

BRICKWORKS LIMITED

ACN 000 028 526

REVIEW OF OPERATIONS

Year Ended 30 June 2000

Group Results

On a pre-equity accounted basis the group net profit after tax increased 41% to \$43.6 million. On an equity accounted basis the result increased 11% to \$43.0 million, or \$3.26 on an earnings per share basis.

Contributions to group profit comprise 48.6% from clay products, 37.9% from the investment in Soul Pattinson and 13.5% from investments.

Strong performance of the Group overall for the year has enabled Directors to recommend that the Final Ordinary Dividend be increased 16.7% to 70 cents per share and that a Special Dividend of 60 cents be paid, both fully franked and payable on 6 November. Together with the interim dividends of 80 cents, this brings dividends for the year to \$2.10 per share.

Clay Products

Brickworks primary business comprises the manufacture from clay of brick, paver and floor tile products. Bricks and pavers operate under the name Austral Brick with the company's business strategy focusing on markets in New South Wales, Queensland, the ACT, as well as export markets in New Zealand and Asia. Terracotta Floor Tiles operate under the name of Austral Tiles and are distributed nationally.

Improved selling prices and volumes increased sales revenue by 34% to \$159.1 million. Clay product operations increased net profit after tax by 59% on the previous year to \$20.9 million including a \$1.6 million adjustment for the reductions in the company tax rate to 34% in the year ending June 2001, then 30% in year end June 2002. This is a 14.6% return on the net assets of the clay products business.

Clay products EBIT margin increased to 19.2% of sales revenue, up from 17.4% the previous year.

The improved result emanated from a combination of:

- the pre GST induced building rush
- the purchase of the Riverview factory in Queensland
- a growing tile business
- a reduction of overall unit costs
- an overall improvement in selling prices
- a reduction in overheads as a percentage of sales

Over the past four years since the bottom of the current upswing, clay products have increased earnings before tax eight fold to \$30.5 million.

During the 2000 financial year, all factories were maintained at full capacity to meet the GST induced boom. The order book remains healthy by historical standards, and higher demand, coupled with more efficient inventory management, resulted in stock levels at 30 June being less than one week's supply. At year-end, total inventories were \$10.1 million, which was \$8.7 million or 46% lower than the previous year.

Capital expenditure during 1999/2000 totalled \$20.0 million including the purchase of the Riverview factory. Depreciation has increased 4% to \$9.2 million.

New South Wales and ACT

Following an historically high level of dwelling construction in New South Wales during the year, housing builders in all markets are reporting a significant sales slowdown during this calendar year. This is supported by ABS statistics currently showing a fall in home approvals. However, many builders are still carrying several months' work so the ultimate effect on demand for bricks is not yet clear.

Medium density builders, with their longer lead and delivery times, remain busy with some large projects planned for commencement during the balance of the calendar year.

During the year abnormal brick demand in New South Wales was met by reducing stocks and the transporting of record brick quantities from the Queensland factories. Price rises assisted in recouping costs of cartage from Queensland.

Automated packaging equipment was commissioned in Plant #2 at Horsley Park, NSW at a total cost of \$3.0 million. This has reduced manufacturing costs in that plant.

Conditions in regional markets including the ACT were improved over the past 12 months.

Queensland

The new Riverview factory in Brisbane has performed beyond expectations with production costs now likely to be the lowest in the country. The plant was acquired in September 1999 from Pioneer International for \$13.5 million. The capital purchase price included \$7.3 million for the land and buildings, since valued at \$8.6 million, and \$2.7 million for the stock. Stock was subsequently written down 25% or \$621,000 due to lower production costs after the acquisition. The factory has a capacity of 40 million units per annum and since acquisition, has run in excess of this capacity.

The Riverview plant has allowed a wider face brick range to be offered to the Queensland market resulting in a significant increase in sales. It has also allowed efficiency improvements and product rationalisation at Rochedale further lowering production costs at that plant.

Capital expenditure of \$1.6 million at Riverview, to replace the existing palletised brick packaging system with a strapping system, will further reduce unit costs. The new system is to be commissioned in the second quarter of this new financial year.

Slick Bricks

Slick Brick™, a precision diamond ground block, was launched in late 1999. This revolutionary product uses a special adhesive on the horizontal joints and a unique interlocking key in the vertical joint. Slick Brick is up to three times faster to lay and has superior load bearing capabilities compared with traditional brickwork, making it a cost effective alternative in high-rise, commercial, medium density applications and full brick homes.

The product meets the rigorous strength, fire rating and acoustic standards required in many building applications. Slick Bricks come in 90, 110 and 150 mm wall thicknesses and are available in single, one and a half, double and triple standard height bricks. After a slow start, this new product is rapidly gaining acceptance. Capital expenditure on this project was \$1.4 million.

Austral Tiles

The Floor Tile business has continued its rapid development, with sales increasing a further 61% over the previous financial year. Austral is now Australia's largest producer of terracotta floor tiles.

