

26 August 2003

Australian Stock Exchange (Sydney) Limited
20 Bond Street
SYDNEY NSW 2000

Attention: **Companies Department**

Dear Sir/Madam,

Please find enclosed the documents comprising Brickworks Limited's Preliminary Final Report for the year ended 30 June 2003 pursuant to the Listing Rules.

Yours faithfully,
BRICKWORKS LIMITED

ALEX J. PAYNE
COMPANY SECRETARY

BRICKWORKS LIMITED

ABN 17 000 028 526

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BRICKWORKS LIMITED
A.B.N. 17 000 028 526

APPENDIX 4E
PRELIMINARY FINAL REPORT

RESULTS FOR ANNOUNCEMENT TO THE MARKET
FOR THE YEAR ENDED 30 JUNE 2003

RESULTS	CURRENT YEAR	PREVIOUS YEAR	PERCENTAGE MOVEMENT
Revenues from ordinary activities (\$000's)	211,697	166,582	27% INCREASE
Profit (loss) from ordinary activities after tax attributable to members (\$000's)	72,689	51,927	40% INCREASE
Net profit (loss) for the year attributable to members (\$000's)	72,689	51,927	40% INCREASE
Basic earnings per share (cents per share)	55.2	39.4	40% INCREASE
Net tangible assets per share (cents per share)	460.9	413.1	12% INCREASE

DIVIDENDS

	Amount per security	Franked amount per security	Total amount paid / payable	Foreign source dividend per security
Proposed final ordinary dividend (payable 3 November 2003)	13.0	13.0	17,124,068	0.0
Previous corresponding period (paid 4 November 2002)	9.0	9.0	11,855,124	0.0
Interim ordinary dividend (paid 10 April 2003)	7.0	7.0	9,220,652	0.0
Previous corresponding period (paid 11 April 2002)	6.5	6.5	8,562,034	0.0

Record date for determining entitlements to the dividend

24 OCTOBER 2003

Refer to the attached Review of Operations for an explanation of the results of the year.

Refer to the attached financial statements for additional details regarding these results.

This report and the attached accounts have been audited. There was no dispute or qualification in relation to these accounts or report.

BRICKWORKS LIMITED AND CONTROLLED ENTITIES
A.B.N. 17 000 028 526

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2003

	NOTE	CONSOLIDATED		PARENT ENTITY	
		2003 \$000	2002 \$000	2003 \$000	2002 \$000
Revenue from sale of goods	2	181,013	148,437	-	-
Cost of sales		<u>(107,447)</u>	<u>(88,741)</u>	<u>-</u>	<u>-</u>
Gross profit		73,566	59,696	-	-
Other revenues from ordinary activities	2	30,684	18,145	150,984	42,051
Distribution expenses		(22,179)	(19,289)	-	-
Administration expenses		(10,273)	(7,827)	(1,256)	(647)
Selling expenses		(10,605)	(9,143)	-	-
Borrowing costs expense		(5,009)	(3,674)	(5,009)	(3,667)
Other expenses from ordinary activities		(16,161)	(8,197)	(88,752)	(4,406)
Share of net profits of associates accounted for using the equity method		<u>35,264</u>	<u>30,942</u>	<u>-</u>	<u>-</u>
Profit from ordinary activities before income tax expenses	3	75,287	60,653	55,967	33,331
Income tax attributable to profit from ordinary activities	4	<u>(2,598)</u>	<u>(8,726)</u>	<u>3,331</u>	<u>(70)</u>
Profit from ordinary activities after related income tax expenses		<u>72,689</u>	<u>51,927</u>	<u>59,298</u>	<u>33,261</u>
Net exchange difference on translation of financial report of self-sustaining foreign operations		3	(3)	-	-
Share of net (increase) / decrease in reserves of associates accounted for using the equity method		<u>(4,885)</u>	<u>(1,697)</u>	<u>-</u>	<u>-</u>
Total changes in equity other than those resulting from transactions with owners as owners		<u>67,807</u>	<u>50,227</u>	<u>59,298</u>	<u>33,261</u>
Basic earnings per share (cents per share)	8	55.2	39.4		
Diluted earnings per share (cents per share)	8	55.2	39.4		

BRICKWORKS LIMITED AND CONTROLLED ENTITIES
A.B.N. 17 000 028 526

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2003

	NOTE	CONSOLIDATED		PARENT ENTITY	
		2003 \$000	2002 \$000	2003 \$000	2002 \$000
CURRENT ASSETS					
Cash	9	39,924	11,775	37,336	10,251
Receivables	10(a)	24,204	24,346	2,100	1,755
Other financial assets	11(a)	984	1,057	-	-
Inventories	12(a)	28,202	26,135	-	-
Other	13	<u>3,673</u>	<u>1,441</u>	<u>1,703</u>	<u>657</u>
TOTAL CURRENT ASSETS		<u>96,987</u>	<u>64,754</u>	<u>41,139</u>	<u>12,663</u>
NON-CURRENT ASSETS					
Receivables	10(b)	-	-	136,676	52,151
Other financial assets	11(b)	65,406	66,592	249,989	335,568
Inventories	12(b)	1,574	806	-	-
Investments accounted for using the equity method	14	320,424	309,825	-	-
Property, plant and equipment	15	217,838	226,132	645	645
Deferred tax assets	16	<u>5,000</u>	<u>4,595</u>	<u>5,000</u>	<u>68</u>
TOTAL NON-CURRENT ASSETS		<u>610,242</u>	<u>607,950</u>	<u>392,310</u>	<u>388,432</u>
TOTAL ASSETS		<u>707,229</u>	<u>672,704</u>	<u>433,449</u>	<u>401,095</u>
CURRENT LIABILITIES					
Payables	17(a)	13,545	15,033	415	45
Current interest-bearing liabilities	18	70,000	80,262	70,000	80,000
Current tax liabilities	19	1,504	2,787	1,531	(158)
Provisions	20(a)	<u>10,402</u>	<u>18,921</u>	<u>-</u>	<u>11,855</u>
TOTAL CURRENT LIABILITIES		<u>95,451</u>	<u>117,003</u>	<u>71,946</u>	<u>91,742</u>
NON-CURRENT LIABILITIES					
Payables	17(b)	-	-	993	195
Provisions	20(b)	4,076	3,358	900	226
Deferred tax liabilities	21	<u>601</u>	<u>8,188</u>	<u>601</u>	<u>-</u>
TOTAL NON-CURRENT LIABILITIES		<u>4,677</u>	<u>11,546</u>	<u>2,494</u>	<u>421</u>
TOTAL LIABILITIES		<u>100,128</u>	<u>128,549</u>	<u>74,440</u>	<u>92,163</u>
NET ASSETS		<u>607,101</u>	<u>544,155</u>	<u>359,009</u>	<u>308,932</u>
EQUITY					
Contributed equity	22	139,409	139,409	139,409	139,409
Reserves	23	258,220	263,306	96,124	96,124
Retained profits	24	<u>209,472</u>	<u>141,440</u>	<u>123,476</u>	<u>73,399</u>
TOTAL EQUITY		<u>607,101</u>	<u>544,155</u>	<u>359,009</u>	<u>308,932</u>

BRICKWORKS LIMITED AND CONTROLLED ENTITIES
A.B.N. 17 000 028 526

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2003

	NOTE	CONSOLIDATED		PARENT ENTITY	
		2003 \$000	2002 \$000	2003 \$000	2002 \$000
Cash flows from operating activities					
Cash receipts in the course of operations		198,221	162,836	68	92
Cash payments in the course of operations		(154,885)	(129,500)	(398)	(727)
Interest received		1,481	707	2,258	4,141
Borrowing costs		(5,870)	(4,331)	(5,869)	(4,324)
Dividends received		32,652	22,432	57,627	32,314
Income tax paid		<u>(11,872)</u>	<u>(10,101)</u>	<u>689</u>	<u>(821)</u>
Net cash provided by operating activities	28(a)	<u>59,727</u>	<u>42,043</u>	<u>54,375</u>	<u>30,675</u>
Cash flows from investing activities					
Proceeds from the sale of investments		5,482	5,299	90,685	5,299
Purchases of investments		(4,576)	(88,929)	(3,171)	(88,929)
Payment for subsidiary net of cash acquired		-	(5,631)	-	-
Proceeds from sale of property, plant & equipment		16,348	5,382	-	-
Purchases of property, plant & equipment		<u>(13,882)</u>	<u>(20,680)</u>	<u>-</u>	<u>-</u>
Net cash used in investing activities		<u>3,372</u>	<u>(104,559)</u>	<u>87,514</u>	<u>(83,630)</u>
Cash flows from financing activities					
Proceeds from borrowings		-	89,000	-	89,000
Repayment of borrowings		(10,000)	(16,605)	(10,000)	(9,000)
Loan to controlled entity		-	-	(83,728)	(10,885)
Loan to other entity		(3,600)	5,650	-	-
Dividends paid		<u>(21,076)</u>	<u>(19,100)</u>	<u>(21,076)</u>	<u>(19,100)</u>
Net cash used in financing activities		<u>(34,676)</u>	<u>58,945</u>	<u>(114,804)</u>	<u>50,015</u>
Net increase (decrease) in cash and cash equivalents		28,423	(3,571)	27,085	(2,940)
Cash & cash equivalents at beginning of financial year		11,513	15,084	10,251	13,191
Effect of exchange rates on cash holdings in foreign currencies		<u>(12)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash & cash equivalents at end of financial year	9	<u><u>39,924</u></u>	<u><u>11,513</u></u>	<u><u>37,336</u></u>	<u><u>10,251</u></u>

BRICKWORKS LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

PRINCIPLES OF CONSOLIDATION

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

A list of controlled entities is contained in Note 33 to the financial statements. All inter-company balances and transactions between entities in the Brickworks Group, including any unrealised profits or losses, have been eliminated on consolidation.

