

BRICKWORKS

LIMITED

25 February 2003

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

Fax No: 1 300 300 021

Attention: **Companies Department**

Dear Sir/Madam,

Please find enclosed the documents comprising Brickworks Limited's Half Yearly Report for the six months ended 31st December, 2002 pursuant to the Listing Rules.

Yours faithfully,
BRICKWORKS LIMITED



ALEX J. PAYNE
COMPANY SECRETARY

BRICKWORKS LIMITED

ABN 17 000 028 526

Wallgrove Road, Horsley Park NSW 2164; PO Box 6550, Wetherill Park NSW 1851

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Appendix 4B

Half yearly final report

Introduced 30/6/2002

BRICKWORKS LTD

ABN	Half yearly	Preliminary final	Half year ended (‘Current period’)
17 000 028 526	X		31 DECEMBER 2002

For announcement to the market

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

\$A'000

Revenues from ordinary activities (item 1.1)	Up	32.5 %	to	110,764
Profit from ordinary activities after tax attributable to members (item 1.22)	Up	24.8 %	to	32,682
Profit (loss) from extraordinary items after tax attributable to members (item 2.5(d))			to	0
Net profit (loss) for the period attributable to members (item 1.11)	Up	24.8 %	to	32,682
Dividends (distributions)		Amount per security		Franked amount per security
Interim ordinary dividend (item 15.6)		7.0 c		7.0 c
Previous corresponding period (item 15.7)		6.5 c		6.5 c

Record date for determining entitlements to the dividend
(see item 15.2)

27 March 2003

Brief explanation of any of the figures reported above (see Note 1) and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:

THE PRE-EQUITY ACCOUNTED PROFIT INCREASED 60% TO \$32.5 MILLION COMPARED TO LAST YEARS \$20.3 MILLION.

This half yearly report is to be read in conjunction with the most recent annual financial report.

Condensed consolidated statement of financial performance

		Current period - \$A'000	Previous corresponding period - \$A'000
1.1	Revenues from ordinary activities (see items 1.23 - 1.25)	110,764	83,567
1.2	Expenses from ordinary activities (see items 1.26 & 1.27)	(86,568)	(64,106)
1.3	Borrowing costs	(2,333)	(1,502)
1.4	Share of net profits (losses) of associates and joint venture entities (see item 16.7)	16,513	12,501
1.5	Profit (loss) from ordinary activities before tax	38,376	30,460
1.6	Income tax on ordinary activities (see note 4)	(5,694)	(4,266)
1.7	Profit (loss) from ordinary activities after tax	32,682	26,194
1.8	Profit (loss) from extraordinary items after tax (see item 2.5)	0	0
1.9	Net profit (loss)	32,682	26,194
1.10	Net profit (loss) attributable to outside equity interests	0	0
1.11	Net profit (loss) for the period attributable to members	32,682	26,194
Non-owner transaction change in equity			
1.12	Increase (decrease) in revaluation reserves.	0	0
1.13	Net exchange differences recognised in equity.	0	0
1.14	Other revenue, expense and initial adjustments recognised directly in equity	0	0
1.15	Initial adjustment from UIG transitional provisions	0	0
1.16	Total transactions and adjustments recognised directly in equity (items 1.12 to 1.15)	0	0
1.17	Total changes in equity not resulting from transactions with owners as owners	32,682	26,194
Earnings Per Security (EPS)		Current period	Previous corresponding period
1.18	Basic EPS	24.8 c	19.9 c
1.19	Diluted EPS	24.8 c	19.9 c

Profit (loss) from ordinary activities attributable to members

	Current period - \$A'000	Previous corresponding period - \$A'000
1.20 Profit (loss) from ordinary activities after tax (item 1.7)	32,682	26,194
1.21 Less (plus) outside equity interests	0	0
1.22 Profit (loss) from ordinary activities after tax, attributable to members	32,682	26,194

Notes to the condensed consolidated statement of financial performance**Revenue and expense from ordinary activities**