The converted clay pipe factory at Punchbowl, where the tiles are now manufactured, is at capacity and has reached the end of its economic life. Consequently it has been decided to invest \$17.3 million to build a state-of-the-art floor tile plant on the same site. Costs are already being reduced following capital expenditure of \$1.0 million in the second half of the year for the installation of automated tile packaging equipment. This will eventually be integrated into the new plant.

On completion in September 2001, the new factory will produce approximately 1 million square metres of tiles per annum. This ultra modern facility will position Austral as the lowest cost producer in Australia and enable Austral to compete effectively in domestic and export markets.

Exports

Exports of clay products have continued to grow strongly, with sales increasing 37%. New Zealand and Japan contributed the greatest increases in sales, while sales to China, Taiwan and Hong Kong are also encouraging. A sales office has been set up in Osaka, Japan with one employee, who is fluent in Japanese, to coordinate sales in Asian markets.

Export of pavers and bricks has significant potential for Austral and so research and development is focused on products suitable for export markets.

Land and Property

As part of its strategy to improve returns on its property assets, Brickworks has appointed a General Manager Property & Development. His role will be to assist in the realisation of surplus land holdings, redevelopment of the decommissioned Brookvale factory and landfill opportunities.

Brickworks has entered into an agreement with Clarendon Apartments for development of the decommissioned Brookvale brick factory site. It is anticipated that up to 60 units will be developed on the site once the development application is approved. It is expected that the DA will be submitted to Warringah Shire Council prior to Christmas. Once approval is given it will take approximately two years to complete the project.

On the Punchbowl site, where the new tile factory is to be built, there are some surplus land holdings. Three lots are for sale for a total value in excess of \$4.0 million. A large parcel of land, which is the original brick pit that has been landfilled, was leased to a container storage company for ten years.

At Mamre Road, St Marys, the Company has some 65 hectares of land. This is zoned Employment under Penrith Local Development Plan. The company has been working on a development application to subdivide this into commercial lots. The DA was submitted in early August. It is difficult to anticipate the time for DA approval, likely conditions or the percentage realisation of this property, all of which will depend on Council's attitude to the development.

The property known as The Vineyard at Eastern Creek, which is approximately 150 hectares bound by Wallgrove Road, Old Wallgrove Road and Warragamba Dam to Prospect Reservoir Pipeline, is a major quarry for the company, with mining approved in 1986. At that time it was estimated that it had 80 years' clay reserves. This property has been zoned under SEPP 59 as an employment zone and it may be possible in the future that some of this land, which is surplus to our clay mining requirements, could be subdivided for commercial development.

Waste Management

The company has identified that Waste Management and Landfill Operations is a potentially compatible business for Austral as it completes the process of mining and rehabilitation on its properties. Currently the company has substantial potential landfill space available in both New South Wales and Queensland, which will be realised in an orderly manner.

In New South Wales the company is still pursuing opportunities to realise the potential of the development approval for Category 2 landfill on the Horsley Park #1 site.

In Queensland the company continues to seek a development approval to use one of the old open cut mine sites as a putrescible waste landfill. There were also several large holes on properties included in the acquisition of the Riverview factory that may have landfill opportunities in the future.

Investment Activities

Ignoring the changes in accounting standards which resulted in an increase of the reported result for 1999 of \$1.02 million, the net profit after tax return from other investments improved 8.2% to \$5.8 million. The improvement in profit was attributable to additional dividends received from the increased share portfolio. The \$5.8 million represents a realised gain of 5.7% on assets employed and in addition, a further unrealised gain of \$10.7 million was achieved representing a total return on assets employed of 16.3%. The total market value of the group portfolio including the share trading portfolio and excluding Soul Pattinson, was \$126.4 million, an increase of \$21.0 million on the previous year.

During the year a further \$12.2 million was added to the portfolio including purchases of CBA, Westfarmers, Franked Income Fund, Rural Press, Lend Lease, AGL, AMP Income Securities, NAB, Colonial Income Securities, Bank of Queensland, Telstra II, Macquarie Bank, First Australian Building Society, Choiseul Investments, Sabre Group, QBE, Paperlinx, Wattyl, Woolworths, Flinders Property Trust, Graincorp, Spotless Group and Milton Corporation.

Brickworks share of Washington H Soul Pattinson profit for the twelve months ending 31 January 2000 was \$16.3 million, which compares to \$19.1 million in the previous corresponding period and represents a 9.4% return on the equity accounted investment. The dividend received was \$16.9 million, an increase of 50% on the previous year. According to Bloomberg Financial Markets the total share price has appreciated 140% over the previous ten years and the total return including dividends is 197% over the same period.

Interest receipts reduced slightly to \$1.75 million due to the reduced average cash balance. The company's cash position was \$37.7 million at June 30.

Takeover Offer

On 6 April 2000 Brickworks received an unsolicited takeover offer from Guinness Peat Group (GPG). The offer was \$100 cash plus four shares in Soul Pattinson, currently owned by Brickworks, for every five shares in Brickworks.