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

NON-CURRENT INVESTMENTS

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

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

BRICKWORKS LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

CURRENT INVESTMENTS

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

PROPERTY PLANT AND EQUIPMENT

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

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

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

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

Class	Rate
Buildings	2.5% PC
Plant and Equipment	4% - 33% PC, 8% - 22 ½% DV

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

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

CHANGE IN ACCOUNTING POLICY

The Brickworks Group changed its accounting policy in the financial year ended 30 June 2003 relating to providing for dividends in order to comply with Accounting Standard AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets". Retained earnings were adjusted by \$11,855,124.

BRICKWORKS LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

INCOME TAX

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

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

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

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

Brickworks Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the Tax Consolidation Regime from 1 July 2002. Brickworks Limited 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. The adoption of the tax consolidation system has not been formally notified to the Australian Taxation Office.

INVENTORIES

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

EMPLOYEE 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 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.

BRICKWORKS LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

RESTORATION AND REHABILITATION

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

REVENUE

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

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

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

GOODS AND SERVICES TAX

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

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

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

FOREIGN CURRENCY TRANSACTIONS AND BALANCES

The 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.

ROUNDING OF AMOUNTS

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

COMPARATIVE FIGURES

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

BRICKWORKS LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	2003	2002
	\$000	\$000	\$000	\$000
NOTE 2: OPERATING REVENUE				
Trading revenue				
Sale of goods	179,561	147,277	-	-
Sale of current investments	91	1,101	-	-
Sales - other	1,361	59	-	-
Other revenue				
Interest received				
- wholly owned subsidiaries	-	-	834	3,482
- other corporations	1,588	681	1,531	635
Dividends received:				
- wholly owned subsidiaries	-	-	25,517	10,497
- associated companies	-	-	25,961	16,279
- other corporations	6,477	5,895	6,452	5,859
Proceeds on sale of:				
- non-current investments	5,482	5,299	90,685	5,299
- property, plant and equipment	16,348	5,135	-	-
Rental revenue	284	251	-	-
Other	505	884	4	-
Share of net profits of associates	35,264	30,942	-	-
	<u>246,961</u>	<u>197,524</u>	<u>150,984</u>	<u>42,051</u>
Total revenue				

NOTE 3: PROFIT FROM ORDINARY ACTIVITIES

Profit from ordinary activities before income tax has been determined after:

(a) Charging as expenses:

Depreciation of property, plant and equipment

- Buildings	1,048	812	-	-
- Plant and equipment	10,319	9,081	-	-
	<u>11,367</u>	<u>9,893</u>	<u>-</u>	<u>-</u>

Borrowing costs

 - other corporations
 5,009 | 3,674 | 5,009 | 3,667 |

Rental expense on operating leases
 425 | 268 | - | - |

Net loss on disposal of property, plant and equipment
 1,240 | 292 | - | - |

Unrealised loss on carrying value of current investments
 - | 203 | - | - |

Charge to provision for:

 - employee benefits
 10,301 | 5,133 | 674 | 37 |

 - doubtful debts - trade debtors
 193 | 210 | - | - |

 - product claims
 872 | (96) | - | - |

Write down of inventories to net realisable value
 28 | 29 | - | - |

(b) Crediting as income:

Dividends received from:

 - controlled entities
 - | - | 25,517 | 10,497 |

 - associated companies
 - | - | 25,961 | 16,279 |

 - other corporations
 6,477 | 5,895 | 6,452 | 5,859 |

Interest received from:

 - other corporations
 1,588 | 681 | 1,531 | 635 |

Net gain on disposal of:

 - property, plant & equipment
 6,780 | 2,086 | - | - |

 - current investments
 18 | 335 | - | - |

 - non-current investments
 1,934 | 893 | 1,934 | 893 |

Unrealised gain on carrying value of current investments
 122 | - | - | - |

BRICKWORKS LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

	CONSOLIDATED		PARENT ENTITY	
	2003 \$000	2002 \$000	2003 \$000	2002 \$000
NOTE 3: PROFIT FROM ORDINARY ACTIVITIES				
(cont)				
(c) Significant Revenues and Expenses				
The following significant expense items are included in the total of other expenses from ordinary activities				
Written down value of property, plant & equipment disposed of during the year	10,809	3,341	-	-
Book value of non-current investments disposed of during the year	3,548	4,406	88,751	4,406
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 before income tax at 30%	22,586	18,196	16,790	9,999
Add tax effect of:				
- non-allowable items and adjustments	381	445	(1)	(3)
- (over) under provision for income tax in prior year	489	(16)	(22)	12
- overstatement of deferred tax items in prior year	84	1,292	-	-
	<u>23,540</u>	<u>19,917</u>	<u>16,767</u>	<u>10,008</u>
Less tax effect of:				
- capital profits not subject to income tax	2,534	221	580	221
- share of net profits of associates	2,636	4,250	-	-
- rebateable dividends	9,822	6,720	17,317	9,717
- tax effect of entry into tax consolidation regime	5,950	-	2,201	-
Income tax expense attributable to operating profit	<u>2,598</u>	<u>8,726</u>	<u>(3,331)</u>	<u>70</u>

NOTE 5: REMUNERATION OF DIRECTORS AND EXECUTIVES

(a) Directors' remuneration				
Amount paid, and payable to directors of the Brickworks Group from the parent entity and any related entities	<u>1,055</u>	<u>1,011</u>	<u>1,055</u>	<u>1,011</u>

The number of directors whose total income fell within the following bands:

	No.	No.
\$40,000 - \$49,999	-	3
\$50,000 - \$59,999	4	1
\$90,000 - \$99,999	-	1
\$100,000 - \$109,999	1	-
\$110,000 - \$119,999	-	1
\$600,000 - \$609,999	-	1
\$720,000 - \$729,999	1	-

BRICKWORKS LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

	CONSOLIDATED		PARENT ENTITY	
	2003 \$000	2002 \$000	2003 \$000	2002 \$000
NOTE 5: REMUNERATION OF DIRECTORS AND EXECUTIVES (cont)				
(a) Directors' remuneration (cont)				
The names of parent entity directors who have held office during the financial year are:				
Robert D. Millner				
Michael J. Millner				
Alan J. Bentley				
Timothy V. Fairfax				
The Hon Robert J. Webster				
Lindsay R. Partridge (Managing Director)				
Directors remuneration includes all non cash benefits received as disclosed in the Directors Report.				
The amounts above include any retirement gratuity paid during the year to retiring directors.				
(b) Executive officers' remuneration.				
An executive is a person who is directly accountable and responsible to the board or the Managing Director.				
Income paid or payable to executive officers (including executive directors) of the Brickworks Group from all entities in the group and any related entities, whose income is \$100,000 or more				
	<u>2,684</u>	<u>2,002</u>	<u>-</u>	<u>-</u>
The number of executive officers whose income was within the following bands:				
	No.	No.	No.	No.
\$130,000 - \$139,999	-	1	-	-
\$250,000 - \$259,999	2	-	-	-
\$290,000 - \$299,999	-	1	-	-
\$300,000 - \$309,999	1	1	-	-
\$310,000 - \$319,999	-	1	-	-
\$330,000 - \$339,999	-	1	-	-
\$340,000 - \$349,999	2	-	-	-
\$440,000 - \$449,999	1	-	-	-
\$600,000 - \$609,999	-	1	-	-
\$720,000 - \$729,999	1	-	-	-

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

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

NOTE 6: AUDITORS' REMUNERATION

Amount receivable by the auditors for:				
Auditing the financial report	289	202	80	59
Other services	<u>51</u>	<u>67</u>	<u>30</u>	<u>45</u>
	<u>340</u>	<u>269</u>	<u>110</u>	<u>104</u>

Other services includes taxation services and accounting advice.