	Current period - \$A'000	Previous corresponding period - \$A'000
1.23 Revenue from sales or service	96,533	72,851
1.24 Interest revenue	634	327
1.25 Other relevant revenue		
Dividend revenue	3,164	4,654
Proceeds on sale of non-current investments	2,638	3,839
Proceeds on sale of property, plant & equipment	7,362	961
Share of net profits of associates	16,513	12,501
Other revenue	433	935
TOTAL REVENUE	127,277	96,068
1.26 Details of relevant expenses		
Cost of sales	56,166	42,528
Distribution expenses	12,153	9,296
Administration expenses	4,702	3,558
Selling expenses	5,853	4,041
Borrowing costs expense	2,333	1,502
Other expenses from ordinary activities (*)	7,694	4,683
TOTAL EXPENSES	88,901	65,608

(*) Other expenses from ordinary activities relates mainly to the book value of non-current assets sold during the period, disclosed in accordance with Accounting Standard AASB 1018.

1.27 Depreciation and amortisation excluding amortisation of intangibles (see item 2.3)	5,741	4,903
Capitalised outlays		
1.28 Interest costs capitalised in asset values	0	0
1.29 Outlays capitalised in intangibles (unless arising from an acquisition of a business)	0	0

Consolidated retained profits

		Current period - \$A'000	Previous corresponding period - \$A'000
1.30	Retained profits (accumulated losses) at the beginning of the financial period	141,440	111,508
1.31	Net profit (loss) attributable to members (item 1.11)	32,682	26,194
1.32	Net transfers from (to) reserves (details if material)	204	(6,428)
1.33	Net effect of changes in accounting policies	0	0
1.34	Dividends and other equity distributions paid or payable.	1,828	2,813
1.35	Retained profits (accumulated losses) at end of financial period.	176,154	134,087

Intangibles and extraordinary items

		Consolidated - current period			
		Before tax	Related tax	Related outside equity interests	Amount (after tax) attributable to members
		\$A'000 (a)	\$A'000 (b)	\$A'000 (c)	\$A'000 (d)
2.1	Amortisation of goodwill	0	0	0	0
2.2	Amortisation of other intangibles	0	0	0	0
2.3	Total amortisation of intangibles	0	0	0	0
2.4	Extraordinary items (details)	0	0	0	0
2.5	Total extraordinary items	0	0	0	0

Condensed consolidated statement of financial position

	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	3,719	1,640	1,079
4.2	Receivables	21,628	24,346	19,696
4.3	Investments	35,517	11,192	11,576
4.4	Inventories	23,977	26,135	26,524
4.5	Tax assets	0	0	0
4.6	Other - Prepayments	3,180	1,441	2,783
4.7	Total current assets	88,021	64,754	61,658
Non-current assets				
4.8	Receivables	0	0	0
4.9	Investments (equity accounted)	308,203	309,825	213,979
4.10	Other investments	65,674	66,592	138,890
4.11	Inventories	1,443	806	0
4.12	Exploration and evaluation expenditure capitalised	0	0	0
4.13	Development properties (mining entities)	0	0	0
4.14	Other property, plant and equipment (net)	220,434	226,132	217,040
4.15	Intangibles (net)	0	0	0
4.16	Tax assets	4,053	4,595	4,529
4.17	Other (provide details if material)	0	0	0
4.18	Total non-current assets	599,807	607,950	574,438
4.19	Total assets	687,828	672,704	636,096
Current liabilities				
4.20	Payables	11,980	15,033	8,659
4.21	Interest bearing liabilities	80,000	80,262	72,000
4.22	Tax liabilities	3,508	2,787	3,277
4.23	Provisions exc. Tax liabilities	6,339	7,066	6,474
4.24	Other (provide details if material)	0	0	0
4.25	Total current liabilities	101,827	105,148	90,410
Non-current liabilities				
4.26	Payables	0	0	0
4.27	Interest bearing liabilities	0	0	0
4.28	Tax liabilities	7,630	8,188	8,603
4.29	Provisions exc. Tax liabilities	3,368	3,358	572
4.30	Other (provide details if material)	0	0	0
4.31	Total non-current liabilities	10,998	11,546	9,175
4.32	Total liabilities	112,825	116,694	99,585
4.33	Net assets	575,003	556,010	536,511
Equity				
4.34	Capital/contributed equity	139,409	139,409	139,409
4.35	Reserves	259,440	263,306	263,015
4.36	Retained profits	176,154	153,295	134,087
4.37	Equity attributable to members of the parent entity	575,003	556,010	536,511
4.38	Outside equity interests in controlled entities	0	0	0
4.39	Total equity	575,003	556,010	536,511
4.40	Preference capital included as part of 4.37	0	0	0