The board of Brickworks is yet to receive clarification in respect of a number of questions the Brickworks directors raised in the Target Statement. Brickworks directors have advised shareholders to take no action at this time in regard to the offer.

Brickworks' major shareholder, Soul Pattinson, which owns 49.8 % of Brickworks, has advised it does not intend to accept the offer.

On 13 June 2000 GPG extended the offer by three months until 7pm on 21 September 2000. On 13 June 2000 GPG further advised that their relevant interest had only increased 0.02% to 10.16%.

On 24 August GPG failed in its attempt to seek a declaration of unacceptable circumstances in respect of their takeover offer for the company.

Shareholders are aware of the corporate structure of Brickworks which is that of a long-term investor, operator of various Clay Products businesses and a holder of a strategic equity holding in Washington H. Soul Pattinson (Souls). This shareholding has been in place for over thirty years and has been an important and valuable investment and allowed long-term development of the group's investment portfolio and Clay Products business.

The directors are determined that the interests of all shareholders and stakeholders in the company are protected and treated equitably.

Appendix 4B (rule 4.13(a))

Half yearly/preliminary final report

Introduced 1/12/97. Origin: Appendices 3, 4. Amended 1/7/98, 1/9/99, 1/7/2000.

Name of entity

BRICKWORKS LIMITED

ACN, ARBN or ARSN

Half yearly
(tick)

Preliminary
final (tick)

Half year/financial year ended ('current
period')

000 028 526

X

30th June 2000

Equity accounted results for announcement to the market

Extracts from this report for announcement to the market (see note 1).

\$A'000

Sales (or equivalent operating) revenue (<i>item 1.1</i>)	up	33%	to	157,843
Abnormal items after tax attributable to members (<i>item 2.5</i>)	gain (loss) of	-		
+Operating profit (loss) after tax (before amortisation of goodwill) attributable to members (<i>item 1.26</i>)	up	11%	to	43,007
+Operating profit (loss) after tax attributable to members (<i>item 1.10</i>)	up	11%	to	43,007
Extraordinary items after tax attributable to members (<i>item 1.13</i>)	gain (loss) of	-		
+Operating profit (loss) and extraordinary items after tax attributable to members (<i>item 1.16</i>)	up	11%	to	43,007
Dividends (distributions)		Amount per security		Franked amount per security at 36% tax
Final dividend (<i>Preliminary final report only - item 15.4</i>) – Ordinary		70¢		70¢
- Special		60¢		60¢
Interim dividend (<i>Half yearly report only - item 15.6</i>)				
Previous corresponding period (<i>Preliminary final report – item 15.5; half yearly report - item 15.7</i>) – Ordinary		60¢		60¢
- Special		50¢		50¢
+Record date for determining entitlements to the dividend, (in the case of a trust, distribution) (<i>see item 15.2</i>)		26th October 2000		
Brief explanation of omission of directional and percentage changes to profit in accordance with Note 1 and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:				

+ See chapter 19 for defined terms.

Consolidated profit and loss account

	Current period - \$A'000	Previous corresponding period - \$A'000
1.1 Sales (or equivalent operating) revenue	157,843	118,618
1.2 Share of associates' "net profit (loss) attributable to members" (equal to item 16.7)	16,301	19,135
1.3 Other revenue	12,314	9,957
1.4 +Operating profit (loss) before abnormal items and tax	53,281	47,006
1.5 Abnormal items before tax (detail in item 2.4)	-	-
1.6 +Operating profit (loss) before tax (items 1.4 + 1.5)	53,281	47,006
1.7 Less tax	10,274	8,290
1.8 +Operating profit (loss) after tax but before outside +equity interests	43,007	38,716
1.9 Less outside +equity interests	-	-
1.10 +Operating profit (loss) after tax attributable to members	43,007	38,716
1.11 Extraordinary items after tax (detail in item 2.6)	-	-
1.12 Less outside +equity interests	-	-
1.13 Extraordinary items after tax attributable to members	-	-
1.14 Total +operating profit (loss) and extraordinary items after tax (items 1.8 + 1.11)	43,007	38,716
1.15 +Operating profit (loss) and extraordinary items after tax attributable to outside +equity interests (items 1.9 + 1.12)	-	-
1.16 +Operating profit (loss) and extraordinary items after tax attributable to members (items 1.10 + 1.13)	43,007	38,716
1.17 Retained profits (accumulated losses) at beginning of financial period	82,170	32,737
1.18 If change in accounting policy as set out in clause 11 of AASB 1018 Profit and Loss Accounts, adjustments as required by that clause (include brief description)	-	34,015
1.19 Aggregate of amounts transferred from reserves	-	-
1.20 Total available for appropriation (carried forward)	125,177	105,468

+ See chapter 19 for defined terms.