BRICKWORKS LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

	NOTE	CONSOLIDATED		PARENT ENTITY	
		2003 \$000	2002 \$000	2003 \$000	2002 \$000
NOTE 7: DIVIDENDS					
Interim ordinary dividend of 7.0 cents per share, fully franked at the tax rate of 30% and paid on 10 April 2003 (2002 - 6.5 cents fully franked paid 11 April 2002)		9,221	8,562	9,221	8,562
Final dividend of 9.0 cents per share, fully franked at the tax rate of 30% and paid on 4 November 2002, recognised as a liability at 30 June 2002 but adjusted against retained profits at the beginning of the financial year on the change in accounting policy for providing for dividends		11,855	11,855	11,855	11,855
Group's share of dividend received by associated company		<u>(4,360)</u>	<u>(5,064)</u>	<u>-</u>	<u>-</u>
		<u>16,716</u>	<u>15,353</u>	<u>21,076</u>	<u>20,417</u>
Proposed final ordinary dividend of 13.0 cents per share fully franked at the tax rate of 30% but not recognised as a liability at year end		<u>17,124</u>	<u>-</u>	<u>17,124</u>	<u>-</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>60,876</u>	<u>45,288</u>	<u>60,876</u>	<u>31,874</u>
There were no dividend reinvestment plans in operation at any time during or since the end of the financial year.					
In accordance with the New Business Tax System (imputation) Act 2002, the measurement basis of the dividend franking account changed on 1 July 2002 from an after-tax profits basis to an income tax paid basis. The comparative balances have been restated to reflect this change.					
NOTE 8: EARNINGS PER SHARE					
Basic earnings per share (cents per share)		55.2	39.4		
Diluted earnings per share (cents per share)		55.2	39.4		
Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS		131,723,600	131,723,600		
NOTE 9: CASH ASSETS					
Cash on hand		2,769	1,640	181	116
Deposits at call		<u>37,155</u>	<u>10,135</u>	<u>37,155</u>	<u>10,135</u>
		<u>39,924</u>	<u>11,775</u>	<u>37,336</u>	<u>10,251</u>
Reconciliation of cash					
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:					
Cash		39,924	11,775	37,336	10,251
Bank overdraft		<u>-</u>	<u>(262)</u>	<u>-</u>	<u>-</u>
		<u>39,924</u>	<u>11,513</u>	<u>37,336</u>	<u>10,251</u>

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	NOTE	CONSOLIDATED		PARENT ENTITY	
		2003 \$000	2002 \$000	2003 \$000	2002 \$000
NOTE 10: RECEIVABLES					
(a) Current					
Trade debtors		23,515	23,619	-	-
Less: provision for doubtful debts		<u>822</u>	<u>750</u>	<u>-</u>	<u>-</u>
		22,693	22,869	-	-
Less: advance payments by customers		<u>926</u>	<u>848</u>	<u>-</u>	<u>-</u>
		21,767	22,021	-	-
Add: other debtors		<u>2,437</u>	<u>2,325</u>	<u>2,100</u>	<u>1,755</u>
		<u>24,204</u>	<u>24,346</u>	<u>2,100</u>	<u>1,755</u>
(b) Non-current					
Amount receivable from wholly owned subsidiaries		<u>-</u>	<u>-</u>	<u>136,676</u>	<u>52,151</u>
NOTE 11: OTHER FINANCIAL ASSETS					
(a) Current					
Share trading portfolio at lower of cost and net realisable value		<u>984</u>	<u>1,057</u>	<u>-</u>	<u>-</u>
Share trading portfolio at market value		<u>1,136</u>	<u>1,089</u>	<u>-</u>	<u>-</u>
(b) Non-current					
Unlisted investments, at cost					
- Shares in controlled entities		-	-	156,323	156,323
Listed investments, at cost					
- Shares in associated companies	27	-	-	28,260	112,653
- Shares in other corporations		<u>65,406</u>	<u>66,592</u>	<u>65,406</u>	<u>66,592</u>
		<u>65,406</u>	<u>66,592</u>	<u>249,989</u>	<u>335,568</u>
Market values of listed investments					
- Shares in associated companies		719,406	721,047	598,208	696,385
- Shares in other corporations		<u>151,247</u>	<u>158,184</u>	<u>151,247</u>	<u>158,184</u>
		<u>870,653</u>	<u>879,231</u>	<u>749,455</u>	<u>854,569</u>

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NOTE 11: OTHER FINANCIAL ASSETS (cont)

(c) Top 20 largest other investments	Holding	Market Value
Investment	(No. Shares)	30 June 2003
		\$000's
National Australia Bank Ltd	1,773,690	59,419
Commonwealth Bank Ltd	658,874	19,470
St George Bank Ltd	447,750	9,671
B.H.P. Billiton Ltd	687,836	5,943
Choiseul Investments Ltd	216,049	3,900
Woolworths Ltd	282,700	3,539
Wesfarmers Ltd	139,518	3,530
Macquarie Bank Ltd	99,977	2,879
Macquarie Infrastructure Group Ltd	761,038	2,732
Alumina Ltd	661,313	2,692
Sabre Group Ltd	1,233,821	2,603
Wattyl Ltd	673,881	2,345
W.M.C. Resources Ltd	661,313	2,321
SP Telecommunications Ltd	2,250,000	2,228
Westpac Banking Corporation Ltd	123,872	2,013
Bendigo Bank Ltd (8% Notes)	250,000	2,000
Suncorp-Metway Ltd	153,028	1,775
Woodside Petroleum Ltd	110,000	1,362
Milton Corp Ltd	105,203	1,352
Publishing & Broadcasting Ltd	115,000	1,136
		<u>132,910</u>
Total value of portfolio (excluding associates)		<u>152,383</u>
Percentage of total investment portfolio		87.22%

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	2003	2002
	\$000	\$000	\$000	\$000
NOTE 12: INVENTORIES				
(a) Current				
Raw materials and stores at cost	6,845	6,694	-	-
Work in progress at cost	1,542	1,451	-	-
Finished goods at cost	19,815	17,562	-	-
	<u>28,202</u>	<u>25,707</u>	<u>-</u>	<u>-</u>
Finished goods at net realisable value	-	428	-	-
	<u>28,202</u>	<u>26,135</u>	<u>-</u>	<u>-</u>
(b) Non-current				
Raw materials and stores at cost	1,574	806	-	-
	<u>1,574</u>	<u>806</u>	<u>-</u>	<u>-</u>
NOTE 13: OTHER ASSETS				
Prepayments	3,673	1,441	1,703	657
	<u>3,673</u>	<u>1,441</u>	<u>1,703</u>	<u>657</u>

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	NOTE	CONSOLIDATED		PARENT ENTITY	
		2003 \$000	2002 \$000	2003 \$000	2002 \$000
NOTE 14: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD					
Investment in associated company	27	<u>320,424</u>	<u>309,825</u>	<u>-</u>	<u>-</u>
At market value		<u>719,406</u>	<u>721,047</u>	<u>-</u>	<u>-</u>
NOTE 15: PROPERTY, PLANT AND EQUIPMENT					
(a) Freehold land					
At cost		<u>118,601</u>	<u>125,642</u>	<u>645</u>	<u>645</u>
		<u>118,601</u>	<u>125,642</u>	<u>645</u>	<u>645</u>
(b) Leasehold land					
At cost		<u>235</u>	<u>235</u>	<u>-</u>	<u>-</u>
		<u>235</u>	<u>235</u>	<u>-</u>	<u>-</u>
(c) Buildings					
At cost		<u>37,170</u>	<u>35,341</u>	<u>-</u>	<u>-</u>
Less: depreciation		<u>8,699</u>	<u>7,579</u>	<u>-</u>	<u>-</u>
		<u>28,471</u>	<u>27,762</u>	<u>-</u>	<u>-</u>
(d) Plant and equipment					
At cost		<u>174,313</u>	<u>176,769</u>	<u>-</u>	<u>-</u>
Less: depreciation		<u>110,240</u>	<u>107,114</u>	<u>-</u>	<u>-</u>
		<u>64,073</u>	<u>69,655</u>	<u>-</u>	<u>-</u>
Add: capital works in progress at cost		<u>6,458</u>	<u>2,838</u>	<u>-</u>	<u>-</u>
		<u>70,531</u>	<u>72,493</u>	<u>-</u>	<u>-</u>
Total property, plant & equipment		<u>217,838</u>	<u>226,132</u>	<u>645</u>	<u>645</u>

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

Independent valuations were undertaken during the 2003 financial year to establish the current valuations of freehold land and buildings. The valuations were based on fair market values and amounted to \$160,912,490 for land and \$33,557,550 for buildings for the consolidated group (parent entity \$687,540 and NIL).

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 period		125,642	125,656	645	645
Additions		170	1,955	-	-
Assets acquired by purchase of subsidiary		-	873	-	-
Disposals		<u>(7,211)</u>	<u>(2,842)</u>	<u>-</u>	<u>-</u>
Carrying amount at end of period		<u>118,601</u>	<u>125,642</u>	<u>645</u>	<u>645</u>

BRICKWORKS LIMITED AND CONTROLLED ENTITIES
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	CONSOLIDATED		PARENT ENTITY	
	2003 \$000	2002 \$000	2003 \$000	2002 \$000
NOTE 15: PROPERTY, PLANT AND EQUIPMENT (cont.)				
Reconciliations (cont)				
Leasehold land				
Carrying amount at beginning of period	235	235	-	-
Additions	-	-	-	-
Assets acquired by purchase of subsidiary	-	-	-	-
Disposals	-	-	-	-
Carrying amount at end of period	<u>235</u>	<u>235</u>	<u>-</u>	<u>-</u>
Buildings				
Carrying amount at beginning of period	27,762	22,424	-	-
Additions	1,775	2,763	-	-
Assets acquired by purchase of subsidiary	-	3,425	-	-
Disposals	(18)	(38)	-	-
Depreciation / amortisation expense	<u>(1,048)</u>	<u>(812)</u>	<u>-</u>	<u>-</u>
Carrying amount at end of period	<u>28,471</u>	<u>27,762</u>	<u>-</u>	<u>-</u>
Plant and equipment				
Carrying amount at beginning of period	69,655	51,656	-	-
Additions	8,317	21,725	-	-
Assets acquired by purchase of subsidiary	-	5,843	-	-
Disposals	(3,580)	(488)	-	-
Depreciation / amortisation expense	<u>(10,319)</u>	<u>(9,081)</u>	<u>-</u>	<u>-</u>
Carrying amount at end of period	<u>64,073</u>	<u>69,655</u>	<u>-</u>	<u>-</u>
Capital works in progress				
Carrying amount at beginning of period	2,838	8,601	-	-
Additions	8,262	15,356	-	-
Assets acquired by purchase of subsidiary	-	-	-	-
Transfer to Plant and equipment	(4,642)	(21,119)	-	-
Disposals	-	-	-	-
Depreciation / amortisation expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Carrying amount at end of period	<u>6,458</u>	<u>2,838</u>	<u>-</u>	<u>-</u>
NOTE 16: DEFERRED TAX ASSETS				
Future income tax benefit	<u>5,000</u>	<u>4,595</u>	<u>5,000</u>	<u>68</u>

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 \$1,861,560 (2002 \$1,048,120) 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 of an 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.