Notes to the condensed consolidated statement of financial position

Exploration and evaluation expenditure capitalised

Not applicable

Development properties

Not applicable

Condensed consolidated statement of cash flows

	Current period - \$A'000	Previous corresponding period - \$A'000
Cash flows related to operating activities		
7.1 Receipts from customers	110,907	79,405
7.2 Payments to suppliers and employees	(86,663)	(66,068)
7.3 Dividends received from associates	16,307	6,647
7.4 Other dividends received	4,814	6,222
7.5 Interest and other items of similar nature received	534	355
7.6 Interest and other costs of finance paid	(2,298)	(2,134)
7.7 Income taxes paid	(4,993)	(5,269)
7.8 Other (provide details if material)	0	0
7.9 Net operating cash flows	38,608	19,158
Cash flows related to investing activities		
7.10 Payment for purchases of property, plant and equipment	(5,115)	(14,396)
7.11 Proceeds from sale of property, plant and equipment	3,762	1,185
7.12 Payment for purchases of equity investments	(1,360)	(74,903)
7.13 Proceeds from sale of equity investments	2,638	3,839
7.14 Loans to other entities	0	0
7.15 Loans repaid by other entities	0	0
7.16 Other - Payment for subsidiary net of cash acquired	0	0
7.17 Net investing cash flows	(75)	(84,275)
Cash flows related to financing activities		
7.18 Proceeds from issues of securities (shares, options, etc.)	0	0
7.19 Proceeds from borrowings	0	81,000
7.20 Repayment of borrowings	0	(9,000)
7.21 Dividends paid	(11,855)	(10,538)
7.22 Other (provide details if material)	0	0
7.23 Net financing cash flows	(11,855)	61,462
7.24 Net increase (decrease) in cash held	26,678	(3,655)
7.25 Cash at beginning of period (see Reconciliation of cash)	11,513	15,085
7.26 Exchange rate adjustments to item 7.25.	(4)	0
7.27 Cash at end of period (see Reconciliation of cash)	38,187	11,430

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.

N/A

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	3,719	1,079
8.2 Deposits at call	0	0
8.3 Bank overdraft	0	0
8.4 Other - Money Market instruments with less than 30 days to maturity	34,468	10,351
8.5 Total cash at end of period (item 7.27)	38,187	11,430

Other notes to the condensed financial statements

Ratios

	Current period	Previous corresponding period
Profit before tax / revenue		
9.1 Consolidated profit (loss) from ordinary activities before tax (item 1.5) as a percentage of revenue (item 1.1)	34.6 %	36.4 %
Profit after tax / equity interests		
9.2 Consolidated net profit (loss) from ordinary activities after tax attributable to members (item 1.11) as a percentage of equity (similarly attributable) at the end of the period (item 4.37)	5.7 %	4.7 %

Earnings per security (EPS)

10 Details of basic and diluted EPS reported separately in accordance with paragraph 9 and 18 of AASB 1027: Earnings Per Share are as follows:

	Current period	Previous corresponding period
(a) Basic earnings per share (cents per share)	24.8 c	19.9 c
(b) Diluted earnings per share (cents per share)	24.8 c	19.9 c
(c) Net profit used as numerator in Basic and Diluted EPS calculations	32,682,000	26,194,000
(d) Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	131,723,600	131,723,600

NTA backing (see note 7)

	Current period	Previous corresponding period
11.1 Net tangible asset backing per ordinary security	436.5 c	422.1 c