Consolidated profit and loss account continued

1.20	Total available for appropriation (<i>brought forward</i>)	125,177	105,468
1.21	Dividends provided for or paid	22,458	18,743
1.22	Aggregate of amounts transferred to reserves	5,562	4,555
1.23	Retained profits (accumulated losses) at end of financial period	97,157	82,170

Profit restated to exclude amortisation of goodwill		Current period \$A'000	Previous corresponding period \$A'000
1.24	+Operating profit (loss) after tax before outside equity interests (items 1.8) and amortisation of goodwill	43,007	38,716
1.25	Less (plus) outside +equity interests	-	-
1.26	+Operating profit (loss) after tax (before amortisation of goodwill) attributable to members	43,007	38,716

Intangible, abnormal and extraordinary items		<i>Consolidated - current period</i>			
		Before tax \$A'000	Related tax \$A'000	Related outside +equity interests \$A'000	Amount (after tax) attributable to members \$A'000
2.1	Amortisation of goodwill				
2.2	Amortisation of other intangibles				
2.3	Total amortisation of intangibles	Nil	Nil	Nil	Nil
2.4	Abnormal items				
2.5	Total abnormal items	Nil	Nil	Nil	Nil
2.6	Extraordinary items				
2.7	Total extraordinary items	Nil	Nil	Nil	Nil

Comparison of half year profits <i>(Preliminary final report only)</i>		Current year - \$A'000	Previous year - \$A'000
3.1	Consolidated +operating profit (loss) after tax attributable to members reported for the <i>1st</i> half year (item 1.10 in the half yearly report)	20,830	20,058
3.2	Consolidated +operating profit (loss) after tax attributable to members for the <i>2nd</i> half year	22,177	18,658

+ See chapter 19 for defined terms.

Appendix 4B (rule 4.13(a))
Half yearly/preliminary final report

Consolidated balance sheet (See note 5)		At end of current period \$A'000	As shown in last annual report \$A'000	As in last half yearly report \$A'000
Current assets				
4.1	Cash	3,852	1,634	319
4.2	Receivables	22,710	17,183	20,271
4.3	Investments	2,871	2,361	2,594
4.4	Inventories	10,140	18,852	16,192
4.5	Other (provide details if material)			
	Prepayments	441	620	1,013
	Short Term Deposits	33,858	32,308	23,278
4.6	Total current assets	73,872	72,958	63,667
Non-current assets				
4.7	Receivables	-	-	-
4.8	Investments in associates	172,554	171,371	169,971
4.9	Other investments	62,301	52,533	58,117
4.10	Inventories	-	-	-
4.11	Exploration and evaluation expenditure capitalised (see para .71 of AASB 1022)	-	-	-
4.12	Development properties (+mining entities)	-	-	-
4.13	Other property, plant and equipment (net)	202,096	193,164	203,388
4.14	Intangibles (net)	-	-	-
4.15	Other (provide details if material) – Future Income Tax Benefit	2,584	2,346	2,442
	Total non-current assets	439,535	419,414	433,918
4.16				
4.17	Total assets	513,407	492,372	497,585
Current liabilities				
4.18	Accounts payable	6,977	7,409	8,270
4.19	Borrowings	-	-	-
4.20	Provisions	31,764	25,358	21,412
4.21	Other (provide details if material)	-	-	-
4.22	Total current liabilities	38,741	32,767	29,682
Non-current liabilities				
4.23	Accounts payable	-	-	-
4.24	Borrowings	-	-	-
4.25	Provisions	11,522	13,561	13,344
4.26	Other (provide details if material)	-	-	-
4.27	Total non-current liabilities	11,522	13,561	13,344
4.28	Total liabilities	50,263	46,328	43,026
4.29	Net assets	463,144	446,044	454,559

+ See chapter 19 for defined terms.

Consolidated balance sheet continued

Equity				
4.30	Capital	139,409	139,409	139,409
4.31	Reserves	226,578	224,465	226,140
4.32	Retained profits (accumulated losses)	97,157	82,170	89,010
4.33	Equity attributable to members of the parent entity	463,144	446,044	454,559
4.34	Outside +equity interests in controlled entities	-	-	-
4.35	Total equity	463,144	446,044	454,559
4.36	Preference capital included as part of 4.33	-	-	-

Exploration and evaluation expenditure capitalised

To be completed only by entities with mining interests if amounts are material. Include all expenditure incurred regardless of whether written off directly against profit.

	Current period \$A'000	Previous corresponding period - \$A'000
5.1	Opening balance	
5.2	Expenditure incurred during current period	
5.3	Expenditure written off during current period	
5.4	Acquisitions, disposals, revaluation increments, etc.	
5.5	Expenditure transferred to Development Properties	
5.6	Closing balance as shown in the consolidated balance sheet (item 4.11)	N/A

Development properties

(To be completed only by entities with mining interests if amounts are material)

	Current period \$A'000	Previous corresponding period - \$A'000
6.1	Opening balance	
6.2	Expenditure incurred during current period	
6.3	Expenditure transferred from exploration and evaluation	
6.4	Expenditure written off during current period	
6.5	Acquisitions, disposals, revaluation increments, etc.	
6.6	Expenditure transferred to mine properties	
6.7	Closing balance as shown in the consolidated balance sheet (item 4.12)	N/A

+ See chapter 19 for defined terms.

