

# BRICKWORKS

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LIMITED

26 May 2009

Australian Securities Exchange  
Attention: **Companies Department**

**BY ELECTRONIC LODGEMENT**

Dear Sir/Madam,

Please find attached documents sent to shareholders with the 2009 Interim Dividend.

Yours faithfully,  
BRICKWORKS LIMITED



IAIN THOMPSON  
COMPANY SECRETARY

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**BRICKWORKS LIMITED**

ABN 17 000 028 526

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# BRICKWORKS

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LIMITED

ABN 17 000 028 526

## Results for the 6 months to 31 January 2009

### Brickworks' Robust Model Delivers Increased Half Year Profit

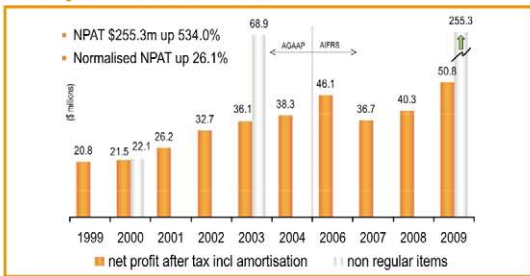
#### Highlights

- Brickworks Headline NPAT including non-regular items up 534.0% to \$255.3 million
- Brickworks Normalised NPAT up 26.1% to \$50.8 million
  - Building Products EBIT down 35.2% to \$16.4 million
  - Land and Development EBIT down 54.0 % to \$12.1 million
  - Associates and Investments EBIT up 186.5% to \$49.0 million
- Brickworks Property Trust market value down 4.0% to \$167.1 million
- Interim dividend steady at 12.5 cents per share fully franked



## OVERVIEW

### Net profit after tax



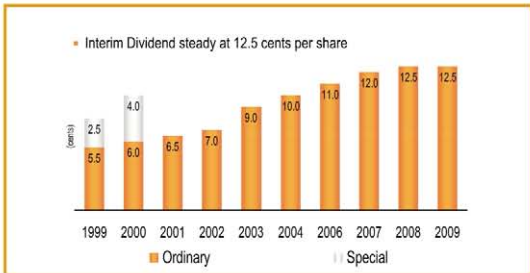
Brickworks Ltd (ASX: BKW) posted a **Headline Net Profit After Tax** ('NPAT') for the half year ended 31 January 2009 up 534.0% at \$255.3 million, compared to \$40.3 million for the half year ended 31 January 2008. This result included non-regular items after tax totalling \$204.5 million.

Brickworks **Normalised NPAT** was \$50.8 million, 26.1% higher than the previous corresponding period.

The result again highlights the strength and reliability of the robust Brickworks model, with earnings diversity from its three divisions of Building Products, Land and Development and Investments.

Normalised earnings per share ('EPS') increased 26.0% to 38.3 cents per share for the half year ended 31 January 2009, from 30.4 cents per share for the half year ended 31 January 2008.

### Interim Dividend



Directors have declared an interim dividend of 12.5 cents fully franked, in line with the dividend paid during the same period last year.

The record date for the ordinary dividend will be 5 May 2009, with payment being made on 19 May 2009.

### NON-REGULAR ITEMS

Brickworks result included non-regular items totalling a net profit after tax of \$204.5 million as follows:

\$m	Gross	Tax	Net
WHSP Equity Accounting	\$363.3m	(\$109.0m)	\$254.3m
Write Down of P&E and Stock	(\$35.7m)	\$10.7m	(\$25.0m)
Redundancy Costs and Provision for Remediation	(\$9.6m)	\$0.5m	(\$9.1m)
BICL write down to market value	(\$11.6m)	\$5.0m	(\$6.6m)
Mark to Market Derivatives (Interest Rate Swaps)	(\$9.7m)	\$2.9m	(\$6.8m)
Land & Development and other	(\$3.3m)	\$1.0m	(\$2.3m)
<b>TOTAL</b>	<b>\$293.4m</b>	<b>(\$88.9m)</b>	<b>\$204.5m</b>

## FINANCIAL ANALYSIS

The total net cash flows from operating and investing activities was \$56.1 million, up 94.8% from \$28.8 million during the previous corresponding period. This included net cash receipts of \$45.0 million from the sale and lease back of depreciating assets including the new plant and equipment at Wollert, Victoria.

