

# **BRICKWORKS**

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**LIMITED**

ABN 17 000 028 526

**ANNUAL REPORT 2001**

# BRICKWORKS LIMITED AND CONTROLLED ENTITIES

A.B.N. 17 000 028 526

## FIVE YEAR SUMMARY

	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Clay Products Revenue	94,262	108,241	119,128	159,070	118,463
Net Profit Before Income Tax:					
Clay Products	3,722	11,576	20,732	30,472	17,757
Investment (excluding associates)	7,147	4,796	7,139	6,508	6,900
Associates*	6,647	7,158	19,135	16,301	40,032
	<u>17,516</u>	<u>23,530</u>	<u>47,006</u>	<u>53,281</u>	<u>64,689</u>
Income Tax	<u>2,749</u>	<u>4,758</u>	<u>8,290</u>	<u>10,274</u>	<u>4,684</u>
Net Profit after Income Tax	<u>14,767</u>	<u>18,772</u>	<u>38,716</u>	<u>43,007</u>	<u>60,005</u>
Earnings Per Share**	11.2¢	14.3¢	29.4¢	32.6¢	45.6¢
Dividends Per Share**	10¢	20¢	18.5¢	21¢	18¢
NTA Per Share**	\$2.23	\$2.17	\$3.39	\$3.52	\$3.87
Return on Total Equity	5.0%	6.6%	8.7%	9.3%	11.8%

### Notes

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

\*\* Adjusted for the 10 for 1 share split on 18 December 2000.

# BRICKWORKS LIMITED

A.B.N. 17 000 028 526

## ANNUAL REPORT 2001

REGISTERED OFFICE:	90 Longueville Road, Lane Cove N.S.W. 2066 Telephone: (02) 9427 6555 Facsimile: (02) 9427 5127
DIRECTORS:	ROBERT D. MILLNER FAICD (Chairman) Director since 1997  MICHAEL J. MILLNER (Deputy Chairman) Director since 1998  GEOFFREY G. TRAVIS BEc. (Syd); FCA Director since 1978  ALAN J. BENTLEY FAICD Joined the Company 1984. Director since 1995  TIMOTHY V. FAIRFAX FAICD Director since 1997  ROBERT J. WEBSTER Appointed 13 August 2001
MANAGING DIRECTOR:	LINDSAY R. PARTRIDGE BSc. Hons.Ceramic Eng; SFCDA; Dip CD
SECRETARY:	ALEXANDER J. PAYNE B.Comm; Dip CM; CPA; FCIS; FCIM; JP.
AUDITORS:	TRAVIS & TRAVIS Chartered Accountants
BANKERS:	NATIONAL AUSTRALIA BANK LIMITED
CONTROLLED ENTITIES:	THE AUSTRAL BRICK COMPANY PTY. LIMITED A.B.N. 52 000 005 550 THE AUSTRAL TILE COMPANY PTY. LIMITED A.B.N. 38 000 012 340 THE AUSTRAL EXPORT COMPANY PTY. LIMITED A.B.N. 30 000 646 695 BOWRAL BRICKWORKS PTY. LIMITED A.B.N. 39 000 165 579 HORSLEY PARK HOLDINGS PTY. LIMITED A.B.N. 65 008 392 014 HORSLEY PARK OPERATIONS PTY. LIMITED A.B.N. 12 094 905 996 CARRINGTON BRICK COMPANY PTY. LIMITED A.B.N. 93 000 002 979 THE WARREN BRICK COMPANY LIMITED A.B.N. 24 000 006 682
SHARE REGISTER:	COMPUTERSHARE REGISTRY SERVICES PTY. LIMITED NSW: Level 3, 60 Carrington Street, Sydney N.S.W. 2000 VICTORIA: Level 25, 120 Collins Street, Melbourne VIC. 3000 Telephone: (02) 8234 5222
PRINCIPAL ADMINISTRATIVE OFFICE:	Plant 1 The Austral Brick Company Pty. Ltd. Wallgrove Road HORSLEY PARK NSW 2164 Telephone: (02) 9830 7700 Facsimile: (02) 9831 2383

# BRICKWORKS LIMITED

A.B.N. 17 000 028 526

## DIRECTORS' REPORT

The directors of Brickworks Limited present their report and the financial report of Brickworks Limited and its controlled entities (referred to as the Brickworks Group or the Group) for the financial year ended 30 June 2001.

### Directors

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

Robert D. Millner FAICD (Chairman)  
Michael J. Millner (Deputy Chairman)  
Geoffrey G. Travis BEc. (Syd); FCA  
Albert W. Burgis FCPA; ACIS; JP. (Retired 3 November 2000)  
Alan J. Bentley FAICD  
Timothy V. Fairfax FAICD  
Lindsay R. Partridge BSc. Hons. Ceramic Eng; SFCDA; Dip CD (Appointed 26 September 2000)  
The Hon. Robert J. Webster (Appointed 13 August 2001)

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

### Principal Activities

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

### Result of Operations

The consolidated net profit for the year ended 30 June 2001 of the Brickworks Group after income tax expense, amounted to \$60,005,000 compared with \$43,007,000 for the previous year.

### Dividends

The directors recommend that the following final dividend be declared:

Ordinary shareholders - 8 cents per share (fully franked)

Dividends paid during the year under review were:

- (a) Final ordinary of 7 cents per share and final special of 6 cents per share, out of profits for the year ended 30 June 2000 and referred to in the previous directors' report;
- (b) Interim ordinary of 6 cents per share (fully franked) paid 12 April 2001;  
Interim special of 4 cents per share (fully franked) paid 12 April 2001.

### Review of Operations

#### Group Results

The Equity Accounted Profit increased by 40% to a record \$60.0 million after tax over the same period last year. The total investment portfolio returned 32% for the year, increasing in value by \$147.7 million, including an unrealised gain of \$141.1 million, to \$642.2 million.

Earnings per share increased to 45.6 cents compared to 32.6 cents last year.

The strong performance of the Group has enabled Directors to recommend that the final ordinary dividend be increased 14% to 8 cents per share fully franked and payable on 5 November. Together with the interim dividends of 10 cents, this brings dividends for the year to 18 cents per share.

The net profit before tax from clay products decreased to \$17.8 million on a 25% decrease in revenue to \$118.5 million.

The net profit before tax from investments increased 6% to \$6.9 million.

On 18 December 2000 shareholders approved a 10 for 1 share split. The share price increased 54% from \$3.93 to \$5.96 during the year and the number of shareholders increased to 1,900 from approximately 1,100.

#### Clay Products

The housing industry suffered its worst downturn in thirty years, according to BIS Shrapnel, with commencements falling 34% to 114,000 nationally in 2000/01. The GST induced boom and preparation for the Sydney Olympics were the main and well-publicised causes of this unprecedented draw forward and subsequent collapse in demand.

Sales and profits deteriorated in each of the first three quarters of the year. The final quarter was the strongest of the year, showing some improvement. While recent approvals have continued to improve, current demand remains steady.

The industry in New South Wales has been impacted by the collapse of HIH Insurance. A number of long-term clients remained uninsured and unable to commence new work at 30 June 2001.

Brick and paver sales volumes fell by 29%, however unit selling prices continued to increase beyond unit production costs, cushioning the impact of the downturn. This was achieved despite aggressive discounting in the market by competitors, and numerous alternative products attacking traditional markets.