Discontinuing Operations

12.1 Discontinuing Operations

N/A

Control gained over entities having material effect

13.1 Name of entity (or group of entities)

N/A

13.2 Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled 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 Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period

\$

Loss of control of entities having material effect

14.1 Name of entity (or group of entities)

N/A

14.2 Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled 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 profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) while controlled during the whole of the previous corresponding period

\$

14.5 Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control

\$

Dividends

15.1	Date the dividend is payable	10 April 2003
15.2	Record date to determine entitlements to the dividend (ie, on the basis of proper instruments by 5.00 pm if securities are not CHES approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if securities are CHES approved)	27 March 2003

Amount per security

		Amount per security	Franked amount per security at 30% tax (see note)	Amount per security of foreign source dividend
	Final dividend:	N/A	N/A	N/A
	Interim dividend:			
15.6	Current year	7.0 c	7.0 c	0.0 c
15.7	Previous year Ordinary	6.5 c	6.5 c	0.0 c

Half yearly report - interim dividend on all securities

	Current period - \$'000	Previous corresponding period - \$'000	
15.10	Ordinary securities (each class separately)	9,221	8,562
15.11	Preference securities (each class separately)	0	0
15.12	Other equity instruments (each class separately)	0	0
15.13	Total	9,221	8,562

The dividend or distribution plans shown below are in operation.

N/A

The last date for receipt of election notices for the dividend or distribution plans

N/A

Any other disclosures in relation to dividends.

N/A

Details of aggregate share of profits (losses) of associates and joint venture entities

	Current period - \$'000	Previous corresponding period - \$'000	
Group's share of associates' and joint venture entities			
16.1	Profit (loss) from ordinary activities before income tax	24,329	15,363
16.2	Income tax on ordinary activities	(5,627)	(356)
16.3	Profit (loss) from ordinary activities after income tax	18,702	15,007
16.4	Extraordinary items net of tax	0	0
16.5	Net profit (loss)	18,702	15,007
16.6	Adjustments	(2,189)	(2,506)
16.7	Share of net profit (loss) of associates and joint venture entities	16,513	12,501

Material interests in entities which are not controlled entities

The economic entity has an interest (that is material to it) in the following entities.

Name of entity	Percentage of ownership interest held at the end of period or date of disposal		Contribution to net profit (loss) (item 1.9)	
	Current period	Previous corresponding period	Current period - \$A'000	Previous corresponding period - \$A'000
Equity accounted associates and joint venture entities				
17.1 Washington H. Soul Pattinson and Co. Ltd	42.85 %	42.85 %	12,838	0
Bristle Ltd (from 17/8/2001)	22.29 %	0.00 %	3,675	0
17.2 Total			16,513	0
17.3 Other material interests	N/A			
17.4 Total			16,513	0

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 14) (cents)	Amount paid up per security (see note 14) (cents)
18.1 Preference securities (description)	N/A			
18.2 Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks, redemptions				
18.3 Ordinary securities	131,723,600	131,723,600		
18.4 Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks				
18.5 Convertible debt securities (description and conversion factor)	N/A			
18.6 Changes during current period (a) Increases through issues (b) Decreases through securities matured, converted				
18.7 Options (description and conversion factor)	N/A		Exercise Price	Expiry date (if any)
18.8 Issued during current period				
18.9 Exercised during current period				
18.10 Expired during current period				
18.11 Debentures (description)	N/A			
18.12 Changes during current period (a) Increases through shares (b) Decreases through securities matured, converted				
18.13 Unsecured Notes (description)	N/A			
18.14 Changes during current period (a) Increases through shares (b) Decreases through securities matured, converted				

Segment Reporting

Refer attached Statement of Operations by Segment

Comments by directors

Refer attached Review of Operations

Basis of accounts preparation

19.1 N/A

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

Refer attached Review of Operations

19.3 A description of each event since the end of the current period which has had a material effect and which is not already reported elsewhere in this Appendix or in attachments, with financial effect quantified (if possible).

Subsequent to balance date an interim dividend of 7.0c per share was declared, which is payable on 27 March 2003. The financial effect of this dividend to the group is \$9,220,652.

19.4 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.

