to Brickworks parent entity tax balances to reflect this change.

(vi) In addition to the items specified, there will be movements between categories of equity. The share based payments referred to in item (a)(i) above will be reclassified as Treasury Stock, and expensed to the Income Statement as the shares vest. The increase in 2005 profit from the adoption of AIFRS by associates (BICL) referred to in (a)(iv) above will result in a decrease of the same amount in Brickworks' share of BICL's asset revaluation reserve.

(c) **Financial Instruments**

Currently Brickworks has elected to apply the exemption provide in AASB1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards, which permits entities not to apply the requirements of AASB132: Financial Instruments: Presentation and Disclosure and AASB139: Financial Instruments: Recognition and Measurement until financial years commencing on or after 1 January 2006. For Brickworks, these changes will appear in the financial reports for the financial year ended 31 July 2007.

Brickworks' AIFRS committee is still assessing the final impact that these changes will have on the financial statements. In order to provide users with an indication of the likely magnitude of these changes, best estimates of the impact that these changes would have had on the Income Statement and Balance Sheet of Brickworks for the financial year ended 31 July 2005 **had AIFRS been adopted for that year** are outlined below.

The actual effects of adoption of AASB 132 and 139 in later reporting periods may differ from the 2005 estimates provided below due to a number of factors, including ongoing work being undertaken by the AIFRS committee, potential amendments to AIFRS and interpretations being issued by the AASB and the IASB, emerging accepted practices in the interpretation and application of AIFRS, and changes to associated entities financial statements on their adoption of AIFRS that are not currently available.

Profit for the year ended 31 July 2005	Note	Consolidated \$000's	Parent \$000's
Net profit under AIFRS as calculated in (a) above		<u>204,919</u>	<u>22,243</u>
Borrowing costs (PAVERS dividend)	(i)	(11,746)	(11,746)
Amortisation of share issue costs	(ii)	(694)	(694)
Adjustment to income tax expense of the above transactions		<u>208</u>	<u>208</u>
Proforma net profit under AIFRS had AASB132 / 139 been adopted for the year ended 31 July 2005		<u>192,687</u>	<u>10,011</u>

BALANCE SHEET	Note	CONSOLIDATED		PARENT	
		31/7/05 \$000's	1/7/04 \$000's	31/7/05 \$000's	1/7/04 \$000's
Total equity as calculated under AIFRS in (b) above		<u>1,104,929</u>	<u>899,513</u>	<u>557,769</u>	<u>570,275</u>
Reclassification of PAVERS	(iii)	(162,945)	(162,250)	(162,945)	(162,250)
Hedge accounting	(iv)	(1,674)	(1,108)	(1,674)	(1,108)
Accrued interest	(v)	(1,810)	(890)	(1,810)	(890)
Adjustment to deferred tax balances on above items		<u>(617)</u>	<u>(825)</u>	<u>(617)</u>	<u>(825)</u>
Proforma total equity under AIFRS had AASB132 / 139 been adopted for the year ended 31 July 2005		<u>937,883</u>	<u>734,440</u>	<u>390,723</u>	<u>405,202</u>

(i) Borrowing costs

Under AASB132, the dividends paid on the redeemable preference shares (PAVERS) will be classified as interest expense rather than as a dividend. This payment will retain its non-deductible status for tax purposes.

(ii) Share issue expenses

With the reclassification of PAVERS from equity to debt, the issue costs of those shares will be amortised each year against the income statement over the term of those shares (5 years from issue date). Under AGAAP these amounts were not recognised on an annual basis.

(iii) Reclassification of PAVERS

Under AASB132, it is anticipated that the redeemable preference shares (PAVERS) that are currently classified as equity under AGAAP, will be classified as a liability.

(iv) Hedge accounting

Under AASB132, it is anticipated that Brickworks will be required to recognise a liability in its balance sheet for the fair value of its interest rate swap, which would be classified as an effective hedge. The other side of this entry will be shown in a cash flow hedge reserve, and released against the liability as the valuation of this instrument varies. Under AGAAP, these amounts are not recorded on the balance sheet of the group.