During the period significant cash outlays included ordinary dividends of \$35.2 million and the final PAVERS dividend of \$5.5 million. Building Products capital expenditure was reduced during the period by 43.1% to \$8.2 million. No business acquisitions were completed.

The PAVERS were redeemed for their face value of \$165.0 million during the period, replaced with bank debt. Total Interest Bearing Liabilities decreased by \$44.9 million from \$562.9 million at 31 July 2008 to \$518.0 at 31 January 2009.

Net Debt to Capital Employed decreased to 28.2% at 31 January 2009 from 32.0% at 31 July 2008. Gearing (debt to equity) also decreased to 40.6% at 31 January 2009 from 50.6% at 31 July 2008.

Working capital, excluding assets held for resale decreased to \$117.5 million at 31 January 2009, compared to \$150.1 million at 31 July 2008.

Total Building Products inventory levels decreased to \$141.0 million. Finished Goods Inventory was also 4.1% lower at the half year at \$96.2 million.

Borrowing expenses during the half year including the final PAVERS dividend were \$21.2 million, an increase of 23.3% compared to the half year ended 31 January 2008. This increase was the result of higher interest rates combined with higher average debt levels. Brickworks also recorded a non-regular mark to market loss on derivative instruments of \$6.8 million after tax.

The normalised tax expense decreased by 72.5% to \$1.9 million for the half year ended 31 January 2009.

## BRICKWORKS BUILDING PRODUCTS

### Australian Market Conditions<sup>1</sup>

Market conditions deteriorated as total national dwelling commencements in the six months to 31 December 2008 were 71,989, a decrease of 12.9% on the commencements for the six months to 31 December 2007. Based on this trend, Brickworks forecast that commencements for the year ended 30 June 2009 will be between 132,000 to 135,000 dwellings, well down from 158,536 in the year ended 30 June 2008 and the estimated underlying demand of around 180,000 dwellings. The interest rate increases made during 2007 and 2008 caused severe damage to the market, with the more recent aggressive interest rate cuts still yet to unwind this damage.

The actual impact on Brickworks of lower commencements is dependant on the split between detached housing and higher density dwellings in each state. Those regions with a higher percentage of higher density dwellings are currently confronted with additional issues including lack of finance availability and a shortage of investors in the sector. Government stimulus such as the First Home Owners Grant provides targeted stimulus for the detached housing market. The stimulus has a greater effect in the regions that have an abundance of available and affordable land. Various other state government stimuli have provided a further boost to specific regional markets.

In **New South Wales** there were 13,916 dwellings commenced during the half year to 31 December 2008, a decrease of 17.8% on the previous corresponding period. The higher density dwelling segment declined by 19.9% to just 6,574.

**Queensland** commencements decreased by 28.1% to 17,134 dwellings during the half year to 31 December 2008, the lowest level of commencements for a half year since December 2000. The severity of the deterioration

<sup>1</sup> Commencements data sourced from ABS Cat. 8750.0 Dwelling Unit Commencements, Australia, Preliminary, December 2008

in market conditions was illustrated by a 30.6% decline in quarterly commencements from December 2008 compared to September 2008.

**Victorian** overall commencements were slightly lower, declining 1.5% to 22,122 dwellings. The new houses segment was steady, with slight weakness in the higher density dwelling segment.

**Western Australian** commencements again declined with a fall of 14.7% to 9,762 dwellings. Commencements have declined 27.6% in the six months to 31 December 2008 compared to the peak of the market in the six months to 31 December 2006.

**South Australian** commencements increased by 18.7% on the prior corresponding period to 6,869 dwellings, continuing the upward trend from the last half of the 2007/08 financial year.

**Tasmanian** commencements also increased by 3.0% to 1,549 dwellings during the half year to 31 December 2008.

#### **New Zealand Market conditions<sup>2</sup>**

Building consents in **New Zealand** for the half year ended 31 January 2009 declined by 40.9% to 7,243 consents. The housing market segment was lower by 43.3% at just 6,394 consents, compared to 11,280 consents for the previous corresponding period.