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	CONSOLIDATED		PARENT ENTITY	
	2003	2002	2003	2002
	\$000	\$000	\$000	\$000
NOTE 17: PAYABLES				
(a) Current				
Unsecured Liabilities				
Trade creditors & accruals	11,495	9,383	415	45
Deposits received on land sale agreements	<u>2,050</u>	<u>5,650</u>	<u>-</u>	<u>-</u>
	<u>13,545</u>	<u>15,033</u>	<u>415</u>	<u>45</u>
(b) Non-Current				
Unsecured Liabilities				
Amounts owing to wholly owned subsidiaries	<u>-</u>	<u>-</u>	<u>993</u>	<u>195</u>
NOTE 18: CURRENT INTEREST BEARING LIABILITIES				
(a) Secured liabilities				
Bank Overdraft	-	262	-	-
(b) Unsecured Liabilities				
Commercial bills	<u>70,000</u>	<u>80,000</u>	<u>70,000</u>	<u>80,000</u>
	<u>70,000</u>	<u>80,262</u>	<u>70,000</u>	<u>80,000</u>
(c) Bank overdraft				
The bank overdraft was secured by registered mortgages over certain properties of the controlled entities.				
NOTE 19: CURRENT TAX LIABILITIES				
Provision for income tax	<u>1,504</u>	<u>2,787</u>	<u>1,531</u>	<u>(158)</u>
NOTE 20: PROVISIONS				
(a) Current				
Dividends	-	11,855	-	11,855
Employee benefits	8,616	6,980	-	-
Product claims	615	86	-	-
Restructuring costs	<u>1,171</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>10,402</u>	<u>18,921</u>	<u>-</u>	<u>11,855</u>
(b) Non-current				
Employee benefits	<u>4,076</u>	<u>3,358</u>	<u>900</u>	<u>226</u>
(c) Aggregate employee benefits liability	<u>12,692</u>	<u>10,338</u>	<u>900</u>	<u>226</u>
	No.	No.	No.	No.
(d) Number of employees at year end	<u>626</u>	<u>639</u>	<u>5</u>	<u>5</u>
(e) 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 1 July 2002	86			
Claims settled during the year	(343)			
Claims incurred during the year	<u>872</u>			
Provision for product claims at 30 June 2003	<u>615</u>			

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	CONSOLIDATED		PARENT ENTITY	
	2003	2002	2003	2002
	\$000	\$000	\$000	\$000
NOTE 20: PROVISIONS (cont)				
(f) Provision for restructuring costs				
A provision has been recognised for restructuring costs relating to the closure of the Eastwood, NSW manufacturing facility, which is owned by The Austral Brick Company Pty Ltd, a wholly owned subsidiary of Brickworks Ltd. This closure is to take place within the 2003/04 financial year. The company has entered into contracts in relation to the property, and has generated a formal plan for the restructure.				
The costs included in this provision do not include employee termination benefits, which are included as part of the provision for employee entitlements under the requirements of Accounting Standard AASB 1028: Employee Benefits.				
Provision for restructuring costs at 1 July 2002	-			
Provision recognised during the year	1,171			
Amounts paid for restructuring costs during the year	<u>-</u>			
Provision for restructuring costs at 30 June 2003	<u><u>1,171</u></u>			
(g) Employee share scheme				
On 1 July 2002 Brickworks Ltd implemented an employee share ownership plan, which allows all employees who have achieved 3 months service with the group to purchase shares in Brickworks Ltd, using their own funds plus a small contribution from the company. All shares are purchased on-market under an independent trust deed, thereby not causing any dilution to existing shareholders. At 30 June 2003, the employee share schemes had 285 staff members taking part, who owned a combined 162,339 shares (0.12% of issued capital) in Brickworks Ltd.				
NOTE 21: DEFERRED TAX LIABILITIES				
Provision for deferred income tax	<u>601</u>	<u>8,188</u>	<u>601</u>	<u>-</u>
NOTE 22: CONTRIBUTED EQUITY				
131,723,600 fully paid ordinary shares	<u>139,409</u>	<u>139,409</u>	<u>139,409</u>	<u>139,409</u>
There were no transactions during the year in relation to the number or value of shares on issue.				
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.				
NOTE 23: RESERVES				
(a) Composition of reserves				
Capital reserves				
- capital profits	92,209	92,401	84,479	84,479
- asset revaluation	25,192	25,197	645	645
Revenue reserves				
- general	139,402	139,397	11,000	11,000
- foreign currency	<u>1,417</u>	<u>6,311</u>	<u>-</u>	<u>-</u>
	<u><u>258,220</u></u>	<u><u>263,306</u></u>	<u><u>96,124</u></u>	<u><u>96,124</u></u>

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	CONSOLIDATED		PARENT ENTITY	
	2003	2002	2003	2002
	\$000	\$000	\$000	\$000
NOTE 23: RESERVES (cont)				
(b) Movements in reserves				
Capital profits reserve				
Balance at beginning of period	92,401	150,659	84,479	84,479
Share of associates transfer from retained earnings	(192)	204	-	-
Share of associates increment in reserve	-	(58,462)	-	-
Balance at end of period	<u>92,209</u>	<u>92,401</u>	<u>84,479</u>	<u>84,479</u>
The Capital profits reserve represents amounts allocated from Retained Profits that were profits of a capital nature.				
Asset revaluation reserve				
Balance at beginning of period	25,197	29,161	645	645
Share of associates increment in reserve	(5)	(3,964)	-	-
Balance at end of period	<u>25,192</u>	<u>25,197</u>	<u>645</u>	<u>645</u>
The Asset revaluation reserve includes net revaluation increments and decrements arising from the revaluation of non-current assets.				
General reserve				
Balance at beginning of period	139,397	74,633	11,000	11,000
Share of associates transfer from retained earnings	-	6,429	-	-
Share of associates increment in reserve	5	58,335	-	-
Balance at end of period	<u>139,402</u>	<u>139,397</u>	<u>11,000</u>	<u>11,000</u>
The General reserve represents amounts allocated from Retained Profits as reserved for the future general needs of the operations of the entity.				
Foreign currency reserve				
Balance at beginning of period	6,311	3,908	-	-
Translation of foreign operations	3	(3)	-	-
Share of associates transfer from retained earnings	(12)	12	-	-
Share of associates increment in reserve	(4,885)	2,394	-	-
Balance at end of period	<u>1,417</u>	<u>6,311</u>	<u>-</u>	<u>-</u>
The foreign currency reserve records the foreign currency differences arising from the translation of the financial statements of self-sustaining foreign operations.				

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	NOTE	CONSOLIDATED		PARENT ENTITY	
		2003 \$000	2002 \$000	2003 \$000	2002 \$000
NOTE 24: RETAINED PROFITS					
Retained profits at the beginning of the period		141,440	111,510	73,399	60,555
Adjustment resulting from change in accounting policy for providing for dividends		11,855	-	11,855	-
Net profit from ordinary activities after related income tax expenses		72,689	51,927	59,298	33,261
Dividends paid	7	(16,716)	(15,353)	(21,076)	(20,417)
Aggregate of amounts transferred to reserves		204	(6,644)	-	-
Retained profits at the end of the period		<u>209,472</u>	<u>141,440</u>	<u>123,476</u>	<u>73,399</u>

NOTE 25: CAPITAL AND LEASING EXPENDITURE COMMITMENTS

(a) Capital expenditure projects					
Payable not later than one year		<u>11,163</u>	<u>1,464</u>	<u>-</u>	<u>-</u>
Share of associated company's capital expenditure commitments		<u>15,023</u>	<u>1,805</u>	<u>-</u>	<u>-</u>
(b) Operating lease commitments					
Non-cancellable operating leases contracted for but not capitalised in the financial statements		<u>962</u>	<u>921</u>	<u>-</u>	<u>-</u>
Payable					
- not later than one year		442	449	-	-
- later than one year but not later than five years		<u>520</u>	<u>472</u>	<u>-</u>	<u>-</u>
		<u>962</u>	<u>921</u>	<u>-</u>	<u>-</u>

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

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

Share of associated company's lease commitments			
- operating leases		7,158	6,866
- finance leases		-	1,462

NOTE 26: CONTINGENT LIABILITIES

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

Bank guarantees issued in the ordinary course of business		822	903	-	-
Share of associated company's contingent liabilities		11,580	12,626		

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.