(v) Accrued interest

With the change of treatment of the PAVERS dividend to interest expense, interest will accrue on a straight line basis over the period of issue. Currently, a dividend is only recognised as a provision when it is declared, in accordance with AASB1044: Provisions, Contingent Liabilities and Contingent Assets.

DIRECTORS' DECLARATION

In the opinion of the Directors:

1. the financial statements and notes of the Company and the consolidated entity, as set out on pages 21 to 55, and the additional disclosures included in the Director's Report designated as audited, 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 31 July 2005 and of the performance for the year ended on that date of the Company and the Brickworks Group;
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 32 will be able to meet any obligations or liabilities to which they are or may become subject to, by virtue of the Deed of Cross Guarantee.

This declaration is made after receiving the declaration required to be made to the Directors in accordance with s295A of the Corporations Act 2001 for the financial year ended 31 July 2005.

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

Dated 29 September 2005

R.D. MILLNER
Director

R.J. WEBSTER
Director

INDEPENDENT AUDIT REPORT TO MEMBERS OF BRICKWORKS LIMITED

Scope

The financial report, remuneration disclosures and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Brickworks Limited (the company) and the consolidated entity, for the 13 month period ended 31 July 2005. The consolidated entity comprises both the company and the entities it controlled during that period.

The company has disclosed information about the remuneration of directors and executives ("remuneration disclosures"), as required by Accounting Standard 1046 Director and Executive Disclosures by Disclosing Entities, under the heading "Remuneration Report" in pages 12 to 15 of the directors' report, as permitted by the Corporations Regulations 2001.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company and the consolidated entity, and that complies with Accounting Standards in Australia, in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The directors are also responsible for the remuneration disclosures contained in the directors' report.

Audit approach

We conducted an independent audit of the financial report in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement and the remuneration disclosures comply with Accounting Standard AASB 1046 and the Corporations Regulations 2001. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows and whether the remuneration disclosures comply with Accounting Standard AASB 1046 and the Corporations Regulations 2001.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report and the remuneration disclosures; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report and the remuneration disclosures. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

Independence

We are independent of the company and the consolidated entity and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report. In addition to our audit of the financial report and the remuneration disclosures, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Audit opinion

In our opinion:

1. the financial report of Brickworks Limited is in accordance with:
 - (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of Brickworks Limited and the consolidated entity at 31 July 2005 and of their performance for the 13 month period ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
 - (b) other mandatory financial reporting requirements in Australia.
2. the remuneration disclosures that are contained in pages 12 to 15 of the directors' report comply with Accounting Standard AASB 1046 and the Corporations Regulations 2001.

Ernst & Young

Graham Ezzy
Partner

29 September 2005

SHAREHOLDER INFORMATION

STATEMENT OF SHAREHOLDERS AT 16TH SEPTEMBER 2005

ORDINARY SHARES

Number of holders	2,879
Voting entitlement is one vote per fully paid ordinary share	
% of total holdings by or on behalf of twenty largest shareholders	83.26%

Distribution of Shareholdings

	No. Holders
1 - 1,000	933
1,001 - 5,000	1,219
5,001 - 10,000	335
10,001 - 100,000	346
100,001 and over	46
	2,879
	2,879

Holdings of less than marketable parcel of 42 shares	9
Number of shares held in voluntary escrow	108,696

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

Shareholder	Number of Shares
Washington H Soul Pattinson & Co. Ltd	65,645,140
Perpetual Trustees Australia Ltd	17,538,702
Perennial Value Management Ltd	9,452,862
Permanent Trustee Company Ltd	7,111,550