The reported clay products pre tax profit to sales ratio showed a reduction to 15% from 19.1% the previous year. The reduced contribution was caused by a number of one off charges including;

- The balance of the old tile plant was written off.
- A provision was created for environmental works on the filled portion of the Punchbowl site.
- Additional expenses were incurred for approvals and contracts associated with the property development and waste management.
- The stock value of Bowral product was written down by \$590,000 to reflect current lower manufacturing costs.

These charges totalled \$2.6 million. Prior to these charges the pre tax margin was 17.2%, comparing favourably to the 18% achieved in the first half.

Most factories were closed in January for long overdue maintenance and one kiln at Rochedale required closing again in April for unscheduled repairs to a failed section of the refractory roof. There was some disruption caused by the construction of the new tile factory.

Stock levels have been replenished and stood at \$25.2 million on 30 June 2001.

In March Bowral Brickworks Pty Ltd located in Bowral, New South Wales, was purchased. The company was bought for \$6.7 million, including \$2.1 million in finished goods inventories. In addition to the 27-hectare factory site, there are two clay and shale properties totalling approximately 130 hectares with reserves in excess of 40 years. The company assets also include an approved landfill site at Bowral. Bowral Bricks has a very strong brand presence, particularly in the architectural market.

It is the company's intention to sustain dry press production at Bowral after the closure of Eastwood. Since acquisition, an adjoining property of 1.14 hectares has been purchased allowing for plant expansion and additional storage.

### **New Products and Services**

A significant amount of resources were applied to new products and services during the year to maintain Austral's strong position.

The marketing and product development of Slick Bricks continued with many successful jobs completed. Technical testing of the product is continuing to expand its uses and applications. Substantial competition from panel type products has made progress slow in this market segment.

During the year Austral's e-brick™ system was released. The system allows customers to place orders, view account details and organise deliveries via the internet. The system is secure and allows our customers direct access 24 hours per day.

The market for pavers has shifted over the last few years from traditional brick size to large format pavers. Austral released two paving ranges to lead this trend in clay pavers, launching the Portobello range from Queensland and more recently the Sorrento range from New South Wales. These are up to 300 x 300 mm in size and feature exciting colours and finishes.

The market for landscape products continues to grow strongly. To capitalise on this Austral has relaunched the Claylink retaining wall system in an updated format. The new format has greater performance parameters and comes in a range of colours with all necessary accessories.

### **Export**

Record export sales were achieved after increasing a further 20% over the previous year.

Sales into the Japanese market were substantially increased, even though trading conditions, particularly in the DIY market have deteriorated. Pavers and brick facings are mainly sold to the Japanese and are produced and exported from the Queensland operations.

Sales to New Zealand decreased due to lower housing starts in that market as did sales to Hong Kong and Taiwan.

Austral will continue developing new products for the export market in an effort to sustain this strong and profitable growth in sales revenue.

The new terracotta floor tile plant, with its anticipated high level of efficiency, should allow Austral to compete effectively in international markets.

## **Capital Expenditure**

Capital expenditure during the period totalled \$11.5 million, including the expenditure on the new tile factory at Punchbowl and excluding the purchase of Bowral Brickworks for \$6.7 million.

The approval process delayed the commencement of construction of the tile plant, but we are now able to report that all approvals necessary were received and installation is well advanced. The plant is scheduled for completion in December and is likely to commence operation in January 2002.

Further falls in production costs at Riverview have been achieved after the successful implementation of the company's first robot operated dehacker. Capital expenditure was \$1.6 million to replace the existing palletised brick packaging system.

Depreciation for the year increased 3.0% to \$9.5 million.

## **Land and Property Realisation**

Brickworks continues work on realising surplus land holdings.

At Brookvale, where the company entered into an agreement with Clarendon Apartments for the development of the decommissioned Brookvale brick factory, the new Warringah Shire Council Local Environmental Plan (LEP) has been gazetted by State Government, which has effectively rezoned the Brookvale site for redevelopment with residential units. The development application has been exhibited and approval is now being sought. The total number of units on the site and the likely development conditions will not be known until this approval is received.

On the Punchbowl site, where the new tile factory is being built, contracts for the sale of surplus land holdings with a value in excess of \$4 million have been exchanged. Council has approved the subdivision and final settlements are taking place.

At Mamre Road, St Marys, the company has some 65 hectares of land. This is zoned employment under Penrith Council's Local Development Plan. The company has submitted a development application to subdivide this into commercial lots. The company continues to work with the council officers towards a successful approval for this property.

Since the end of the financial year contracts have been signed with Clarendon Apartments and Boulderstone Hornibrook for a residential development on the Eastwood brick factory site. Austral will receive a guaranteed payment of \$41 million over four years under the arrangement, plus a share of any additional sales once a minimum sales level is achieved.

It is estimated up to 212 dwellings may be built providing approval of the development application for development and rehabilitation of the site is granted by Parramatta Council. Redevelopment of the site will require filling of the void, which is in excess of 1 million cubic metres of space.

The agreement will enable Brickworks to realise the value of the Eastwood site, in keeping with the company's strategy of seeking better returns from its valuable property holdings. By transferring production from Eastwood to Bowral, the combined production will operate more efficiently from a site which has ample clay reserves.

The property known as The Vineyard at Eastern Creek, which is approximately 150 hectares bound by Wallgrove Road, Old Wallgrove Road and the Warragamba Dam to Prospect Reservoir pipeline, is a major quarry for the company. This property has been zoned under SEPP 59 as an employment zone. The company has commenced working on the precinct plans with some of the adjoining landowners and Blacktown Council. It will take possibly three to five years for the Development Application to be lodged and approved.

## **Waste Management**

Contracts have been signed since the end of the financial year to commence a waste recycling and landfill operation on the site at Plant 1, Wallgrove Road, Horsley Park. The contracts involve Collex, a wholly owned subsidiary of Vivendi Universal of France, which will pay Austral \$7.2 million to purchase a 34 hectare site at Horsley Park. The agreement is subject to Foreign Investment Review Board approval and the issuing of an EPA License.

Austral will share in profit from the recycling and landfill operations. However, Collex will guarantee a minimum \$1 million annual payment to Austral over the estimated 25-year life of the site.

The site is approved already for category II waste and the void size when fully excavated will be approximately 6.8 million cubic metres. On completion of filling and restoration, Austral will share in the sale proceeds of the site.

The agreement provides an ideal solution to making better use of surplus land assets.

## **Compliance Programs**

The company is subject to substantial legislation including health and safety, environmental, trade practices, discrimination and sexual harassment. An extensive compliance program is undertaken to ensure our operations meet these requirements.

The group safety effort has been substantially increased in response to higher 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 EPA.

## **Investments**

The market value of the Washington H. Soul Pattinson investment increased by \$115.1 million (31%) to \$483.3 million.

Brickworks' share of the Washington H. Soul Pattinson profit for the twelve months ending 31 January 2001 was \$40.0 million, which compares to \$16.3 million in the previous corresponding period. The dividend received was \$15.3 million compared to \$16.9 million in the previous year.

The balance of the portfolio return of 25% for the year compares very favourably to the S&P/ASX300 Accumulation Index return of 9.1%. The market value of the investment portfolio increased 26% (\$32.5 million) to \$158.9 million.

During the year a net \$6.5 million was added to the portfolio including purchases of Bank of Queensland Preference Shares, Campbell Bros Ltd, Choiseul Investments, Graincorp Ltd, NRMA Ltd, Telstra Ltd, Wesfarmers Ltd, Macquarie Infrastructure Trust, Woolworths Ltd and Paperlinx Ltd.

Significant sales during the year included North Ltd for profit after tax of \$1.3 million and HIH for a loss of \$430,000.

The company's cash position was \$15.1 million at 30 June.