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NOTE 27: INVESTMENTS IN ASSOCIATED COMPANIES

An interest is held in the following associated companies

Name	Principal activities	Ownership interest		Carrying amount	
		2003 %	2002 %	2003 \$000	2002 \$000
Washington H Soul Pattinson & Company Ltd	Pharmaceutical, coal, television, investment, food	42.85	42.85	229,838	222,776
Bristile Ltd	Manufacturing building products	22.85	22.33	90,586	87,049
				320,424	309,825

Ownership interest in Washington H Soul Pattinson & Company Ltd at that company's balance date was 42.85% of ordinary shares. The reporting date of the company is 31 July annually. In applying the equity method of accounting the most recent information of the associate made available to the shareholders has been used - the half yearly report to 31 January 2003. The equity accounted result is based on the full year's results of the associate calculated for the 12 months to 31 January 2003.

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

	2003 \$000	2002 \$000
(a) Movements during the year in equity accounted investments in associated companies		
Balance at the beginning of the financial year	309,825	207,088
New investments during the period	2,337	85,204
Share of associated company's profit from ordinary activities after income tax and outside equity interests	35,265	30,942
Share of associated company's reserve increments arising during the year	(4,885)	(1,697)
Dividend revenue from associated companies	(26,478)	(16,776)
Group's share of dividend received by associated company	4,360	5,064
	320,424	309,825
(b) Retained earnings attributable to associate		
Share of associated company's profit from ordinary activities before income tax	54,033	47,309
Share of associated company's income tax expense	(11,733)	(9,407)
Share of associated company's outside equity interests	(7,035)	(6,960)
Share of associated company's profit from ordinary activities after income tax and outside equity interests	35,265	30,942
Share of retained profits at beginning of the financial year	57,279	44,694
Dividend revenue from associated companies	(26,478)	(16,776)
Group's share of dividend received by associated company	4,360	5,064
Share of associated company's amounts transferred to reserves	204	(6,645)
	70,630	57,279

BRICKWORKS LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

NOTE 27: INVESTMENTS IN ASSOCIATED COMPANIES (cont)

(c) Reserves attributable to associates		
Capital profits reserve		
Balance at beginning of financial year	4,299	62,557
Share of associates transfer from retained earnings	(192)	204
Share of associates increment in reserve	<u>-</u>	<u>(58,462)</u>
Balance at end of financial year	<u>4,107</u>	<u>4,299</u>
Asset revaluation reserve		
Balance at beginning of financial year	687	4,651
Share of associates increment in reserve	<u>(5)</u>	<u>(3,964)</u>
Balance at end of financial year	<u>682</u>	<u>687</u>
General reserve		
Balance at beginning of financial year	127,781	63,018
Share of associates transfer from retained earnings	-	6,428
Share of associates increment in reserve	<u>5</u>	<u>58,335</u>
Balance at end of financial year	<u>127,786</u>	<u>127,781</u>
Foreign currency reserve		
Balance at beginning of financial year	6,314	3,908
Share of associates transfer from retained earnings	(12)	12
Share of associates increment in reserve	<u>(4,885)</u>	<u>2,394</u>
Balance at end of financial year	<u>1,417</u>	<u>6,314</u>
(d) Summarised presentation of aggregate assets, liabilities and performance of associates		
Share of associated company's total assets	486,580	479,528
Share of associated company's total liabilities	<u>166,168</u>	<u>164,420</u>
Share of associated company's net assets	320,412	315,108
Share of associated company's outside equity in controlled entities	<u>44,278</u>	<u>40,859</u>
Equity attributable to members of the parent entity of the associated companies	<u>276,134</u>	<u>274,249</u>
Share of associated company's profit from ordinary activities after income tax and outside equity interests	<u>35,265</u>	<u>30,942</u>

BRICKWORKS LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	2003	2002
	\$000	\$000	\$000	\$000
NOTE 28: CASH FLOW INFORMATION				
(a) Reconciliation of cash flow from operations with operating profit after income tax				
Operating profit and abnormal items after income tax	72,689	51,927	59,298	33,261
Non-cash flows in operating profit				
Depreciation	11,367	9,893	-	-
Losses / (profits) on sale of property, plant and equipment	(5,540)	(1,794)	-	-
Losses / (profits) on sale of investments	(1,934)	(893)	(1,934)	(893)
Share of profits of associates not received as dividends	(8,786)	(14,165)	-	-
Unrealised exchange gain on intercompany loan	15	(9)	-	-
Changes in assets and liabilities net of the effects of purchase of subsidiaries				
(Increase) / decrease in trade & sundry debtors	142	(3,549)	(345)	(205)
(Increase) / decrease in inventories	(2,835)	2,294	-	-
(Increase) / decrease in prepayments	(2,232)	(692)	(1,046)	(657)
(Increase) / decrease in future income tax benefit	(405)	1,344	(4,932)	20
(Increase) / decrease in share trading portfolio	(50)	2,390	-	-
Increase / (decrease) in creditors and accruals	2,112	(1,886)	370	(14)
Increase / (decrease) in taxes payable	(1,283)	(1,457)	1,689	(767)
Increase / (decrease) in other current provisions	3,336	(1,386)	-	(98)
Increase / (decrease) in other non-current provisions	718	1,289	674	32
Increase / (decrease) in deferred taxes payable	<u>(7,587)</u>	<u>(1,263)</u>	<u>601</u>	<u>(4)</u>
Cash flows from operations	<u>59,727</u>	<u>42,043</u>	<u>54,375</u>	<u>30,675</u>
(b) Credit standby arrangements with banks				
Credit facilities	475,000	87,120	475,000	85,000
Amount utilised	<u>70,000</u>	<u>80,262</u>	<u>70,000</u>	<u>80,000</u>
Unused credit facility	<u>405,000</u>	<u>6,858</u>	<u>405,000</u>	<u>5,000</u>

The major facilities are summarised as follows:

Banking overdrafts

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

Bank bill acceptance discount facility

\$85,000,000 12 monthly revolving variable interest rate bill facility provided by various Australian banks, currently drawn to \$70,000,000.

Debenture subscription agreement

\$475,000,000 variable interest rate facility available for drawing until 4 November 2003. This facility 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. Subsequent to balance date the terms of the facility were amended to increase the limit to \$490,000,000, and provide for a termination date of 31 March 2004. The facility was entered into in relation to the acquisition of all the issued capital of Bristile Ltd by The Austral Brick Company Pty Ltd, a wholly owned subsidiary of Brickworks Ltd. It is a requirement under this facility that part of this facility must be used to pay down the balance outstanding under the Bank bill acceptance discount facility. As at balance date no amounts had been drawn under this facility.

The carrying amount of non-current assets pledged as security for this facility at 30 June 2003 was \$610,242,000.

BRICKWORKS LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	2003	2002
	\$000	\$000	\$000	\$000
NOTE 29: RELATED PARTY TRANSACTIONS				
During the year material transactions took place with the following related parties:				
(a) Ownership Interest in related parties				
Washington H Soul Pattinson and Company Limited	42.85%	42.85%	42.85%	41.18%
Bristile Limited	22.85%	22.33%	0.00%	22.33%
(b) Dividend revenue derived from related parties				
Washington H Soul Pattinson and Company Limited	20,452	12,782	19,935	12,285
Bristile Limited	6,026	3,994	6,026	3,994
(c) Ownership Interest of related parties in Brickworks Limited				
Washington H Soul Pattinson and Company Limited	49.84%	49.84%	49.84%	49.84%
(d) Dividend paid to related parties				
Washington H Soul Pattinson and Company Limited	10,503	9,519	10,503	9,519
(e) Transactions with related parties				
Purchase of telecommunications services from SP Telecommunications Ltd, an associated entity of Washington H Soul Pattinson and Company Ltd, on terms no more favourable than to unrelated parties. Mr R.D. Millner and Mr M.J. Millner are directors of SP Telecommunications Ltd.	107	335	-	-
Purchase of investment advice in relation to the acquisition of Bristile Ltd shares by The Austral Brick Company Pty Ltd, a wholly owned subsidiary of Brickworks Ltd, from Pitt Capital Partners Ltd, an associated entity of Washington H Soul Pattinson and Company Ltd, on terms no more favourable than to unrelated parties. Mr R.D. Millner is a director of Pitt Capital Partners Ltd.	285	-	-	-

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

	Held 30 June 2002	Shares Acquired	Shares Disposed of	Held 30 June 2003
Robert D. Millner	2,914,841	205,000	-	3,119,841
Michael J. Millner	2,901,341	205,000	-	3,106,341
Alan J. Bentley	11,440	-	-	11,440
Timothy V. Fairfax	15,000	-	-	15,000
The Hon Robert J. Webster	4,000	-	-	4,000
Lindsay R. Partridge	35,500	20,234	-	55,734

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

Mr David Gilham was appointed director on 1 August 2003.

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.

BRICKWORKS LIMITED AND CONTROLLED ENTITIES
A.B.N. 17 000 028 526

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

NOTE 30: 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 11.

(b) Interest rate risk

Interest rates on money market instruments (deposits) vary with current short term bank bill rate movements. At balance date, the effective weighted interest rates on these financial assets was 4.60% (2002 4.59%). The group maintains a set off facility with its bankers. The set off interest rate at balance date is 2.25% (2002 2.25%). There are no other financial assets with exposure to interest rate risk.