20 LARGEST SHAREHOLDERS AS DISCLOSED ON THE SHARE REGISTER AS AT 16TH SEPTEMBER 2005

	Number of Shares	%
1. Washington H. Soul Pattinson & Co. Ltd	65,645,140	49.47
2. RBC Global Services Australia Nominees Pty Ltd <PIPOOLED A/C>	12,456,721	9.39
3. National Nominees Ltd	5,419,216	4.08
4. J P Morgan Nominees Australia Ltd	4,200,653	3.17
5. Westpac Custodian Nominees Ltd	2,752,751	2.07
6. RBC Global Services Australia Nominees Pty Ltd <PIIC A/C>	2,557,062	1.93
7. J S Millner Holdings Pty Ltd	2,315,828	1.75
8. Cogent Nominees Pty Ltd	2,269,237	1.71
9. Mr K. S. Baker & Mrs M. I. Baker	1,781,858	1.34
10. Milton Corporation Ltd	1,483,580	1.12
11. Australian Foundation Investment Co. Ltd	1,477,970	1.11
12. Mr J. S. Millner	1,281,903	0.97
13. Queensland Investment Corporation	1,126,463	0.85
14. Citicorp Nominees Pty Ltd <CFSIL CWLTH AUST SHS 4 A/C>	1,119,029	0.84
15. Choiseul Investments Ltd	1,014,360	0.76
16. AMP Life Ltd	1,004,470	0.76
17. Citicorp Nominees Pty Ltd	889,527	0.67
18. RBC Global Services Australia Nominees Pty Ltd <BKCUST A/C>	572,440	0.43
19. Argo Investments Ltd	554,960	0.42
20. UBS Private Clients Australia	552,150	0.42
	110,475,318	83.26

SHAREHOLDER INFORMATION

STATEMENT OF SHAREHOLDERS AT 16TH SEPTEMBER 2005

REDEEMABLE PREFERENCE SHARES (PAVERS)

Number of holders 2,762

There are no voting rights attached to the redeemable preference shares

% of total holdings by or on behalf of twenty largest shareholders 52.23%

Distribution of Shareholdings

	No. Holders
1 - 1,000	2,660
1,001 - 5,000	85
5,001 - 10,000	7
10,001 - 100,000	9
100,001 and over	1
	2,762

Holdings of less than marketable parcel of 5 shares Nil

20 LARGEST SHAREHOLDERS AS DISCLOSED ON THE SHARE REGISTER AS AT 16TH SEPTEMBER 2005

	Number of Shares	%
1. J P Morgan Nominees Australia Ltd	433,493	26.27
2. RBC Global Services Australia Nominees Pty Ltd <JBENIP A/C>	83,000	5.03
3. Australian Foundation Investment Co. Ltd	70,000	4.24
4. Cogent Nominees Pty Ltd	54,865	3.33
5. Citicorp Nominees Pty Ltd <CFSIL CWLTH SPEC 5 A/C>	41,649	2.52
6. Camelia Pty Ltd <The Gilham Family Trust>	40,000	2.42
7. ANZ Executors and Trustee Company Ltd	21,828	1.32
8. Australian Executor Trustees Ltd	19,808	1.20
9. ANZ Nominees Ltd	18,976	1.15
10. Brencorp No 11 Pty Ltd	12,500	0.76
11. Milton Corporation Ltd	10,000	0.61
12. Fortis Clearing Nominees Pty Ltd <Settlement A/C>	8,389	0.51
13. Invia Custodian Pty Ltd <Wilson Invmt Fund Ltd A/C>	8,000	0.48
14. Share Direct Nominees Pty Ltd <National Nominees A/C>	7,500	0.45
15. ARGO Investments Ltd	6,000	0.36
16. Employers Mutual Ltd	5,563	0.34
17. Baker Custodian Corporation	5,150	0.31
18. Brencorp Pty Ltd <Scanlon Foundation A/C>	5,000	0.30
19. Citicorp Nominees Pty Ltd	5,000	0.30
20. Mr Edward Philip Telford	5,000	0.30
	861,721	52.23