## **Board Changes**

Mr. Geoffrey Travis has announced that he does not intend to stand for re-election at the next AGM. We would like to thank him for his valuable contribution since joining the Board in 1978.

The Board has appointed the Hon. Robert Webster, previously a Member of the Legislative Council, to fill this vacancy.

Mr. Webster will bring a wealth of experience to the company, having spent over ten years in State politics as MP for Goulburn and a Minister in the Greiner Government. His ministerial portfolios included Planning, Housing and Property Services, Family and Community Services, Energy, State Development, Tourism, Administrative Services and Transport. In addition he holds several corporate directorships.

Mr. Webster will stand for election by shareholders at the AGM to be held on 2 November 2001.

## **Acquisition of Strategic Stake in Bristile Limited**

Brickworks Limited announced on 17 August 2001 that it has acquired 29 million shares in Bristile Limited (19.6%) from Futuris Ltd. These shares were purchased at \$2.46 each for a total consideration of \$71.7 million.

Bristile is the second largest clay brick and paver manufacturer in Australia with major market shares in Western Australia, Victoria, South Australia and Tasmania. Bristile also manufactures clay and concrete roof tiles and masonry products.

Bristile has invited two nominees of Brickworks to join the Bristile Board. The nominees are Mr. R.D. Millner and Mr. L.R. Partridge.

The addition of Bristile Limited to Brickworks' already extensive investment portfolio will have long term strategic benefit. The Board and Management of Brickworks Limited look forward to examining opportunities that will benefit the shareholders of both companies.

## **Significant Changes in State of Affairs**

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

## **After Balance Date Events**

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

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

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

## **Likely Developments and Expected Results of Operations**

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

## **Environmental Regulation**

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

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

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

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

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

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

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

## **Information on Directors**

### ***Robert D. Millner FAICD*** **Chairman**

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

### ***Michael J. Millner*** **Deputy Chairman**

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

### ***Geoffrey G. Travis BEc (Syd); FCA*** **Director**

Mr. Travis is a non-executive director who joined the Board in 1978. Mr. Travis was a Chartered Accountant for 49 years and a principal of a chartered accounting firm for 27 years. He is a director of numerous private companies. He is a member of the Audit Committee. Mr. Travis has decided to retire at the conclusion of the Annual General Meeting on 2 November 2001.

### ***Alan J. Bentley FAICD*** **Director**

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

### ***Timothy V. Fairfax FAICD*** **Director**

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

**The Hon. Robert J. Webster**  
**Director**

Mr. Webster was appointed to the Board on 13 August 2001 and is a non-executive director. He is Vice President - Partner in Korn/Ferry International's Sydney office, Chairman of the National Science and Technology Centre and Director of Allianz Australia, Mirvac Group, Macquarie Generation and ASX Settlement and Transfer Corporation. He is a member of the Audit Committee.

**Lindsay R. Partridge BSc Hons Ceramic Engineering. SFCDA Dip CD**  
**Managing Director**

Mr. Partridge was appointed to the Board on 26 September 2000. He first joined the company as a Plant Manager in 1985 and was appointed NSW General Manager in 1989.

**Meetings of Directors**

During the financial year, 16 meetings of directors (including committees) were held.  
Attendances were:

	DIRECTOR'S MEETINGS		COMMITTEE MEETINGS	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
R. D. Millner	14	13	2	2
M. J. Millner	14	14	2	2
G. G. Travis	14	14	2	2
A. W. Burgis	6	6	1	1
A. J. Bentley	14	14	2	2
T. V. Fairfax	14	13	2	2
L. R. Partridge	9	9	1	1

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

**Directors' Interests**

As at 28 August 2001, the following directors had relevant interests in the following Brickworks shares:

R. D. Millner	2,737,515
M. J. Millner	2,726,515
G. G. Travis	30,000
A. J. Bentley	10,040
T. V. Fairfax	5,000
L. R. Partridge	35,500
R. J. Webster	500

As at 28 August 2001, none of the directors had relevant interests in debentures of, or interests in a registered scheme made available by Brickworks or a related body corporate.

As at 28 August 2001, none of the directors had any rights or options over shares in debentures of, or interests in a registered scheme made available by Brickworks, or a related body corporate.

As at 28 August 2001, there were no contracts entered into by Brickworks or a related body corporate to which any director is party, or under which any director is entitled to benefit nor were there any contracts which confer any right for any director to call for or deliver shares in or debentures of or interest in a registered scheme made available by Brickworks or a related body corporate.

**Remuneration Details of Directors and Executive Officers**

Directors	Base Salary	Director's Fees	Superannuation Contributions	Incentives	Non Cash Benefits	Total
R. D. Millner	-	69,000	5,920	-	-	74,920
M. J. Millner	-	34,500	2,960	-	-	37,460
G. G. Travis	-	34,500	-	-	-	34,500
A. W. Burgis*	-	107,036	-	-	-	107,036
T. V. Fairfax	-	34,500	2,960	-	-	37,460
A. J. Bentley	-	34,500	2,960	-	-	37,460
L. R. Partridge	216,295	-	42,667	110,000	13,431	382,393

\*Retired on 3 November 2000. Includes retirement benefit of \$96,000.

<b>Executive Officers</b>	<b>Base Salary</b>	<b>Director's Fees</b>	<b>Superannuation Contributions</b>	<b>Incentives</b>	<b>Non Cash Benefits</b>	<b>Total</b>
L. R. Partridge	216,295	-	42,667	110,000	13,431	382,393
P. J. Mahony	153,297	-	30,267	40,000	13,705	237,269
A. J. Payne	130,083	-	19,250	65,000	6,792	221,125
D. T. Fitzharris	130,084	-	19,250	40,000	15,337	204,671
R. J. Clarke	130,083	-	18,788	30,000	20,011	198,882

Non cash benefits include fringe benefits tax where applicable.

#### **Directors' and Senior Executives' Remuneration**

The Constitution provides for the directors, other than executive directors, to be collectively paid as remuneration for their services as a fixed sum not exceeding the aggregate maximum sum determined by the company in general meeting. Shareholders have approved an aggregate maximum sum of \$300,000. The aggregate fees paid to non-executive directors during the period ended 30 June 2001 were \$232,836. The fees are divided among directors as they determine.

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

#### **Options**

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

#### **Proceedings on Behalf of Company**

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

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

#### **Indemnification of directors and officers**

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

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

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

Dated 28 August 2001.

R. D. MILLNER, Director

G. G. TRAVIS, Director

# BRICKWORKS LIMITED

A.B.N. 17 000 028 526

## CORPORATE GOVERNANCE STATEMENT

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

### **Board Responsibility**

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

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

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

### **Board Composition**

At the date of this report, the Board consists of six non-executive directors and one executive director listed in the Directors' Report. During the year Mr. L. R. Partridge was appointed Managing Director. On 13 August 2001 Mr R. J. Webster was appointed as a non-executive director.

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

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

### **Term of Appointment**

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

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

### **Independent Professional Advice**

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

### **Remuneration**

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

The remuneration of non-executive directors is determined by the full Board after consideration of company performance and market rates for directors' remuneration. Individual fee levels are set to reflect the level of responsibilities of the individual non-executive directors. The aggregate level of fees which may be paid to non-executive directors is required to be approved by shareholders in general meeting. This figure is currently \$300,000.

