BRICKWORKS LIMITED

25 September 2008

Australian Securities Exchange
Attention: **Companies Department**

BY ELECTRONIC LODGEMENT

Dear Sir/Madam,

Please find attached the Brickworks Ltd Appendix 4E for the year ended 31 July 2008, incorporating the annual financial report for that period, for immediate release to the market.

Yours faithfully,
BRICKWORKS LIMITED

IAIN THOMPSON
COMPANY SECRETARY

BRICKWORKS LIMITED
ABN 17 000 028 526
738 – 780 Wallgrove Road, Horsley Park NSW 2175; PO Box 6550, Wetherill Park NSW 1851
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ASX Appendix 4E

Lodged with the ASX in accordance with Listing Rule 4.3A

BRICKWORKS LIMITED

A.B.N. 17 000 028 526

Preliminary Final Report
Results for announcement to the market

Reporting period: **12 months to 31 July 2008**

Previous corresponding period: 12 months to 31 July 2007

		CURRENT PERIOD 31 JULY 2008	PREVIOUS PERIOD 31 JULY 2007
Revenues from ordinary activities ($000's)	DOWN 1% TO	553,716	558,936
Profit (loss) from ordinary activities after tax attributable to members ($000's)	DOWN 6% TO	101,478	107,533
Net profit (loss) for the period attributable to members ($000's)	DOWN 6% TO	101,478	107,533
Normalised profit after tax before non-regular items ($000's)	**UP 6% TO**	**108,173**	**102,197**
Basic earnings per share (cents per share)	DOWN 6% TO	76.5	81.0
Net tangible assets per share (cents per share)	UP 5% TO	634.5	606.2

Comments on above results

BRICKWORKS INCREASES PROFIT AND DIVIDENDS
FORECASTS SOLID YEAR AHEAD

** **Brickworks Normalised NPAT up 5.9% to $108.2 million**

** **Building products EBIT down 18.7% to $53.6 million**

** **Land & Development EBIT up 55.4% to $93.7 million**

** **Associates & Investments EBIT up 13.5% to $36.9 million**

** **Brickworks Property Trust market value up 90.7% to $174.1 million**

** **Value of WHSP investment up by 5.4% to $1.069 billion**

** **Full year dividend up 1.0 cent to 39.0 cents fully franked**

For more detailed information please refer to attached review of operations.

This information should be read in conjunction with the most recent annual report.

This report is based on accounts which are currently subject to audit. There has been no dispute or qualification in relation to these accounts or report.

BRICKWORKS LIMITED

A.B.N. 17 000 028 526

ASX Appendix 4E
Preliminary Final Report

DIVIDENDS

ORDINARY SHARES	Amount per security (cents)	Franked amount per security (cents)	Total amount paid / payable ($000's)	Foreign source dividend per security (cents)
Proposed final ordinary dividend (payable 10 December 2008)	**26.5**	**26.5**	35,163	0.0
Record date for determining entitlements to the dividend		**26 NOVEMBER 2008**		
Previous corresponding period (paid 3 December 2007)	26.0	26.0	34,500	0.0
Interim ordinary dividend (paid 12 May 2008)	**12.5**	**12.5**	16,587	0.0
Previous corresponding period (paid 10 May 2007)	12.0	12.0	15,923	0.0

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

PREFERENCE SHARES (PAVERS)	Percentage paid per security	Franking percentage per security	Total amount paid / payable ($000's)	Amount paid per security
Proposed half yearly dividend (payable 1 December 2008)	6.565%	100%	5,461	$3.31
Record date for determining entitlements to the dividend		**24 NOVEMBER 2008**		
Previous corresponding period (paid 3 December 2007)	6.565%	100%	5,431	$3.29
Dividend paid 2 June 2008	6.565%	100%	5,401	$3.27
Previous corresponding period (paid 1 June 2007)	6.565%	100%	5,401	$3.27

BRICKWORKS LIMITED

A.B.N. 17 000 028 526

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 July 2008

BRICKWORKS LIMITED

A.B.N. 17 000 028 526

REGISTERED OFFICE:	738 - 780 Wallgrove Road Horsley Park NSW 2175 Telephone: (02) 9830 7800 Facsimile: (02) 9620 1328
DIRECTORS:	ROBERT D. MILLNER FAICD (Chairman) Director since 1997 MICHAEL J. MILLNER (Deputy Chairman) Director since 1998 ALAN J. BENTLEY FAICD Joined the Company 1984 Director since 1995 Retiring 25 November 2008 BRENDAN P. CROTTY LS, DQIT, Dip.Bus Admin, FAPI, FAICD Appointed 10 June 2008 TIMOTHY V. FAIRFAX AM; FAICD Director since 1997 Retiring 25 September 2008 DAVID N. GILHAM FCIT; FAIM; FAICD Director since 2003 THE HON. ROBERT J. WEBSTER MAICD; MAIM; JP Director since 2001
MANAGING DIRECTOR:	LINDSAY R. PARTRIDGE BSc. Hons.Ceramic Eng; SFCDA; Dip.CD Joined the Company 1985 Director since 2000
CHIEF FINANCIAL OFFICER:	ALEXANDER J. PAYNE B.Comm; Dip CM; FCPA; FCIS; JP Joined the Company in 1985
COMPANY SECRETARY:	IAIN H. THOMPSON B.Ec; CA; Grad Dip CSP; FCIS Joined the Company in 1996
AUDITORS:	ERNST & YOUNG
BANKERS:	NATIONAL AUSTRALIA BANK
SHARE REGISTER:	COMPUTERSHARE INVESTOR SERVICES PTY. LIMITED GPO Box 7045 Sydney NSW 2001 Telephone: 1800 269 981 Facsimile: (02) 8234 5050
PRINCIPAL ADMINISTRATIVE OFFICE:	738 - 780 Wallgrove Road Horsley Park NSW 2175 Telephone: (02) 9830 7800 Facsimile: (02) 9620 1328

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

DIRECTORS' REPORT

The Directors of Brickworks Limited present their report and the financial report of Brickworks Limited and its controlled entities (referred to as the Brickworks Group or the Group) for the financial year ended 31 July 2008.

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

Robert D. Millner FAICD (Chairman)
Michael J. Millner (Deputy Chairman)
Lindsay R. Partridge BSc. Hons. Ceramic Eng; SFCDA; Dip. CD (Managing Director)
Alan J. Bentley FAICD (retiring 25 November 2008)
Brendan P. Crotty (appointed 10 June 2008)
Timothy V. Fairfax AM, FAICD (retiring 25 September 2008)
David N. Gilham FCIT; FAIM; FAICD
The Hon. Robert J. Webster MAICD; MAIM; JP

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

Principal activities
The principal activities of the Brickworks Group during the year were the manufacture of building products, property realisation and investment.

Result of operations
The consolidated net profit for the year ended 31 July 2008 of the Brickworks Group after income tax expense, amounted to $101,478,000 compared with $107,533,000 for the previous year.

Dividends – ordinary shares
The Directors recommend that the following final dividend be declared:

Ordinary shareholders – 26.5 cents per share (fully franked)

Dividends paid during the year under review were:

(a) Final ordinary of 26.0 cents per share (fully franked) out of profits for the year ended 31 July 2007 and referred to in the previous Directors' report;

(b) Interim ordinary of 12.5 cents per share (fully franked) paid 12 May 2008.

Dividends – Redeemable Preference Shares
A dividend on Redeemable Preference Shares (PAVERS) is scheduled to be paid on 1 December 2008 for the period 1 June 2008 to 1 December 2008, calculated at 6.565% p.a. per PAVERS (fully franked), or $3.31 per share.

PAVERS dividends paid during the year under review were:

(a) Dividend paid on 2 June 2008 for the period 1 December 2007 to 31 May 2008, calculated at 6.565% p.a. per PAVERS (fully franked). This equated to $3.27 per share.

(b) Dividend paid on 3 December 2007 for the period 1 June 2007 to 30 November 2007, calculated at 6.565% p.a. per PAVERS (fully franked). This equated to $3.29 per share.

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

DIRECTORS' REPORT – REVIEW OF OPERATIONS

Highlights

- **Brickworks Normalised NPAT up 5.9% to $108.2 million**
  - Building Products EBIT down 18.7% to $53.6 million
  - Land and Development EBIT up 55.4% to $93.7 million
  - Associates and Investments EBIT up 13.5% to $36.9 million
- Brickworks Property Trust market value up 90.7% to $174.1 million
- Value of WHSP investment up by 5.4% to $1.069 billion
- Full Year dividend up 1.0 cent to 39.0 cents fully franked

Overview

Brickworks (ASX: BKW) posted a **Normalised** Net Profit After Tax ('NPAT') for the year ended 31 July 2008 up 5.9% at $108.2 million, compared to $102.2 million for the year ending 31 July 2007. This is the seventh increase in Normalised NPAT in succession. After non-regular items, Brickworks NPAT was $101.5 million, 5.6% lower than the previous year.

The result continues to highlight the benefits of the growing diversification of Brickworks earnings from its three divisions of Building Products, Land and Development and Investments.

Normalised earnings per share ('EPS') increased to 81.5 cents per share for the year ending 31 July 2008, up from 77.0 cents per share for the year ending 31 July 2007.

Directors have declared an increase in the final dividend to 26.5 cents fully franked, taking the full year dividend to 39.0 cents fully franked, up from 38.0 cents the previous year.

The record date for the ordinary dividend will be 26 November 2008, with payment being made on 10 December 2008. The record date for both the final PAVERS dividend and the PAVERS redemption will be 24 November 2008 with payment being made on 1 December 2008.

Financial Analysis

The total free cash flow before capital expenditure and ordinary dividends was $98.0 million, up 78.2% from $55.0 million the previous year. A total of $56.7 million was received from completion of several property settlements.

During the period significant cash outlays included ordinary dividends of $51.1 million and PAVERS dividends of $10.8 million, along with capital expenditure of $40.7 million and total acquisitions of $24.4 million.

Total Interest Bearing Liabilities including PAVERS increased by $42.7 million from $520.2 million at 31 July 2007 to $562.9 million at 31 July 2008.

Net Debt (including PAVERS) to Capital Employed was steady at 32.0% at 31 July 2008 compared to the previous year. Gearing (debt to equity) increased to 50.6% at 31 July 2008 from 48.5% at 31 July 2007, including PAVERS.

The PAVERS are now included in Current Liabilities due to the redemption date being 1 December 2008.

The company successfully negotiated its first syndicated borrowing facility during the year for $600 million. This included a $300 million 3 year facility, a $150 million revolving 12 month facility and a further $150 million facility for up to three years specifically for the redemption of the PAVERS Reset Preference Shares.

Working capital, excluding land held for resale increased slightly to $150.1 million at 31 July 2008, compared to $147.1 million at 31 July 2007.

Total Building Products inventory levels increased by $6.3 million to $145.2 million. Since 31 July 2007 finished goods inventory increased by $2.7 million. Raw materials and work in progress increased by $3.6 million.

Borrowing expenses during the year including PAVERS dividends were $37.3 million, up 36.6% on the $27.3 million for the previous corresponding year. This increase was the result of rising interest rates and higher average debt levels.

The tax expense increased by $1.3 million to $29.7 million for the year ended 31 July 2008.

Brickworks Building Products

Market conditions*

Market conditions were steady during the period with total national dwelling commencements in the year to 30 June 2008 at 156,792. This is an increase of 3.0% on the commencements for the year ended 30 June 2007, but still well down on the

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* Commencements data sourced from ABS Cat. 8750.0 Dwelling Unit Commencements, Australia, Preliminary, June 2008

estimated underlying demand of around 180,000 commencements. Low affordability, primarily caused by higher interest rates along with government taxes and charges, continues to depress the construction of new dwellings.

While the overall national housing commencements were higher, the growth in the market during the past year was in the higher density dwelling sector, with an increase of 9.0%. The new housing sector increased by only 0.5% during the year.

In **New South Wales** there were just 30,756 dwellings commenced during the year to 30 June 2008, an improvement of 3.1% on the year to 30 June 2007. However the improvement was in the higher density dwellings sector, with new housing actually decreasing 0.7% during the past year.

Investors left the New South Wales market following the introduction of the Vendor Tax in 2004. Positive government policy is now required to attract these investors back to New South Wales to alleviate the fundamental shortage of housing construction.

In **Queensland** commencements increased by 6.5% for the year to 30 June 2008 to 43,805 dwellings, however the strength of this market was in the first half of the financial year with activity in the second half falling away dramatically.

Victorian overall commencements were up 8.2% to 41,806 dwellings. The new houses sector was up 4.4% during the year but the real strength was in the higher density dwelling sector, increasing by 22.3% to 10,411 commencements.

Western Australian commencements again declined with a fall of another 9.9% to 22,361 dwellings. However more importantly for Brickworks was the 15.5% decline in the number of new houses commenced.

South Australian commencements were up 7.4% on the prior twelve months to 12,081 dwellings, with South Australia the only state to record improving market conditions during the second half.

Tasmanian commencements were up by 1.3% to 2,902 dwellings during the year to 30 June 2008.

Results in detail

Sales for the year ending 31 July 2008 were up 0.6% to $520.0 million compared to $516.8 million in the year ending 31 July 2007.

EBIT for the year ending 31 July 2008 was $53.6 million, down 18.7% on the $65.9 million in the year ended 31 July 2007. This was the result of many factors, including lower volumes impacting on unit manufacturing costs and requiring prolonged production shutdowns, extreme weather conditions impacting the already weak east coast and the gas supply stoppages in Western Australia during both January and June 2008.

Sales levels continue to be depressed by housing affordability issues. During the year four official interest rate rises were passed by the Reserve Bank ('RBA'). The major banks also increased interest rates independently of the RBA due to the higher underlying cost of funds. This, combined with higher fuel costs, has impacted on housing affordability.

Compounding this, several large price increases on a number of inputs, in particular manganese, energy and fuel substantially contributed to higher manufacturing costs. Due to the speed of these price increases, initially they were absorbed by the company. However to remain viable in the long term selling prices must increase by around ten percent just to cover these additional cost burdens.

The company continues to face pressure in regards to labour costs and the retention and recruitment of skilled staff. Overall employee levels declined slightly during the year with reduced numbers in New South Wales and Western Australia offset by the expansion of operations in the Bristile Roofing™ and Austral Masonry™ divisions. The number of contractors employed was reduced as capital projects were completed and plants were taken off-line. There were 1,458 employees at 31 July 2008. This level is almost 3.0% lower than at 31 July 2007, before inclusion of the 25 employees added through acquisitions.

Business acquisitions totalling $13.1 million were completed during the year, comprising Smart State Blocks (Yatala, SEQ) and NQ Blox (Silkwood, 100km south of Cairns). These masonry businesses have again successfully increased Brickworks' exposure to the Queensland market and provide further diversification of earnings for the company.

A primary goal of Brickworks is to operate its business in a sustainable manner. One of Brickworks' sustainability goals is to ensure that each business is supported by at least one generation of raw material reserves. During the year $7.0 million was spent acquiring clay reserves in Berrima, NSW that once approved, will support the Austral Bricks™ Bowral operation for approximately fifty years. A further $4.3 million was spent acquiring the Bundaberg Clean Sands business to secure sand reserves that supply the GB Masonry™ business.

Brickworks' extensive capital expenditure and maintenance program continued during the year, delivering many benefits including improved product quality, production efficiency, safety and environmental performance improvements.

Capital expenditure totalled $26.9 million in the year ended 31 July 2008, including $5.8 million of major projects and $21.1 million of stay-in-business capital works. The major projects completed during the year included the commissioning of the Wollert, Victoria plant which was finalised during January 2008, packaging plants in Bowral, New South Wales and Longford, Tasmania and a new raw material grinding plant in Rochedale, Queensland. Several major capital projects are still in progress. When completed they will reduce unit production costs and improve product quality.

Brickworks remains committed to improving workplace safety. The substantial investment in safety training and equipment over the years has resulted in dramatically improved safety performance for the group. The on going commitment to safety has resulted in a continued good performance with a Lost Time Injury Frequency Rate[1] of 6.6 recorded for the year.

During the year Brickworks executed supply agreements for its electricity and gas requirements of the Building Products division through to 2012. These were struck at significantly higher rates than the previous contracts as domestic energy costs have moved towards international contract pricing. The impact of this higher cost will be realised as existing contracts expire during the coming two years.

National marketing expenditure continued during the year with the company continuing to support the work undertaken by the industry association ‘Think Brick’.

During the year studies continued to better understand the environmental performance of all Building Products over the service life of the product, not just the energy required at the point of manufacture. Testing completed by the University of Newcastle has proven as a scientific fact that building with Full Brick or Brick Veneer significantly improves thermal comfort levels and reduces heating and cooling costs in comparison to alternate lightweight building materials.

While there is ongoing debate as to the actual proven environmental impact from carbon emissions, Brickworks is committed to reducing its carbon footprint. Over the years several major projects have been completed by Brickworks to reduce both operating costs and the level of its carbon emissions. To highlight the extent of these reductions, during the year ended 31 July 2008 Brickworks calculated carbon emissions were approximately 9.5% lower than its emissions during the year ended 31 July 2007.

An Emissions Trading Scheme that sets emission targets based on already reduced emission levels or provides a comparative advantage to alternate building materials remains of concern to Brickworks. Without protection, the clay brick industry will also face the threat of substitute imported products manufactured in countries that are not subjected to an Emissions Trading Scheme, such as the one being proposed for Australia.

Divisional Results

Austral Bricks™ overall brick sales volumes were down approximately 6.3% compared to the previous corresponding period, while net average selling prices increased by around 2.1%.

Manufacturing volumes were lower by 9.3% as the supply of product from New South Wales to Western Australia ceased and manufacturing rates were slowed to match sales. Poor weather conditions impacted heavily on the results, with Sydney and the majority of Queensland in particular impacted by higher than usual rainfall during the first half of calendar year 2008.

During February 2008 two New South Wales brick kilns were taken offline due to the poor state of the market. The two kilns remain in full operating condition and are available to return to production immediately when required. During the year a total of 56 redundancies were made in New South Wales at a cost of $2.1 million.

The West Australian factories experienced two separate gas supply interruptions during the year. The first in January 2008 was for a three day period. The second more serious interruption occurred during June 2008 as a result of the Apache gas plant explosion. Two Austral Bricks™ operations temporarily ceased operation for around six weeks to divert the available energy to higher priority users. Even with these interruptions, the West Australian division delivered a solid result despite the declining sales volumes and overall market softening.

The commissioning phase of the Wollert plant in Victoria was completed during January 2008. The new factory has delivered pleasing results in line with expectations, in terms of both throughput and lower energy usage in comparison to the Scoresby plant it replaced. Demand for product has been successfully transferred to Wollert from Scoresby with the Wollert factory now running at design capacity.

Results in the Queensland, South Australian and Tasmanian operations improved significantly during the year as a result of completed capital projects in these operations. These businesses, along with the Victorian operation, are now in a position to deliver solid returns for the company over the long term.

[1] Lost Time Injury Frequency Rate (LTIFR) measures the number of lost time injuries per million hours worked

DIRECTORS' REPORT – REVIEW OF OPERATIONS

Austral Masonry™ continues to grow with a 55.4% growth in sales revenue compared to the previous year. This was despite the extreme wet weather conditions during the second half of the year. The Austral Masonry™ business now has a greater than 20% market share of the concrete masonry market in Queensland.