Consolidated statement of cash flows

(See note 6)

		Current period \$A'000	Previous corresponding period - \$A'000
Cash flows related to operating activities			
7.1	Receipts from customers	152,078	116,087
7.2	Payments to suppliers and employees	(109,737)	(87,794)
7.3	Dividends received from associates	16,873	11,248
7.4	Other dividends received	4,614	3,960
7.5	Interest and other items of similar nature received	1,733	1,968
7.6	Interest and other costs of finance paid	-	-
7.7	Income taxes paid	(10,140)	(6,355)
7.8	Other (provide details if material)	-	-
7.9	Net operating cash flows	55,421	39,114
Cash flows related to investing activities			
7.10	Payment for purchases of property, plant and equipment	(19,964)	(7,018)
7.11	Proceeds from sale of property, plant and equipment	2,293	632
7.12	Payment for purchases of equity investments	(12,179)	(18,622)
7.13	Proceeds from sale of equity investments	3,224	2,061
7.14	Loans to other entities	-	-
7.15	Loans repaid by other entities	-	-
7.16	Other (provide details if material)	-	-
7.17	Net investing cash flows	(26,626)	(22,947)
Cash flows related to financing activities			
7.18	Proceeds from issues of +securities (shares, options, etc.)	-	-
7.19	Proceeds from borrowings	-	-
7.20	Repayment of borrowings	-	-
7.21	Dividends paid	(25,027)	(23,052)
7.22	Other (provide details if material)	-	-
		(25,027)	(23,052)
7.23	Net financing cash flows		
7.24	Net increase (decrease) in cash held	3,768	(6,885)
7.25	Cash at beginning of period (see Reconciliation of cash)	33,942	40,827
7.26	Exchange rate adjustments to item 7.25	-	-
7.27	Cash at end of period (see Reconciliation of cash)	37,710	33,942

+ See chapter 19 for defined terms.

Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. If an amount is quantified, show comparative amount.

Nil

Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current period \$A'000	Previous corresponding period - \$A'000
8.1 Cash on hand and at bank	3,852	1,634
8.2 Deposits at call	2,595	3,933
8.3 Bank overdraft	-	-
8.4 Other (provide details) Money Market Instruments with less than 30 days to maturity	31,263	28,375
8.5 Total cash at end of period (item 7.26)	37,710	33,942

Ratios	Current period	Previous corresponding period
9.1 Profit before abnormals and tax / sales Consolidated +operating profit (loss) before abnormal items and tax (item 1.4) as a percentage of sales revenue (item 1.1)	33.8%	40%
9.2 Profit after tax / +equity interests Consolidated +operating profit (loss) after tax attributable to members (item 1.10) as a percentage of equity (similarly attributable) at the end of the period (item 4.33)	9.3%	8.7%

Earnings per security (EPS)	Current period	Previous corresponding period
10.1 Calculation of the following in accordance with AASB 1027: <i>Earnings per Share</i>		
(a) Basic EPS	326¢	294¢
(b) Diluted EPS (if materially different from (a))	326¢	294¢
(c) Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic EPS	13,172,360	13,172,360

+ See chapter 19 for defined terms.

Appendix 4B (rule 4.13(a))
Half yearly/preliminary final report

NTA backing <i>(see note 7)</i>	Current period	Previous corresponding period
11.1 Net tangible asset backing per +ordinary security	35.16	33.86

Details of specific receipts/outlays, revenues/ expenses

	Current period \$A'000	Previous corresponding period - \$A'000
12.1 Interest revenue included in determining item 1.4	1,755	1,955
12.2 Interest revenue included in item 12.1 but not yet received (if material)	94	73
12.3 Interest expense included in item 1.4 (include all forms of interest, lease finance charges, etc.)	-	-
12.4 Interest costs excluded from item 12.3 and capitalised in asset values (if material)	-	-
12.5 Outlays (except those arising from the +acquisition of an existing business) capitalised in intangibles (if material)	-	-
12.6 Depreciation and amortisation (excluding amortisation of intangibles)	9,195	8,819

Control gained over entities having material effect

(See note 8)

13.1 Name of entity (or group of entities)	N/A
13.2 Consolidated +operating profit (loss) and extraordinary items after tax of the entity (or group of entities) since the date in the current period on which control was +acquired	\$
13.3 Date from which such profit has been calculated	
13.4 +Operating profit (loss) and extraordinary items after tax of the entity (or group of entities) for the whole of the previous corresponding period	\$

+ See chapter 19 for defined terms.

Loss of control of entities having material effect

(See note 8)

14.1	Name of entity (or group of entities)	N/A
14.2	Consolidated +operating profit (loss) and extraordinary items after tax of the entity (or group of entities) for the current period to the date of loss of control	\$
14.3	Date to which the profit (loss) in item 14.2 has been calculated	
14.4	Consolidated +operating profit (loss) and extraordinary items after tax of the entity (or group of entities) while controlled during the whole of the previous corresponding period	\$
14.5	Contribution to consolidated +operating profit (loss) and extraordinary items from sale of interest leading to loss of control	\$

Reports for industry and geographical segments

Information on the industry and geographical segments of the entity must be reported for the current period in accordance with AASB 1005: Financial Reporting by Segments. Because of the different structures employed by entities, a pro forma is not provided. Segment information should be completed separately and attached to this report. However, the following is the presentation adopted in the Appendices to AASB 1005 and indicates which amounts should agree with items included elsewhere in this report.