19.5 Unless disclosed below, the accounting policies, estimation methods and measurement bases used in this report are the same as those used in the last annual report. Any changes in accounting policies, estimation methods and measurement bases since the last annual report are disclosed as follows.

N/A

19.6 Revisions in estimates of amounts reported in previous interim periods.

N/A

19.7 Changes in contingent liabilities or assets.

N/A

Compliance Statement

- 1 This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX. There have been no other standards used.
- 2 This report and the accounts upon which the report is based use the same accounting policies.
- 3 This report does give a true and fair view of matters disclosed.
- 4 This report is based on accounts that have been subject to review.
- 5 There are no qualifications in the audit report.
- 6 The entity has a formally constituted audit committee.

Signed: _____
Company Secretary

Alexander James Payne

Date: 25 February 2003

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

NOTES TO HALF YEARLY REPORT AND DIVIDEND ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2002

	2002	2001
	\$'000	\$'000
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 30%	11,513	9,138
(a) Add: Tax effect of:		
Other non-allowable items and adjustments	<u>(604)</u>	<u>154</u>
	10,909	9,292
Less: Tax effect of:		
Capital profits not subject to income tax	3	126
Share of net profits of associates	62	1,756
Rebateable dividends	5,783	3,359
Over (under) provision for income tax in prior year	(543)	(137)
Overstatement of deferred tax balances in prior year	(90)	(78)
Restatement of deferred tax balances from change in income tax rates	<u>-</u>	<u>-</u>
Income tax expense attributable to operating profit	<u>5,694</u>	<u>4,266</u>
(b) Income tax expense attributable to:		
Operating profit before income tax	<u>5,694</u>	<u>4,266</u>
(c) The income tax expense comprises amounts set aside as:		
Provision for income tax attributable to current year		
- Income tax payable on operating profit	5,168	4,195
- (Over) under provision for income tax in prior year	543	137
Provision for income tax attributable to future years		
- Provision for deferred income tax	(558)	(640)
- Future income tax benefit	<u>541</u>	<u>574</u>
	<u>5,694</u>	<u>4,266</u>

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

**NOTES TO HALF YEARLY REPORT AND DIVIDEND ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2002**

(a) Business segments

	Clay Products		Property		Investment (excl. associates)		Equity Accounted Associates		Consolidated	
	2002 \$000	2001 \$000	2002 \$000	2001 \$000	2002 \$000	2001 \$000	2002 \$000	2001 \$000	2002 \$000	2001 \$000
REVENUE										
Sales to customers outside the group	<u>96,350</u>	<u>74,090</u>	<u>7,855</u>	<u>27</u>	<u>6,558</u>	<u>7,710</u>	<u>16,513</u>	<u>14,241</u>	127,276	96,068
Total revenue from ordinary activities									<u>127,276</u>	<u>96,068</u>
RESULT										
Segment result	<u>18,109</u>	<u>14,812</u>	<u>2,707</u>	<u>(99)</u>	<u>4,199</u>	<u>3,597</u>	<u>16,513</u>	<u>14,241</u>	41,528	32,551
Unallocated expenses									<u>3,152</u>	<u>2,090</u>
Profit from ordinary activities before income tax expense									38,376	30,461
Income tax expense									<u>(5,694)</u>	<u>(4,266)</u>
Profit from ordinary activities after income tax expense									<u>32,682</u>	<u>26,195</u>
ASSETS										
Segment assets	<u>244,405</u>	<u>237,135</u>	<u>31,738</u>	<u>31,050</u>	<u>103,480</u>	<u>82,006</u>	<u>308,203</u>	<u>285,904</u>	687,826	636,095
Total assets									<u>687,826</u>	<u>636,095</u>
LIABILITIES										
Segment liabilities	<u>32,744</u>	<u>27,162</u>	<u>-</u>	<u>-</u>	<u>79</u>	<u>422</u>	<u>-</u>	<u>-</u>	32,823	27,584
Unallocated liabilities									<u>80,000</u>	<u>72,000</u>
Total liabilities									<u>112,823</u>	<u>99,584</u>
OTHER										
Acquisition of non-current segment assets	5,115	14,396	-	-	1,360	2,978	-	71,925	6,475	89,299
Depreciation & amortisation	5,741	4,903	-	-	-	-	-	-	5,741	4,903
Non-cash expenses other than depreciation & amortisation	4,070	2,013	-	-	19	97	-	-	4,089	2,110