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

## **Audit Committee**

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

The main responsibilities of the audit committee are to:

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

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

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

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

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

## **Risk Management and Ethical Standards**

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

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

The Board also requires:

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

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

# BRICKWORKS LIMITED AND CONTROLLED ENTITIES

A.B.N. 17 000 028 526

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2001

	NOTE	CONSOLIDATED		PARENT ENTITY	
		2001 \$000	2000 \$000	2001 \$000	2000 \$000
Revenue from sale of goods		119,319	157,843	-	-
Cost of sales		<u>(71,925)</u>	<u>(92,664)</u>	<u>-</u>	<u>-</u>
Gross profit		47,394	65,179	-	-
Other revenues from ordinary activities	2	13,618	12,314	63,683	47,046
Distribution expenses		(15,435)	(22,016)	-	-
Administration expenses		(7,917)	(6,907)	(899)	(748)
Selling expenses		(7,444)	(7,158)	-	-
Borrowing costs expense		-	-	-	-
Other expenses from ordinary activities		(5,559)	(4,432)	(4,105)	(2,745)
Share of net profits of associates accounted for using the equity method		<u>40,032</u>	<u>16,301</u>	<u>-</u>	<u>-</u>
Profit from ordinary activities before income tax expenses	3	64,689	53,281	58,679	43,553
Income tax attributable to profit from ordinary activities	4	<u>(4,684)</u>	<u>(10,274)</u>	<u>(637)</u>	<u>(625)</u>
Profit from ordinary activities after related income tax expenses		<u>60,005</u>	<u>43,007</u>	<u>58,042</u>	<u>42,928</u>

The accompanying notes form part of these financial statements

# BRICKWORKS LIMITED AND CONTROLLED ENTITIES

A.B.N. 17 000 028 526

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2001

	NOTE	CONSOLIDATED		PARENT ENTITY	
		2001 \$000	2000 \$000	2001 \$000	2000 \$000
<b>CURRENT ASSETS</b>					
Cash		2,057	3,852	164	248
Receivables	9(a)	18,144	22,710	1,549	1,376
Other financial assets	10(a)	16,474	36,729	13,027	33,858
Inventories	11	25,163	10,140	-	-
Other	12	743	441	-	-
<b>TOTAL CURRENT ASSETS</b>		<u>62,581</u>	<u>73,872</u>	<u>14,740</u>	<u>35,482</u>
<b>NON-CURRENT ASSETS</b>					
Receivables	9(b)	-	-	41,266	-
Other financial assets	10(b)	67,249	62,301	251,022	246,075
Investments accounted for using the equity method	13	207,088	172,554	-	-
Property, plant and equipment	14	208,573	202,096	645	645
Deferred tax assets	15	5,103	2,584	88	87
<b>TOTAL NON-CURRENT ASSETS</b>		<u>488,013</u>	<u>439,535</u>	<u>293,021</u>	<u>246,807</u>
<b>TOTAL ASSETS</b>		<u>550,594</u>	<u>513,407</u>	<u>307,761</u>	<u>282,289</u>
<b>CURRENT LIABILITIES</b>					
Accounts payable	16(a)	9,300	6,977	35	413
Current tax liabilities	17	4,214	9,089	609	362
Provisions	18(a)	17,008	22,675	10,636	17,124
<b>TOTAL CURRENT LIABILITIES</b>		<u>30,522</u>	<u>38,741</u>	<u>11,280</u>	<u>17,899</u>
<b>NON-CURRENT LIABILITIES</b>					
Accounts payable	16(b)	-	-	195	2,356
Provisions	18(b)	1,549	1,251	194	256
Deferred tax liabilities	19	9,243	10,271	4	22
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>10,792</u>	<u>11,522</u>	<u>393</u>	<u>2,634</u>
<b>TOTAL LIABILITIES</b>		<u>41,314</u>	<u>50,263</u>	<u>11,673</u>	<u>20,533</u>
<b>NET ASSETS</b>		<u>509,280</u>	<u>463,144</u>	<u>296,088</u>	<u>261,756</u>
<b>EQUITY</b>					
Contributed equity	20	139,409	139,409	139,409	139,409
Reserves	21	258,361	226,578	96,124	96,124
Retained profits	22	111,510	97,157	60,555	26,223
<b>TOTAL EQUITY</b>		<u>509,280</u>	<u>463,144</u>	<u>296,088</u>	<u>261,756</u>

The accompanying notes form part of these financial statements

# BRICKWORKS LIMITED AND CONTROLLED ENTITIES

A.B.N. 17 000 028 526

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2001

	NOTE	CONSOLIDATED		PARENT ENTITY	
		2001 \$000	2000 \$000	2001 \$000	2000 \$000
<b>Cash flows from operating activities</b>					
Cash receipts in the course of operations		137,148	152,078	125	84
Cash payments in the course of operations		(117,388)	(109,737)	(1,241)	(370)
Interest received		2,106	1,733	2,104	1,731
Dividends received		21,223	21,487	56,745	41,825
Income tax paid		(12,957)	(10,140)	(409)	(570)
Net cash provided by operating activities	30(b)	<u>30,132</u>	<u>55,421</u>	<u>57,324</u>	<u>42,700</u>
<b>Cash flows from investing activities</b>					
Proceeds from the sale of investments		4,535	3,224	4,535	3,224
Purchases of investments		(9,052)	(12,179)	(9,052)	(12,179)
Payment for subsidiary net of cash acquired	30(c)	(6,658)	-	-	-
Proceeds from sale of property, plant & equipment		190	2,293	-	-
Purchases of property, plant & equipment		(11,477)	(19,964)	-	-
Net cash used in investing activities		<u>(22,462)</u>	<u>(26,626)</u>	<u>(4,517)</u>	<u>(8,955)</u>
<b>Cash flows from financing activities</b>					
Loan to controlled entity		-	-	(43,426)	(7,012)
Dividends paid		(30,296)	(25,027)	(30,296)	(25,027)
Net cash used in financing activities		<u>(30,296)</u>	<u>(25,027)</u>	<u>(73,722)</u>	<u>(32,039)</u>
Net increase (decrease) in cash and cash equivalents		(22,626)	3,768	(20,915)	1,706
Cash & cash equivalents at beginning of year		37,710	33,942	34,106	32,400
Cash & cash equivalents at end of year	30(a)	<u>15,084</u>	<u>37,710</u>	<u>13,191</u>	<u>34,106</u>

The accompanying notes form part of these financial statements

# BRICKWORKS LIMITED AND CONTROLLED ENTITIES

A.B.N. 17 000 028 526

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

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### 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 26 to the financial statements. All inter-company balances and transactions between entities in the Brickworks Group, including any unrealised profits or losses, have been eliminated on consolidation.

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

### NON-CURRENT INVESTMENTS

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

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

### CURRENT INVESTMENTS

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

### PROPERTY PLANT AND EQUIPMENT

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

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

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

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

Class	Rate
Buildings	2.5% PC
Plant and Equipment	4% - 33% PC, 8% - 22 1/2% 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.