The Brickworks Group bill acceptance discount facility currently drawn to \$70,000,000 is a floating rate facility determined with reference to the BBSY bid rate at each 90 day maturity. The rate current on the facility at balance date is 4.81% (2002 5.81%).

The Brickworks Group has entered into an interest rate swap contract that allows the Brickworks Group to raise borrowings at floating rates and effectively swap them into a fixed rate (5.18%). 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 \$45,000,000 over the next four years (2002 \$60,000,000 over five years) as detailed below.

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

Settlement	Effective Interest Rate		Reduction in	
	2003	2002	2003	2002
	Payable		Notional Principal	
	%	%	\$000	\$000
Less than 1 year	5.18	5.18	15,000	15,000
1 to 2 years	5.18	5.18	10,000	15,000
2 to 3 years	5.18	5.18	10,000	10,000
3 to 4 years	5.18	5.18	10,000	10,000
4 to 5 years	-	5.18	-	10,000
Total notional principal at balance date			<u>45,000</u>	<u>60,000</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 \$351,468 (2002 expect to receive \$922,026).

(c) Credit risk

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

(d) Exchange rate risk

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

BRICKWORKS LIMITED AND CONTROLLED ENTITIES
A.B.N. 17 000 028 526

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

NOTE 31: SUPERANNUATION COMMITMENTS

Superannuation plans have been established for the provision of benefits to employees of entities in the Brickworks Group on retirement, death or disability. All benefits provided under the plans are based on contributions for each employee. Employees contribute various percentages of their gross income and the Brickworks Group contributes at various percentages of the employees contributions. There is a legally enforceable obligation on the Brickworks Group to contribute to a superannuation plan.

All the plans provide benefits on a cash accumulation basis and as such are Defined Contribution Plans (accumulation plans). As all benefits are determined by accumulated contributions and earnings derived from those contributions the funds will be adequate to satisfy all benefits payable in the event of termination of the plans and voluntary termination of employment of each employee.

The Brickworks Group does not have any Defined Benefits Plans.

NOTE 32: EVENTS OCCURRING AFTER BALANCE DATE

On 4 March 2003, The Austral Brick Company Pty Ltd (Austral), a wholly owned subsidiary of Brickworks Ltd, made an offer for all the ordinary shares of Bristile Ltd. On 30 June 2003 the independent directors of Bristile Ltd recommended that shareholders accept the Austral offer of \$3.65 per share. As at 8 August 2003, when the offer closed, Austral was entitled to 97.74% of the ordinary shares of Bristile Ltd, and had moved to compulsory acquisition of the remaining shares. The acquisition is being funded by borrowings.

The financial effect of this transaction has not been brought to account in the 2003 financial statements.

NOTE 33: PARTICULARS RELATING TO CONTROLLED ENTITIES

	Country of Incorporation	Parent Entity's Interest	
		2003 %	2002 %
Parent Entity			
Brickworks Limited	Australia		
Controlled entities of Brickworks Limited			
The Austral Brick Company Pty Limited	Australia	100	100
- The Austral Tile Company Pty Limited	Australia	100	100
- The Austral Export Company Pty Limited	Australia	100	100
- Horsley Park Holdings Pty Limited	Australia	100	100
- Bowral Brickworks Pty Limited	Australia	100	100
- Eureka Tiles Pty Limited	Australia	100	100
- Visigoth Pty Limited	Australia	100	100
- TSA Distributors Pty Limited	Australia	100	100
- Eureka Tiles (NZ) Pty Limited	Australia	100	100
The Warren Brick Company Limited	Australia	100	100
Carrington Brick Co Pty Limited	Australia	100	100
Horsley Park Operations Pty Limited	Australia	100	100

BRICKWORKS LIMITED AND CONTROLLED ENTITIES
A.B.N. 17 000 028 526

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

NOTE 34: STATEMENT OF OPERATIONS BY SEGMENTS

(a) Business segments

	Clay Products		Property		Investment (excl. associates)		Equity Accounted Associates		Consolidated	
	2003 \$000	2002 \$000	2003 \$000	2002 \$000	2003 \$000	2002 \$000	2003 \$000	2002 \$000	2003 \$000	2002 \$000
REVENUE										
Sales to customers outside the group	<u>180,793</u>	<u>149,709</u>	<u>17,311</u>	<u>3,934</u>	<u>13,593</u>	<u>12,939</u>	<u>35,264</u>	<u>30,942</u>	246,961	197,524
Total revenue from ordinary activities									<u>246,961</u>	<u>197,524</u>
RESULT										
Segment result	<u>31,560</u>	<u>26,463</u>	<u>6,711</u>	<u>1,510</u>	<u>9,823</u>	<u>6,988</u>	<u>35,264</u>	<u>30,942</u>	83,358	65,903
Unallocated expenses									8,071	5,250
Profit from ordinary activities before income tax expense									75,287	60,653
Income tax expense									<u>(2,598)</u>	<u>(8,726)</u>
Profit from ordinary activities after income tax expense									<u>72,689</u>	<u>51,927</u>
ASSETS										
Segment assets	<u>244,474</u>	<u>245,096</u>	<u>29,158</u>	<u>36,293</u>	<u>113,173</u>	<u>81,490</u>	<u>320,424</u>	<u>309,825</u>	707,229	672,704
Total assets									<u>707,229</u>	<u>672,704</u>
LIABILITIES										
Segment liabilities	<u>26,680</u>	<u>36,591</u>	<u>-</u>	<u>-</u>	<u>3,448</u>	<u>11,958</u>	<u>-</u>	<u>-</u>	30,128	48,549
Unallocated liabilities									70,000	80,000
Total liabilities									<u>100,128</u>	<u>128,549</u>
OTHER										
Acquisition of non-current segment assets	11,852	24,345	2,031	-	2,238	5,436	2,337	85,204	18,458	114,985
Depreciation & amortisation	11,367	9,893	-	-	-	-	-	-	11,367	9,893
Non-cash expenses other than depreciation & amortisation	11,960	5,560	-	-	674	240	-	-	12,634	5,800

(b) Geographical Segments

The economic entity's business segments are located in Australia, with some product manufactured by the clay products division exported to countries within South-East Asia. Total revenue from sales outside of Australia in the period ended 30 June 2003 was \$7.949 million (2002 \$3.477 million).

(c) Business Segments

The economic entity has the following four business segments:

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

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

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

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



ACN 000 028 526
REVIEW OF OPERATIONS
Year Ended 30 June 2003

OVERVIEW

NET PROFIT AFTER TAX UP 40% TO \$72.7 MILLION

EARNINGS PER SHARE UP 40% TO 55.2 CENTS PER SHARE

FINAL DIVIDEND UP 44% TO 13 CENTS FULLY FRANKED

Clay products and investment company, Brickworks Limited, today announced a record NPAT of \$72.7 million up 40% on last year's result of \$51.9 million. Earnings per share increased to 55.2 cents compared to 39.4 cents last year.

The strong performance of the Group has enabled directors to recommend that the final ordinary dividend be increased 44% to 13 cents per share fully franked and payable on 3 November 2003.

The result was driven by strong sales revenue growth up 22% to \$181.0 million (last year \$148.4 million) and a strong clay products profit before tax and abnormals of \$34.2 million, up 29%.

Investment income (dividends and realised gain) of \$35.1 million was up 45.3%.

The total investment portfolio returned 3.8% including unrealised gains compared to a decline of 1.6% in the S&P/ASX 300 Accumulation Index over the same period.

At June 30 the value of the total investment portfolio was stable completing the year at \$871.8 million compared to \$880.3 million in June 2002.

A component of higher profit after tax was \$6.0 million attributable to a reduction in deferred tax liabilities on entry to the Tax Consolidation regime.

CLAY PRODUCTS

The continuation of historically low interest rates, high levels of consumer confidence and increased immigration levels underpinned building commencements and created a level of domestic demand for Austral's products that could not be satisfied. Export markets continued their trend of strong growth.

Consequently in the financial year ending June 2003 the Clay Products division of Brickworks Limited enjoyed its best year ever. Sales increased 20.9% to \$180.8 million while clay products EBIT increased to \$34.2 million, up 29%, prior to one off adjustments.

The EBIT to sales ratio increased to 18.9% (before abnormal items), up from 17.7% in the previous period.

Bricks and Pavers (The Austral Brick Company Pty Ltd)

As previously reported in the first half, strong demand and dry weather conditions in New South Wales and Queensland allowed the Austral Group to achieve a record first half. In the second half all factories were maintained at full capacity during January, normally a maintenance period.

The market, particularly in Sydney, was restrained by the supply of land forcing up to 10,000 homes a year to be demolished to make way for new construction as only 5,000 new lots per year are currently available. A general shortage of developed land along the whole east coast has emerged.

It appears higher immigration levels have staved off a glut of medium density product in New South Wales and Queensland except for the CBD precincts. High real estate prices in Sydney compared to regional New South Wales and Queensland, are driving migration and development in these areas.

Wet weather in April and May restricted sales in these months but the year ended more strongly than was anticipated with good sales and profits in June. The ability to run all factories at maximum capacity during January (except for Eastwood), combined with steadily increasing production from the Sydney factories enabled a record brick production effort to be achieved. Reduced costs due to a series of automation and efficiency improvements enabled the year to complete with stable unit costs.