(b) Geographical Segments

The economic entity's business segments are located in Australia, with some product manufactured by the clay products division exported to countries within South-East Asia. Total revenue from export sales in the period ended 31 December 2002 was \$1.847 million (2001 \$1.301 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 & Company Ltd and Bristle Ltd.



HALF YEARLY RESULTS

SIX MONTHS ENDED 31 DECEMBER 2002

OVERVIEW

NET PROFIT AFTER TAX UP 25% TO \$32.7 MILLION

EARNINGS PER SHARE UP 25% TO 24.8 CENTS PER SHARE

Brickworks Limited has reported a record six months to 31 December 2002 with buoyant housing demand, strong investment returns, property development and landfill operations all contributing strongly to the \$32.7 million after tax result, up 25% on last year's \$26.2 million. In the five years since 1997 the profit has increased threefold, up from \$10.8 million.

The pre equity accounted result increased 60% to \$32.5 million compared to last year's \$20.3 million.

Directors have declared an increased interim ordinary dividend of 7 cents per share fully franked and payable on 10 April.

CLAY PRODUCTS

Clay Products sales increased by 30% to \$96.4 million and EBIT increased by 22% to \$18.1 million.

Bricks and Pavers (Austral Brick)

Austral continued its strong run of recent times with production, sales volumes and selling prices all increasing during the period in New South Wales and Queensland. Total sales were up 21% to \$83.1 million. The strong market conditions were ignited by the Federal Government's first homeowners grant and have continued due to low interest rates, a robust economy, solid population growth and high levels of confidence in the community, particularly with regard to future employment prospects.

There has been some volatility on dwelling approval figures lately, which are indicating the peak in the cycle may have passed. There is a general land shortage in the markets we operate, with land supply particularly tight in the Sydney basin which is likely to restrict detached dwelling construction over the coming year. This may tend to direct consumers to medium density housing where some surplus stock and higher than normal rental vacancies have been reported.

Demand for bricks and pavers was beyond our ability to supply. Selling prices improved during the period underpinned by the strong demand. The EBIT to sales ratio increased for bricks and pavers compared to the previous full year with increased gas and electricity costs during the period being absorbed.

All factories were maintained at absolute maximum capacity resulting in record production during the period. However stock holdings continued to fall and stood at approximately one month's sales at the end of December.

The Austral Brick Company has maintained its pre-eminent position in the markets in which it operates by winning numerous awards, particularly with dry press production from the Bowral plant acquired in March 2001. In the period Austral won the NSW Masonry Contractors Association (MCA) award for Excellence in Brickwork - Commercial and Public Buildings, for Barker College, and the NSW Master Builders Association (MBA) Award - Best Use of Bricks, for Ravenswood School for Girls. These awards have now both been won by Austral two years in a row. Three MCA Merit Awards were also won for building details, e.g. arches, sills etc.

A number of new products were released during the period maintaining Austral's leading position.

Tiles (Eureka Tiles)

During the six months the recently acquired Eureka Tiles was assimilated with the Austral Tile Company to form Eureka Tiles Australia, Australia's largest floor tile producer. Mr. Peter Caughey was appointed General Manager of Eureka Tiles Australia in July.

Sales for the six months were up more than threefold from the previous period.

A national sales force has been established with a customer service centre at Punchbowl. A national distribution system has been organised to service the approximate 500 tile merchants holding accounts with Eureka. Through a combination of efficiency improvements and performance management the total work force has been reduced in excess of 20% underpinning improved future performance.

Development work on the new product line-up from the new tile plant at Punchbowl has continued with numerous new colours and sizes being launched. The Terracade cladding system will be manufactured at Punchbowl.