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

#### **INCOME TAX**

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

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

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

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

#### **INVENTORIES**

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

#### **EMPLOYEE ENTITLEMENTS**

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

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

#### **RESTORATION AND REHABILITATION**

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

#### **REVENUE**

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

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

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

#### **GOODS AND SERVICES TAX**

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

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

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

#### **ROUNDING OF AMOUNTS**

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

#### **COMPARATIVE FIGURES**

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

	CONSOLIDATED		PARENT ENTITY	
	2001 \$000	2000 \$000	2001 \$000	2000 \$000
<b>NOTE 2: OPERATING REVENUE</b>				
Trading revenue				
Sale of goods	119,319	157,843	-	-
Other revenue				
Interest received – other corporations	2,075	1,755	2,073	1,752
Dividends received:				
- wholly owned subsidiaries	-	-	36,297	21,156
- associated companies	-	-	14,742	16,216
- other corporations	6,060	4,791	5,871	4,626
Proceeds on sale of:				
- non-current investments	4,535	3,224	4,535	3,224
- property, plant and equipment	430	2,293	-	-
Rental revenue	135	127	-	-
Other	383	124	165	72
Share of net profits of associates	40,032	16,301	-	-
Total revenue	<u>172,969</u>	<u>186,458</u>	<u>63,683</u>	<u>47,046</u>

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

(a) Charging as expenses:

Depreciation of property, plant and equipment

- buildings	751	698	-	-
- plant and equipment	8,721	8,497	-	-
	<u>9,472</u>	<u>9,195</u>	<u>-</u>	<u>-</u>

Rental expense on operating leases	236	218	-	-
Net loss on disposal of:				
- property, plant & equipment	664	-	-	-
- current investments	42	-	-	-
Unrealised loss on carrying value of current investments	888	81	-	-
Charge to provision for:				
- employee entitlements	4,459	4,297	132	32
- doubtful debts – trade debtors	299	656	-	-
- product claims	245	187	-	-
Write down of inventories to net realisable value	323	397	-	-

(b) Crediting as income:

Dividends received from:

- controlled entities	-	-	36,297	21,156
- associated companies	-	-	14,742	16,216
- other corporations	6,060	4,791	5,871	4,625
Interest received from:				
- other corporations	2,075	1,755	2,073	1,752
Net gain on disposal of:				
- property, plant & equipment	-	612	-	-
- current investments	-	242	-	-
- non-current investments	431	479	431	479

CONSOLIDATED		PARENT ENTITY	
2001	2000	2001	2000
\$000	\$000	\$000	\$000

#### NOTE 4: INCOME TAX EXPENSE

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

Prima facie tax payable on profit from ordinary activities before income tax at 34% (2000 36%)	21,994	19,181	19,951	15,679
Add tax effect of:				
- non-allowable items and adjustments	322	348	52	115
	<u>22,316</u>	<u>19,529</u>	<u>20,003</u>	<u>15,794</u>
Less tax effect of:				
- capital profits not subject to income tax	147	52	147	52
- share of net profits of associates	13,611	5,868	-	-
- rebateable dividends	1,935	1,724	19,231	15,119
- over (under) provision for income tax in prior year	254	41	(1)	2
- tax losses of controlled entity recognised during the year	1,987	-	-	-
- restatement of deferred tax balances from change in income tax rates	(302)	1,570	(11)	(4)
Income tax expense attributable to profit from ordinary activities	<u>4,684</u>	<u>10,274</u>	<u>637</u>	<u>625</u>

- (b) Income tax expense attributable to:

Profit from ordinary activities before income tax	<u>4,684</u>	<u>10,274</u>	<u>637</u>	<u>625</u>
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- (c) The income tax expense comprises amounts set aside as:

Provision for income tax attributable to current year				
- income tax payable on profit from ordinary activities	8,313	13,227	655	627
- (over) under provision for income tax in prior year	(254)	(41)	1	(2)
Provision for income tax attributable to future years				
- provision for deferred income tax	(1,028)	(2,674)	(18)	6
- future income tax benefit	(2,347)	(238)	(1)	(6)
	<u>4,684</u>	<u>10,274</u>	<u>637</u>	<u>625</u>

CONSOLIDATED		PARENT ENTITY	
2001	2000	2001	2000
\$000	\$000	\$000	\$000

#### NOTE 5: REMUNERATION OF DIRECTORS AND EXECUTIVES

(a) Directors' remuneration

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

711	407	711	407
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The number of directors whose total income fell within the following bands:

	No.	No.
\$30,000 - \$39,999	4	4
\$60,000 - \$69,999	-	1
\$70,000 - \$79,999	1	-
\$100,000 - \$109,999	1	-
\$200,000 - \$209,999	-	1
\$380,000 - \$389,999	1	-

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

Robert D. Millner  
Michael J. Millner  
Geoffrey G. Travis  
Albert W. Burgis (retired 3 November 2000)  
Alan J. Bentley  
Timothy V. Fairfax  
Lindsay R. Partridge (Managing Director appointed 26 September 2000)

The directors received no benefits other than those disclosed in the notes to the financial statements.

(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.

1,583	1,467	-	-
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The number of executive officers whose income was within the following bands:

	No.	No.	No.	No.
\$140,000 - \$149,999	1	-	-	-
\$150,000 - \$159,999	-	1	-	-
\$180,000 - \$189,999	-	3	-	-
\$190,000 - \$199,999	2	-	-	-
\$200,000 - \$209,999	1	1	-	-
\$220,000 - \$229,999	1	1	-	-
\$230,000 - \$239,999	1	-	-	-
\$320,000 - \$329,999	-	1	-	-
\$380,000 - \$389,999	1	-	-	-

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

	CONSOLIDATED		PARENT ENTITY	
	2001	2000	2001	2000
	\$000	\$000	\$000	\$000

#### NOTE 6: AUDITORS' REMUNERATION

Amount receivable by the auditors for:

- auditing the financial report	182	162	54	41
- other services	65	59	44	49
	<u>247</u>	<u>221</u>	<u>98</u>	<u>90</u>

#### NOTE 7: DIVIDEND PAID AND PROPOSED

Interim ordinary dividend paid of 6 cents per share, fully franked at the tax rate of 34% (2000 5.5 cents franked at 36% tax rate)

	7,903	7,245	7,903	7,245
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Interim special dividend paid of 4 cents per share, fully franked at the tax rate of 34% (2000 2.5 cents franked at 36% tax rate)

	5,269	3,293	5,269	3,293
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Proposed final ordinary dividend of 8 cents per share, fully franked at the tax rate of 30% (2000 7 cents franked at 34% tax rate)

	10,538	9,221	10,538	9,221
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Proposed final special dividend, fully franked at the tax rate of 30% (2000 6 cents franked at 34% tax rate)

	-	7,903	-	7,903
--	---	-------	---	-------

Group's share of dividend received by associated company

	(5,908)	(5,204)	-	-
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	<u>17,802</u>	<u>22,458</u>	<u>23,710</u>	<u>27,662</u>
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Balance of franking account at year end adjusted for franking credits arising from payment of income tax payable and payment of proposed dividends

	<u>76,968</u>	<u>46,576</u>	<u>62,638</u>	<u>16,207</u>
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The franking account balances have been restated at the 30% income tax rate.

Interim and comparative figures have been adjusted for the 10 for 1 share split on 18 December 2000.

#### NOTE 8: EARNINGS PER SHARE

Basic earnings per share (cents per share)	45.6	32.6
Diluted earnings per share (cents per share)	45.6	32.6

Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS

	131,723,600	131,723,600
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Comparative figures have been adjusted for the 10 for 1 share split on 18 December 2000.