Segments

Operating Revenue	Refer attached Statement of Operations by Segments
Sales to customers outside the economic entity	
Inter-segment sales	
Unallocated revenue	
Total revenue	
Segment result (including abnormal items where relevant)	
Unallocated expenses	
Consolidated +operating profit before tax (equal to item 1.6)	
Segment assets)	
Unallocated assets)	
Total assets (equal to item 4.17))	

Comparative data for segment assets should be as at the end of the previous corresponding period.

Dividends (in the case of a trust, distributions)

15.1	Date the dividend (distribution) is payable	6th November 2000
15.2	+Record date to determine entitlements to the dividend (distribution) (ie, on the basis of registrable transfers received by 5.00 pm if +securities are not +CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if +securities are +CHESS approved)	26th October 2000
15.3	If it is a final dividend, has it been declared? <i>(Preliminary final report only)</i>	Recommended

+ See chapter 19 for defined terms.

Amount per security

		Amount per security	Franked amount per security at 36% tax	Amount per security of foreign source dividend
15.4	<i>(Preliminary final report only)</i> Final dividend: Current year - Ordinary - Special	70¢ 60¢	70¢ 60¢	-¢ -¢
15.5	Previous year - Ordinary - Special	60¢ 50¢	60¢ 50¢	-¢ -¢
15.6	<i>(Half yearly and preliminary final reports)</i> Interim dividend: Current year - Ordinary - Special	55¢ 25¢	55¢ 25¢	-¢ -¢
15.7	Previous year - Ordinary - Special	50¢ 25¢	50¢ 25¢	-¢ -¢

Total dividend (distribution) per security (interim plus final)

(Preliminary final report only)

	Current year	Previous year
15.8 +Ordinary securities	2.10¢	1.85¢
15.9 Preference +securities	-¢	-¢

Half yearly report - interim dividend (distribution) on all securities or Preliminary final report - final dividend (distribution) on all securities

	Current period \$A'000	Previous corresponding period - \$A'000
15.10 +Ordinary securities - Ordinary - Special	9,221 7,903	7,904 6,586
15.11 Preference +securities	-	-
15.12 Total	17,124	14,490

The +dividend or distribution plans shown below are in operation.

N/A

The last date(s) for receipt of election notices for the +dividend or distribution plans

N/A

Any other disclosures in relation to dividends (distributions)

N/A

+ See chapter 19 for defined terms.

Details of aggregate share of profits (losses) of associates

Entity's share of associates'	Current period \$A'000	Previous corresponding period - \$A'000
16.1 Operating profit (loss) before income tax	33,252	38,372
16.2 Income tax expense	11,839	13,580
16.3 Operating profit (loss) after income tax	21,413	24,792
16.4 Extraordinary items net of tax	-	-
16.5 Net profit (loss)	21,413	24,792
16.6 Outside equity interests	5,112	5,657
16.7 Net profit (loss) attributable to members	16,301	19,135

Material interests in entities which are not controlled entities

The economic entity has an interest (that is material to it) in the following entities. If the interest was acquired or disposed of during either the current or previous corresponding period, indicate date of acquisition ("from xx/xx/xx") or disposal ("to xx/xx/xx").

<i>Name of entity</i>	Percentage of ownership interest held at end of period or date of disposal		Contribution to +operating profit (loss) and extraordinary items after tax (item 1.14)	
	Current period	Previous corresponding period	Current period - \$A'000	Previous corresponding period- \$A'000
17.1 Equity accounted associates				
Washington H. Soul Pattinson and Company Limited	42.85	42.85	16,301	19,135
17.2 Total			16,301	19,135
17.3 Other material interests				
N/A				
17.4 Total				

+ See chapter 19 for defined terms.

Appendix 4B (rule 4.13(a))
Half yearly/preliminary final report

Issued and quoted securities at end of current period

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

Category of +securities	Total number	Number quoted	Issue price per security (see note 15) (cents)	Amount paid up per security (see note 15) (cents)
18.1 Preference +securities <i>(description)</i>	Nil			
18.2 Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks, redemptions				
18.3 +Ordinary securities	13,172,360	13,172,360		
18.4 Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks				
18.5 +Convertible debt securities <i>(description and conversion factor)</i>	N/A			
18.6 Changes during current period (a) Increases through issues (b) Decreases through securities matured, converted				
18.7 Options <i>(description and conversion factor)</i>	N/A		<i>Exercise price</i>	<i>Expiry date (if any)</i>
18.8 Issued during current period				
18.9 Exercised during current period				
18.10 Expired during current period				
18.11 Debentures <i>(totals only)</i>	N/A			
18.12 Unsecured notes <i>(totals only)</i>	N/A			

+ See chapter 19 for defined terms.