Manufacturing operations were impacted by cement rationing that occurred in Queensland during May and June 2008 and a rapid deterioration in market conditions in the last quarter.

Bristile Roofing™ again delivered a solid performance throughout the year, despite the poor market and weather conditions on the East Coast. The continued focus on higher quality product and service drove a further 1.7% increase in selling prices. The Bristile Roofing West Coast factory was closed for a period of six weeks to divert energy after the Apache Gas explosion, with the opportunity taken to undertake necessary maintenance on the factory. During the year an extra shift was added at the Dandenong, Victoria plant to meet market demand for product.

Eureka Tiles™ achieved a much improved result on higher sales volumes of 8.9%. While selling price increases were achieved across the business, the business mix again changed with imported tile sales volumes increasing by 84.5% during the year. This resulted in a lower net average selling price, however when combined with the lower cost of imported product the selling margins improved. The development of new products and relationships with strengthened Asian suppliers continues to provide the Eureka Tiles division with growth opportunities.

Terraçade sales increased significantly as market acceptance of the product in Australia and New Zealand continued to improve. Several large contracts including two McDonalds stores in New Zealand, Royal North Shore Hospital (NSW) and the King George Square Bus Station in Brisbane were completed during the year.

Auswest Timbers has been successfully transitioned to a value-adding timber manufacturer with a further 8.5% growth in sales revenue for the year due to higher volumes. The business also delivered increased unit selling prices, however the export of Auswest products continue to be affected by the higher Australian dollar. Overall manufacturing costs at the Auswest operations improved slightly on last year however the increasing cost and reducing size and quality of logs supplied by the various state governments continues to be of concern to the group.

Brickworks Land and Development
Land and Development produced an EBIT of $93.7 million for the year ended 31 July 2008. This represents an increase of 55.4% over the EBIT achieved last year of $60.3 million. The result is the highest return provided to date by Land and Development and continues to highlight the success of the Brickworks Property strategy.

Property Sales generated a total profit of $68.7 million for the year ended 31 July 2008.

The major transaction for the year was the sale of the first stage of Oakdale into the JV Property Trust. The lot sold will provide 40 hectares of developable land with construction planned for a 20,000m2 facility for DHL, subject to Development Application approval. The transaction resulted in a profit of $31.0 million and included a cash payment of $7.2 million to Brickworks.

Other property sales for the financial year included the first stage of Eastwood providing $4.1 million profit. The remaining two stages of the site are due to settle during the coming year. A further 4.6 hectares of the M7 Business Hub was also sold into the JV Property Trust providing a profit of $3.4 million, following consolidation elimination.

A profit of $23.1 million was realised through the completion of JV Property Trust assets. Facilities completed included the Coles Cold Store and three facilities on the Mamre Road site leased to Woolworths, Kimberly Clark and Linfox.

During February 2008 the company signed contracts for the sale of its 56 Hectare Scoresby site to Mirvac Wholesale Residential Development Partnership Trust for $102.5 million, excluding GST. An objection was received to the Development Application for rehabilitation of the site, resulting in settlement on the first stage being delayed. The issue has now been resolved, with settlement of stage one anticipated to complete during the current half. Significant site preparation works were completed on the Scoresby site during the year.

The **Property Trust** generated a total profit of $24.7 million from Development profit and Trust income during the year ended 31 July 2008.

Total development profits of $15.4 million were achieved on the completion of the facilities for Coles Cold Store, Woolworths, Kimberly Clark and Linfox.

Rental income increased over the period and provided $1.6 million in profit. This included rent from Toll for the entire period and Coles Cold Store for seven months. The Mamre Road properties were all completed in July 2008 and will start to contribute to the Property Trust profit in the coming year. The facilities completed during the year were revalued to current market value resulting in a $7.7 million profit.

Other Property Trust activities during the year ended 31 July 2008 included the commencement of construction on the ITT Flygt and Chemson Pacific facility on M7 Business Hub. This facility has been completed since the end of the financial year.

At 31 July 2008 Brickworks share of the Property Trust assets was $299.3 million, with borrowings of $125.2 million, giving a net equity position of $174.1 million, up 90.7% on the value at 31 July 2007.

Waste Management at the Horsley Park, NSW and Bowral, NSW waste facilities contributed $1.7 million to profit in the year to 31 July 2008.

Brickworks Investments

Washington H. Soul Pattinson Limited ("WHSP") ASX Code: SOL

The contribution of WHSP, excluding non-regular items, to 31 July 2008 was $32.1 million compared to $28.8 million in the year ended 31 July 2007. WHSP also recorded non-regular write-downs to the carrying values of some assets of its subsidiaries and associates with a before tax affect totalling $9.6 million.

During the year ended 31 July 2008 the market value of Brickworks' 42.85% share of WHSP increased by $55.0 million or 5.4% to $1.069 billion. Fully franked ordinary dividends of $29.7 million were received during the year, compared to $28.2 million during the year ended 31 July 2007. A fully franked special dividend of $15.3 million was also paid in the year ended 31 July 2007.

At 31 July 2008, WHSP held significant investments in Brickworks, New Hope Corporation, SP Telemedia, API, Clover, Pitt Capital Partners and Souls Private Equity. In addition to these cornerstone investments, WHSP maintains a substantial investment in a broad portfolio of entities listed on the Australian Stock Exchange.

During the year SP Telemedia, a subsidiary of WHSP completed a merger with TPG Group, one of Australia's leading internet providers.

Also during the year KH Foods completed the sale of its cakes and savouries business to George Weston Foods, along the sale of its Balfours and Betabake businesses to the San Remo group.

On 10 September 2008, New Hope Corporation announced the completion of the sale of its New Saraji project to a BHP Billiton led Joint Venture for $2.450 billion cash. New Hope Corporation currently has no debt, with several post-transaction capital management options being available to the company. This transaction will see significant benefits flowing to the Brickworks Group in the coming year.

The investment in WHSP has a compound annual Total Shareholder Return for 10 years of 17.6% compared to 10.6% for the ASX All Ordinary Accumulation Index.

Brickworks Investment Company Limited ("BICL") ASX Code: BKI

BICL has reported a Net Profit after Tax of $22.6 million to 31 June 2007 compared to $14.9 million in the year to 30 June 2007, an increase of 51.2%.

Brickworks' equity accounted share of the BICL profit was $4.1 million. At 31 July 2008 Brickworks held 17.8% of the BICL issued share capital. The dividend received was $2.9 million for the year.

Fully franked dividends of 6.0 cents per share were declared for the year compared to 5.3 cents per share in the previous year, an increase of 13.2%.

The market value of Brickworks' investment in BICL decreased 15.2% from $78.1 million to $66.2 million during the year. The S&P ASX200 decreased by 19.0% during the same period. The Total Portfolio Value of BICL increased by 3.5% to $437.6 million during the period, up from $423.0 million at 30 June 2007.

BICL invests in equities traded on the Australian Stock Market (ASX). As at 31 July 2008, BICL's five largest investments were New Hope Corporation, National Australia Bank, BHP Billiton, Commonwealth Bank and Woolworths Limited.

At 30 June 2008 BICL held cash reserves of $43.6 million, mainly from a completed share placement of 34 million shares to raise $49.3 million during August 2007 at $1.45 per share.

Outlook

Building Products

The impact on housing commencements from the interest rate rises during the past year is now being seen. Brickworks expect that the current half year will continue to suffer in this tougher environment, with no improvement expected until some time in 2009. Very tight rental markets and record immigration levels continue to drive pent up levels of demand for housing, particularly in New South Wales. While lower interest rates will improve housing affordability, lower rates alone are not sufficient. Positive government policies and actions are required to encourage investment and drive the recovery of the housing market.

Forecasts for the coming year are for a decrease in overall commencements. Victoria, South Australia and Tasmania are expected to remain solid, with New South Wales and Western Australia stabilising and Queensland weaker.

Several manufacturing sites are scheduled to have extended shutdowns during the current half to reduce stock holdings and balance output with lower sales volumes. Many of our east coast manufacturing sites have also recently been impacted by industrial action.

A program is in place to ensure the significant input cost increases impacting the company are passed on to the market in order to maintain selling margins.

The strength and timing of any recovery in overall trading conditions will determine the level of profitability of the Building Products business in the coming year.

Land and Development
The Brickworks Land and Development division will continue to contribute strongly to future profits with a solid pipeline of developments. The Property Trust now includes five fully leased assets, providing the company with a significant and stable growth engine as distribution profits increase. The Brickworks land bank currently comprises 4,960 hectares of land. A ten year plan is in place for the development of several of these sites.

Reliance on one-off asset sales to generate Land and Development profits will continue to reduce over time and be replaced by Trust returns.

The result for the coming year will be boosted by the expected settlement of the remaining stages of both the Eastwood and Scoresby sites.

Investments
While Investments have been somewhat volatile during the year, the performance of WHSP and BICL has been well ahead of the overall performance of the Australian share market.

The 2009 result will be boosted by the recently announced sale of New Saraji project by New Hope Corporation for $2.45 billion. This cash transaction will provide both significant profit and cash flow to New Hope Corporation, with Brickworks benefiting due to its holding in WHSP and BICL, which in turn hold a majority ownership of New Hope Corporation.

Brickworks Group
Brickworks anticipate that it will have a solid half year and full year result, although Building Products and Land and Development will be lower. Once again this highlights the strength of the diversified strategy and model of Brickworks.

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

After balance date events
On 9 September 2008, Brickworks announced it would buy back all of the Preferred Adjustable Variable Exchangeable Resettable Shares (PAVERS) on issue, at their issue price of $100 per PAVERS on the reset date of 1 December 2008. The total amount of the buy-back is to be $165.0 million, in accordance with the terms of issue of the PAVERS. The buy-back is to be funded using the third tranche of the unsecured variable interest rate facility referred to in note 31: (f). The impact of this transaction has not been reflected in the financial report as at 31 July 2008.

On 17 July 2008, New Hope Coal Ltd (NHC), a 61% owned subsidiary of Washington H. Soul Pattinson & Co Ltd, announced an agreement to sell its New Saraji Coal Project to BHP Billiton Mitsubishi Alliance for $2.45 billion, subject to regulatory approvals. On 10 September 2008, New Hope announced the completion of that sale. The impact of this transaction has not been reflected in the financial report as at 31 July 2008.

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

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

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.

The environment
The Brickworks Group understands and accepts its responsibility for environmental protection which is integral to the conduct of its commercial operations. Brickworks' objective is to comply with all applicable environmental laws and regulations and community standards in a commercially effective way. We are committed to encouraging concern and respect for the environment and emphasising every employee's responsibility for environmental performance. During the year, in excess of $2.4 million was spent on capital projects aimed at improving our environmental performance.

The Brickwork Group currently participates in the Energy Efficiency Opportunities Scheme (EEO), the NSW Energy Savings Action Plan Scheme, the Victorian Environment and Energy Resource Plans Scheme and the NSW Department of Environment and Climate Change Sustainability Advantage Program. Through these schemes, Brickworks have made significant reductions in energy consumption and have identified future energy reduction projects. Brickworks have also committed significant resources to collection of energy use and emissions data since 2003 and have compiled historical data back to 1995.

Managing energy use and cost is one of the key issues Brickworks will face to implement the requirements of two separate Federal Government Acts, namely The Energy Efficiency Opportunities (EEO) Act (2006) and The National Greenhouse and Energy Reporting Act 2007 (NGER). These Acts require a whole of business approach to identify, investigate and evaluate energy efficiency opportunities. These Acts also require us to publicly report this information.

An example of a recent energy reduction project in Victoria is the recent commissioning of a state-of-the-art brick manufacturing facility known as Wollert, that is achieving annual emissions savings in the order of 30-40% per year compared with the facility that it replaced. Built at a cost of $50 million the Wollert factory has doubled energy efficiency in terms of tonnes CO_2 emitted / tonnes product manufactured in comparison to the factory that it replaced and has led to an annual CO_2 emissions reduction of 20,000 tonnes.

The new plant is the most technically advanced and energy efficient factory ever undertaken in Australia, and is the first major capital investment of its kind in Victoria for over 40 years.

The new kiln is fuelled by natural gas, using approximately one-third less fuel than plants presently operated in Victoria by Austral Bricks. The latest of scrubber technology has been installed on the kiln stack with great success, reducing emissions to well below legal limits. Electricity consumption is also significantly reduced with highly-efficient variable frequency electric drives. Unlike traditional hydraulic power-pack controls, variable frequency electric drives only use the power required to do the job. This conversion from hydraulic to electric has had the added benefit of eliminating the subsequent disposal of hundreds of litres of oil per year.

DIRECTORS' REPORT

One of Brickworks continuing focal points this year is in water conservation. Facing water restrictions around the country, Brickworks has initiated water conservation projects such as the Water Recycling Program at its Horsley Park plant in New South Wales, Rochedale and Riverview plants in Queensland, the installation of water tanks and piping to capture roof run offs and the widening of on site dams, has helped us achieve our aim of being ‘Water Self Sufficient’. Further to this, as an aid to the drought issues in Ballarat Victoria, our Tile manufacturing division Eureka Tiles, donated our dam water to the City of Ballarat to use on its gardens.

As a timber processor, Brickworks’ wholly owned subsidiary Auswest Timbers recognises that it has environmental and social responsibilities in relation to its milling operations. Auswest source the majority of hardwood and pine timber under Supply Agreements with various state-based government departments. All State Forests are managed in line with internationally accepted principles of ecologically sustainable forest management, ensuring that these forests are conserved for current and future generations to use and enjoy. The majority of logs received are now taken from re-growth or plantation forests. This has resulted in much smaller logs being available, requiring continuous change and improvement of practices in an effort to maximise recoveries from the available log resource. Auswest is also very conscious of its responsibility in disposing of the by-products of the business in an environmentally friendly manner.

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

The Group has manufacturing facilities in each state of Australia. Each site holds a current licence and/or consent in consultation with the local environment protection authorities. Annual returns were completed where required for each licence stating the level of compliance with site operating conditions.

Queensland production facilities and mining leases operate and are licenced under the Environmental Protection Act 1994 and Regulations. Each site is regulated by Environmental Management Overview Strategy documentation or plans of operations. Various approvals have also been obtained from Brisbane City Council relating to the operation of the concrete roof tile facility.

New South Wales production facilities and mine areas are administered under the Protection of the Environment Operations Act 1997, which licences organisations and regulates the level of all discharges into the environment. Load based licencing fees are determined by the Environmental Protection Authority based on the level of discharges. The Environmental Planning and Assessment Act 1979 applies to the approval conditions of the group’s activities. Some sites also operate within additional requirements imposed by local government.

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

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

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

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

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

Ongoing environmental monitoring is an integral part of the operations at all factories. During the year, results of this monitoring indicated that some emissions were in excess of EPA licence limits. The Company is investigating these non-compliances, and working closely with the EPA to resolve these issues. There have been no prosecutions arising as a result of these.

DIRECTORS' REPORT

Information on Directors

Robert D. Millner FAICD
Chairman

Mr R. Millner is the non-executive chairman of the Board. He first joined the Board in 1997 and was appointed chairman in 1999. He is the Chairman of the Remuneration Committee.

Other directorships:

Washington H. Soul Pattinson and Co. Ltd	Director since 1984
New Hope Corporation Ltd	Director since 1995
SP Telemedia Ltd	Director since 2000
Brickworks Investment Company Ltd	Director since 2003
Choiseul Investments Ltd	Director since 1995
Milton Group	Director since 1998
Australian Pharmaceutical Industries Ltd	Director since 2000
Souls Private Equity Ltd	Director since 2004

Michael J. Millner
Deputy Chairman

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

Other directorships:

Washington H. Soul Pattinson & Co Ltd	Director since 1997
Ruralco Holdings Ltd	Director since 2007
SP Telemedia Ltd	Appointed 2000, Resigned 2008
Choiseul Investments Ltd	Appointed 2001, Resigned 2008
K H Foods Ltd	Appointed 1997, Resigned 2006
Ruralco Ltd	Appointed 2003, Resigned 2006

Lindsay R. Partridge BSc. Hons. Ceramic Eng; SFCDA; Dip CD
Managing Director

Mr Partridge is a Ceramic Engineer who worked extensively in all facets of the industry in Australia and the United States of America before joining The Austral Brick Company in 1985. He held various senior management positions at Austral before being appointed Chief Executive Officer in 1999, and was subsequently appointed to the Board in 2000. In 2008, Mr Partridge completed the Stanford University Executive Development Program. Mr Partridge has also had extensive industry involvement, and is currently a director of various industry bodies, including the Australian Brick and Blocklaying Training Foundation, the Clay Brick and Paver Institute, and HIA YouthBuild.

Alan J. Bentley FAICD
Director

Mr Bentley was appointed to the Board in 1995. He is a non-executive Director who joined the Company in 1984 as General Manager. In 1988 he was appointed CEO and served in this position until 1999. Mr Bentley has over 35 years experience in the manufacture and marketing of ceramic products. He is a member of the Remuneration Committee. Mr Bentley has indicated that he will retire from the Board at the conclusion of the 2008 Annual General Meeting on 25 November 2008.

Brendan P. Crotty LS, DQIT, Dip.Bus Admin, FAPI, FAICD
Director

Mr Crotty was appointed to the Board in June 2008 and is a non-executive Director. Mr Crotty brings extensive property industry expertise to the Board, including 17 years as Managing Director of Australand until his retirement in 2007. He is a member of the National Housing Supply Council, Chairman of Western Sydney Parklands Trust, a member of the University of Sydney's Infrastructure & Finance Committee, and holds a board advisory position with RSL LifeCare. He is a Member of the Audit and Remuneration Committees.

Other directorships:

Trafalgar Corporate Ltd	Appointed 2007
Australand Funds Management Ltd	Appointed 2007

DIRECTORS' REPORT

Timothy V. Fairfax AM; FAICD
Director
Mr Fairfax was appointed to the Board in 1997 and is a non-executive Director. He is a member of the Audit and Remuneration Committees. He is Deputy Chancellor of the University of the Sunshine Coast, Deputy Chairman of the National Portrait Gallery, Trustee of Queensland Art Gallery, Chairman of the University of the Sunshine Coast Foundation, Board member of the Foundation for Rural and Regional Renewal, Council Member of Royal National Association Brisbane and Chairman of the Salvation Army Brisbane Advisory Board. Mr Fairfax is retiring from the Board on 25 September 2008.

Other directorships:

Rural Press Ltd	Appointed 1988, Resigned 2007

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

Other directorships:

Australian Wine Holdings Ltd	Appointed 2004, Resigned 2006

The Hon. Robert J. Webster MAICD; MAIM; JP
Director
Mr Webster was appointed to the Board in 2001 and is a non-executive Director. He is Senior Client Partner in Korn/Ferry International’s Sydney office. He is the Chairman of the Audit Committee and a member of the Remuneration Committee.

Other directorships:

Allianz Australia Insurance Ltd	Director since 1997
Viridis Investment Management Ltd	Director since 2005
Investa Property Group Ltd	Appointed 2006, Resigned 2007

Information on Chief Financial Officer and Company Secretary
Alexander J. Payne B.Comm; Dip CM; FCPA; FCIS; JP
Chief Financial Officer
Mr Payne is an accountant with significant financial experience, who joined The Austral Brick Company in 1985. In 1987 he was appointed Group Company Secretary, and was appointed Chief Financial Officer in 2003. He is a Director of Brickworks Investment Company Ltd.