Brick and paver volumes and prices increased over the period, which, combined with the stable unit production cost, saw margins increase steadily even though irrational and sporadic discounting by our competitors continued.

At Riverview in Queensland there was some interruption to production with installation of a new screening plant. This will lead to a substantial improvement in quality and overcome a production bottleneck effective from July this year.

Also in Queensland, the Rochedale factory struggled to meet domestic demand and increased export demand to Hong Kong, Japan and New Zealand with some resulting efficiency lost. This will be improved with the installation of a new packaging plant in early 2004 alleviating a major bottleneck in this factory.

Brickworks has always been a conservative company taking the long-term perspective, positioning its operations for optimum future performance. To this end the opportunity was taken at the end of the record year to make a charge in relation to Eastwood (\$2.5 million) for its imminent closure and another charge (\$0.25 million) for the demolition of the vitrified clay pipe factory. Both these charges are one off.

The popularity of applied finishes, in lieu of face bricks in New South Wales and Queensland, shows no signs of abating, however some building companies are becoming aware of the reduced life expectancy and maintenance costs associated with these more expensive finishes.

An adequate supply of tradesmen is essential for the long-term health of the industry and steps are being taken to expand the successful NSW Bricklaying Training School nationally.

Floor Tiles (Eureka Tiles Australia Pty Ltd)

Eureka Tiles has made significant progress in becoming the supplier of choice for outdoor living tiles. The progress has been made in product development and refinement of the tile merchant-based supply channel.

Over 200 independent stores nationally have been re-merchandised while 70 stores have lost their distribution rights due to a lack of support. New brochures and point of sale material have

underpinned efforts while store benchmarking, and promotions have assisted in managing and motivating the network.

The stronger Australian dollar has had a minor impact to date on domestic sales.

Product development has continued strongly with the release of a 40 x 40cm unglazed range of tiles called the Boulevard range.

Terraçade is a terracotta cladding for use as a curtain wall in buildings up to 40 stories high. The first project at the redeveloped Adelaide Oval has successfully been completed. Terraçade offers an entire new market using the longevity and colour fastness features of clay for building cladding without the drawback of bricklayers on site. Enquiries have been received worldwide for Terraçade.

The Punchbowl plant continues to improve and further refinements are planned to the process and product line up. The Ballarat factories have performed well since the acquisition in May 2002. Although the tiles division is not performing to our expectations, trading results are positive while not substantial.

A majority owned South African company trading in Australia as National Ceramic Industries Australia has ambitiously commenced construction of a large new tile factory at Rutherford (near Maitland) in NSW. This development will be awaited with great anticipation. Strategies are in place to minimise impact to Eureka's operations.

Inventories

Inventories were stable in the Brick operations at approximately equal to one month's sales overall. Floor Tile stocks have been increasing at both Punchbowl and Ballarat plants in preparation for the peak selling period in an attempt to alleviate shortages experienced in the last few years.

Capital Expenditure

Capital expenditure during the year totalled \$11.5 million and this compares to \$11.4 million in depreciation.

Austral has been concerned for some time with the very tight supply conditions in New South Wales and Queensland. More recently, it has become obvious, the high immigration levels and direct immigration to Queensland will see it become the fastest growing state in Australia, with New South Wales not far behind. It has therefore been decided that steps are to be taken in Queensland to increase capacity and efficiency to maintain supply and Austral's market leadership in this state. The capacity increase will be completed without interruption to production and will cost substantially less than a new plant.

A project will be undertaken to increase supply of specialist dry press face bricks at Bowral equal to the production lost with the closure of Eastwood. This project will entail an upgrade of the clay preparation immediately and the upgrading of the balance of the plant in stages over a number of years. A number of small projects in Plants 1, 2 and 3 at the massive Horsley Park complex will increase extruded Common output equal to the loss of dry press Common production at Eastwood.

Export

Export growth continued strongly increasing by 78% compared to the previous year. The new paver range (Silk Road) specifically manufactured for Hong Kong and the new distribution arrangements with Carter Holt combined with a strong market in New Zealand underpinned growth. It is interesting to note in New Zealand a significant consumer backlash after failures of a polystyrene based walling product has dramatically increased the demand for face bricks.

In Japan the DIY market has also increased substantially as have sales of brick facings. The rise in the Australian dollar is causing some pressure on pricing in Asia, however at current exchange rates, it is manageable.

Export commenced from a very low base 10 years ago, has now grown to require the capacity of approximately half a standard factory. Following the appointment of an export manager this year, it is anticipated the existing markets will continue to grow and new markets will be developed for growth.

LAND AND PROPERTY REALISATION

Brickworks property realisation program for surplus land holdings and landfill has continued strongly during the 2002/2003 period. Profit before tax from this segment totalled \$6.3 million. This was realised from the sale of the landfill area at Horsley Park landfill operations and the Brookvale site.

The Brookvale sales agreement entered into in mid 2002 was completed in February 2003. The sale produced an excellent return to the company. It also allowed Austral to withdraw completely from future involvement in the development of the site thus minimising the company's risk.

Progress continued on the development application to subdivide Mamre Road, Erskine Park, a 64-hectare site, into industrial lots, however issues arose in February 2003 when Council withdrew agreements made regarding the resolution of the biodiversity requirements on the site. Austral has now joined with several of the adjoining landowners to address the flora and fauna issues in the area as a whole, rather than on a site-by-site basis. This approach is starting to gain acceptance with Council and will be the basis of discussions with various government agencies. Adoption of the recommendations will lock in the conservation areas on the site and allow the sub-division process to continue.

The development of the Eastwood site, by Clarendon Apartments and Baulderstone Hornibrook, has progressed well over the 2002/2003 financial year. A major milestone for the project was achieved in April 2003 with the approval of the Masterplan by Parramatta Council. This has locked in the redevelopment of the property for residential with a density of not less than 260 dwellings and not more than 280 dwellings.

A development application (DA) for the remainder of the filling work was lodged with Council immediately following adoption of the Masterplan. The exhibition period is complete and the DA is being assessed by Council. Determination is expected towards the end of the year. The first stage of infrastructure for the site is expected to be approved by September 2003.

Austral's Eastern Creek SEPP 59 property, known as the Vineyard, was released for industrial development by the Planning Minister in March 2003. This was a significant achievement in the development of the property, which occurred within the proposed timetable. Work is well underway on preparing a Precinct Plan for the site and establishing agreements for the servicing of the land. The Precinct Plan is due to be lodged with Blacktown Council in August 2003.

An initiative to gain a higher use for the property known as "Oakdale", consisting of 333 hectares of land to the west of Plant #3 at Horsley Park, was commenced in March 2003. This involved making a submission to Planning NSW in response to an expression of interest for land for inclusion on an urban release program for the South-West/Bringelly area. Planning NSW has advised that it is being considered for inclusion in a study on lands adjoining the new Sydney Orbital motorway. This initiative will continue in the next financial year.

On 2nd July, the minister approved approximately 60 hectares of the Oakdale property adjacent to Plant #3 for extractive industry. This has the effect of increasing clay reserves by an additional 20 years at Horsley Park.

WASTE MANAGEMENT

The Waste Management area has developed significantly over the 2002/2003 period. The sale of land to Collex for the Horsley Park Solid Class 2 waste facility was completed in July 2002. During the 12 month period, Collex has deposited close to 300,000 tonnes of waste in the facility.

Due to the success of the Horsley Park Plant #1 facility, work has commenced on gaining approval for a Solid Class 2 landfill at the Plant #3 pit. This process if successful is expected to take approximately 2-3 years.

Negotiations are currently underway with Collex in relation to expanding the capacity of the Horsley Park facility potentially increasing profits further.

INVESTMENTS (Including Equity Accounted Investments)

Brickworks investment performance of 3.8% return compares more than favourably to the S&P/ASX 300 Accumulation Index, which declined by 1.6% during the same period.

The value of the total investment portfolio decreased 1% during the year to \$871.8 million at 30 June including sale of investments.

Washington H. Soul Pattinson (WHSP) (Brickworks 42.85%)

WHSP declared a profit after tax and non-regular items for the half year ended 31 January 2003 of \$45.4 million, an increase of 25% over the previous corresponding period. Profit on non-regular items was \$4.4 million arising from the sale of properties and shares. Earnings per share increased 25% to 19 cents, and an interim dividend of 7 cents per share, up 17%, was paid.

The annual return from Brickworks investment in WHSP over 15 years is 15.9 per cent compared to the performance of the all ordinaries accumulation index of 8.9 per cent over the same period.

WHSP continues its strong performance in a number of areas:

- **Australian Pharmaceutical Industries (API)**

On 10 July API announced its full year results. Despite revenue growth of 29.6% to \$2.5 billion, profit after tax declined 32% to \$23.6 million after significant non-recurring items of \$12.3 million.

A final dividend of 6.75 cents per share has been declared which brings total dividends for the year to 13 cents per share equal to the previous year. WHSP has a 22% interest in API.

- **Coal (New Hope Group)**

The WHSP Group's coal operations have been a strong contributor to the increase in profit. For the six months to 31 January 2003, the Group's share of profit after tax and outside equity interest of its 69.3% controlled entity New Hope Corporation Limited, amounted to \$14.6 million, an increase of 59.1% over the previous corresponding period. The profit result was due to both increased coal production and coal sales during the six months.