The new plant commenced production in the first half of the last year with no stock and, was never able to meet demand during the year due to initial teething problems. Now, during the final stages of commissioning, stock is becoming available to meet the current demand and markets for the new products will be developed. The plant's financial performance will continue to improve as operating speeds are increased further. It is envisaged the plant will operate in excess of 80% output over the coming six months.

After covering costs and disruption caused by the merger and plant commissioning, Eureka Tiles made a positive contribution during the six months, a substantial improvement on the previous period.

Export

Export sales grew by 40% compared to last year. The new paver range, Silk Road, designed specifically for Hong Kong, was very successful with sales exceeding our estimations in the first three months.

Negotiations with the Carter Holt chain of hardware stores in New Zealand were successfully completed. Carter Holt will become an exclusive Austral reseller, giving Austral a national New Zealand coverage from their 32 stores.

This year Austral were winners of the Queensland Japan Chamber of Commerce Export Award. The company was also a finalist in the Queensland Export Awards and Southern Queensland Business Excellence Awards.

Capital Expenditure

Capital expenditure during the half year totalled \$5.1 million, being "stay in business" capital. This compares to depreciation of \$5.7 million (\$4.9 million in 2001)

LAND AND PROPERTY REALISATION

Brickworks property realisation program for surplus land holdings has continued strongly in the final six months of 2002.

The Masterplan for the redevelopment of the Eastwood site was approved in principle by Parramatta City Council. This establishes the density of the site at no less than 260 dwellings and no more than 280 dwellings. Final approval of the Masterplan is subject to the preparation of an Environmental Impact Statement for filling the pit. This document is due to be lodged with Council early in 2003.

Work has also commenced on the first stage filling of the pit by Baulderstone Hornibrook. This has included preparing the base of the pit and undertaking stabilisation work. Negotiations are underway with several groups to source suitable fill material for the site.

Significant milestones have been achieved on the release of the SEPP59 property known as "Vineyard" at Eastern Creek. This includes the completion of the reports on the development capability of the land in August 2002. Blacktown Council subsequently voted to release the land in November 2002. Official release by the Minister of Planning is now expected in early 2003. Preparation of the Precinct Plan has already commenced.

Progress on the development application for the sub-division of the Mamre Road property at Erskine Park has slowed over the last six months due to issues raised by the Department of Land and Water Conservation. These issues have now been resolved, however it now appears that a species impact study will be required regarding the Cumberland Woodland Plan on the site. The impact on the proposal due to this cannot be determined at this time.

The sale of the Brookvale site has settled in February 2003 for \$6.5 million and an estimated pre tax profit of \$4.0 million.

WASTE MANAGEMENT

Progress on Waste Management over the last six months of 2002 has been significant. The construction of the Horsley Park Landfill was completed in July. This finalised the sale of the land to Collex and the payment of a further \$3.6 million to Austral taking the total for the land to \$7.2 million and profit on property development to \$2.2 million before tax.

Since July Collex has deposited waste for a profit to Austral of \$586,000. This rate of filling is expected to continue in 2003.

Recent upgrades completed to the Horsley Park intersection with Wallgrove Road also provides Collex the opportunity to increase the existing rate of landfilling.

INVESTMENT ACTIVITIES

Total Investment Portfolio

The market value of the total portfolio was \$764.1 million on 31 December, down \$116.2 million or 13.2% on June 2002.

The six month investment return on the total portfolio was negative 10.7% compared to the S&P/ASX 300 Accumulation Index of negative 4.48%.

Cash income received was \$20.5 million, up 71% on the previous corresponding period.

Investment in Washington H. Soul Pattinson (WHSP)

The market value of the WHSP was \$529.7 million, up \$80.8 million on December 2001 value but down on June 2002 market value of \$634 million. The WHSP share price was \$5.18 per share at 31 December compared to \$6.20 on 30 June 2002.

The equity accounted contribution was \$12.8 million for the six months and dividends of \$13.3 million were received.

Investment in Bristile Ltd

Bristile has reported a profit after tax of \$21.4 million for the half year to 31 December 2002. This is a 19% increase over the previous corresponding period.