Iain H. Thompson B.Ec; CA; Grad Dip CSP; FCIS
Company Secretary
Mr Thompson is a chartered accountant who joined The Austral Brick Company in 1996. He worked in various accounting roles within the Company before being appointed Group Company Secretary in 2003.

Meetings of Directors
As at the date of this report there is an Audit Committee and a Remuneration Committee. During the financial year, 18 meetings of Directors (including committees) were held. Attendances were:

	DIRECTORS' MEETINGS		REMUNERATION COMMITTEE MEETINGS		AUDIT COMMITTEE MEETINGS	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
R.D. Millner	14	14	2	2		
M.J. Millner	14	13	2	2	2	2
L.R. Partridge	14	10				
A.J. Bentley	14	12	2	2		
T.V. Fairfax	14	11	2	1	2	2
D.N. Gilham	14	10	2	1		
R.J. Webster	14	12	2	2	2	2
B.P.Crotty	4	4				

DIRECTORS' REPORT

Directors interests

As at 25 September 2008, Directors had the following relevant interests in Brickworks shares:

	Ordinary shares	PAVERS
R.D. Millner	5,161,520	-
M.J. Millner	5,136,771	300
L.R. Partridge	133,126	-
A.J. Bentley	22,840	-
T.V. Fairfax	42,000	174
D.N. Gilham	99,850	40,000
R.J. Webster	14,713	-

As at 25 September 2008, no Director had relevant interests in debentures of, or interests in a registered scheme made available by Brickworks or a related body corporate.

As at 25 September 2008, no Director had any rights or options over shares in debentures of, or interests in a registered scheme made available by Brickworks or a related body corporate.

As at 25 September 2008, there were no contracts entered into by Brickworks or a related body corporate to which any Director is party, or under which any Director is entitled to benefit nor were there any contracts which confer any right for any Director to call for or deliver shares in, debentures of, or interests in a registered scheme made available by Brickworks or a related body corporate.

DIRECTORS' REPORT – REMUNERATION REPORT

The remuneration report has been audited.

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

The main functions of the Remuneration Committee are to assist the Board in fulfilling its responsibilities relating to:
- Ensuring remuneration policies and practices are consistent with Brickworks' strategic goals and human resources objectives and which enable Brickworks to attract and retain executives and Directors who will create value for shareholders;
- Equitably, consistently and responsibly rewarding executives having regard to the performance of Brickworks, the performance of the executive and the general pay environment; and
- Ensuring executive succession planning is adequate and appropriate.

Attendance details of the Remuneration committee are included in the Directors' report.

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

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

The maximum aggregate level of fees which may be paid to non-executive Directors is required to be approved by shareholders in a general meeting. This figure is currently $800,000, and was approved by shareholders at the Annual General Meeting on 31 October 2003. It is not proposed to vary this amount at the 2008 Annual General Meeting.

For the year ended 31 July 2008, Brickworks paid non-executive Directors base fees of $80,000 per annum, with the chairman of the Board receiving $160,000 per annum, and the chairman of the audit committee receiving an additional $10,000 per annum. All Directors are entitled to receive superannuation contributions at the statutory rate (9%) on these amounts. The total aggregate fees paid to non-executive Directors during the year was within the maximum approved by shareholders.

Brickworks constitution requires that Directors must own a minimum of 500 shares in the Company within two months of their appointment. Mr Brendan Crotty has not complied with this requirement at balance date as there has not been a share trading window open to him since his appointment. All other Directors have complied with this requirement during the year.

Executive Directors and executives
Board policy for determining remuneration
Board policy for determining the nature and amount of remuneration of the executive Director and senior managers (the executives) is set by the Remuneration Committee. This policy is applied consistently across all divisions within the Group. Brickworks' remuneration policy is to ensure that an executive's remuneration reflects their duties and responsibilities, as well as ensuring the Company is able to attract and retain key talent.

The Board of Brickworks recognises that the Group's performance is tied to its ability to attract, retain and develop highly skilled and motivated executives. Whilst remuneration is a key factor in achieving this, the Board recognises there are other factors that influence this ability, including the culture and reputation of the group and its employees, the general human resources policies, and professional development opportunities.

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

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

Variable remuneration is tied to the performance of both the individual and the Company. Any such remuneration earned is split between short term and long term components. The short term component is available as Brickworks shares purchased through the Brickworks Deferred Employee Share Plan or as cash, at the discretion of the employee. The long term component must be taken as Brickworks shares purchased through the Brickworks Deferred Employee Share Plan, which vest over the following five years. Any variable remuneration component is available only with the approval of the

Remuneration Committee. Employees are prohibited from hedging against the value of any long term bonus shares, and are required to confirm their compliance to the Managing Director or Chief Financial Officer.

Performance based remuneration
Brickworks Incentive Scheme has been designed to focus executives on the necessity to achieve a range of planned targets for their respective businesses. The variable remuneration program is structured around the achievement of annual performance criteria and is payable following recommendation by the Managing Director and approval by the Remuneration Committee. Any payments to executives under this Incentive Scheme are split between short term and long term components, as detailed above with at least 50% comprising long term components. Funding for the Incentive Scheme accrues based on divisional and group earnings.

Variable remuneration available as a proportion of total salary for an employee increases as that employee gains greater responsibility and has greater capacity to influence the performance of the business as a whole. The proportion of remuneration related to performance for the Managing Director and Chief Financial Officer is at the discretion of the Remuneration Committee, and for the 2007 and 2008 financial years the variable remuneration has exceeded the fixed component. For the other specified executives and senior managers covered by the Incentive Scheme, the potential variable component is either 10%, 25%, 50% or 75% of base salary, adjusted up or down for performance compared against prior years.

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

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

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

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

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

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

Brickworks Employee Share Plan is seen as both an employee retention mechanism, due to the service criteria attaching to the vesting of the shares, and a method of aligning employee interests with those of external shareholders. At 31 July 2008, there were 469 employees participating in the share plans, holding 817,744 shares (0.62% of issued capital).

DIRECTORS' REPORT – REMUNERATION REPORT

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

During the year, all share purchases through the Brickworks Employee Share Plans were performed on market.

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

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

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

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

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

	2004(1)	**2005**(2)	**2006**	**2007**	**2008**
Total revenue (millions)	$703.6	$565.3	$532.1	$558.9	$553.7
Net profit before non-regular items after tax (millions)	$74.2	$84.5	$101.9	$102.2	$108.2
Net profit after tax (millions)	$157.4	$142.9	$102.2	$107.5	$101.5
Share price at year end	$9.10	$10.51	$11.99	$13.50	$11.90
Dividends paid – ordinary shares (cents)	24.0	31.0	36.0	38.0	39.0

Notes
(1) Figures for 2004 are in accordance with the preceding AGAAP. Figures from 2005 are calculated under AIFRS.
(2) 13 months 1 July 2004 to 31 July 2005

Details of Key Management Personnel
Directors
The following persons were directors of Brickworks Ltd during the financial year:

Mr R. Millner	Non-executive Chairman
Mr M. Millner	Non-executive Deputy Chairman
Mr L. Partridge	Executive director (Managing Director)
Mr A. Bentley	Non-executive director
Mr B. Crotty	Non-executive director (appointed 10 June 2008)
Mr T. Fairfax	Non-executive director
Mr D. Gilham	Non-executive director
The Hon. R. Webster	Non-executive director

DIRECTORS' REPORT – REMUNERATION REPORT

Executives
The following persons had authority and responsibility for planning, directing and controlling the activities of the Group during the financial year:

Mr A. Payne	Chief Financial Officer
Mr P. Scott	Executive General Manager –Building Products
Ms M. Kublins	Executive General Manager – Property & Development
Mr D. Fitzharris	Group General Manager – Sales & Marketing
Mr D. Millington	General Manager – Bristile Roofing East Coast
Mr D. Willmot	Group General Manager – Austral Bricks East Coast Manufacturing and Group Project Manager (resigned 29 February 2008)
Mr I. Thompson	Group Company Secretary

Remuneration of individual key management personnel
Directors

($000's)	Year	Short term employee benefits			Post employment (Super)	Share based payment (Long term bonus) (4)	Termination benefits	Total
		Base salary / fees	Short term bonus (4)	Non-monetary benefits				
R. Millner	2008	160	-	-	14	-	-	174
	2007	160	-	-	14	-	-	174
M. Millner	2008	80	-	-	7	-	-	87
	2007	80	-	-	7	-	-	87
A. Bentley	2008	80	-	-	7	-	-	87
	2007	80	-	-	7	-	-	87
B. Crotty	2008	13	-	-	1	-	-	14
	2007	-	-	-	-	-	-	-
T. Fairfax	2008	80	-	-	7	-	-	87
	2007	80	-	-	7	-	-	87
D. Gilham	2008	80	-	-	7	-	-	87
	2007	80	-	-	7	-	-	87
R. Webster	2008	90	-	-	8	-	-	98
	2007	90	-	-	8	-	-	98
L. Partridge	2008	806	504	53	68	336	-	1,767
	2007	739	480	74	60	265	-	1,618
Totals	2008	1,389	504	53	119	336	-	2,401
	2007	1,309	480	74	110	265	-	2,238

DIRECTORS' REPORT – REMUNERATION REPORT

Other Key Management Personnel

($000's)	Year	Short term employee benefits			Post employment (Super)	Share based payment (Long term bonus) (4)	Termination benefits	Total
		Base salary / fees	Short term bonus (4)	Non-monetary benefits				
A. Payne (1), (2)	2008	400	305	13	34	208	-	960
	2007	374	290	13	31	166	-	874
P. Scott (2)	2008	533	-	29	13	147	-	722
	2007	343	150	38	13	77	-	621
D. Fitzharris (2)	2008	316	-	39	28	106	-	489
	2007	310	-	33	27	98	-	468
M. Kublins (2)	2008	315	205	17	27	105	-	669
	2007	281	165	24	22	77	-	569
D. Millington (2)	2008	216	100	23	25	34	-	398
	2007	208	84	13	23	17	-	345
D. Willmot (3)	2008	87	-	51	15	20	246	419
	2007	347	-	13	25	20	-	405
I. Thompson (1)	2008	156	35	8	15	26	-	240
	2007	162	25	12	13	22	-	234
Totals	2008	2,023	645	180	157	646	246	3,897
	2007	2,025	714	146	154	477	-	3,516

Notes
(1) Messrs Payne and Thompson are Company Executives as defined under s300A(1B) of the Corporations Act.
(2) Messrs Payne, Scott, Fitzharris and Millington, and Ms Kublins (nee Tamsett) are Group Executives as defined under s300A(1B) of the Corporations Act, and Key Management Personnel as defined in AASB124 Related Party Disclosures.
(3) Mr D Willmot resigned from his position on 29 February 2008.
(4) The short term bonus amounts disclosed were approved by the Remuneration Committee on 27 August 2008, in relation to performance during the 2008 financial year (2007 granted on 28 August 2007). The short term bonus payments were made during the month following approval. On the same date, the Remuneration Committee also approved long term bonus amounts for each of the employees listed above, to be granted as shares in the Deferred Employee Share Plan (as outlined in the section on the share plan above). The values in the share based payment column reflect the shares vested to the employee during the financial year.

Discussion in relation to specific executives

The Company has signed employment contracts with the Managing Director and other senior executives of the Brickworks group. There is no fixed termination date under the contract, however the terms allow for a review every five years, or in certain limited circumstances, such as a material change in the executives position.

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

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

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

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

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

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

DIRECTORS' REPORT

Auditor's independence declaration
The Directors received an independence declaration from the auditor, Ernst & Young. A copy has been included on page 20 of the report.

Provision of non-audit services by external auditor
During the year the external auditors, Ernst & Young, provided non-audit services to the Group, totalling $85,000. The Directors through the Audit Committee are of the opinion that the provision of non-audit services has not compromised the independence of the auditors.

$46,000 was paid for additional attendance at stocktakes during the year, and $39,000 was paid for the provision of accounting advice. This advice was general in nature, relating to the interpretation and potential application of accounting standards. Brickworks management has been responsible for selecting, applying and calculating all impacts of accounting standards on the Group's financial statements.

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

Proceedings on behalf of the Company
No person has applied for leave of 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.

Rounding of Amounts
The Company has applied the relief available to it under ASIC Class Order 98/100 and accordingly, amounts in the financial report and Directors' report have been rounded off to the nearest $1,000 where allowed under that class order.

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

Dated 25 September 2008.

R.D. MILLNER Director	L.R. PARTRIDGE Director

ERNST & YOUNG

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Auditor's Independence Declaration to the Directors of Brickworks Limited

In relation to our audit of the financial report of Brickworks Limited for the year ended 31 July 2008, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Graham Ezzy
Partner
Sydney
Ernst & Young

25 September 2008

CORPORATE GOVERNANCE STATEMENT

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

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

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

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

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

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

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

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

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

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

Brickworks does not have a separate nomination committee, however the non-executive members of the Board who are not up for re-election at the next AGM fulfil the role of a nomination committee. These non-executive Directors are responsible for reviewing the composition of the Board to ensure that it comprises Directors with an appropriate mix of experience and expertise. Where a vacancy exists on the Board or where the non-executive Directors consider that the Board would benefit from the appointment of additional Directors with particular expertise or experience, the non-executive Directors, in conjunction with external advisors if appropriate, will select suitable candidates. Any Director appointed by the Board in this manner must be elected by shareholders at the next Annual General Meeting.

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

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

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

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

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

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

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

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

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

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

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

Make timely and balanced disclosure

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

Respect the rights of shareholders

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

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

Recognise and manage risk

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

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

Encourage enhanced performance

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

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

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

Remunerate fairly and responsibly

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

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

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

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

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

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

CORPORATE GOVERNANCE STATEMENT

Recognise the legitimate interests of stakeholders

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

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

INCOME STATEMENT FOR THE YEAR ENDED 31 JULY 2008

	NOTE	CONSOLIDATED 31 JULY 08 $000	CONSOLIDATED 31 JULY 07 $000	PARENT ENTITY 31 JULY 08 $000	PARENT ENTITY 31 JULY 07 $000
Revenue	2	553,716	558,936	33,227	46,568
Cost of sales		(366,529)	(345,221)	-	-
Gross profit		187,187	213,715	33,227	46,568
Other income	2	34,329	22,421	-	-
Distribution expenses		(47,946)	(44,012)	-	-
Administration expenses		(19,654)	(18,757)	7	(2)
Selling expenses		(51,878)	(50,224)	-	-
Borrowing costs expense	3	(37,286)	(27,305)	(37,283)	(27,305)
Other expenses		(8,742)	(8,540)	-	-
Share of net profits of associates and joint ventures accounted for using the equity method	28, 29	75,203	48,676	-	-
Profit / (loss) before income tax expense		131,213	135,974	(4,049)	19,261
Income tax (expense) / benefit attributable to profit	4	(29,735)	(28,441)	11,673	4,605
Profit after related income tax expense		101,478	107,533	7,624	23,866
Net profit attributable to members of the parent entity		101,478	107,533	7,624	23,866
Basic earnings per share (cents per share)	7	76.5	81.0		
Diluted earnings per share (cents per share)	7	76.5	81.0		

Diluted earnings per share is equal to basic earnings per share as the effect of conversion of the redeemable preference shares (PAVERS) is antidilutive (ie EPS positive).

These statements should be read in conjunction with the accompanying notes.

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

BALANCE SHEET AS AT 31 JULY 2008

	NOTE	CONSOLIDATED 31 JULY 08 $000	CONSOLIDATED 31 JULY 07 $000	PARENT ENTITY 31 JULY 08 $000	PARENT ENTITY 31 JULY 07 $000
CURRENT ASSETS					
Cash assets	8	37,808	14,382	15,852	168
Receivables	9(a)	83,428	98,969	-	94
Held for trading financial assets	10	30	87	-	-
Inventories	12(a)	137,935	132,943	-	-
Land held for resale	13(a)	95,108	52,624	-	-
Derivative financial instruments	14(a)	347	-	486	-
Prepayments		4,497	4,675	878	-
TOTAL CURRENT ASSETS		359,153	303,680	17,216	262
NON-CURRENT ASSETS					
Receivables	9(b)	200	350	630,858	642,422
Other financial assets	11	-	-	248,437	248,437
Inventories	12(b)	7,230	5,883	-	-
Land held for resale	13(b)	34,649	15,872	-	-
Derivative financial instruments	14(b)	-	731	-	731
Investments accounted for using the equity method	15	740,255	681,519	-	-
Property, plant and equipment	16	500,203	551,959	645	645
Deferred tax assets	17	32,314	28,362	253	253
Intangible assets	18	271,513	268,308	-	-
Prepayments		1,792	-	1,792	-
TOTAL NON-CURRENT ASSETS		1,588,156	1,552,984	881,985	892,488
TOTAL ASSETS		1,947,309	1,856,664	899,201	892,750
CURRENT LIABILITIES					
Payables	19(a)	73,070	67,750	2,297	5,491
Interest-bearing liabilities	20(a)	262,865	106,000	262,865	106,000
Current tax liabilities		18,782	8,335	19,049	8,279
Provisions	21(a)	22,095	27,897	300	-
TOTAL CURRENT LIABILITIES		376,812	209,982	284,511	119,770
NON-CURRENT LIABILITIES					
Payables	19(b)	2,047	-	511	483
Interest-bearing liabilities	20(b)	300,000	414,225	300,000	414,225
Provisions	21(b)	13,560	14,642	544	844
Deferred tax liabilities	22	141,421	144,860	12,111	12,024
Other non-current liabilities	23	-	240	-	-
TOTAL NON-CURRENT LIABILITIES		457,028	573,967	313,166	427,576
TOTAL LIABILITIES		833,840	783,949	597,677	547,346
NET ASSETS		1,113,469	1,072,715	301,524	345,404
EQUITY					
Contributed equity	24	144,892	145,426	144,892	145,426
Reserves	25	359,550	379,994	96,279	96,162
Retained profits	26	609,027	547,295	60,353	103,816
TOTAL EQUITY		1,113,469	1,072,715	301,524	345,404

These statements should be read in conjunction with the accompanying notes.

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2008

	NOTE	CONSOLIDATED 31 JULY 08 $000	CONSOLIDATED 31 JULY 07 $000	PARENT ENTITY 31 JULY 08 $000	PARENT ENTITY 31 JULY 07 $000
Total equity at beginning of the year		1,072,715	963,628	345,404	371,872
Cash flow hedges:					
Gain / (loss) taken to equity	25(b)	(384)	231	(245)	231
Currency translation differences arising during the year	25(b)	(1,515)	155	-	-
Share of increments / (decrements) in reserves attributable to associates	25(b)	(27,718)	64,088	-	-
Tax on movement in equity accounted investment recognised directly in equity	25(b)	8,719	(19,638)	362	(508)
Net income / (expense) recognised directly in equity		(20,898)	44,836	117	(277)
Net profit for the year	26	101,478	107,533	7,624	23,866
Total recognised income and expense for the year		80,580	152,369	7,741	23,589
Transactions with equity holders in their capacity as equity holders					
Share of associate's transfer to outside equity interests	26	-	(1,645)	-	-
Share of associate's increase in equity interests of controlled entities	26	965	(1,988)	-	-
Dividends provided or paid during the year	6	(40,257)	(38,688)	(51,087)	(49,096)
Treasury stock:					
Purchase of shares through employee share plan	24(b)	(2,498)	(2,309)	(2,498)	(2,309)
Shares vested to employees	24(b)	1,964	1,348	1,964	1,348
		(39,826)	(43,282)	(51,621)	(50,057)
Total equity at the end of the year		1,113,469	1,072,715	301,524	345,404

These statements should be read in conjunction with the accompanying notes.