	NOTE	CONSOLIDATED		PARENT ENTITY	
		2001 \$000	2000 \$000	2001 \$000	2000 \$000
<b>NOTE 9: RECEIVABLES</b>					
(a) Current					
Trade debtors		17,530	23,079	-	-
Less: provision for doubtful debts		750	750	-	-
		<u>16,780</u>	<u>22,329</u>	-	-
Add: Other debtors		1,996	1,466	1,549	1,376
		<u>18,776</u>	<u>23,795</u>	<u>1,549</u>	<u>1,376</u>
Less: advance payments by customers		632	1,085	-	-
		<u>18,144</u>	<u>22,710</u>	<u>1,549</u>	<u>1,376</u>
(b) Non-current					
Amount owing by controlled entities		-	-	41,266	-
		<u>-</u>	<u>-</u>	<u>41,266</u>	<u>-</u>
<b>NOTE 10: OTHER FINANCIAL ASSETS</b>					
(a) Current					
Short term deposits and loans		13,027	33,858	13,027	33,858
Share trading portfolio at lower of cost and market value		3,447	2,871	-	-
		<u>16,474</u>	<u>36,729</u>	<u>13,027</u>	<u>33,858</u>
Share trading portfolio at market value		6,291	4,946	-	-
		<u>6,291</u>	<u>4,946</u>	<u>-</u>	<u>-</u>
(b) Non-Current					
Shares in controlled entities not listed, at cost		-	-	156,323	156,323
Listed investments at cost					
- Associated companies	29	-	-	27,450	27,450
- Other corporations		67,249	62,301	67,249	62,302
		<u>67,249</u>	<u>62,301</u>	<u>251,022</u>	<u>246,075</u>
Market values – listed investments					
- Associated companies		483,271	368,128	464,472	353,808
- Other corporations		152,633	121,427	152,633	121,427
		<u>635,904</u>	<u>489,555</u>	<u>617,105</u>	<u>475,235</u>
<b>NOTE 11: INVENTORIES</b>					
Raw materials and stores at cost		5,924	5,492	-	-
Work in progress at cost		1,316	1,087	-	-
Finished goods at cost		17,706	3,561	-	-
		<u>24,946</u>	<u>10,140</u>	-	-
Finished goods at net realisable value		217	-	-	-
		<u>25,163</u>	<u>10,140</u>	<u>-</u>	<u>-</u>
<b>NOTE 12: OTHER ASSETS</b>					
Prepayments		743	441	-	-
		<u>743</u>	<u>441</u>	<u>-</u>	<u>-</u>

	NOTE	CONSOLIDATED		PARENT ENTITY	
		2001 \$000	2000 \$000	2001 \$000	2000 \$000
<b>NOTE 13: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD</b>					
Investment in associated company	29	207,088	172,554	-	-
At market value		483,271	368,128	-	-
<b>NOTE 14: PROPERTY, PLANT AND EQUIPMENT</b>					
(a) Freehold land					
At cost		4,156	4,115	-	-
At deemed cost 2000		121,345	119,810	645	645
		125,501	123,925	645	645
(b) Leasehold land					
At cost		390	-	-	-
		390	-	-	-
(c) Buildings					
At cost		29,194	26,122	-	-
Less: depreciation		6,770	6,068	-	-
		22,424	20,054	-	-
(d) Leasehold improvements					
At cost		15	-	-	-
Less: depreciation		15	-	-	-
		-	-	-	-
(e) Plant and equipment					
At cost		147,755	136,996	-	-
Less: depreciation		96,098	82,366	-	-
		51,657	54,630	-	-
Add: work in progress at cost		8,601	3,487	-	-
		60,258	58,117	-	-
Total property, plant & equipment		208,573	202,096	645	645

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

CONSOLIDATED		PARENT ENTITY	
2001	2000	2001	2000
\$000	\$000	\$000	\$000

**NOTE 14: PROPERTY, PLANT AND EQUIPMENT (cont.)**

**Reconciliations**

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current and previous financial year are set out below.

Freehold land				
Carrying amount at start of period	123,925	120,295	645	645
Additions	41	4,115	-	-
Assets acquired by purchase of subsidiary	1,775	-	-	-
Disposals	(240)	(485)	-	-
	<u>125,501</u>	<u>123,925</u>	<u>645</u>	<u>645</u>
Leasehold land				
Carrying amount at start of period	-	-	-	-
Additions	-	-	-	-
Assets acquired by purchase of subsidiary	390	-	-	-
Disposals	-	-	-	-
	<u>390</u>	<u>-</u>	<u>-</u>	<u>-</u>
Buildings				
Carrying amount at start of period	20,054	18,262	-	-
Additions	578	3,286	-	-
Assets acquired by purchase of subsidiary	2,791	-	-	-
Disposals	(248)	(796)	-	-
Depreciation / amortisation expense	(751)	(698)	-	-
	<u>22,424</u>	<u>20,054</u>	<u>-</u>	<u>-</u>
Leasehold improvements				
Carrying amount at start of period	-	-	-	-
Additions	-	-	-	-
Assets acquired by purchase of subsidiary	-	-	-	-
Disposals	-	-	-	-
Depreciation / amortisation expense	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plant and equipment				
Carrying amount at start of period	54,630	49,724	-	-
Additions	5,738	13,803	-	-
Assets acquired by purchase of subsidiary	619	-	-	-
Disposals	(609)	(400)	-	-
Depreciation / amortisation expense	(8,721)	(8,497)	-	-
	<u>51,657</u>	<u>54,630</u>	<u>-</u>	<u>-</u>
Capital works in progress				
Carrying amount at start of period	3,487	4,883	-	-
Additions	8,574	3,487	-	-
Assets acquired by purchase of subsidiary	27	-	-	-
Transfer to Plant and equipment	(3,487)	(4,883)	-	-
Depreciation / amortisation expense	-	-	-	-
	<u>8,601</u>	<u>3,487</u>	<u>-</u>	<u>-</u>

	CONSOLIDATED		PARENT ENTITY	
	2001	2000	2001	2000
	\$000	\$000	\$000	\$000
<b>NOTE 15: DEFERRED TAX ASSETS</b>				
Future income tax benefit	5,103	2,584	88	87
<b>NOTE 16: ACCOUNTS PAYABLE</b>				
(a) Current				
Trade creditors	9,300	6,977	35	413
(b) Non-current				
Amounts owing to controlled entities	-	-	195	2,356
<b>NOTE 17: CURRENT TAX LIABILITIES</b>				
Provision for income tax	4,214	9,089	609	362
<b>NOTE 18: PROVISIONS</b>				
(a) Current				
Dividends	10,538	17,124	10,538	17,124
Employee entitlements	6,049	5,280	98	-
Product claims	421	271	-	-
Other	-	-	-	-
	17,008	22,675	10,636	17,124
(b) Non-current				
Employee entitlements	1,549	1,251	194	256
(c) Aggregate employee entitlements liability	7,598	6,531	292	256
	No.	No.	No.	No.
(d) Number of employees at year end	572	528	5	6
	\$000	\$000	\$000	\$000
<b>NOTE 19: DEFERRED TAX LIABILITIES</b>				
Provision for deferred income tax	9,243	10,271	4	22
<b>NOTE 20: CONTRIBUTED EQUITY</b>				
Issued and paid up capital				
131,723,600 fully paid ordinary shares	139,409	139,409	139,409	139,409
<b>NOTE 21: RESERVES</b>				
(a) Composition of reserves				
Capital reserves				
- capital profits	150,659	126,355	84,479	84,479
- asset revaluation	29,161	29,161	645	645
Revenue reserves				
- general	74,633	70,957	11,000	11,000
- foreign exchange	3,908	105	-	-
	258,361	226,578	96,124	96,124