- **Media (NBN Group)**

NBN Television experienced a difficult trading period during the last six months as the advertising market showed no consistent signs of recovery and the impact of digital expenditure increased the Company's cost base.

NBN's profit after tax for the half year was \$3.0 million which was 28.6% less than for the same period last year. Revenue was relatively flat at 1.2% greater than last year.

- **SP Telecommunications Limited (SOT)**

SPT's profit after tax for the period attributable to shareholders was \$2.1 million compared to \$0.6 million for the previous corresponding period. Revenue for the six months was 69% greater than the same period last year, despite SPT's share of revenue from its joint venture operations with ntl Telecommunications not being included.

- **Clover Corporation Limited (Clover)**

Clover Corporation Limited's profit for the half year was \$292,000. This positive result compared favourably with last year's loss for the same period of \$2.5 million. The result for the half year to 31 December 2002 included a profit from the newly formed Joint Venture Company, Nu-Mega Ingredients Pty Ltd, as well as licence fees received from the US based company Martek Biosciences Corporation.

- **Keith Harris & Co. Ltd.**

Group revenue for the six months to 31 January 2003 was \$13.8 million, a decrease of 11.9% on the previous corresponding period. Included in last year's revenues were proceeds from the sale of the Griffith processing facility.

Profit after tax for the period attributable to shareholders was \$1.4 million, a decline of 32.3% over the same period last year. The profit comparison to last year has been distorted by the profit booked last year on the sales of the Griffith processing facility.

- **WHSP Investment Portfolio**

The Company's investment portfolio including unrealised gains returned 3.0% for the half year, compared to the Benchmark S&P/ASX 300 Accumulation Index of negative -2.1% for the same period. Share purchases during the period included an increased holding in Milton Corporation whilst disposals included, Patrick Corporation, Permanent Trustee Co and the Trust Co of Australia Ltd. The Company continued to reduce its holding of Watty Limited during the period under review.

Bristile (BRS) (Brickworks 97%)

On 4 March 2003 The Austral Brick Company Pty Ltd launched a full takeover offer for Bristile Ltd. The rationale behind the offer was to rationalise the Australian Brick Industry and form Australia's largest and most profitable clay brick producer. If Austral had not been successful in the takeover, it would have been relegated to a small regional player forever. In the process, the country's third largest roof tile manufacturer was acquired.

The final offer price was \$3.65 per share and Bristile was permitted to pay the final fully franked dividend of 22.5 cents per share. Austral average purchase cost was \$3.45 per share including acquisition costs at which price the acquisition is earnings per share accretive. Since 30 June Brickworks has increased its holding from 22.85% to in excess of 97% of Bristile's shares and has commenced compulsory acquisition.

The full year profit after tax for Bristile was \$46.3 million before abnormal takeover costs, was up 17% on the previous year and sales revenue of \$310.8 million was up 12% on the previous year. Earnings per share for the year of 31 cents were an increase of 17% on the previous year's pre

takeover adjustments. (Abnormal charges totalling \$8.3 million were made reflecting takeover and redundancy costs).

Sales and profits rose strongly on the back of the strong market conditions and the Pioneer Roof Tile acquisition.

On 28 July the following independent directors of Bristile resigned; Messrs I.C. Kuba, A.L. Newman, R.G. Bunning, and B.G. Camarri

Brickworks takes this opportunity to thank the Directors for their contribution to the growth and success of Bristile.

Other Investments

The return from this segment of Brickworks increased by 41% to \$9.8 million compared to \$7.0 million in the previous period.

The value of the balance of listed securities (excluding Washington H. Soul Pattinson and Bristile) was \$152.4 million as of 30th June 2003, down slightly on 30th June 2002, which was valued at \$159.3 million. During the year \$6.5 million was received in dividends and \$1.9 million was realised as profit on sales. Investments acquired during the period totalled \$4.6 million including CBA, Lindsay Australia Ltd and Rural Press Ltd.

Disposal proceeds of \$5.5 million included Australian Food & Fibre, Sims Metal, and Permanent Trustee.

The total return for the year was 2.1% again compared to the negative performance of 1.6% in the S&P/ASX 300 Accumulation Index.

FINANCE

As at 30 June 2003 total interest bearing debt was \$70 million and total cash on hand was \$39.9 million. The interest cover ratio was 21.9 with a net borrowing cost payment of \$3.4 million for the year. The ratio of net debt to capital employed was 4.7% at 30 June 2003, down from 11% at June 2002.

PAVERS

The acquisition of Bristile was funded via borrowings from NAB, however Brickworks will quickly work to move to a lower debt structure for long-term security. To this end Brickworks intend to raise approximately \$150 million via a Reset Preference Share called PAVERS, with a dividend rate (fully franked) equal to the higher of 5.85% and 65bp over the 5 year swap rate on allotment date. Brickworks shareholders on the register at 7.00pm on 28 August 2003 will be entitled to a guaranteed minimum allocation of 50 PAVERS (\$5,000). The prospectus is expected to be lodged in September. Citigroup and JB Were will lead manage the raising. Anyone wishing to subscribe for securities will need to complete the application form that will accompany the prospectus.

BRICKWORKS INVESTMENT COMPANY

Brickworks proposes to create a listed investment company which will acquire the listed share portfolio with a current market value in excess of \$150 million of Brickworks Limited, excluding the WHSP holding. It is proposed that a prospectus will be lodged subsequent to the lodgement of the PAVERS prospectus, to raise at least \$150 million and up to \$250 million. Brickworks Limited and WHSP shareholders are expected to be invited to subscribe to the float of the Brickworks

Investment Company. Anyone wishing to subscribe for securities will need to complete the application form that will accompany the prospectus.

Funds received on disposal of the portfolio will be used to reduce the NAB debt. If successful, and combined with the issue of the Reset Preference Share, Brickworks Group debt should decrease to between \$300 and \$350 million.

COMPLIANCE PROGRAMS

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

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

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

FUTURE

Clay Products

It is anticipated while the fundamentals of interest rates, employment and immigration remain stable, the building industry will continue at close to capacity. Order levels remain strong and volumes are currently expected to remain robust at least until the end of 2003. Low stock levels and a substantial order book places the company in a strong position to weather any likely downturn.

Consequently, with all brick and roof tile factories at capacity, a flat year is forecast division on division with increased costs likely to be offset by improved efficiencies and higher selling prices. It is anticipated an improved performance from the Punchbowl terracotta floor tile plant will see an improved contribution from the Eureka Tiles division.

Other

Property sales are expected to continue at a level similar to current levels as are waste management operations.

In the coming year Brickworks will concentrate on assimilating Bristile by applying both company's successful management disciplines across the expanded business.

The acquisition of Bristile and subsequent debt reduction via the capital raising and sales of the investment portfolio should see a lift in core earnings in the coming financial year for Brickworks.

GENERAL

Mr. David Gilham, previously managing director of Bristile, has been invited and has accepted to join the Brickworks board effective 1st August. Mr. Gilham brings a wealth of experience with him,

including intimate knowledge of the Bristle operation. The management and board welcome Mr. Gilham to the board of Brickworks and look forward to working with him.

The compound return from investment in Brickworks over 15 years was 14.7%, a significant out performance from the all ordinaries accumulation index of 8.9% over the same period.

BRICKWORKS LIMITED AND CONTROLLED ENTITIES
A.B.N. 17 000 028 526

FIVE YEAR SUMMARY

	1999 \$000	2000 \$000	2001 \$000	2002 \$000	2003 \$000
Total revenue	147,711	186,458	172,969	197,524	246,961
Clay Products revenue	119,128	159,070	118,463	149,709	180,793
Net profit before income tax					
Clay products	20,732	30,472	18,910	26,463	31,560
Property	-	-	-	1,510	6,711
Investments (excluding associates)	7,139	6,508	7,347	6,988	9,823
Associates *	19,135	16,301	40,032	30,942	35,264
Borrowing costs and others	-	-	(1,601)	(5,250)	(8,071)
	<u>47,006</u>	<u>53,281</u>	<u>64,688</u>	<u>60,653</u>	<u>75,287</u>
Income tax	<u>8,290</u>	<u>10,274</u>	<u>4,684</u>	<u>8,726</u>	<u>2,598</u>
Net profit after income tax	<u><u>38,716</u></u>	<u><u>43,007</u></u>	<u><u>60,004</u></u>	<u><u>51,927</u></u>	<u><u>72,689</u></u>
Earnings per share (cents) **	29.4	32.6	45.6	39.4	55.2
Dividends **					
Ordinary dividends per share (cents)	11.0	12.5	14.0	15.5	20.0
Special dividends per share (cents)	<u>7.5</u>	<u>8.5</u>	<u>4.0</u>	<u>-</u>	<u>-</u>
Total dividends per share (cents)	<u><u>18.5</u></u>	<u><u>21.0</u></u>	<u><u>18.0</u></u>	<u><u>15.5</u></u>	<u><u>20.0</u></u>
Net tangible assets per share **	\$3.39	\$3.52	\$3.87	\$4.13	\$4.61
Return on shareholders equity	8.7%	9.3%	11.8%	9.5%	12.0%

Notes:

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

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