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 JULY 2008

	NOTE	CONSOLIDATED 31 JULY 08 $000	CONSOLIDATED 31 JULY 07 $000	PARENT ENTITY 31 JULY 08 $000	PARENT ENTITY 31 JULY 07 $000
Cash flows from operating activities					
Receipts from customers		620,891	586,878	-	-
Payments to suppliers and employees		(523,536)	(527,201)	(434)	(19)
Interest received		707	646	625	480
Borrowing costs		(33,774)	(18,481)	(31,676)	(14,403)
PAVERS dividend		(10,832)	(10,846)	(10,832)	(10,846)
Dividends and distributions received		34,073	46,094	32,603	46,089
Income tax paid		(18,376)	(28,491)	(18,085)	(28,134)
Net cash flows from / (used in) operating activities	27(a)	69,153	48,599	(27,799)	(6,833)
Cash flows from investing activities					
Purchases of investments		(424)	(12,317)	-	(11,637)
Purchases of intangible assets		(466)	(5)	-	-
Payment for controlled entity net of cash acquired	32(b)	(16,909)	(40,025)	-	-
Proceeds from sale of property, plant and equipment		32,140	8,929	-	-
Purchases of property, plant and equipment		(47,707)	(51,738)	-	-
Net cash flows from / (used in) investing activities		(33,366)	(95,156)	-	(11,637)
Cash flows from financing activities					
Proceeds from borrowings		128,000	246,000	128,000	246,000
Repayment of borrowings		(86,000)	(149,017)	(86,000)	(102,000)
Loan (to) / from controlled entity		-	-	52,569	(76,891)
Loan (to) / from other entity		(3,274)	(2,490)	-	-
Dividends paid		(51,087)	(49,096)	(51,087)	(49,096)
Net cash flows from / (used in) financing activities		(12,361)	45,397	43,482	18,013
Net increase / (decrease) in cash held		23,426	(1,160)	15,683	(457)
Cash at beginning of year		14,382	15,542	169	625
Cash at end of year	8	37,808	14,382	15,852	168

These statements should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Brickworks Limited is a listed public company, incorporated and domiciled in Australia. These accounts were authorised for issue in accordance with a resolution of the directors on 25 September 2008.

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Brickworks Limited as an individual entity and the consolidated entity consisting of Brickworks Limited and its subsidiaries ("the Group").

(a) Basis of preparation and Statement of compliance
The financial report is a general purpose financial report that has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards.

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS).

These financial statements have been prepared under the historical cost convention, except for available-for-sale financial assets, held for trading financial assets, derivatives and investment property, which have been measured at fair value.

(b) Principles of consolidation
The consolidated financial statements are those of the consolidated entity, comprising Brickworks Ltd (the parent entity) and all entities that Brickworks controlled from time to time during the period and at reporting date. Control exists where Brickworks has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Brickworks to achieve the objectives of Brickworks.

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

Investments in subsidiaries in the parent entity financial statements are shown at cost.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation.

Where controlled entities have entered or left the economic entity during the period, their operating results have been included from the date control was obtained or excluded from the date control ceased.

(c) Revenue
Sales revenue is recognised when the significant risks and rewards of ownership of the items sold have passed to the buyer, and the revenue is also able to be measured reliably.

For revenue from the sale of goods, this occurs upon the delivery of goods to customers.

For revenue from the sale of land held for resale, this is recognised at the point at which any contract of sale in relation to industrial land has become unconditional, and at which settlement has occurred for residential land.

Interest revenue is recognised on a time proportionate basis that takes into account the effective interest rate applicable to the net carrying amount of the financial asset.

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

Rental revenue is recognised on an accruals basis.

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

All revenue is stated net of the amount of goods and services tax (GST).

(d) Finance costs
Borrowing costs incurred for the construction of a qualifying asset are capitalised up to the point that the asset is ready for its intended use. Other finance costs are recognised as an expense over the period to which the expense relates.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(e) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability or asset to the extent that it is unpaid or refundable.

Deferred tax

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The tax cost base of assets is calculated based on managements intention for that asset on either use or sale as appropriate. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss. In addition, no deferred income tax is recognised for a taxable temporary difference arising from an investment in a subsidiary, associate or joint venture where the timing of the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

The amount of benefits brought to account or 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 economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. These amounts are reviewed at each balance date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation

Brickworks Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the Tax Consolidation regime. Brickworks is the head entity of that group. The tax consolidated group has entered a tax sharing agreement whereby each company in the group contributes to the income tax payable based on the current tax liability or current tax asset of the entity. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right. Such amounts are reflected in amounts receivable from or payable to other entities in the group. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At balance date, the possibility of default is remote.

Tax expense, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax consolidated group. Any current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax consolidated group are recognised by the parent company (as head entity of the tax consolidated group).

(f) Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the period, adjusted for bonus elements in ordinary shares issued during the period.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares. Diluted earnings per share is shown as being equal to basic earnings per share if potential ordinary shares are non-dilutive to existing ordinary shares.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(g) Cash and cash equivalents

Cash and cash equivalents on the balance sheet includes cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

Cash and cash equivalents for the cash flow statement are shown as a net of the cash assets and bank overdraft liability.

Cash and cash equivalents are stated at nominal value.

(h) Receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. A provision for doubtful debts is established when there is existence of objective evidence that the Group may not be able to collect the debts. Bad debts are written off against the provision for doubtful debts as incurred, when there is objective evidence that the Group will not be able to recover the debt. Objective evidence of an impairment loss can include when a debtor is unable to be physically located, or when a report from a liquidator or administrator of a debtor indicates that recovery of any amounts outstanding is unlikely.

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

(i) Inventories

Raw materials are measured at the lower of actual cost and net realisable value. Finished goods are measured at the lower of standard 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. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(j) Land held for resale

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

(k) Property, plant and equipment

Land is carried at cost less any impairment losses.

Plant and equipment (including buildings) are measured at cost, less depreciation and impairment losses.

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs. The recoverable amount is the higher of fair value less costs to sell, and the value in use, assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts, using pre-tax discount rates.

Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated over their useful lives to the economic entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of fixed asset	Depreciation rate
Buildings	2.5% - 4.0% prime cost
Plant and equipment	4.0% - 33.0% prime cost; 7.5% - 22.5% diminishing value

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(k) Property, plant and equipment (cont.)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds on disposal with the carrying amount of the asset at the time of disposal. These gains and losses are included in the income statement. When previously revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(l) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight line basis over the term of the lease.

Leases of fixed assets are classified as finance leases where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities in the economic entity.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the economic entity will obtain ownership of the asset, or over the term of the lease.

(m) Financial assets

Regular way purchases and sales of investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at cost, net of transaction costs.

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets, and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at fair value through profit and loss (held for trading)

The Group has classified certain shares as financial assets at fair value through profit or loss. Financial assets held for trading purposes are classified as current assets and are stated at fair value (subsequent to initial recognition), with any resultant gain or loss recognised in profit or loss.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group’s management has the positive intention and ability to hold to maturity. These investments are carried at amortised cost using the effective interest method, with any gains or losses recognised in income when the investments are derecognised or impaired.

Available-for-sale financial assets

Certain shares held by the Group are classified as being available-for-sale and are stated at fair value (subsequent to initial recognition). Gains and losses arising from changes in fair value are recognised directly in reserves, until the investment is disposed of, at which time the cumulative gain or loss previously recognised in the reserve is included in profit or loss for the period.

The fair value of financial instruments traded in active markets is based on quoted market bid prices at the balance sheet date. Where shares are held in listed entities that are not actively traded on the market, quoted marked bid prices are used as the best information on the amount obtainable from an arms length transaction.

Loans and Receivables

Trade receivables, loans and other receivables are recorded at amortised cost less impairment.

Derecognition

Sales of investments are recognised on trade date – the date the Group commits to sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(m) Financial assets (cont.)

Impairment

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

(n) Investments in associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the parent entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost.

Under the equity method, the investment in the associate is carried in the consolidated balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After applying the equity method, the Group determines whether it is necessary to recognise an additional impairment loss with respect to the net investment in the associate. The consolidated income statement reflects the Group's share of the results of operations of the associate.

Where there has been a change recognised directly in the associate's equity, the Group recognises its share of any changes and discloses this in the consolidated statement of movements in equity.

Where reporting dates of associates are not identical to the Group, the financial information used is the last publicly available information, but in any event is no older than 3 months from the Group's balance date. The associate's accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

(o) Investments in joint ventures

Investments in joint ventures are accounted for in the parent entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost.

Under the equity method, the investment is carried in the consolidated balance sheet at cost plus post acquisition changes in the Group's share of net assets of the joint venture. The consolidated income statement reflects the Group's share of the results of operations of the joint ventures.

Where reporting dates of joint ventures are not identical to the Group, the financial information used is the last publicly available information, but in any event is no older than 3 months from the Group's balance date.

Profits or losses on transactions with the joint venture are eliminated to the extent of the Group's ownership interest until such time as they are realised by the joint venture on sale.

(p) Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

(q) Intangibles

Goodwill

Goodwill is initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets (including contingent liabilities) at the date of acquisition. Goodwill on acquisition of associates is included in investments in associates. Any goodwill acquired in a business combination is allocated to each of the cash generating units (CGU's) expected to benefit from the combination's synergies, unless there is no reasonable and consistent basis to do so, in which case goodwill is allocated to groups of CGU's. Impairment is determined by assessing the recoverable amount of the CGU (or groups of units) to which the goodwill relates. Where this recoverable amount is less than the carrying amount, an impairment loss is recognised. Impairment losses recognised for goodwill are not subsequently reversed.

Goodwill is tested for impairment annually and when indicators of impairment exist, and following initial recognition is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(q) Intangibles (cont.)

Log licences

Timber access rights are valued at cost on acquisition. If the timber access right is considered to have an indefinite life, the right is carried at cost less any impairment write down required to ensure it is not carried in excess of recoverable amount. If the right has a definite life, it is amortised on a straight line basis over the expected future life of that right, which varies according to the term of the issue.

Brand names

Purchased brand names have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight line method to allocate the cost of brand names over their estimated useful lives.

(r) Acquisition of assets

The purchase method of accounting is used to account for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price at the date of exchange.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

(s) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Non-financial assets other than goodwill that have had an impairment write-down are reviewed for possible reversal of the impairment at each subsequent reporting date.

(t) Payables

Trade payables and other accounts payable are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services.

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

(u) Provisions

Provisions are recognised when the Group has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. If the effect of the time value of money is material, provisions are discounted using a pre-tax discount rate that reflects the risks specific to the liability. Any increase in the provision due to the passage of time is recognised as a borrowing cost.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(v) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Consideration is made of expected future wage and salary levels, employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash flows.

Share-based payments

Share-based compensation benefits are provided to employees through the Brickworks Employee Share Plan, details of which can be found in the Remuneration Report in the director's report. Unvested shares are included in contributed equity as Reserved Shares. The fair value of the shares (market value at purchase date) is recognised as an employee benefits expense with a corresponding increase in equity when the employees become entitled to the shares.

(w) Restoration and rehabilitation

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

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

(x) Interest bearing liabilities

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. Where the Group expects that it will continue to satisfy the criteria under its banking agreement that ensures the financier is not entitled to call on the outstanding borrowings, and the term is greater than 12 months, the borrowings are classified as non-current.

(y) Financial instruments issued by the Company

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Transaction costs arising on the issue of financial instruments are recognised directly as a reduction, net of tax, of the proceeds of the financial instruments to which the costs relate. If the financial instrument has an identifiable lifespan, these costs are amortised in the income statement over the period of the instrument.

Interest and dividends are classified as expenses or as distributions of profit consistent with the classification of the related debt or equity instruments.

(z) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either fair value hedges or cash flow hedges.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedge items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(z) Derivatives (cont.)

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in reserves. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item will affect profit or loss.

When a hedging instrument expires or is terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is transferred to the income statement.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any such instrument are recognised immediately in the income statement.

Fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

(aa) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires, with any resulting gain or loss taken to the income statement.

(ab) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate. Grants relating to the purchase of fixed assets are included in non-current liabilities as deferred income and credited to the income statement on a straight-line basis over the expected lives of the related assets.

(ac) Reserved shares

Own equity instruments which are acquired for later payment as employee share-based payment awards are deducted from equity. These shares are held in trust by the trustee of the Brickworks Deferred Employee Share Plan and vest in accordance with the conditions attached to the granting of the shares, as outlined in the Remuneration Report. The fair value of the shares (market value at purchase date) is recognised as an employee benefits expense with a corresponding increase in equity when the employees become entitled to the shares. No gain or loss is recognised in profit or loss on the purchase, sale or issue of the Group's own equity instruments.

(ad) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(ae) Foreign currency transactions and balances

Functional and presentation currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. The balances of foreign currency monetary items are translated at the period end exchange rate. The balances of non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(ae) Foreign currency transactions and balances (cont.)

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- Assets and liabilities are translated at period end exchange rates prevailing at that reporting date.
- Income and expenses are translated at average exchange rates for the period.
- Retained profits are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed.

(af) Significant accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future, and the resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Judgements that are made by management in the application of accounting standards that have significant effects on the financial statements, and estimates with a significant risk of material adjustments in the next year, are disclosed in the relevant notes to the financial statements, where applicable.

(ag) Accounting standards issued but not yet effective

Australian accounting standards that have been issued but have not been adopted for the financial year ended 31 July 2008 are as follows:

Amendments to financial statements – AASB 2005-10, 2007-1, 2007-2, 2007-3, 2007-4, 2007-5, 2007-6, 2007-7, 2007-8, 2008-2;
AASB 3 (Revised): Business Combinations;
AASB 8: Operating Segments;
AASB 101(Revised): Presentation of Financial Statements;
AASB 123 (Revised): Borrowing Costs;
AASB 127 (Revised): Consolidated and Separate Financial Statements;
AASB 2008-1: Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations
AASB Interpretation 4 (Revised): Determining whether an Arrangement contains a Lease
AASB Interpretation 10: Interim Financial Reporting and Impairment;
AASB Interpretation 11: Group and Treasury Share Transactions
AASB Interpretation 12: Service Concession Arrangements;
AASB Interpretation 13: Customer Loyalty Programs;
IFRIC 15: Agreements for the Construction of Real Estate; and
IFRIC 16: Hedges of a Net Investment in a Foreign Operation;

The directors have assessed the impact of these new or amended standards and interpretations, and are of the opinion that there will not be any changes required to amounts recognised in the financial statements. However, it is anticipated that there will be some changes to information disclosures required.

The directors recognise that under some of these new or amended standards and interpretations there may be changes to accounting policies prospectively from the point of adoption, however the impact of these changes on the financial statements of the Group have not yet been determined.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2008

	CONSOLIDATED		PARENT ENTITY	
	31 JULY 08 $000	31 JULY 07 $000	31 JULY 08 $000	31 JULY 07 $000
NOTE 2: REVENUE				
Trading revenue				
Sale of goods	518,777	516,872	-	-
Sale of current investments	39	7	-	-
Sale of land held for resale	25,579	38,516	-	-
	544,395	555,395	-	-
Other operating revenue				
Interest received:				
- other corporations	3,771	646	625	480
Dividends received:				
- associated companies	-	-	32,602	46,088
- other corporations	1	5	-	-
Rental revenue	729	698	-	-
Government grant revenue	240	1,083	-	-
Other	4,580	1,109	-	-
Total operating revenue	553,716	558,936	33,227	46,568
Other income				
Net gain on sale of:				
- property, plant and equipment	34,329	22,130	-	-
Other items	-	291	-	-
Total other income	34,329	22,421	-	-
NOTE 3: EXPENSES				
(a) Specific expense disclosures				
Depreciation and amortisation				
- Buildings	3,412	3,050	-	-
- Leasehold improvements	117	44	-	-
- Plant and equipment	26,487	23,034	-	-
Total depreciation	30,016	26,128	-	-
- Timber access rights	287	287	-	-
Total amortisation	287	287	-	-
Total depreciation and amortisation expense	30,303	26,415	-	-
Finance costs - other corporations	25,814	15,827	25,811	15,827
Finance costs - PAVERS interest	10,832	10,838	10,832	10,838
Finance costs - PAVERS amortisation	640	640	640	640
Total finance costs expensed	37,286	27,305	37,283	27,305
Finance costs capitalised	2,001	4,172	-	-
Total finance costs	39,287	31,477	37,283	27,305
Rental expense on operating leases				
- Minimum lease payments	2,331	2,372	-	-
Unrealised loss on carrying value of held for trading financial assets	(33)	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2008

	NOTE	CONSOLIDATED 31 JULY 08 $000	CONSOLIDATED 31 JULY 07 $000	PARENT ENTITY 31 JULY 08 $000	PARENT ENTITY 31 JULY 07 $000
NOTE 3: EXPENSES (cont.)					
(a) Specific expense disclosures (cont.)					
Employee benefit expense		138,461	135,900	-	-
Defined contribution superannuation expense		7,940	7,622	-	-
Research and development expenditure		1,074	1,511	-	-
Bad and doubtful debts - trade debtors		1,554	(603)	-	-
Write down of inventories to net realisable value		985	501	-	-
(b) Significant Revenues and Expenses					
The following items are relevant in explaining the financial performance for the year:					
Profit from sale of land held for resale		9,136	31,885	-	-
Development profits from joint ventures		15,368	2,095	-	-
Fair value adjustment on completion of developments		23,137	2,659	-	-
Fair value adjustment of properties		7,685	-	-	-
Property Trust rental profits		1,607	591	-	-
Total profits from Property Trusts	29	47,797	5,345	-	-
Share of associates profit from discontinued operations		(5,652)	9,121	-	-
Additional profit / (loss) due to significant one-off transactions of Washington H Soul Pattinson & Co Ltd		(9,563)	13,892	-	-
One-off decommissioning costs		-	3,499	-	-
NOTE 4: INCOME TAX EXPENSE					
(a) Current Tax		32,429	25,025	(8,138)	(4,797)
Deferred Tax		795	1,106	87	-
Under / (over) provided in prior years		(3,489)	2,310	(3,622)	192
		29,735	28,441	(11,673)	(4,605)
(b) Reconciliation of income tax expense to prima facie tax payable					
Prima facie tax payable on profit / (loss) before income tax at 30%		39,364	40,793	(1,214)	5,779
Adjust for tax effect of:					
difference in foreign tax rates		2	34	-	-
non-allowable PAVERS dividend		3,250	3,251	3,250	3,251
rebateable dividends		(9,781)	(13,828)	(9,781)	(13,827)
capital losses recognised during year		-	(3,622)	-	-
share of net profits of associates		(1,010)	(771)	-	-
amortisation of intangibles		86	86	-	-
other non-allowable items		289	188	(306)	-
deferred tax items derecognised		-	5,021	-	-
overprovision for income tax in prior year		(2,465)	(2,711)	(3,622)	192
Income tax expense / (benefit) attributable to profit / (loss)		29,735	28,441	(11,673)	(4,605)
(c) Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss					
Current tax - debited / (credited) directly to equity		(209)	358	-	-
Deferred tax - debited / (credited) directly to equity		(8,510)	19,280	(362)	508
		(8,719)	19,638	(362)	508

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2008

	CONSOLIDATED		PARENT ENTITY	
	31 JULY 08 $000	31 JULY 07 $000	31 JULY 08 $000	31 JULY 07 $000
NOTE 5: AUDITORS' REMUNERATION				
Auditor of the parent entity				
Audit of the financial report	380	347	369	300
Other regulatory audits	4	4	4	4
Other assurance services	85	51	85	51
	469	402	458	355

The auditor of the Brickworks Ltd Group is Ernst & Young. Details of non-audit services provided by Ernst & Young are outlined in the Directors' Report.