	CONSOLIDATED		PARENT ENTITY	
	2001 \$000	2000 \$000	2001 \$000	2000 \$000
<b>NOTE 21: RESERVES (cont.)</b>				
(b) Movements in reserves				
Capital profits reserve				
Balance 1 July 2000	126,355	123,583	84,479	84,479
Transfer to retained profits	(100)	-	-	-
Share of associates transfer from retained earnings	24,274	2,991	-	-
Share of associates transfer to asset revaluation reserve	-	(219)	-	-
Share of associates increment in reserve	130	-	-	-
	<u>150,659</u>	<u>126,355</u>	<u>84,479</u>	<u>84,479</u>
Balance 30 June 2001				
Asset revaluation reserve				
Balance 1 July 2000	29,161	28,942	645	645
Share of associates transfer from capital profits reserve	-	219	-	-
	<u>29,161</u>	<u>29,161</u>	<u>645</u>	<u>645</u>
Balance 30 June 2001				
General reserve				
Balance 1 July 2000	70,957	68,296	11,000	11,000
Share of associates transfer from retained earnings	3,676	2,571	-	-
Share of associates increment in reserve	-	90	-	-
	<u>74,633</u>	<u>70,957</u>	<u>11,000</u>	<u>11,000</u>
Balance 30 June 2001				
Foreign exchange reserve				
Balance 1 July 2000	105	3,644	-	-
Share of associates increment in reserve	3,803	(3,539)	-	-
	<u>3,908</u>	<u>105</u>	<u>-</u>	<u>-</u>
Balance 30 June 2001				

**NOTE 22: RETAINED PROFITS**

Retained profits at the beginning of the financial year		97,157	82,170	26,223	10,957
Net profit from ordinary activities after related income tax expenses		60,005	43,007	58,042	42,928
Dividends provided for or paid	7	(17,802)	(22,458)	(23,710)	(27,662)
Aggregate of amounts transferred to reserves		(27,850)	(5,562)	-	-
Retained profits at the end of the financial year		<u>111,510</u>	<u>97,157</u>	<u>60,555</u>	<u>26,223</u>

CONSOLIDATED		PARENT ENTITY	
2001	2000	2001	2000
\$000	\$000	\$000	\$000

**NOTE 23: CAPITAL AND LEASING EXPENDITURE COMMITMENTS**

(a) Capital expenditure projects				
Payable not later than one year	11,874	1,466	-	-
(b) Operating lease commitments				
Non-cancellable operating leases contracted for but not capitalised in the accounts	596	757	-	-
Payable				
- not later than one year	169	161	-	-
- later than one year but not later than five years	427	596	-	-
	596	757	-	-

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

Contingent rental provisions within the lease agreements require the minimum lease payments shall be increased by the higher of CPI or 5% per annum.

**NOTE 24: RELATED PARTY TRANSACTIONS**

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

(a) Ownership Interest in related parties				
Washington H. Soul Pattinson and Company Limited	42.85%	42.85%	41.18%	41.18%
(b) Dividend revenue derived from related parties:				
Washington H. Soul Pattinson and Company Limited	15,339	16,873	14,742	16,216
(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	13,854	12,473	13,854	12,473

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

	Held 30 June 2000	Shares Acquired	Shares Disposed	Held 30 June 2001
Robert D. Millner	2,546,240	191,275	-	2,737,515
Michael J. Millner	2,538,240	188,275	-	2,726,515
Geoffrey G. Travis	30,000	-	-	30,000
Alan J. Bentley	8,040	2,000	-	10,040
Timothy V. Fairfax	5,000	-	-	5,000
Lindsay R. Partridge	27,500	8,000	-	35,500

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

Opening balances and purchases have been adjusted for the 10 for 1 share split on 18 December 2000.

Lindsay Partridge was appointed Managing Director on 26 September 2000.

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

**NOTE 25: STATEMENT OF OPERATIONS  
BY SEGMENTS**

(a) Industry Classification	Clay Products		Investment (excluding associates)		Equity Accounted Associates		Consolidated	
	2001 \$000	2000 \$000	2001 \$000	2000 \$000	2001 \$000	2000 \$000	2001 \$000	2000 \$000
Sales to customers outside the group	118,463	159,070	14,474	11,087	40,032	16,301	172,969	186,458
Segment result	17,757	30,472	6,900	6,508	40,032	16,301	64,689	53,281
Unallocated expenses	-	-	-	-	-	-	-	-
Consolidated profit from ordinary activities before income tax	<u>17,757</u>	<u>30,472</u>	<u>6,900</u>	<u>6,508</u>	<u>40,032</u>	<u>16,301</u>	<u>64,689</u>	<u>53,281</u>
Consolidated profit from ordinary activities after income tax	<u>13,484</u>	<u>20,882</u>	<u>6,489</u>	<u>5,824</u>	<u>40,032</u>	<u>16,301</u>	<u>60,005</u>	<u>43,007</u>
Segment assets	<u>255,228</u>	<u>239,396</u>	<u>88,278</u>	<u>101,457</u>	<u>207,088</u>	<u>172,554</u>	<u>550,594</u>	<u>513,407</u>

(b) Geographical Classification  
The economic entity operates predominantly within Australia.

**NOTE 26: PARTICULARS RELATING TO  
CONTROLLED ENTITIES**

	Country of Incorporation	Parent Entity's interest	
		2001 %	2000 %
<b>(a) Controlled entities</b>			
<b>Parent Entity</b>			
Brickworks Limited	Australia		
<b>Controlled entities of Brickworks Limited</b>			
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	-
The Warren Brick Company Limited	Australia	100	100
Carrington Brick Co Pty Limited	Australia	100	100
Horsley Park Operations Pty Limited	Australia	100	-

**(b) Controlled entities acquired**

On 27 October, 2000 Horsley Park Operations Pty Limited was formed by Brickworks Limited.

On 9 March, 2001 The Austral Brick Company Pty Limited acquired 100% of Bowral Brickworks Pty Limited. The Brickworks Group are entitled to all profits earned from 9 March, 2001.

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**NOTE 27: 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 28: FINANCIAL INSTRUMENTS**

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

Interest rates on money market instruments (deposits) vary with current short term bank bill rate movements. At balance date, the effective weighted interest rates on these financial assets was 5.0% (2000 6.2%). The group maintains a set off facility with its bankers, which does not include an overdraft. The set off interest rate at balance date is 2.5% (2000 3.5%). There are no other financial assets or financial liabilities with exposure to interest rate 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 statement of financial position 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.

The Brickworks Group does not have any 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. At balance date, the Brickworks Group had an unhedged foreign currency purchase commitment of DM 9.2 million for capital projects.

**NOTE 29: INVESTMENTS IN ASSOCIATED COMPANIES**

An interest is held in the following associated company

Name	Principal activities	Ownership interest		Carrying amount	
		2001 %	2000 %	2001 \$000	2000 \$000
Washington H Soul Pattinson & Company Ltd	Pharmaceutical, coal, television, investment, food	42.85	42.85	207,088	172,554

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 2001. The equity accounted result is based on the full year's results of the associate calculated for the 12 months to 31 January 2001.