Comments by directors

Comments on the following matters are required by ASX or, in relation to the half yearly report, by AASB 1029: Half-Year Accounts and Consolidated Accounts. The comments do not take the place of the directors' report and statement (as required by the Corporations Law) and may be incorporated into the directors' report and statement. For both half yearly and preliminary final reports, if there are no comments in a section, state NIL. If there is insufficient space to comment, attach notes to this report.

Refer attached review of operations

Basis of accounts preparation

If this report is a half yearly report, it is a general purpose financial report prepared in accordance with the listing rules and AASB 1029: Half-Year Accounts and Consolidated Accounts. It should be read in conjunction with the last ⁺annual report and any announcements to the market made by the entity during the period. [Delete if preliminary final statement.]

Material factors affecting the revenues and expenses of the economic entity for the current period

Refer attached review of operations.

A description of each event since the end of the current period which has had a material effect and is not related to matters already reported, with financial effect quantified (if possible)

N/A

Franking credits available and prospects for paying fully or partly franked dividends for at least the next year

Sufficient franking credits exist to maintain fully franked dividends similar to the current period.

Changes in accounting policies since the last annual report are disclosed as follows.

(Disclose changes in the half yearly report in accordance with paragraph 15(c) of AASB 1029: Half-Year Accounts and Consolidated Accounts. Disclose changes in the preliminary final report in accordance with AASB 1001: Accounting Policies-Disclosure.)

Nil

Additional disclosure for trusts

+ See chapter 19 for defined terms.

Half yearly/preliminary final report

19.1	Number of units held by the management company or responsible entity or their related parties.	N/A
19.2	A statement of the fees and commissions payable to the management company or responsible entity. Identify: <ul style="list-style-type: none"> • initial service charges • management fees • other fees 	N/A

Annual meeting

(Preliminary final report only)

The annual meeting will be held as follows:

Place	Hotel Intercontinental 117 Macquarie Street, Sydney, NSW
Date	3rd November 2000
Time	12.00 Noon
Approximate date the +annual report will be available	5th October 2000

Compliance statement

1 This report has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 13).

Identify other standards used N/A

2 This report, and the +accounts upon which the report is based (if separate), use the same accounting policies.

3 This report does give a true and fair view of the matters disclosed (see note 2).

+ See chapter 19 for defined terms.

4 This report is based on +accounts to which one of the following applies.

(Tick one)

The +accounts have been audited.

The +accounts have been subject to review.

The +accounts are in the process of being audited or subject to review.

The +accounts have *not* yet been audited or reviewed.

5 If the audit report or review by the auditor is not attached, details of any qualifications will follow immediately they are available* (*Half yearly report only - the audit report or review by the auditor must be attached to this report if this report is to satisfy the requirements of the Corporations Law.*)

There are no qualifications.

6 The entity has a formally constituted audit committee.

Sign here: Date: 29th August 2000
(Company secretary)

Print name: Alexander James Payne

Notes

1. **For announcement to the market** The percentage changes referred to in this section are the percentage changes calculated by comparing the current period's figures with those for the previous corresponding period. Do not show percentage changes if the change is from profit to loss or loss to profit, but still show whether the change was up or down. If changes in accounting policies or procedures have had a material effect on reported figures, do not show either directional or percentage changes in profits. Explain the reason for the omissions in the note at the end of the announcement section.
2. **True and fair view** If this report does not give a true and fair view of a matter (for example, because compliance with an Accounting Standard is required) the entity must attach a note providing additional information and explanations to give a true and fair view.
3. **Consolidated profit and loss account**
 - Item 1.1 The definition of "operating revenue" and an explanation of "sales revenue" (or its equivalent) and "other revenue" are set out in *AASB 1004: Disclosure of Operating Revenue*.
 - Item 1.2 'Share of associates' "net profit (loss) attributable to members" would form part of "other revenue" in *AASB 1004* to the extent that a profit is to be reported. ASX has elected to require disclosure of a share of a loss in the same location for consistency of presentation.
 - Item 1.4 "+operating profit (loss) before abnormal items and tax" is calculated before dealing with outside +equity interests and extraordinary items, but after deducting interest on borrowings, depreciation and amortisation.

+ See chapter 19 for defined terms.