NOTE 6: DIVIDENDS

Final ordinary dividend (prior year) of 26.0 cents per share paid 3/12/07 (2006 - 25.0c paid 1/12/06)	34,500	33,173	34,500	33,173
Interim ordinary dividend of 12.5 cents per share paid 12/05/08 (2007 - 12.0c paid 10/05/07)	16,587	15,923	16,587	15,923
Group's share of dividend received by associated company	(10,830)	(10,408)	-	-
	40,257	38,688	51,087	49,096
Proposed final ordinary dividend of 26.5 cents per share not recognised as a liability at year end (2007 26.0c)	35,163	34,500	35,163	34,500

All dividends paid and proposed have been or will be fully franked at the tax rate of 30%

Dividends payable on Redeemable Preference Shares (PAVERS) are included in finance costs in the income statement, as the PAVERS are classified as liabilities.

Balance of franking account at year end adjusted for franking credits arising from payment of income tax payable and dividends recognised as receivables	162,978	146,743	162,978	146,743
Impact on franking account balance of dividends not recognised	(15,070)	(14,786)	(15,070)	(14,786)

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

NOTE 7: EARNINGS PER SHARE

(a) Reconciliation of earnings		
Net profit	101,478	107,533
Earnings used in the calculation of basic EPS	101,478	107,533
add: redeemable preference share interest	11,472	11,472
Earnings used in the calculation of diluted EPS	112,950	119,005

NOTE 7: EARNINGS PER SHARE (cont.)

	CONSOLIDATED	
	31 JULY 08 No.	31 JULY 07 No.
(b) Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	132,692,188	132,692,188
Number of potential ordinary shares from convertible redeemable preference shares (PAVERS) on issue	14,850,000	11,550,000
Weighted average number of ordinary shares outstanding during the year used in calculation of diluted EPS	147,542,188	144,242,188
	cents	cents
Basic earnings per share	76.5	81.0
Diluted earnings per share	76.5	81.0

Diluted earnings per share is equal to basic earnings per share as the effect of conversion of the redeemable preference shares (PAVERS) is antidilutive (ie EPS positive).

NOTE 8: CASH ASSETS

	CONSOLIDATED		PARENT ENTITY	
	31 JULY 08 $000	31 JULY 07 $000	31 JULY 08 $000	31 JULY 07 $000
Cash on hand	21,698	14,257	233	43
Deposits at call	16,110	125	15,619	125
	37,808	14,382	15,852	168

Deposits at call have carrying amounts that reasonably approximate fair value. Deposits are for periods of up to one month, and earn interest at the respective short term deposit rates.

NOTE 9: RECEIVABLES

		CONSOLIDATED		PARENT ENTITY	
		31 JULY 08 $000	31 JULY 07 $000	31 JULY 08 $000	31 JULY 07 $000
(a) Current					
Trade receivables		70,579	68,502	-	-
Less: provision for doubtful debts		1,645	686	-	-
		68,934	67,816	-	-
Less: advance payments by customers		2,363	2,991	-	-
Net trade receivables		66,571	64,825	-	-
Add: other debtors		16,857	34,144	-	94
		83,428	98,969	-	94

Trade receivables and other debtors have carrying amounts that reasonably approximate fair value. Average terms are 30 days from statement.

(b) Non-Current					
Amount receivable from associated companies	36	200	350	-	-
Amount receivable from wholly owned subsidiaries	36	-	-	630,858	642,422
		200	350	630,858	642,422

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2008

		CONSOLIDATED		PARENT ENTITY	
		31 JULY 08 $000	31 JULY 07 $000	31 JULY 08 $000	31 JULY 07 $000
NOTE 9: RECEIVABLES (cont.)					
(c) Movement in provision for doubtful debts					
Balance at the beginning of the year		686	1,543	-	-
Additional provisions recognised		1,632	379	-	-
Trade debts written off		(595)	(254)	-	-
Reversals of provisions not required		(78)	(982)	-	-
Balance at the end of the year		1,645	686	-	-
(d) Receivables past due					
Receivables past due but not impaired					
Past due 0 - 30 days		2,012	1,715	-	-
Past due 30+ days		412	487	-	-
		2,424	2,202	-	-

Before allowing new customers to trade on credit terms, an analysis of the potential customers credit quality is performed using external credit reporting agencies and internal reporting, to determine whether an account will be opened and the amount of the limit to be applied to that account. Various levels of management are required to approve progressively higher credit limits, with individual limits exceeding $1 million reported to the Board.

An analysis of trade receivable balances past due is performed constantly throughout the year, and an allowance is made for estimated irrecoverable trade receivables based on historical experience of default, and known information on individual debtors. In many instances security is held over individual debtors in the form of personal guarantees. Receivables past due but not impaired are expected to be collected in full.

NOTE 10: HELD FOR TRADING FINANCIAL ASSETS

Share trading portfolio at fair value		30	87	-	-

The share trading portfolio represents ordinary shares listed on the ASX, and hence have no maturity date.

NOTE 11: OTHER FINANCIAL ASSETS

Unlisted investments, at cost					
- Shares in controlled entities		-	-	165,438	165,438
Listed investments, at cost					
- Shares in associated companies	28	-	-	82,999	82,999
		-	-	248,437	248,437
Market values of listed investments					
- Shares in associated companies		-	-	1,134,798	1,080,227

NOTE 12: INVENTORIES

(a) Current					
Raw materials and stores at cost		27,822	25,222	-	-
Work in progress at cost		9,855	10,205	-	-
Finished goods at cost		96,236	96,611	-	-
		133,913	132,038	-	-
Finished goods at net realisable value		4,022	905	-	-
		137,935	132,943	-	-
(b) Non-Current					
Raw materials and stores at cost		7,230	5,883	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2008

	Note	CONSOLIDATED 31 JULY 08 $000	CONSOLIDATED 31 JULY 07 $000	PARENT ENTITY 31 JULY 08 $000	PARENT ENTITY 31 JULY 07 $000
NOTE 13: LAND HELD FOR RESALE					
(a) Current		95,108	52,624	-	-
(b) Non-Current		34,649	15,872	-	-

Non-current land held for resale represents portions of properties which have been classified as ready for sale in accordance with the accounting policy note, however the sale of these specific blocks is not expected to occur within the following 12 months from balance date. Exact timing of these sales is unable to be reliably forecast. These properties are disclosed in the Property segment of note 30.

	Note	CONSOLIDATED 31 JULY 08 $000	CONSOLIDATED 31 JULY 07 $000	PARENT ENTITY 31 JULY 08 $000	PARENT ENTITY 31 JULY 07 $000
NOTE 14: DERIVATIVE FINANCIAL ASSETS					
(a) Current					
Interest rate swap contract	31(h)	486	-	486	-
Forward exchange contracts		(139)	-	-	-
		347	-	486	-
(b) Non-Current					
Interest rate swap contract	31(h)	-	731	-	731

The interest rate swap is being used to hedge the exposure to changes in the interest rate payable on its commercial bills (refer note 20).
The forward exchange contracts are used to hedge exposure to changes in exchange rates on foreign currency purchases of goods and services.

	Note	CONSOLIDATED 31 JULY 08 $000	CONSOLIDATED 31 JULY 07 $000	PARENT ENTITY 31 JULY 08 $000	PARENT ENTITY 31 JULY 07 $000
NOTE 15: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD					
Investment in associated entities - listed	28	602,619	623,733	-	-
Investment in associated entities - unlisted		758	781	-	-
Investment in jointly controlled entities	29	136,878	57,005	-	-
		740,255	681,519	-	-
Market value of listed associates		1,134,798	1,080,227	-	-

	CONSOLIDATED 31 JULY 08 $000	CONSOLIDATED 31 JULY 07 $000	PARENT ENTITY 31 JULY 08 $000	PARENT ENTITY 31 JULY 07 $000
NOTE 16: PROPERTY, PLANT AND EQUIPMENT				
Land				
Freehold land at cost	151,777	205,677	645	645
Leasehold land at cost	235	235	-	-
	152,012	205,912	645	645
Buildings				
At cost	139,587	130,364	-	-
Less: accumulated depreciation	36,730	33,517	-	-
	102,857	96,847	-	-
Plant and equipment				
At cost	444,210	384,884	-	-
Less: accumulated depreciation	214,202	200,724	-	-
	230,008	184,160	-	-
Add: capital works in progress	15,326	65,040	-	-
Total plant and equipment	245,334	249,200	-	-
	500,203	551,959	645	645

NOTE 16: PROPERTY, PLANT AND EQUIPMENT (cont.)

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

The carrying amount of temporarily idle buildings, plant and equipment at 31 July 2008 was $4.7 million (2007 Nil), representing assets in plant 22 and part of plant 23 at Horsley Park, NSW.

(a) 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.

Parent Entity

There were no transactions or movements relating to property, plant and equipment for the parent entity.

Consolidated	**Land $000**	**Buildings $000**	**Plant & Equip. $000**	**Total $000**
At 1 August 2006				
Cost	210,319	130,367	400,468	741,154
Accumulated depreciation	-	(36,278)	(182,619)	(218,897)
Balance at 1 August 2006	210,319	94,089	217,849	522,257
Year ended 31 July 2007				
Additions	1,833	3,341	49,259	54,433
Assets acquired by purchase of subsidiary	7,240	2,707	8,071	18,018
Assets transferred to inventory	(9,426)	-	(243)	(9,669)
Disposals	(4,054)	(196)	(2,702)	(6,952)
Depreciation expense	-	(3,094)	(23,034)	(26,128)
Balance at 31 July 2007	205,912	96,847	249,200	551,959
Year ended 31 July 2008				
Additions	7,549	10,725	29,511	47,785
Assets acquired by purchase of subsidiary	3,627	-	9,878	13,505
Assets transferred to inventory	(57,324)	-	(15,634)	(72,958)
Disposals	(7,752)	(1,185)	(1,135)	(10,072)
Depreciation expense	-	(3,530)	(26,486)	(30,016)
Balance at 31 July 2008	152,012	102,857	245,334	500,203

NOTE 17: DEFERRED TAX ASSETS

	CONSOLIDATED		**PARENT ENTITY**	
	31 JULY 08 $000	**31 JULY 07 $000**	**31 JULY 08 $000**	**31 JULY 07 $000**
Deferred tax asset	32,314	28,362	253	253
The balance comprises temporary differences attributable to:				
Provisions	10,942	11,480	253	253
Deposits received on land sale agreements	5,684	1,670	-	-
Land held for development and resale	6,401	4,705	-	-
Equity accounted joint ventures	8,752	9,839	-	-
Other sundry items	535	668	-	-
	32,314	28,362	253	253
Tax losses				
Unused capital losses for which no deferred tax asset has been recognised	23,694	23,772	-	-
Potential tax benefit @ 30%	7,108	7,132	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2008

NOTE 18: INTANGIBLE ASSETS

	CONSOLIDATED 31 JULY 08 $000	CONSOLIDATED 31 JULY 07 $000	PARENT ENTITY 31 JULY 08 $000	PARENT ENTITY 31 JULY 07 $000
Goodwill				
At cost	264,535	261,454	-	-
Less: impairment write-downs	-	-	-	-
	264,535	261,454	-	-
Timber access rights				
At cost	7,141	7,141	-	-
Less: accumulated amortisation	574	287	-	-
	6,567	6,854	-	-
Other intangibles				
At cost	5,711	5,300	-	-
Less: accumulated amortisation	5,300	5,300	-	-
	411	-	-	-
	271,513	268,308	-	-

(a) Reconciliations

Consolidated	**Goodwill $000**	**Timber access rights $000**	**Other Intangibles $000**	**Total $000**
At 1 August 2006				
Cost	241,669	7,141	5,300	254,110
Accumulated amortisation and impairment	-	-	(5,300)	(5,300)
Balance at 1 August 2006	241,669	7,141	-	248,810
Year ended 31 July 2007				
Additions	19,785	-	-	19,785
Amortisation / impairment charge	-	(287)	-	(287)
Balance at 31 July 2007	261,454	6,854	-	268,308
Year ended 31 July 2008				
Additions	3,081	-	411	3,492
Amortisation / impairment charge	-	(287)	-	(287)
Balance at 31 July 2008	264,535	6,567	411	271,513

(b) Intangible assets with indefinite useful lives

Timber access rights with a carrying value of $4.8 million (2007 $4.8 million) have been assessed as having an indefinite useful life. The main reason for this assessment is that although licences are subject to periodic renewal, the cost of the licence renewal is not significant compared to the future economic benefits obtainable under the licence, there is a history of renewals which are arranged by management as part of the normal operations of the business, there is a realistic expectation that all conditions for renewal will be successfully achieved, and if the licence was not renewed or substantially varied, the issuing authority would be liable to pay compensation to the Company.

The remaining timber access rights with an initial cost of $2.0 million are amortised over the life of the supply agreement, which was 8 years from acquisition.

The timber access rights have been allocated to the timber products Cash Generating Unit (CGU), which forms part of the building products segment.

NOTE 18: INTANGIBLE ASSETS (cont.)

(c) Impairment of Goodwill

Goodwill has been allocated for impairment testing purposes to the timber products CGU, the concrete masonry CGU and to a group of CGU's comprising the clay products operations. Combined, these CGUs represent the building products segment. The carrying amount of goodwill allocated to the clay products group of CGUs is significant, representing $239.5 million of the total balance of $264.5 million.

The recoverable amount of a CGU is determined based on value in use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five year period. These budgets use a combination of historical weighted average growth rates and externally sourced forecast housing approval data to project revenue. Costs are calculated taking into account historical gross margins, known cost increases (such as negotiated wage increases) as well as estimated weighted average inflation rates over the period that are consistent with inflation rates applicable to the locations in which the segments operate. Estimates beyond five years are calculated based on the projected five year average, with a growth rate of 3.5% (2007 1.0%). This growth rate is considered reasonable having regard to current inflation rates, and the position at the bottom of a cycle within the building industry. Discount rates are pre-tax and are adjusted to incorporate risks associated with a particular segment. For the 2008 financial year the discount rate was 12.84% (2007 12.58%).

Management's assessment of the appropriateness of the carrying value of goodwill is based on key assumptions which may vary. Specifically, these are the discount rate (WACC) and the long term growth rate (LTGR). Given current volatility within financial markets generally, and the state of the Australian building industry, it is difficult to predict how these variables may move. At balance date, the CGU's recoverable value exceeded its carrying amount by $5.0 million. If the WACC was to increase by 0.06%, or the LTGR was to reduce by 0.10%, the carrying amount would equal its recoverable value.

NOTE 19: PAYABLES

		CONSOLIDATED		PARENT ENTITY	
		31 JULY 08 $000	31 JULY 07 $000	31 JULY 08 $000	31 JULY 07 $000
(a) Current					
Trade payables and accruals		56,051	58,922	2,297	5,491
Deposits received on land sale agreements		17,019	8,828	-	-
		73,070	67,750	2,297	5,491
(b) Non-Current					
Deposits received on land sale agreements		2,047	-	-	-
Amounts owing to wholly owned subsidiaries	36	-	-	511	483
		2,047	-	511	483

Payables have carrying amounts that reasonably approximate fair value. Average terms on trade payables are 30 days from statement. Terms on land deposits generally match settlement terms on final sale.

NOTE 20: INTEREST BEARING LIABILITIES

		CONSOLIDATED		PARENT ENTITY	
		31 JULY 08 $000	31 JULY 07 $000	31 JULY 08 $000	31 JULY 07 $000
(a) Current					
Commercial bills	31	98,000	106,000	98,000	106,000
Redeemable preference shares		164,865	-	164,865	-
		262,865	106,000	262,865	106,000
(b) Non-current					
Commercial bills	31	300,000	250,000	300,000	250,000
Redeemable preference shares		-	164,225	-	164,225
		300,000	414,225	300,000	414,225

NOTE 20: INTEREST BEARING LIABILITIES (cont.)

(c) Commercial bills

Commercial bills are drawn under either a 12 month facility expiring in July 2009 or a 3 year facility, expiring in July 2011. The individual bills are drawn for periods of up to three months. Interest is payable based on floating rates determined with reference to the BBSY bid rate at each maturity.

The fair value of non-current commercial bills is approximately $275.2 million (2007 $228.4 million).

A portion of the borrowings are hedged using a fixed interest rate swap contract, details of which can be found in notes 14 and 31.

(d) Redeemable preference shares (PAVERS)

The PAVERS may be converted to ordinary shares at the discretion of Brickworks Ltd on specified reset dates, the first of which is 1 December 2008. The conversion rate to ordinary shares is based upon the daily volume weighted average sale price of ordinary shares traded on the ASX during the 20 business days immediately preceding the conversion date.

PAVERS pay a fully franked dividend of 6.565% p.a, payable in June and December each year, which are recorded in the income statement as a borrowing cost. Refer also to subsequent events note 37.

	CONSOLIDATED		PARENT ENTITY	
	31 JULY 08 $000	31 JULY 07 $000	31 JULY 08 $000	31 JULY 07 $000
NOTE 21: PROVISIONS				
(a) Current				
Employee benefits	14,976	16,791	300	-
Demolition	250	3,228	-	-
Product claims	613	471	-	-
Workers compensation	3,899	5,223	-	-
Site rehabilitation	250	789	-	-
Other	2,107	1,395	-	-
	22,095	27,897	300	-
(b) Non-current				
Employee benefits	12,285	12,598	544	844
Site rehabilitation	1,275	2,044	-	-
	13,560	14,642	544	844

(c) Reconciliations

Consolidated	**Demolition $000**	**Product Claims $000**	**Workers Comp. $000**
Year ended 31 July 2008			
Balance at the beginning of the year	3,228	471	5,223
Additional provisions recognised	167	627	2,037
Amounts used	(2,675)	(166)	(1,367)
Reversals of provisions	(470)	(319)	(1,994)
Balance at the end of the year	250	613	3,899
Current	250	613	3,899
Non-current	-	-	-
	250	613	3,899

	Site	**Other**	**Total**
Year ended 31 July 2008			
Balance at the beginning of the year	2,833	1,395	13,150
Additional provisions recognised	461	501	3,793
Amounts used	(1,769)	-	(5,977)
Reversals of provisions	-	211	(2,572)
Balance at the end of the year	1,525	2,107	8,394
Current	250	2,107	7,119
Non-current	1,275	-	1,275
	1,525	2,107	8,394

NOTE 21: PROVISIONS (cont.)

(d) Descriptions

Provision for demolition

A provision has been recognised for the demolition of some buildings not suitable for the ongoing operations of the Group. The timing of the settlement of this provision is dependant upon relevant local authority approvals.

Provision for product claims

A provision has been recognised for estimated claims in respect of products sold. The provision has been based upon product rectification or replacement requests made known to the Group as at the end of the financial year. It is expected that this provision will be satisfied during the next financial year.