#### **Results in detail**

Half Year Ended 31 January		2008	2009	Change %
Revenue	\$mill	251.5	245.7	(2.3%)
EBITDA	\$mill	40.2	31.4	(21.9%)
EBIT	\$mill	25.3	16.4	(35.2%)
Capital Expenditure	\$mill	14.4	8.2	(43.1%)
EBITDA margin	%	16.0%	12.8%	(20.0%)
EBIT margin	%	10.1%	6.7%	(33.7%)
Employees		1,458	1,393	(4.5%)

Sales for the half year ended 31 January 2009 were down 2.3% at \$245.7 million compared to \$251.5 million in the half year ended 31 January 2008. Sales volumes were lower however were supported by improved selling prices across all divisions and sales from the Austral Masonry business acquisitions completed during last year. Like for like sales revenue was down 4.0%

Building Products EBIT for the half year ended 31 January 2009 was \$16.4 million, down 35.2% on the \$25.3 million in the half year ended 31 January 2008. This result was due mainly to the far weaker market conditions resulting in lower volumes, leading to prolonged production shutdowns, increased unit manufacturing costs and margin compression.

Several of Brickworks manufacturing sites experienced extended plant shutdowns during the period. These closures were required to control inventory levels, as sales volumes declined during the half year with the weaker market conditions. During the shutdowns, maintenance work was completed at sites to ensure all plants are in reliable operating condition.

The extended plant closures resulted in higher unit manufacturing costs. Factories were also impacted by significantly higher input costs across the board, including higher gas, electricity, manganese and diesel costs. Several of these input costs are now moving back towards historical levels.

Strategies have been implemented to ensure Brickworks continues to progress towards its goal of being 'Australia's Best Building Products Company' and to maintain the company's market leading position in regards to customer relationships and the development of stylish new products. This has been supported by the opening of new product displays and design centres in Lynbrook, Victoria and Richmond, South Australia.

<sup>2</sup> Building consents data sourced from Statistics New Zealand – Building Consents, January 2009



New product displays are currently under construction at many sites around Australia and when completed will further enhance the product and service offering by Brickworks.

Capital expenditure totalled \$8.2 million in the half year ended 31 January 2009. The capital expenditure program was wound back in September 2007 as the company prepared for a deterioration in market conditions. The capital works currently being completed are only the tail of existing projects. Brickworks continues to investigate and evaluate many worthwhile capital projects however these projects will not be commenced until market conditions begin to improve. This program has and continues to deliver many benefits including improved product quality, production efficiency, safety and environmental performance improvements.

The efficiencies from completed capital projects and plant closures resulted in 59 redundancies at a cost of \$1.8 million. This combined with several vacated positions not being filled resulted in the number of employees reducing to 1,393 employees at 31 January 2009, 4.5% lower than at 31 July 2008.

Brickworks remains focused on improving workplace safety with its goal of no employees injured while at work. The substantial investment in safety training and equipment over the past several years has delivered an improved safety performance with the Total Reported Injury Frequency Rate<sup>3</sup> declining by 21.8% compared to the year ended 31 July 2008.

During the period Brickworks executed extensions to its supply agreements for its gas requirements in most East Coast Building Products divisions through to 2014.

Brickworks strong support of industry association 'Think Brick' continued during the period. For the past several years Brickworks and Think Brick have been working closely with the Australian Brick and Blocklaying Training Foundation ('ABBTF') to provide financial support to those employing apprentices in both the Brick and Blocklaying trades. This has been an extraordinarily successful scheme, with 1,457 apprentices currently supported out of a total of 2,752 Brick and Blocklaying apprentices nationally. This scheme has been and remains critical to ensuring the long term availability of skilled tradespeople in the Brick and Blocklaying industry.

The company remains committed to improving its energy use efficiency, having made many proactive investments during the past decade to upgrade plant and equipment that have resulted in a reduction of greenhouse gas emissions.

In December 2008 the Federal Government released its White Paper in relation its proposed Carbon Pollution Reduction Scheme ('CPRS'). While the legislation remains in draft form, a detailed assessment of the likely impact of the CPRS is currently being undertaken. Systems and processes have been implemented to meet National Greenhouse Energy Reporting requirements, the first report due in October 2009. Additional compliance costs with this new legislation have been and will continue to be significant.