Sales revenue was up 29% to \$162.4 million for the half year. Bristile's sales have been assisted by the Australian housing construction market during the past six months, firm sales levels from its mainstream business of Nubrik Victoria and Metro Brick Western Australia and the inclusion of a full six months profit from the Pioneer Roof Tile business in New South Wales and Queensland (compared to only six weeks in the prior period).

Earnings per share increased by 18% to 14.3 cents per share for the half year.

The interim dividend has been increased by 29% to 9.0 cents per share. This fully franked dividend will be paid on 16 April 2003.

Brickworks' equity accounted share of this profit was \$3.7 million.

Other Investments

Dividends and realised gains from this portfolio increased by 12% to \$4.2 million. The market value of the balance of the share portfolio decreased \$14.3 million to \$145 million. Proceeds from disposals were \$2.7 million with a gain of \$378,000 being Australian Food & Fibre, Permanent Trustee and PICA notes.

Major purchases of \$1.4 million included P&H Rural (now Lindsay Australia Ltd), CBA and Rural Press.

FINANCE

As at 31 December total interest bearing debt was \$80.0 million and total cash on hand was \$38.2 million. The interest cover ratio was 17.4 and the net borrowing cost for the six months was \$2.3 million.

FUTURE

Anecdotal evidence suggests that while many builders currently have substantial backlogs the rate of new housing sales, particularly in the Sydney basin, are being hampered by a shortage of land. Austral Bricks has a significant order backlog of some three to four months and only approximately one month's stock on hand. Consequently production and sales will remain strong for the immediate future.

All plants except Eastwood operated over the traditional Christmas maintenance period. Eastwood was closed for essential kiln repairs. The current reporting period has started strongly with a record January.

BIS Shrapnel is forecasting a downturn in building commencements in the order of 10% over the course of 2003. New South Wales is forecast to stabilise and Queensland to increase by 8% in the 2004 financial year. Interestingly, both BIS Shrapnel and the Housing Industry Association are forecasting a strong pick up in 2004/05.

Eureka Tiles is not only supported by the level of building activity but by the level of renovation activity as well. BIS Shrapnel is predicting renovations to increase 6% next year. As customers gain confidence in the company's reliability to supply and discover the new products, sales should increase substantially.

**R.D. MILLNER
CHAIRMAN**

SUMMARY OF RESULTS

6 MONTHS ENDED DECEMBER

	1998	1999	2000	2001	2002	% Var
Total Revenue (\$000's)	74,166	89,364	99,519	96,068	127,277	+ 32%
Clay Product Revenue (\$000's)	60,299	76,027	58,349	74,090	96,350	+ 30%
Clay Product NPBT (\$000's)	10,856	13,973	11,073	14,812	18,109	+ 22%
Property NPBT (\$000's)	-	-	-	(99)	2,121	-
Waste NPBT (\$000's)	-	-	-	-	586	-
Investment NPBT (\$000'S)	3,824	3,274	4,892	3,597	4,199	+ 17%
Associates \$000's (i)	9,660	9,068	32,481	14,241	16,513	+ 16%
Total NPBT (\$000's)	24,340	26,316	47,676	30,460	38,376	+ 26%
Income Tax (\$000's)	4,282	5,486	4,097	4,266	5,694	+ 33%
Net Profit after tax \$000's	20,058	20,830	43,579	26,194	32,682	+ 25%
Earnings per Share	15.2¢	15.8¢	33.1¢	19.9¢	24.8¢	+ 25%
Ordinary Dividends per share	5.0¢	5.5¢	6.0¢	6.5¢	7.0¢	+ 8%
Special Dividends per share	2.5¢	2.5¢	4.0¢	-	-	-
NTA per Share	\$3.30	\$3.53	\$3.88	\$4.07	\$4.37	+ 7%
Return on Shareholder Equity (annualised)	9.2%	9.0%	17.1%	9.8%	11.4%	+ 16%

Notes

- (i) Associates in December 2000 includes \$22.1 million of Brickworks share of Washington H. Soul Pattinson abnormal profit from the API merger with its pharmaceutical division.