Provision for workers compensation

The Brickworks group self-insures for workers compensation in certain states. The provision has been based on independent actuarial calculations based on incidents reported before year end. The timing of the future outflows is dependant upon the notification and acceptance of relevant claims, and would be expected to be satisfied over a number of future financial periods.

Site rehabilitation

A provision has been recognised for estimated costs of restoring quarry sites to their original state in accordance with relevant approvals. The settlement of this provision will occur once the resource allocation within the quarry is exhausted, which varies based on the size of the resource and the usage rate of the extracted material. In some cases this may extend decades into the future.

Other provisions

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

	CONSOLIDATED		PARENT ENTITY	
	31 JULY 08 $000	**31 JULY 07 $000**	**31 JULY 08 $000**	**31 JULY 07 $000**
NOTE 22: DEFERRED TAX LIABILITIES				
Deferred tax liability	141,421	144,860	12,111	12,024
The balance comprises temporary differences attributable to:				
Equity accounted associates	115,811	126,292	10,678	10,678
Property, plant and equipment	23,661	16,618	-	-
Timber access rights	516	602	-	-
Other sundry items	1,433	1,348	1,433	1,346
	141,421	144,860	12,111	12,024

NOTE 23: OTHER NON-CURRENT LIABILITIES

Deferred government grant	-	240	-	-

The government grant related to construction projects at the Auswest Timbers value adding facility in Pemberton, Western Australia. All performance conditions required under the grant were satisfied during the year.

NOTE 24: CONTRIBUTED EQUITY

132,692,188 fully paid ordinary shares	149,046	149,046	149,046	149,046
Reserved shares	(4,154)	(3,620)	(4,154)	(3,620)
	144,892	145,426	144,892	145,426

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2008

NOTE 24: CONTRIBUTED EQUITY (cont.)

(a) Ordinary shares

	2008		2007	
	No. of Shares	Value $000	No. of Shares	Value $000
Opening balance	132,692,188	149,046	132,692,188	149,046
Shares issued during the year	-	-	-	-
Balance at end of year	132,692,188	149,046	132,692,188	149,046

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

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

The parent does not have authorised capital nor par value in respect of its issued shares.

(b) Reserved Shares

Opening balance	314,961	3,620	246,711	2,659
add: bonus shares purchased by share plan	182,383	2,498	200,349	2,309
less: bonus shares vested during period	(165,065)	(1,964)	(132,099)	(1,348)
Balance at end of period	332,279	4,154	314,961	3,620

Reserved shares are those shares held by the employee share plans that have not vested to the participant at balance date. More information on the employee share plans is contained in note 35 of these financial statements.

	CONSOLIDATED		PARENT ENTITY	
	31 JULY 08 $000	31 JULY 07 $000	31 JULY 08 $000	31 JULY 07 $000
NOTE 25: RESERVES				
(a) Composition of reserves				
- capital profits	88,102	88,102	84,479	84,479
- cash flow hedge	254	546	301	546
- equity adjustment	(41,067)	(49,786)	(146)	(508)
- general	36,125	36,125	11,645	11,645
- foreign currency translation	(1,360)	155	-	-
- associates	277,496	304,852	-	-
	359,550	379,994	96,279	96,162
(b) Reconciliations				
Capital profits reserve				
Balance at beginning of year	88,102	88,102	84,479	84,479
Transfer from / (to) retained earnings	-	-	-	-
Balance at end of year	88,102	88,102	84,479	84,479
Cash flow hedge reserve				
Balance at beginning of year	546	315	546	315
Movement in asset values during year	(384)	231	(245)	231
Transfer from / (to) other reserves	92	-	-	-
Balance at end of year	254	546	301	546
Equity adjustments reserve				
Balance at beginning of year	(49,786)	(30,148)	(508)	-
Net adjustment to tax directly through equity	8,719	(19,638)	362	(508)
Balance at end of year	(41,067)	(49,786)	(146)	(508)

	NOTE	CONSOLIDATED 31 JULY 08 $000	CONSOLIDATED 31 JULY 07 $000	PARENT ENTITY 31 JULY 08 $000	PARENT ENTITY 31 JULY 07 $000
NOTE 25: RESERVES (cont.)					
(b) Reconciliations (cont.)					
General reserve					
Balance at beginning of year		36,125	36,125	11,645	11,645
Transfer from / (to) retained earnings		-	-	-	-
Balance at end of year		36,125	36,125	11,645	11,645
Foreign currency translation reserve					
Balance at beginning of year		155	-	-	-
Currency translation differences arising during the year		(1,515)	155	-	-
Balance at end of year		(1,360)	155	-	-
Associates reserve					
Balance at beginning of year		304,852	233,288	-	-
Share of associates transfer from / (to) retained earnings		454	7,476	-	-
Transfer from / (to) other reserves		(92)	-	-	-
Share of associates increment / (decrement) in reserve		(27,718)	64,088	-	-
Balance at end of year		277,496	304,852	-	-

(c) Descriptions

Capital profits reserve
The Capital profits reserve represents amounts allocated from Retained Profits that were profits of a capital nature.

Cash flow hedge reserve
The Cash flow hedge reserve includes the movements in fair values of derivatives.

Equity adjustments reserve
Equity adjustments reserve includes amounts for tax adjustments posted direct to equity.

General reserve
The General reserve represents amounts reserved for the future general needs of the operations of the entity.

Foreign currency translation reserve
The Foreign currency translation reserve represents differences on translation of foreign entity financial statements.

Associates reserve
The associates reserve represents Brickworks share of its associate's reserve balances. The Company is unable to control this reserve in any way, and does not have any ability or entitlement to distribute this reserve, unless it is received from its associates in the form of dividends.

NOTE 26: RETAINED PROFITS

	NOTE	CONSOLIDATED 31 JULY 08 $000	CONSOLIDATED 31 JULY 07 $000	PARENT ENTITY 31 JULY 08 $000	PARENT ENTITY 31 JULY 07 $000
Retained profits at the beginning of the year		547,295	489,559	103,816	129,046
Net profit after related income tax expense		101,478	107,533	7,624	23,866
Dividends paid	6	(40,257)	(38,688)	(51,087)	(49,096)
Aggregate of amounts transferred to reserves		(454)	(7,476)	-	-
Share of associate's increase in equity interests of controlled entities		965	(1,988)	-	-
Share of associate's transfer to outside equity interests		-	(1,645)	-	-
Retained profits at the end of the year		609,027	547,295	60,353	103,816

NOTE 27: CASH FLOW INFORMATION

		CONSOLIDATED		PARENT ENTITY	
		31 JULY 08 $000	31 JULY 07 $000	31 JULY 08 $000	31 JULY 07 $000
(a) Reconciliation of cash flow from operations to net profit after tax					
Net profit after tax		101,478	107,533	7,624	23,866
Non-cash flows in net profit					
Amortisation of intangible assets		287	287	-	-
Amortisation of borrowing costs		640	640	640	640
Depreciation of non-current assets		30,016	26,128	-	-
Discount on acquisition of subsidiary		-	(263)	-	-
(Profits) / losses on disposal of property, plant and equipment		(35,029)	(22,130)	-	-
Non cash profit on sale of land held for resale		14,728	(26,093)	-	-
Share of profits of associates not received as dividends		(41,131)	(2,587)	-	-
Changes in assets and liabilities net of the effects of purchase of subsidiaries					
(Increase) / decrease in trade and sundry debtors		(638)	6,624	94	(94)
(Increase) / decrease in inventories		(3,857)	3,626	-	-
(Increase) / decrease in land held for resale		6,360	(28,521)	-	-
(Increase) / decrease in prepayments		(1,614)	188	(2,670)	-
(Increase) / decrease in deferred tax assets		(3,953)	(1,094)	-	-
(Increase) / decrease in share trading portfolio		58	4	-	-
(Increase) / decrease in treasury stock		(534)	(961)	(534)	-
Increase / (decrease) in creditors and accruals		(5,823)	(5,734)	(3,194)	1,495
Increase / (decrease) in taxes payable		10,446	(5,977)	(30,207)	(32,740)
Increase / (decrease) in other current provisions		(5,824)	(4,317)	300	-
Increase / (decrease) in other non-current provisions		(1,082)	(4,693)	(300)	-
Increase / (decrease) in other non-current liabilities		(240)	(1,080)	-	-
Increase / (decrease) in deferred tax liabilities		4,865	7,019	448	-
Net cash flows from / (used in) operating activities		69,153	48,599	(27,799)	(6,833)
(b) Reconciliation of cash Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:					
Cash	8	37,808	14,382	15,852	168
Bank overdraft		-	-	-	-
		37,808	14,382	15,852	168

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2008

NOTE 28: ASSOCIATED COMPANIES

Information relating to significant associates:

	Ownership interest		Carrying value		Profit contribution	
Name	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
	%	**%**	**$000**	**$000**	**$000**	**$000**
Washington H Soul Pattinson & Co Ltd	42.85	42.85	531,520	545,897	22,583	42,657
Brickworks Investment Company Ltd	17.78	20.50	71,099	77,836	4,100	3,071
			602,619	623,733	26,683	45,728

Washington H. Soul Pattinson & Co Ltd (WHSP) is involved in coal, pharmaceutical, telecommunications and investment. WHSP's balance date is 31 July annually. At balance date WHSP owned 49.47% (2007 49.47%) of issued ordinary shares of Brickworks Ltd. WHSP is incorporated in Australia.

Brickworks Investment Co Ltd (BKI) is a listed investment company. It has a reporting date of 30 June, and information for this entity is based on the reported financial information for the year ended 30 June 2008 by that entity. BKI is considered an associate despite Brickworks holding less than 20% ownership interest as there are two directors on the BKI board (with 4 directors in total) who are associated with Brickworks. BKI is incorporated in Australia.

	CONSOLIDATED	
	31 JULY 08	**31 JULY 07**
	$000	**$000**
(a) Summarised share of associates financial information		
Current assets	211,441	327,910
Non-current assets	712,320	751,481
	923,761	1,079,391
Current liabilities	39,933	93,371
Non-current liabilities	86,523	116,472
	126,456	209,843
Net assets	797,305	869,548
Outside equity interest	190,757	243,280
	606,548	626,268
Revenue	296,081	351,239
Profit before income tax	46,447	85,744
Income tax expense	(15,919)	(14,093)
Outside equity interest	(3,845)	(25,923)
Profit after income tax	26,683	45,728
(b) Share of associates' expenditure commitments		
Capital commitments	- *	9,978
Lease commitments	- *	13,167
	-	23,145

The entity has no legal liability for any expenditure commitments incurred by associates.
* Note: Associated company (WHSP) figures for 2008 were not publicly available at the time of preparation of this report.

(c) Contingent liabilities of associates		
Share of incurred jointly with other investors	- *	13,675

The entity has no legal liability for any contingent liabilities incurred by associates.
* Note: Associated company (WHSP) figures for 2008 were not publicly available at the time of preparation of this report.

NOTE 29: JOINTLY CONTROLLED ENTITIES

Information relating to significant jointly controlled entities (JV's) is set out below:

Name	Ownership interest 2008 %	Ownership interest 2007 %	Carrying value 2008 $000	Carrying value 2007 $000	Profit contribution 2008 $000	Profit contribution 2007 $000
BGAI CDC Trust	50.00	50.00	27,799	9,812	13,492	-
BGAI Erskine Trust	50.00	50.00	54,347	28,192	9,639	-
BGAI TTP Trust	50.00	50.00	9,610	8,726	1,529	2,686
BGAI Capicure Trust	50.00	50.00	2,462	2,458	-	-
BGAI1 Heritage Trust	50.00	50.00	10,878	7,193	-	-
BGAI1 Oakdale Trust	50.00	n/a	30,978	n/a	-	n/a
Other jointly controlled entities			804	624	723	169
Fair value adjustments on completion of developments					23,137	2,659
			136,878	57,005	48,520	5,514

The principal activity of each of the above JV's is property development and leasing. They all have balance dates of 30 June, as the other partner in the JV has this balance date. Each of the above entities are incorporated in Australia.

	CONSOLIDATED 31 JULY 08 $000	CONSOLIDATED 31 JULY 07 $000
(a) Summarised share of JV's financial information		
Current assets	2,537	49,353
Non-current assets	316,589	117,662
	319,126	167,015
Current liabilities	23,776	25,868
Non-current liabilities	165,824	83,591
	189,600	109,459
Net assets	129,526	57,556
Revenues	4,143	4,143
Profit before income tax	25,383	2,928
Income tax expense	-	(73)
Profit after income tax	25,383	2,855
(b) Share of JV's expenditure commitments		
Capital commitments	34,353	111,117
Lease commitments	-	-
	34,353	111,117

The entity has no legal liability for any expenditure commitments incurred by JV's.

(c) Contingent liabilities of JV's		
Share of incurred jointly with other investors	-	-
For which the company is severally liable	-	-
	-	-

The entity has no legal liability for any contingent liabilities incurred by JV's.

NOTE 30: SEGMENT INFORMATION

(a) Business segments

The business segments are the primary reporting segments.

	Building Products		Property		Investments		Consolidated	
	31 JULY 08 $000	31 JULY 07 $000	31 JULY 08 $000	31 JULY 07 $000	31 JULY 08 $000	31 JULY 07 $000	31 JULY 08 $000	31 JULY 07 $000
REVENUE								
Segment revenue from sales to external customers	519,986	516,851	32,983	41,426	747	659	553,716	558,936
RESULT								
Segment EBITDA	83,913	92,334	93,659	60,283	36,928	32,491	214,500	185,108
Less depreciation and amortisation	(30,303)	(26,415)	-	-	-	-	(30,303)	(26,415)
Segment EBIT	**53,610**	**65,919**	**93,659**	**60,283**	**36,928**	**32,491**	**184,197**	**158,693**
(Less) / add non-regular items	-	(3,499)	-	-	(9,563)	13,892	(9,563)	10,393
Segment result	53,610	62,420	93,659	60,283	27,365	46,383	174,634	169,086
Unallocated expenses								
Finance costs							(37,286)	(27,305)
Other unallocated expenses							(6,135)	(5,807)
Profit before income tax							131,213	135,974
Income tax expense							(29,735)	(28,441)
Profit after income tax							101,478	107,533
ASSETS								
Segment assets	1,013,636	1,048,413	279,697	155,075	618,506	624,085	1,911,839	1,827,573
Unallocated assets							35,470	29,091
Total assets							1,947,309	1,856,664
LIABILITIES								
Segment liabilities	87,093	95,367	20,540	8,828	-	-	107,633	104,195
Unallocated liabilities							726,207	679,754
Total liabilities							833,840	783,949
OTHER								
Aggregate share of the profit of investments accounted for using the equity method	185	796	48,335	2,095	26,683	45,785	75,203	48,676
Aggregate carrying amount of investments accounted for using the equity method	1,562	437	136,074	56,380	602,619	624,702	740,255	681,519
Acquisition of non-current segment assets	64,373	92,236	2,166	2,000	-	11,637	66,539	105,873
Non-cash expenses other than depreciation & amortisation	17,733	25,335	-	-	-	-	17,733	25,335

NOTE 30: SEGMENT INFORMATION (cont.)
Business Segments (cont.)

The economic entity has the following three business segments:

Building products division manufactures vitrified clay, concrete and timber products used in the building industry. Major product lines include bricks, blocks, pavers, roof tiles, floor tiles, and timber products used in the building industry.

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

Investment division holds investments in the Australian share market, both for dividend income and capital growth, and includes the Group's investment in Washington H Soul Pattinson and Co. Ltd & Brickworks Investment Company Ltd.

Geographical Segments
The Group has one geographical business segment, Australia, with some product manufactured by the clay products division exported to countries within South-East Asia and New Zealand. Total revenue from sales outside of Australia in the 12 months ended 31 July 2008 was $17.1 million (2007 $18.6 million).

NOTE 31: FINANCIAL INSTRUMENTS

(a) Capital Management
The Brickworks Group manages its capital to ensure that all entities in the Group can continue as going concerns, while striving to maximise returns to shareholders through an appropriate balance of net debt and total equity. The balance of capital can be influenced by the level of dividends paid, the issuance of new shares, returns of capital to shareholders, or adjustments in the level of borrowings through the acquisition or sale of assets.

Brickworks capital structure is regularly measured using the gearing ratio, calculated as net debt divided by (net debt plus total equity). Net debt is calculated as total borrowings (note 20) less cash and cash equivalents (note 8), and total equity of the parent entity includes issued capital (note 24), reserves (note 25) and retained earnings (note 26).

The Group's strategy during the year was to maintain the gearing ratio (at the consolidated level) within a target range of 20% to 45%. These targets are the same as in prior years.

	CONSOLIDATED	
	31 JULY 08 $000	**31 JULY 07 $000**
Gearing ratio calculation		
Net debt	525,057	505,843
Total equity	1,113,469	1,072,715
Gearing ratio	32.0%	32.0%

The group is not subject to any externally imposed capital requirements.

(b) Financial Risk Management
The Group's activities expose it to a variety of financial risks, primarily to the risk of changes in interest rates, but also, to a lesser extent, credit risk of third parties with which the group trades and fluctuations in foreign currency exchange rates. The Group's overall risk management program seeks to minimise any significant potential adverse effects on the financial performance of the Group. Where approved by the Board, certain derivative financial instruments such as interest rate swaps or foreign exchange contracts may be used to hedge certain risk exposures. The Brickworks Group derivative policy prohibits the use of derivative financial instruments for speculative purposes.

(c) Terms, conditions and accounting policies
Details of the accounting policies adopted in relation to financial instruments are included in the summary of significant accounting policies to the accounts. Information regarding the significant terms and conditions of each significant category of financial instruments are included within the relevant note for that category.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2008

NOTE 31: FINANCIAL INSTRUMENTS (cont.)

(d) Financial assets and liabilities by category

Details of financial assets and liabilities as contained in the annual report are as follows:

		CONSOLIDATED		PARENT ENTITY	
		31 JULY 08 $000	31 JULY 07 $000	31 JULY 08 $000	31 JULY 07 $000
Financial assets and liabilities by category					
Financial Assets					
Cash and cash equivalents	8	37,808	14,382	15,852	168
Loans and receivables - current	9(a)	83,428	98,969	-	94
Loans and receivables - non-current	9(b)	200	350	630,858	642,422
Total Loans and receivables		83,628	99,319	630,858	642,516
Held for trading assets at fair value through profit and loss	10	30	87	-	-
Other financial assets	11	-	-	248,437	248,437
Derivative financial assets	14	347	731	486	731
Total financial assets		121,813	114,519	895,633	891,852
Financial Liabilities					
Other financial liabilities					
Payables - current	19(a)	73,070	67,750	2,297	5,491
Payables - non-current	19(b)	2,047	-	511	483
Interest bearing liabilities - current	20(a)	262,865	106,000	262,865	106,000
Interest bearing liabilities - non-current	20(b)	300,000	414,225	300,000	414,225
Total other financial liabilities		637,982	587,975	565,673	526,199
Total financial liabilities		637,982	587,975	565,673	526,199

Fair values of financial assets and liabilities are disclosed in the notes to the accounts where those items are listed.

(e) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties. The credit risk on liquid funds and derivative financial instruments is considered low because these assets are held with banks with high credit ratings assigned by international credit-rating agencies.

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

The Group holds no significant collateral as security, and there are no other significant credit enhancements in respect of these financial assets. The credit quality of financial assets that are neither past due nor impaired is appropriate, and is reviewed regularly to identify any potential deterioration in the credit quality. There are no significant financial assets that would otherwise be past due or impaired whose terms have been renegotiated.