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

	2001 \$000	2000 \$000
<b>NOTE 29: INVESTMENTS IN ASSOCIATED COMPANIES (cont.)</b>		
<b>Equity accounted investments</b>		
Equity accounted amount of investments in associates at the beginning of the financial year	172,554	171,371
Share of associates:-		
Profit from ordinary activities before income tax	53,354	33,252
Income tax	(6,409)	(11,839)
Outside equity interests	(6,913)	(5,112)
Reserve increments arising during the year	3,933	(3,449)
Dividends received from associate	(15,339)	(16,873)
Group's share of dividend received by associated company	5,908	5,204
Equity accounted amount of investments in associates at the end of the financial year	<u>207,088</u>	<u>172,554</u>
<b>Share of reserves attributable to associates</b>		
Retained profits	44,693	42,043
Reserves		
Capital profits	62,558	38,154
Asset revaluation	4,651	4,651
General	63,018	59,341
Foreign exchange	3,908	105
	<u>134,135</u>	<u>102,251</u>
Share of associates contingent liabilities	73,246	68,725
Share of associates capital expenditure commitments	7,287	5,908
Share of associates lease commitments:		
Operating leases	4,631	5,203
Finance leases	73	1,423
<b>Summary of the performance and financial position of associates</b>		
The aggregate profits, assets and liabilities of associates are: (excluding effects of reciprocal shareholding)		
Net profits after income tax and outside equity interests	93,425	38,042
Assets	1,142,197	997,310
Liabilities	(530,098)	(479,210)
Outside equity interests in controlled entities	(128,814)	(115,407)
Equity attributable to members of the parent entity	<u>483,285</u>	<u>402,693</u>

CONSOLIDATED		PARENT ENTITY	
2001	2000	2001	2000
\$000	\$000	\$000	\$000

### NOTE 30: CASH FLOW INFORMATION

(a) Reconciliation of cash

For the purposes of the statement of cash flows, cash includes:

- (i) cash on hand and in at call deposits with banks or financial institutions, net of bank overdrafts; and
- (ii) investments in money market instruments with less than 30 days to maturity.

Cash at the end of the year is shown in the balance sheet as:

Cash on hand	2,057	3,852	164	248
At call deposits with financial institutions	3,049	2,595	3,049	2,595
Money market instruments with less than 30 days to maturity	9,978	31,263	9,978	31,263
	<u>15,084</u>	<u>37,710</u>	<u>13,191</u>	<u>34,106</u>

(b) Reconciliation of cash flow from operations with profit from ordinary activities after income tax

Profit from ordinary activities and abnormal items after income tax	60,005	43,007	58,042	42,928
Non-cash flows in profit from ordinary activities				
Depreciation	9,472	9,195	-	-
Losses / (profits) on sale of property, plant and equipment	664	(612)	-	-
Losses / (profits) on sale of investments	(431)	(479)	(431)	(479)
Share of profits of associates not received as dividends	(24,693)	572	-	-
Changes in assets and liabilities net of the effects of purchase of subsidiaries				
(Increase) / decrease in trade & sundry debtors	5,676	(6,124)	(173)	(182)
(Increase) / decrease in inventories	(12,516)	8,712	-	-
(Increase) / decrease in prepayments	(54)	179	-	-
(Increase) / decrease in future income tax benefit	(2,347)	(238)	(1)	(7)
(Increase) / decrease in share trading portfolio	(576)	(510)	-	-
Increase / (decrease) in creditors and accruals	180	(277)	(378)	345
Increase / (decrease) in taxes payable	(4,898)	3,046	247	56
Increase / (decrease) in other current provisions	414	988	98	-
Increase / (decrease) in other non-current provisions	264	635	(62)	32
Increase / (decrease) in deferred taxes payable	(1,028)	(2,673)	(18)	7
Cash flows from operations	<u>30,132</u>	<u>55,421</u>	<u>57,324</u>	<u>42,700</u>

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**NOTE 30: CASH FLOW INFORMATION (cont.)****(c) Acquisition of controlled entity**

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

	<b>2001</b>
	<b>\$000</b>
Net cash outflow on acquisition	
Cash consideration	6,660
less cash balances acquired	(2)
	<u>6,658</u>
<b>Fair value of net assets acquired</b>	
Current Assets	
Cash	2
Receivables	870
Inventories	2,507
Other	248
Non-current Assets	
Property, plant and equipment	5,602
Deferred tax assets	172
Current Liabilities	
Accounts payable	(2,179)
Current tax liabilities	(23)
Provisions	(505)
Non-current Liabilities	
Provisions	(34)
Net Assets acquired	<u>6,660</u>

**NOTE 31: EVENTS SUBSEQUENT TO REPORTING DATE**

On 17 August 2001, Brickworks Limited acquired 19.6% of the issued capital of Bristle Limited for \$71,696,700. The purchase was funded by raising a \$72,000,000 discounted commercial bill facility with the National Australia Bank. The financial effect of this transaction has not been brought to account in the 2001 financial report.

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**DIRECTORS' DECLARATION**

The directors of the company declare that:

- the financial statements and notes, as set out on pages 11 to 30:
  - comply with Accounting Standards and the Corporations Act 2001; and
  - give a true and fair view of the financial position as at 30 June 2001 and performance for the year ended on that date of the company and the Brickworks Group;
- in the director's opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Dated 28 August 2001

R.D. MILLNER, Director

G.G. TRAVIS, Director

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## INDEPENDENT AUDIT REPORT TO THE MEMBERS OF BRICKWORKS LIMITED

### Scope

We have audited the financial report of Brickworks Limited, as set out on pages 11 to 30 for the year ended 30 June 2001. The financial report includes the consolidated financial statements of the Brickworks Group comprising Brickworks Limited and the entities it controlled at the year's end or from time to time during the financial year. The company's directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company.

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

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

### Audit Opinion

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

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

TRAVIS & TRAVIS  
Chartered Accountants

A.J. FAIRALL  
Partner

28 August 2001  
90 Longueville Road  
Lane Cove NSW 2066

## SHAREHOLDER INFORMATION

### STATEMENT OF SHAREHOLDERS AT 22 AUGUST 2001

	<b>Fully Paid Ordinary Shares</b>
Number of holders	1,903
Voting entitlement is one vote per fully paid ordinary share	
% of total holdings by or on behalf of twenty largest shareholders	84.92%
Distribution of Shareholdings	
1 - 1,000	440
1,001 - 5,000	788
5,001 - 10,000	280
10,001 - 100,000	344
100,001 and over	51
	<u>1,903</u>
Holdings of less than marketable parcel of 73 shares	5

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

<b>Shareholder</b>	<b>Number of Shares</b>
1. Washington H. Soul Pattinson & Co. Ltd	65,645,140
2. Perpetual Trustees Australia Ltd	15,129,140
3. Guinness Peat Group plc	12,702,960
4. Permanent Trustee Company Ltd	7,111,550

### 20 LARGEST SHAREHOLDERS AS DISCLOSED ON THE SHARE REGISTER AS AT 22 AUGUST 2001

	<b>Number of Shares</b>	<b>%</b>
1. Washington H. Soul Pattinson & Co. Ltd	65,645,140	49.84
2. GPG Australia Nominees Ltd	13,356,940	10.14
3. RBC Global Services Australia Nominees Pty Ltd	9,726,540	7.38
4. Chase Manhattan Nominees Ltd	4,972,699	3.78
5. J S Millner Holdings Pty Ltd	1,845,755	1.40
6. AMP Life Ltd	1,683,035	1.28
7. JP Morgan Custodial Services Pty Ltd	1,607,855	1.22
8. Mr Kenneth Stanley Baker & Mrs Mona Isobel Baker	1,579,745	1.20
9. RBC Global Services Australia Nominees Pty Ltd	1,531,115	1.16
10. JP Morgan Custodial Services Pty Ltd	1,478,305	1.12
11. Australian Foundation Investment Company Ltd	1,477,970	1.12
12. Mr James Millner	1,180,533	0.90
13. National Nominees Ltd	1,116,932	0.85
14. Cogent Nominees Pty Ltd	1,040,111	0.79
15. Choiseul Investments Ltd	934,360	0.71
16. Milton Corporation Ltd	864,580	0.66
17. Citicorp Nominees Pty Ltd	721,278	0.55
18. Fijolin Pty Ltd	470,000	0.36
19. Cambooya Pty Ltd	462,800	0.35
20. Dixson Trust Pty Ltd	454,300	0.34
Total Shares	<u>112,149,993</u>	<u>85.14</u>