Appendix 4B (rule 4.13(a))
Half yearly/preliminary final report

- Item 1.7 This item refers to the total tax attributable to the amount shown in item 1.6. Tax includes income tax and capital gains tax (if any) but excludes taxes treated as operating expenses (eg, fringe benefits tax).
4. **Income tax** If the amount provided for income tax in this report differs (or would differ but for compensatory items) by more than 15% from the amount of income tax *prima facie* payable on the profit before tax, the entity must explain in a note the major items responsible for the difference and their amounts.
5. **Consolidated balance sheet**
Format The format of the consolidated balance sheet should be followed as closely as possible. However, additional items may be added if greater clarity of exposition will be achieved, provided the disclosure still meets the requirements of *AASB 1029* and *AASB 1034*. Banking institutions, trusts and financial institutions identified in an ASIC Class Order dated 2 September 1997 may substitute a clear liquidity ranking for the Current/Non-Current classification.
- Basis of revaluation** If there has been a material revaluation of non-current assets (including investments) since the last +annual report, the entity must describe the basis of revaluation adopted. The description must meet the requirements of *AASB 1010: Accounting for the Revaluation of Non-Current Assets*. If the entity has adopted a procedure of regular revaluation, the basis for which has been disclosed and has not changed, no additional disclosure is required. Trusts should also note paragraph 10 of *AASB 1029* and paragraph 11 of *AASB 1030: Application of Accounting Standards etc*.
6. **Statement of cash flows** For definitions of “cash” and other terms used in this report see *AASB 1026: Statement of Cash Flows*. Entities should follow the form as closely as possible, but variations are permitted if the directors (in the case of a trust, the management company) believe that this presentation is inappropriate. However, the presentation adopted must meet the requirements of *AASB 1026*. +Mining exploration entities may use the form of cash flow statement in Appendix 5B.
7. **Net tangible asset backing** Net tangible assets are determined by deducting from total tangible assets all claims on those assets ranking ahead of the +ordinary securities (ie, all liabilities, preference shares, outside +equity interests etc). +Mining entities are *not* required to state a net tangible asset backing per +ordinary security.
8. **Gain and loss of control over entities** The gain or loss must be disclosed if it has a material effect on the +accounts. Details must include the contribution for each gain or loss that increased or decreased the entity’s consolidated profit (loss) from ordinary activities and extraordinary items after tax by more than 5% compared to the previous corresponding period.
9. **Rounding of figures** This report anticipates that the information required is given to the nearest \$1,000. However, an entity may report exact figures, if the \$A’000 headings are amended. If an entity qualifies under ASIC Class Order 98/0100 dated 10 July 1998, it may report to the nearest million dollars, or to the nearest \$100,000, if the \$A’000 headings are amended.

+ See chapter 19 for defined terms.

Appendix 4B (rule 4.13(a))
Half yearly/preliminary final report

10. **Comparative figures** Comparative figures are the unadjusted figures from the previous corresponding period. However, if there is a lack of comparability, a note explaining the position should be attached.
11. **Comparative figures when equity accounted information first included in the accounts** There will be a lack of comparability in the figures for the previous corresponding period when equity accounted information is first included if this information has a material effect on the consolidated accounts. If it does have a material effect, attach a note providing a better comparison by restating “Operating profit (loss) after tax attributable to members” (item 1.10) and “Investments in associates” (item 4.8) for the previous corresponding period to incorporate equity accounted information. In addition, as required by Note 1, no directional or percentage changes in profit are to be reported in the “For announcement to the market” section. Where the disclosures were not previously required in Appendix 4B, no comparatives need be shown.
12. **Additional information** An entity may disclose additional information about any matter, and must do so if the information is material to an understanding of the reports. The information may be an expansion of the material contained in this report, or contained in a note attached to the report. The requirement under the listing rules for an entity to complete this report does not prevent the entity issuing reports more frequently. Additional material lodged with the +ASIC under the Corporations Law must also be given to ASX. For example, a directors’ report and statement, if lodged with the +ASIC, must be given to ASX.
13. **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if one) must be complied with.
14. **Corporations Law financial statements** As at 1/7/96, this report may be able to be used by an entity required to comply with the Corporations Law as part of its half-year financial statements if prepared in accordance with Australian Accounting Standards.
15. **Issued and quoted securities** The issue price and amount paid up is not required in items 18.1 and 18.3 for fully paid securities.

+ See chapter 19 for defined terms.

BRICKWORKS LIMITED AND CONTROLLED ENTITIES
A.C.N. 000 028 526

NOTES TO PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 30 JUNE 2000

	2000	1999
	\$'000	\$'000

NOTE 4: INCOME TAX EXPENSE

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

Prima facie tax payable on operating profit and abnormal items before income tax at 36%

	19,181	16,922
(a) Add: Tax effect of:		
Other non-allowable items and adjustments.	348	178
	19,529	17,100
Less: Tax effect of:		
Capital profits not subject to income tax	52	4
Share of net profits of associates	5,868	6,888
Rebateable dividends	1,724	1,849
Over (under) provision for income tax in prior year	41	69
Restatement of deferred tax balances from change in income tax rates	1,570	
Income tax expense attributable to operating profit	10,274	8,290
(b) Income tax expense attributable to:		
Operating profit before income tax	10,274	8,290

(c) The income tax expense comprises amounts set aside as:

Provision for income tax attributable to current year		
- Income tax payable on operating profit	13,227	8,403
- (Over) under provision for income tax in prior year	(41)	(69)
Provision for income tax attributable to future years		
- Provision for deferred income tax	(2,674)	(50)
- Future income tax benefit	<u>(238)</u>	<u>6</u>
	<u>10,274</u>	<u>8,290</u>