(f) Liquidity risk

The Brickworks Group manages liquidity risk by maintaining a combination of adequate cash reserves, bank facilities and reserve borrowing facilities, continuously monitored through forecast and actual cash flows, and matching the maturity profiles of financial assets and liabilities.

Details of credit facilities available to the Group, and the amounts utilised under those facilities, are as follows:

Unused credit facilities				
Credit facilities	600,000	375,000	600,000	375,000
Amount utilised	398,000	356,000	398,000	356,000
Unused credit facility	202,000	19,000	202,000	19,000

NOTE 31: FINANCIAL INSTRUMENTS (cont.)

(f) Liquidity risk (cont.)

The Group has a $600.0 million unsecured variable interest rate facility in place with a syndicate of Australian and overseas banks. The facility is made up of three tranches: a $150.0 million 364 day revolving tranche (classified as current on the balance sheet); a $300.0 million term tranche (fully drawn) which expires in July 2011 (classified as non-current on the balance sheet; and a $150.0 million tranche which expires in July 2009, which can only be drawn to repay the PAVERS shares on their next remarketing date of 1 December 2008. At balance date this third tranche had not been drawn.

These facilities are subject to various terms and conditions, including various negative pledges regarding the operations of the Group, and covenants that must be satisfied at specific measurement dates. A critical judgement is that the Group will continue to meet its criteria under these banking covenants to ensure that there is no right for the banking syndicate to require settlement of the facility in the next 12 months. Accordingly, the tranche expiry in July 2011 is classified as non-current in the balance sheet.

In 2007, the Group had a $375.0 million variable interest rate facility, drawn to $356.0 million and secured by way of three deeds of charge between Brickworks Ltd, various subsidiary guarantor companies and the bank, which provided for fixed and floating charges over all present and future assets of the consolidated group. The carrying amount of non-current assets pledged as security for that facility at 31 July 2007 was $1,295.3 million.

An analysis of the maturity profiles of the Group's undiscounted financial liabilities, based on contractual maturity and obligated payments, is as follows:

		CONSOLIDATED		PARENT ENTITY	
		31 JULY 08 $000	31 JULY 07 $000	31 JULY 08 $000	31 JULY 07 $000
Liquidity risk maturity analysis					
1 year or less					
Trade and other payables	19(a)	73,070	67,750	2,297	5,491
Commercial bills	20(a)	105,605	112,798	105,605	112,798
Redeemable preference shares	20(a)	170,461	-	170,461	-
Total 1 year or less		349,136	180,548	278,363	118,289
1 to 5 years					
Trade and other payables	19(b)	2,047	-	511	483
Commercial bills		369,840	266,033	369,840	266,033
Redeemable preference shares		-	181,293	-	181,293
Total 1 to 5 years		371,887	447,326	370,351	447,809

(g) Currency risk

The Brickworks group does not have any material exposure to unhedged foreign currency receivables. Export sales are all made through Australian agents or direct to overseas customers using Australian Dollars or letters of credit denominated in Australian Dollars. The trading of the Group's foreign subsidiary, which is in New Zealand dollars (NZD) is not material to the Group as a whole. Accordingly, any reasonably foreseeable fluctuation in the exchange rate of the NZD would not have a material impact on either profit after tax or equity of the Brickworks group.

The group has a limited exposure to foreign currency fluctuations due to its importation of goods. The main exposure is to US dollars (USD). It is the policy of the group to enter into forward foreign exchange contracts to cover specific currency payments, as well as covering anticipated purchases for up to 12 months in advance. The overall level of exposure to foreign currency purchases is not material to the group. Accordingly, any reasonably foreseeable fluctuation in the exchange rate of the USD would not have a material impact on either profit after tax or equity of the Brickworks group.

(h) Interest rate risk

Brickworks' significant interest rate risk arises from fluctuations in the BBSY bid rate relating to Brickworks long and short term borrowings. Primarily, the exposure to interest rate risk is on the variable interest rate facility referred to in note 31 (f) above.

The Brickworks Group manages its exposure to interest rate risk within the Group's derivative policy. The Group uses interest rate derivatives, where appropriate, to eliminate some of the risk of movements in interest rates on borrowings, and increase certainty around the cost of borrowed funds. The policy has target ranges for fixed interest rate borrowings, with any calculations to include the effect of fixed interest rate hybrid securities on issue that are classified as borrowings under relevant Australian Accounting Standards (eg PAVERS).

NOTE 31: FINANCIAL INSTRUMENTS (cont.)

(h) Interest rate risk (cont.)

At balance date, approximately 84.9% ($338.0 million) of Brickworks total bank borrowings was at risk from fluctuations in interest rates (2007 73.3%, $261.0 million).

The Brickworks group variable interest rate facility currently drawn to $398.0 million (2007 $356.0 million) is a floating rate facility determined with reference to the BBSY bid rate at each bill maturity date. The effective weighted interest rate current on the bills borrowed under this facility at balance date is 7.71% (2007 6.41%).

At 31 July 2008, if interest rates had been +/- 1% per annum throughout the year, with all other variables being held constant, the operating profit after income tax for the year would have been $3.1 million higher or lower respectively (2007 $2.1 million higher / lower). There would not have been any other significant impacts on equity. As all borrowings in the Group are held by the Parent Entity, the impact would be the same for Brickworks Ltd as for the Group.

Cash flow hedge

The Brickworks group has entered into an interest rate swap contract that allows the Group to raise borrowings at floating rates and effectively swap them into a fixed rate (6.155%). The contracts require settlement of net interest receivable or payable usually around 90 days. The settlement dates coincide with the dates on which interest is payable on the underlying long term debt and are brought to account as an adjustment to borrowing costs.

The notional principal amounts reduce from $60.0 million over the next year (2007 $95.0 million over two years) as detailed below:

Settlement	**2008**	**2007**	**2008**	**2007**
	%	**%**	**$000**	**$000**
Less than 1 year	6.16	6.07	60,000	35,000
1 to 2 years	-	6.16	-	60,000
Total notional principal at balance date			60,000	95,000

The hedge is designated as an effective cash flow hedge, and as a result the fair value of the hedge is recognised directly in equity through the cash flow hedge reserve.

Redeemable Preference Shares

The PAVERS are a fixed interest rate security listed on the ASX (code BKWPA) that have a first rollover date on 1 December 2008. Interest is calculated at 6.565%p.a., and is payable on 1 June and 1 December each year. For the purposes of calculating 'hedged' borrowings, the PAVERS are considered fixed interest rate borrowings.

Financial Assets

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 7.08% (2007 6.07%).

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

(i) Other price risk

The Brickworks group does not have material direct exposure to equity price risk, as the value of the share trading portfolio is insignificant, and hence any fluctuation in equity prices would not be material to either profit after tax or equity of the Brickworks group.

Brickworks has significant indirect exposure to equity price risk through its investments in WHSP and BKI. Although these investments are accounted for as equity accounted investments, both entities have significant listed investment portfolios which are accounted for at fair value through equity, and contribute to the profit of that associate on subsequent disposal. As a result, fluctuations in equity prices would potentially impact on both net profit after tax (where portions of the portfolios are traded) and equity (for balances held at the end of the period) of those associates, which would result in adjustments to Brickworks net profit after tax and equity.

Based on information contained in the BKI annual report for the year ended 30 June 2008, a 5% movement in the market value of each of the companies and trusts within the BKI portfolio would result in a 4% movement in the net assets before provision for tax on unrealised capital gains, and the net asset backing before provision for tax on unrealised capital gains would move by 6.8 cents per share. The market value of the portfolio could fall by 25% before any reduction in the value of the portfolio would be recognised through the income statements.

At the time of preparing this report, there was no publicly available information regarding the effects of any reasonably foreseeable fluctuations in equity values on net profit or equity of WHSP at 31 July 2008.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2008

NOTE 32: CONTROLLED ENTITIES

(a) List of significant controlled entities

Details of the significant wholly owned entities within the Brickworks Group of companies is as follows. There are other wholly owned subsidiaries not included in this list as they are individually insignificant to the Group. All wholly owned entities within the Group have been consolidated into these financial statements.

Controlled entities incorporated in Australia	ABN	Parent Entity's Interest	
		2008	2007
		%	%
A.C.N. 125 934 938 Pty Ltd	81 125 934 938	100.0	100.0
A.C.N. 125 934 947 Pty Ltd	83 125 934 947	100.0	100.0
Austral Bricks (NSW) Pty Ltd	60 125 934 849	100.0	100.0
Austral Bricks (QLD) Pty Ltd	62 125 934 858	100.0	100.0
Austral Bricks (SA) Pty Ltd	66 125 934 876	100.0	100.0
Austral Bricks (Tasmania) Pty Ltd	14 009 501 053	100.0	100.0
Austral Bricks (VIC) Pty Ltd	64 125 934 867	100.0	100.0
Austral Bricks (WA) Pty Ltd	34 079 711 603	100.0	100.0
Austral Bricks Holdings Pty Ltd	55 120 364 365	100.0	100.0
Austral Masonry (QLD) Pty Ltd	30 000 646 695	100.0	100.0
Auswest Timbers (ACT) Pty Ltd	34 087 808 811	100.0	100.0
Auswest Timbers Finance Pty Ltd	53 108 239 925	100.0	100.0
Auswest Timbers Holdings Pty Ltd	51 120 364 347	100.0	100.0
Auswest Timbers Pty Ltd	28 071 093 591	100.0	100.0
Bowral Brickworks Pty Ltd	39 000 165 579	100.0	100.0
Brickworks Building Products Pty Ltd	63 119 059 513	100.0	100.0
Brickworks Head Holding Co Pty Ltd	95 120 360 036	100.0	100.0
Brickworks Industrial Developments Pty Ltd	47 120 364 329	100.0	100.0
Brickworks Properties Pty Ltd	12 094 905 996	100.0	100.0
Brickworks Sub Holding Co No. 1 Pty Ltd	89 120 360 009	100.0	100.0
Brickworks Sub Holding Co No. 2 Pty Ltd	61 120 364 392	100.0	100.0
Brickworks Sub Holding Co No. 3 Pty Ltd	59 120 364 383	100.0	100.0
Brickworks Sub Holding Co No. 4 Pty Ltd	57 120 364 374	100.0	100.0
Brickworks Sub Holding Co No. 5 Pty Ltd	16 125 922 821	100.0	100.0
Brickworks Sub Holding Co No. 6 Pty Ltd	18 125 922 830	100.0	100.0
Brickworks Sub Holding Co No. 7 Pty Ltd	97 125 922 849	100.0	100.0
Brickworks Sub Holding Co No. 8 Pty Ltd	99 125 922 858	100.0	100.0
Bristile Guardians Pty Ltd	40 079 711 630	100.0	100.0
Bristile Holdings Pty Ltd	32 008 668 540	100.0	100.0
Bristile Pty Ltd	19 056 541 096	100.0	100.0
Bristile Roofing (East Coast) Pty Ltd	77 090 775 634	100.0	100.0
Bristile Roofing Holdings Pty Ltd	49 120 364 338	100.0	100.0
Dry Press Publishing Pty Ltd	93 000 002 979	100.0	100.0
Christies Sands Pty Ltd	63 007 635 529	100.0	100.0
Clifton Brick (Queanbeyan) Pty Ltd	52 000 602 531	100.0	100.0
Clifton Brick Holdings Pty Ltd	83 004 493 181	100.0	100.0
Clifton Brick Manufacturers Pty Ltd	63 004 529 104	100.0	100.0
Davman Builders Pty Ltd	66 004 434 342	100.0	100.0
Eureka Tiles (NZ) Pty Ltd	64 076 976 880	100.0	100.0
Eureka Tiles Australia Pty Ltd	38 000 012 340	100.0	100.0
Eureka Tiles Holdings Pty Ltd	53 120 364 356	100.0	100.0
Eureka Tiles Pty Ltd	82 074 202 592	100.0	100.0
Evans Brothers (Bricks) Pty Ltd	76 004 372 454	100.0	100.0
Evans Brothers Pty Ltd	51 004 096 137	100.0	100.0

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2008

NOTE 32: CONTROLLED ENTITIES (cont.)

(a) List of significant controlled entities (cont.)

Controlled entities incorporated in Australia	ABN	Parent Entity's Interest 2008 %	2007 %
Hallett Brick Pty Ltd	20 007 622 317	100.0	100.0
Hallett Roofing Services Pty Ltd	93 007 880 220	100.0	100.0
Horsley Park Holdings Pty Ltd	65 008 392 014	100.0	100.0
Hutton's Bricks (Manufacturers) Pty Ltd	58 009 477 463	100.0	100.0
International Brick & Tile Pty Ltd	31 003 281 123	100.0	100.0
J. Hallett & Son Pty Ltd	40 007 870 779	100.0	100.0
Metropolitan Brick Company Pty Ltd	13 008 666 840	100.0	100.0
N.R.T. Pty Ltd	22 004 047 849	100.0	100.0
Newthorpe Pty Ltd	34 111 744 640	100.0	100.0
Nubrik (NRT) Pty Ltd	18 000 041 485	100.0	100.0
Nubrik Concrete Masonry Pty Ltd	29 004 767 113	100.0	100.0
Nubrik Pty Ltd	59 004 028 559	100.0	100.0
Pilsley Investments Pty Ltd	70 008 768 330	100.0	100.0
Prestige Brick Pty Ltd	24 009 266 273	100.0	100.0
Prestige Equipment Pty Ltd	68 006 727 920	100.0	100.0
Ralph Brittain & Company Pty Ltd	61 009 687 709	100.0	100.0
Southern Bricks Pty Ltd	83 007 749 840	100.0	100.0
Team Securities Pty Ltd	65 005 079 167	100.0	100.0
Terra Timbers Pty Ltd	93 091 183 050	100.0	100.0
The Austral Brick Co Pty Ltd	52 000 005 550	100.0	100.0
The Warren Brick Co Pty Ltd	24 000 006 682	100.0	100.0
Triffid Investments Pty Ltd	41 065 439 045	100.0	100.0
Visigoth Pty Ltd	72 076 286 710	100.0	100.0
Vitclay Pipes Pty Ltd	98 004 209 732	100.0	100.0

(b) Controlled entities acquired

During the year to 31 July 2008 the Brickworks Group acquired the net assets and operations of Bundaberg Clean Sands (November 2007), NQ Blox (January 2008), and Smart State Blocks (July 2008), independent concrete masonry businesses located in Queensland. Details of the net assets acquired under these transactions are set out below.

	2008 $000
Cost of acquisition	
Cash paid	16,093
Direct costs relating to the acquisition	816
Total payments made on acquisition	16,909
Value of investments surrendered	356
Total cost of acquisition	17,265
Net assets acquired	
Inventory	756
Purchased intangibles	285
Property, plant & equipment	13,505
Goodwill	2,740
Employee entitlements assumed	(21)
Fair value of net assets acquired	17,265
Contribution to net profit before tax for the year ended 31 July 2008	510

NOTE 32: CONTROLLED ENTITIES (cont.)

(b) Controlled entities acquired (cont.)

It is not practical to restate the revenue or profit of the combined entity for the period as if the acquisition date for these business combinations effected during the period had been at the beginning of the period, as the legal entities that had been operating those masonry businesses were not acquired, and the financial information of those entities provided to the Group to allow consideration of the purchase of those businesses is subject to signed confidentiality agreements. For the same reason it is not practical to disclose the carrying amounts of those assets immediately prior to the acquisition.

The acquisition of these businesses has resulted in the recognition of goodwill. The key factors contributing to the goodwill on these businesses are the strength of the companies acquired, due to their product ranges and exposure to growing markets, and the synergies presented from combining these similar businesses with the existing building product businesses within the Group.

The fair value of the assets and liabilities has been determined provisionally.

During the 2007 year the Brickworks Group acquired the remaining 50% of Newthorpe Pty Ltd that it did not already own. Details of the net assets acquired under this transaction are as follows:

	2007 $000	2007 $000
Cost of acquisition		
Cash paid	306	
Direct costs relating to the acquisition	73	
Total payments made on acquisition	379	
	Fair Value	**Acquiree's carrying amount**
Net assets acquired		
Cash at bank	533	533
Inventory (land held for resale)	27,650	27,780
Receivables	25,777	25,564
Other assets	294	123
Deferred Tax Asset	-	73
Bank borrowings assumed	(47,017)	(47,017)
Loans to other entities	(5,751)	(5,751)
Deferred tax liability	(202)	-
Fair value of net assets acquired	1,284	1,305
Investment already held	642	
Discount on acquisition	263	
	379	
Contribution to net profit before tax for year	(3)	

NOTE 32: CONTROLLED ENTITIES (cont.)

(b) Controlled entities acquired (cont.)

During the 2007 year the Brickworks Group acquired the net assets and operations of four independent concrete masonry businesses located in Queensland. Details of the net assets acquired under these transactions are as follows:

	2007 **$000**
Cost of acquisition	
Cash paid	37,723
Direct costs relating to the acquisition	2,456
Total payments made on acquisition	40,179
Net assets acquired	
Inventory	2,401
Receivables	150
Other assets	34
Property, plant & equipment	18,018
Investments in unlisted entities	214
Goodwill	19,785
Employee entitlements assumed	(423)
Fair value of net assets acquired	40,179
Contribution to net profit before tax for the year	3,748

(c) Controlled entities disposed of

There were no controlled entities within the Group that were disposed of during the period.

(d) Closed group

A deed of cross-guarantee between Brickworks Ltd and a number of its subsidiaries (the "closed group") was enacted during the 2007 financial year and relief was obtained from preparing a financial report for those subsidiaries under an ASIC instrument of relief under subsection 340(i) of the Corporations Act 2001. Under the deed, Brickworks guarantees to support the liabilities and obligations of those subsidiaries. The controlled entities have also given a similar guarantee. For details of those entities covered under the deed, refer to note 32 (a). The members of the closed group and the parties to the deed of cross guarantee are identical. The following are the aggregate totals, for each category, relieved under the deed.

	CLOSED GROUP	
	31 JULY 2008 **$000**	**31 JULY 07** **$000**
CONSOLIDATED INCOME STATEMENT		
Profit before income tax expense	108,024	148,962
Income tax expense	(22,777)	(32,337)
Profit after income tax expense	85,247	116,625
RETAINED PROFITS		
Retained profits at the beginning of the year	553,245	486,418
Profit after income tax expense	85,247	116,625
Dividends paid	(40,257)	(38,688)
Share of associate’s increase in equity interests of controlled entities	965	(1,988)
Share of associate’s transfer to outside equity interests	-	(1,645)
Aggregate of amounts transferred to reserves	(454)	(7,477)
Retained profits at the end of the year	598,746	553,245

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2008

NOTE 32: CONTROLLED ENTITIES (cont.)
(d) Closed group (cont.)

	CLOSED GROUP	
	31 JULY 2008	31 JULY 07
	$000	$000
CONSOLIDATED BALANCE SHEET		
CURRENT ASSETS		
Cash assets	37,808	14,382
Receivables	80,781	95,264
Held for trading financial assets	30	87
Inventories	134,573	129,023
Land held for resale	95,108	52,624
Prepayments	4,314	4,553
TOTAL CURRENT ASSETS	352,614	295,933
NON-CURRENT ASSETS		
Receivables	144,425	91,621
Other financial assets	10,000	10,000
Inventories	7,230	5,883
Land held for resale	34,649	15,872
Derivative financial instruments	347	731
Investments accounted for using the equity method	603,412	625,139
Property, plant and equipment	481,945	535,184
Deferred tax assets	20,910	28,748
Intangibles	271,514	268,308
Other	1,792	0
TOTAL NON-CURRENT ASSETS	1,576,224	1,581,486
TOTAL ASSETS	1,928,838	1,877,419
CURRENT LIABILITIES		
Payables	70,551	64,205
Interest-bearing liabilities	262,865	106,000
Current tax liabilities	18,526	8,335
Provisions	21,837	27,556
TOTAL CURRENT LIABILITIES	373,779	206,096
NON-CURRENT LIABILITIES		
Payables	2,047	8,602
Interest-bearing liabilities	300,000	414,225
Provisions	13,314	14,505
Deferred tax liabilities	138,565	155,086
Other non-current liabilities	0	240
TOTAL NON-CURRENT LIABILITIES	453,926	592,658
TOTAL LIABILITIES	827,705	798,754
NET ASSETS	1,101,133	1,078,665
EQUITY		
Contributed equity	144,892	145,426
Reserves	357,495	379,994
Retained profits	598,746	553,245
TOTAL EQUITY	1,101,133	1,078,665

NOTE 33: CONTINGENT LIABILITIES

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

	CONSOLIDATED		PARENT ENTITY	
	31 JULY 08	31 JULY 07	31 JULY 08	31 JULY 07
	$000	$000	$000	$000
Bank guarantees issued in the ordinary course of business	16,971	14,401	10,824	9,888

The Directors do not anticipate that any of the bank guarantees issued on behalf of the Group will be called upon.

Members of the economic entity are parties to various legal actions against them that are not provided for in the financial statements. These actions are being defended and the directors do not anticipate that any of these actions will result in material adverse consequences for the Company or the Consolidated Entity.

NOTE 34: CAPITAL AND LEASING EXPENDITURE COMMITMENTS

Capital projects contracted for but not provided for at balance date				
Payable not later than one year	17,043	20,580	-	-

The capital commitments relate to contracts to supply or construct buildings or various items of plant and equipment for use in the building products segment of the business.

Operating lease commitments				
Non-cancellable operating leases contracted for but not capitalised in the financial statements	10,780	11,484	-	-
Payable				
- not later than one year	3,095	4,200	-	-
- later than one year but not later than five years	6,273	7,284	-	-
- later than five years	1,412	-	-	-
	10,780	11,484	-	-

Operating leases are for the rental of land (used for sales and display centres), manufacturing equipment and motor vehicles. The leases are non-cancellable with rent payable monthly in advance.

Leases for properties are on terms of between 3 and 10 years, with renewal options of similar lengths. Some of the operating leases contain contingent rental provisions that state the minimum lease payments shall be increased by the higher of CPI or a given percentage per annum. The highest such percentage increase is 5%.

NOTE 35: EMPLOYEE SHARE PLANS

(a) Salary sacrifice arrangements
Brickworks Ltd has an employee share ownership plan, which allows all employees who have achieved 3 months service with the Group to purchase Brickworks Ltd shares, using their own funds plus a contribution of up to $500 from the Company. All shares are fully paid ordinary shares, purchased on-market under an independent trust deed, thereby not causing any dilution to existing shareholders.

At 31 July 2008, the Brickworks Employee Share Plans had 469 members taking part who owned a combined 817,744 shares or 0.62% of issued ordinary capital (2007 591 members, 730,578 shares, 0.55%). This represented shares purchased under the salary sacrifice arrangements described above, as well as shares held as part of the Brickworks equity based compensation plans shown below.

(b) Equity-based compensation plans
The following table shows the number of fully paid ordinary shares held by the Brickworks Deferred Employee Share Plan that had been granted as remuneration. This table does not include any shares held in the plan that were purchased by the employee under the salary sacrifice arrangements described above.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2008

NOTE 35 EMPLOYEE SHARE PLANS (cont.)

(b) Equity-based compensation plans (cont.)

	Opening Balance	Granted	Vested	Forfeited / Withdrawn	Closing Balance
Unvested					
Granted Aug 03	12,546	-	(12,248)	(298)	-
Granted Sept 04	32,953	-	(16,145)	(596)	16,212
Granted Sept 05	96,670	-	(28,406)	(11,325)	56,939
Granted Sept 06	172,792	-	(46,099)	(15,458)	111,235
Granted Sept 07		182,383	(35,882)	(2,860)	143,641
Total unvested	314,961	182,383	(138,780)	(30,537)	328,027
Vested	209,427	-	138,780	(84,226)	263,981
Total	524,388	182,383	-	(114,763)	592,008

The amount recognised in the Income Statement in relation to equity based compensation arrangements for the year ended 31 July 2008 was $1,964,380 (2007 $1,348,228).

The unvested shares vest to employees at 20% per year for each of the following 5 years, provided ongoing employment is maintained. Unvested shares are unavailable for trading by the employee.

The fair value of vested shares held by the share plan at 31 July 2008 was $3,141,374 (2007 $2,827,264), based on the closing share price at 31 July 2008 ($11.90 per share) (2007 $13.50 per share). The fair value of shares granted during the period was $2,503,713 (2007 $2,457,472), based on the price paid for these shares when they were acquired on market.

All shares granted by the Company provide dividend and voting rights to the employee.

More information regarding the Brickworks Employee Share Plans is outlined in the Remuneration Report included in the Director's Report.

NOTE 36: RELATED PARTIES

(a) Key management personnel shareholdings

Directors

	Held 31 July 2007	Granted as Remuneration	Net change Other	Shares Disposed of	Held 31 July 2008
ORDINARY SHARES					
Mr R. Millner	3,741,437	-	1,420,083	-	5,161,520
Mr M. Millner	3,716,688	-	1,420,083	-	5,136,771
Mr L. Partridge	169,491	34,635	-	(71,000)	133,126
Mr A. Bentley	22,840	-	-	-	22,840
Mr B. Crotty	-	-	-	-	-
Mr T. Fairfax	25,000	-	17,000	-	42,000
Mr D. Gilham	55,500	-	44,350	-	99,850
The Hon. R. Webster	14,213	-	500	-	14,713
PREFERENCE SHARES					
Mr M. Millner	300	-	-	-	300
Mr T. Fairfax	100	-	74	-	174
Mr D. Gilham	40,000	-	-	-	40,000

NOTE 36 RELATED PARTIES (cont.)

(a) Key management personnel shareholdings (cont.)

Other Key Management Personnel

	Held 31 July 2007	Granted as Remuneration	Net change Other	Shares Disposed of	Held 31 July 2008
ORDINARY SHARES					
Mr A. Payne	101,008	20,924	1,041	-	122,973
Mr D. Fitzharris	49,728	7,216	209	-	57,153
Mr P. Scott	40,620	10,823	-	-	51,443
Ms M. Kublins	39,609	11,906	291	-	51,806
Mr D. Millington	8,074	6,087	208	-	14,369
Mr D. Willmot	8,747	-	(8,747)	-	-
Mr I. Thompson	12,029	1,803	208	(6,284)	7,756

Shareholdings shown above reflect all direct, indirect and beneficial holdings by key management personnel.

All share transactions by key management personnel were on normal terms and conditions on the Australian Stock Exchange.

There were no other transactions with key management personnel during the period.

(b) Summary of key management personnel remuneration

	CONSOLIDATED		PARENT ENTITY	
	31 JULY 08 $000	31 JULY 07 $000	31 JULY 08 $000	31 JULY 07 $000
Short term employee benefits	4,794	4,748	2,863	2,739
Post-employment benefits	276	264	168	154
Other long-term employee benefits	-	-	-	-
Termination benefits	246	-	-	-
Share based payment benefits	982	742	570	453
	6,298	5,754	3,601	3,346

(c) Other related party transactions

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

Various intercompany loans are in existence between the Parent entity and some of its wholly owned subsidiaries. The carrying value of these loans in the Parent is identified in note 9 (Receivables) and note 19 (Payables). The loans are unsecured, interest free and have no fixed terms for repayment.

Property transactions with various trusts (listed in note 29) which are jointly owned by the Brickworks Group and Goodman International Group. The sale of land held for resale by the Brickworks Group to these trusts resulted in revenue of $4.0 million and profit of $3.4 million. The sale of land classified as Property, Plant and Equipment to these trusts resulted in profit on disposal of property, plant and equipment of $31.0 million. All transactions were at arms length values.

Purchase of telecommunications services from SP Telemedia Ltd (SOT), an associated entity of Washington H Soul Pattinson & Co. Ltd, on terms no more favourable than to unrelated parties, totalling $1.3 million (2007 $1.1 million). Mr R.D. Millner and Mr M.J. Millner are directors of SOT.

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 37: EVENTS OCCURING AFTER BALANCE DATE

On 9 September 2008, Brickworks announced it would buy back all of the Preferred Adjustable Variable Exchangeable Resettable Shares (PAVERS) on issue, at their issue price of $100 per PAVERS on the reset date of 1 December 2008. The total amount of the buy-back is to be $165.0 million, in accordance with the terms of issue of the PAVERS. The buy-back is to be primarily funded using the third tranche of the unsecured variable interest rate facility referred to in note 31: (f) above. The impact of this transaction has not been reflected in the financial report as at 31 July 2008.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2008

On 17 July 2008, New Hope Coal Ltd (NHC), a 61% owned subsidiary of Washington H. Soul Pattinson & Co Ltd, announced an agreement to sell its New Saraji Coal Project to BHP Billiton Mitsubishi Alliance for $2.45 billion, subject to regulatory approvals. On 10 September 2008, New Hope announced the completion of that sale. The impact of this transaction has not been reflected in the financial report as at 31 July 2008.

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

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

DIRECTORS' DECLARATION

In the opinion of the Directors:

1. the financial statements and notes of the Company and the consolidated entity, as set out on pages 25 to 67, and the additional disclosures included in the Remuneration Report section of the Directors' Report designated as audited, are in accordance with the Corporations Act 2001:

   (a) comply with Accounting Standards and the Corporations Regulations 2001; and

   (b) give a true and fair view of the financial position as at 31 July 2008 and of the performance for the year ended on that date of the Company and the Brickworks Group;

2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

3. as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 32(a) will be able to meet any obligations or liabilities to which they are or may become subject to, by virtue of the Deed of Cross Guarantee.

This declaration is made after receiving the declaration required to be made to the Directors in accordance with s295A of the Corporations Act 2001 for the financial year ended 31 July 2008.

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

Dated 25 September 2008

R.D. MILLNER Director	L.R. PARTRIDGE Director

Ernst & Young

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Independent auditor's report to the members of Brickworks Limited

Report on the Financial Report

We have audited the accompanying financial report of Brickworks Limited, which comprises the balance sheet as at 31 July 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1(a), the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, included by reference in the directors' report. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

ERNST & YOUNG

Auditor's Opinion

In our opinion:

1. the financial report of Brickworks Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the financial position of Brickworks Limited and the consolidated entity at 31 July 2008 and of their performance for the year ended on that date; and

   ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 31 July 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Brickworks Limited for the year ended 31 July 2008, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Graham Ezzy

Graham Ezzy
Partner
Sydney
25 September 2008

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

STATEMENT OF SHAREHOLDERS

ORDINARY SHARES AT 29 AUGUST 2008

Number of holders	2,419
Voting entitlement is one vote per fully paid ordinary share	
% of total holdings by or on behalf of twenty largest shareholders	85.06%

Distribution of shareholdings:

1 - 1,000	1,220
1,001 - 5,000	1,186
5,001 - 10,000	323
10,000 - 100,000	321
100,001 and over	42
	3,092

Holdings of less than marketable parcel of 43 shares	19

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

Shareholder	Number of Shares
Washington H Soul Pattinson & Co. Ltd	65,645,140
Perpetual Ltd and subsidiaries	17,710,519
Perennial Value Management Ltd	10,888,621
Permanent Trustee Company Ltd	7,111,550
Commonwealth Bank of Australia and subsidiaries	6,858,144

20 LARGEST SHAREHOLDERS AS DISCLOSED ON THE SHARE REGISTER AS AT 29 AUGUST 2008

		Number of Shares	%
1.	Washington H Soul Pattinson & Company Limited	65,645,140	49.47
2.	RBC Dexia Investor Services Australia Nominees Pty Limited <PIPOOLED A/C>	12,923,886	9.74
3.	National Nominees Limited	6,504,033	4.90
4.	J P Morgan Nominees Australia Limited	4,529,085	3.41
5.	Cogent Nominees Pty Limited	2,669,535	2.01
6.	J S Millner Holdings Pty Limited	2,600,928	1.96
7.	RBC Dexia Investor Services Australia Nominees Pty Limited <PIIC A/C>	2,277,545	1.72
8.	Milton Corporation Limited	2,019,580	1.52
9.	Citicorp Nominees Pty Limited <CFSIL CWLTH AUST SHS 4 A/C>	1,984,133	1.50
10.	Mr K S Baker & Mrs M I Baker	1,916,500	1.44
11.	Australian Foundation Investment Company Limited	1,477,970	1.11
12.	HSBC Custody Nominees (Australia) Limited	1,371,663	1.03
13.	Mr R D Millner & Mr M J Millner <est James S Millner A/C>	1,350,083	1.02
14.	Citicorp Nominees Pty Limited <CFSIL CWLTH AUST SHS 18 A/C>	1,218,837	0.92
15.	Choiseul Investments Limited	1,014,360	0.76
16.	Citicorp Nominees Pty Limited <CFS WSLE 452 AUST SHARE A/C>	759,595	0.57
17.	Citicorp Nominees Pty Limited	745,848	0.56
18.	CPU Share Plans Pty Ltd	713,185	0.54
19.	T G Millner Holdings Pty Limited	607,300	0.46
20.	Argo Investments Limited	554,960	0.42
		112,884,166	85.06

STATEMENT OF SHAREHOLDERS

REDEEMABLE PREFERENCE SHARES (PAVERS) AT 29 AUGUST 2008

Number of holders	2,419
Voting entitlement is one vote per fully paid ordinary share	
% of total holdings by or on behalf of twenty largest shareholders	54.26%
Distribution of shareholdings:	
1 - 1,000	2,311
1,001 - 5,000	84
5,001 - 10,000	10
10,000 - 100,000	12
100,001 and over	2
	2,419
Holdings of less than marketable parcel of 5 shares	Nil

	20 LARGEST SHAREHOLDERS AS DISCLOSED ON THE SHARE REGISTER AS AT 29 AUGUST 2008	Number of Shares	%
1.	J P Morgan Nominees Australia Limited	315,777	19.14
2.	ANZ Nominees Limited <Cash Income A/C>	197,725	11.98
3.	Citicorp Nominees Pty Limited	97,801	5.93
4.	Australian Foundation Investment Company Limited	70,000	4.24
5.	Camelia Pty Ltd <The Gilham Family Trust>	40,000	2.42
6.	National Nominees Limited	18,738	1.14
7.	UBS Nominees Pty Ltd	17,818	1.08
8.	Cogent Nominees Pty Limited	17,246	1.05
9.	UBS Wealth Management Australia Nominees Pty Ltd	14,840	0.90
10.	Merrill Lynch (Australia) Nominees Pty Limited	12,347	0.75
11.	Mr E F Griffin & Mrs D A Griffin <Griffin Super Fund A/C>	11,770	0.71
12.	Milton Corporation Limited	11,000	0.67
13.	Sandhurst Trustees Ltd <AAMHYF A/C>	10,475	0.63
14.	ANZ Trustees Limited <Diversified Income CF1 A/C>	10,351	0.63
15.	Australian Executor Trustees Limited <No 1 Account>	9,339	0.57
16.	Sandhurst Trustees Ltd <MWHYF A/C>	8,825	0.53
17.	RBC Dexia Investor Services Australia Nominees Pty Limited <MLCI A/C>	8,821	0.53
18.	Invia Custodian Pty Limited <Wilson Invmt Fund Ltd A/C>	8,000	0.48
19.	Baker Custodian Corporation	7,727	0.47
20.	ANZ Trustees Limited <Queensland Common Fund A/C>	6,768	0.41
		895,368	54.26

TABLE OF IMPORTANT DATES

2008 annual result released	25 September 2008
Last date for trading of PAVERS on ASX	17 November 2008
Record date for PAVERS dividend	24 November 2008
Record date for PAVERS buy-back	24 November 2008
Annual General Meeting	25 November 2008
Record date for final ordinary dividend	26 November 2008
Payment date for PAVERS dividend	1 December 2008
Payment date for PAVERS buy-back	1 December 2008
Payment date for final ordinary dividend	10 December 2008
2009 half-year end	31 January 2009
2009 half-year result announced	26 March 2009
Record date for interim ordinary dividend	28 April 2009
Payment date for interim ordinary dividend	12 May 2009
2009 financial year end	31 July 2009
2009 annual result released	24 September 2009

The above dates are indicative only and are subject to change

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

FIVE YEAR SUMMARY

	2004 $000 AGAAP	2005 $000 AIFRS	2006 $000 AIFRS	2007 $000 AIFRS	2008 $000 AIFRS	% Growth
Total revenue	703,559	565,296	532,068	558,936	553,716	(1%)
Building Products revenue	487,691	519,122	483,083	516,851	519,986	1%
Earnings before interest tax and amortisation						
Building products	94,667	87,133	65,529	65,919	53,610	(19%)
Property	9,601	25,156	53,269	58,168	91,867	58%
Waste management	1,639	1,428	1,936	2,115	1,792	(15%)
Investments	5,056	795	1,206	655	681	4%
Associates	24,876	47,603	32,110	31,837	36,247	14%
Head office and other expenses	(4,545)	(4,277)	(4,817)	(5,807)	(6,135)	6%
Total EBITA	131,294	157,838	149,233	152,887	178,062	16%
Amortisation	(14,566)	(2,754)	-	-	-	
Borrowing costs	(22,862)	(31,426)	(25,398)	(27,305)	(37,286)	37%
Income tax	(19,626)	(36,304)	(21,914)	(23,385)	(32,603)	39%
Net profit after income tax - normal	74,240	87,354	101,921	102,197	108,173	6%
Non-regular items (after tax)						
Washington H Soul Pattinson & Co.	11,788	92,110	(3,333)	9,724	(6,695)	
Write down of property, plant & equipment to recoverable value	-	(36,539)	(2,135)	-	-	
Costs associated with decommissioning of fast fire production line	-	-	-	(2,449)	-	
One off tax items	-	-	5,749	(1,939)	-	
Portfolio sale	74,161	-	-	-	-	
Tax consolidation	(1,003)	-	-	-	-	
Funding	(1,812)	-	-	-	-	
Net profit after income tax (incl non-regular items)	157,374	142,925	102,202	107,533	101,478	(6%)
Basic earnings per share (cents)	114.3	108.5	77.0	81.0	76.5	(6%)
Dividends						
Ordinary dividends per share (cents)	24.0	31.0	36.0	38.0	39.0	3%
Ratios						
Net tangible assets per share	$4.91	$4.91	$5.39	$6.06	$6.35	5%
Return on shareholders equity	23.3%	17.6%	10.0%	10.0%	9.1%	(9%)
Interest cover ratio	5.0	5.0	6.3	4.8	4.3	(11%)
Net debt to capital employed	23.2%	28.3%	27.2%	32.0%	32.0%	0%

Note: Figures from 2005 are AIFRS. Figures for 2004 are AGAAP.
Figures for 2005 represent 13 months. All other periods are 12 months.