Due to the depressed state of the market, a thorough review of manufacturing assets and stock holdings was conducted to satisfy impairment testing requirements under AIFRS. Several manufacturing sites were deemed to have reached the end of their useful life and were written off. The non regular after tax write off totalled \$34.1 million, including redundancy costs and a provision for remediation.

## **DIVISIONAL RESULTS**

**Austral Bricks™** overall brick sales volumes were down approximately 5.4% compared to the previous corresponding period, while net average selling prices increased by 2.7%.

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<sup>3</sup> Total Reported Injury Frequency Rate (TRIFR) measures the total number of injuries per million hours worked

Manufacturing volumes were lower by 11.1% due to the extended closures of many manufacturing facilities to control inventory levels during the current half.

Despite the worst trading conditions the company has experienced for more than 60 years in New South Wales, the business remains in a good position to capitalise on a recovery in the market due to the early action taken during February 2008 to take two brick kilns off-line. Only one brick kiln in New South Wales operated throughout the entire half year, with the remaining operating kilns each having a shutdown of up to three months. A test run was completed on one of the mothballed kilns during the half year confirming its ability to come on-line within seven days. Recovery of the New South Wales market remains the key driver of profit growth in the Building Products division.

Trading conditions in the segmented Queensland market deteriorated rapidly during the half year. Conditions are particularly bad in the higher density dwelling markets of the Gold Coast and greater South East Queensland. The Central and North Queensland resource based regions also declined sharply during the period. The Rochedale, Queensland brick manufacturing facility was impacted by continued industrial action during the half year, leading to several interruptions to manufacturing on the site. Poor market conditions led to the Rochedale plant being placed on standby during December 2008.

Austral Bricks™ Western Australia again delivered a solid result in a declining market. The plant closures due to the Apache Gas supply interruption in mid-2008 was used at the Malaga factory to complete major capital works that extended through the majority of August 2008. During the mid-year plant closures sufficient stock run-off was achieved to allow all Western Australian factories to run through the traditional Christmas shutdown period.

The Victorian brick market remains the most resilient market in Australia at present, with volumes for the half year in line with the previous corresponding period. The Wollert manufacturing site is now operating at a speed exceeding its design capacity.

The South Australian operation again delivered improved results due to higher volumes in a relatively steady market. This operation is now seeing the full benefits of the successful plant upgrade completed during 2007. The final stage of the kiln car upgrade will be completed during the second half.

The Tasmanian business had a solid half year and is also well placed due to the completion of the plant refurbishment over the Christmas shutdown period. The final stage of the kiln car upgrade in this plant will also be completed during the second half.

Austral Bricks™ New Zealand delivered a lower result due to the depressed market trading conditions. A national selling and distribution network is now in place across New Zealand that will provide the platform for future sales growth as market conditions improve.

**Austral Masonry™** continues to grow with a 10.7% growth in sales volume compared to the previous half year, mainly due to the acquisition of the Smart State Blocks business at Yatala, Queensland during July 2008. The Far North Queensland region experienced widespread flooding during January 2009, severely restricting market activity for several weeks. No manufacturing facilities were damaged by the floods.

While total manufacturing volume for the half year was in line with the prior corresponding period, the majority of manufacturing operations had extended closures during the period to control inventory levels.

**Bristle Roofing™** sales volumes declined 8.5% during the half year, with average selling prices increasing by 1.6%. The roofing business suffered from lower trading conditions particularly in the Queensland and Western Australian markets, with unit manufacturing costs increasing due to the lower volumes.

Stylish new roof tile profiles were launched during the period, including a flat terracotta "Monaco" profile and a flat concrete "Prestige" profile. These exciting new products have already attracted significant interest in the market and are expected to drive increased sales during the coming years.

**Eureka Tiles™** again achieved an improved result in its import business, with sales volumes increasing by a further 24.4% combined with higher average selling prices. However the overall volume of the division declined by 13.2% as locally manufactured product sales again decreased. The continuing weakness of the Australian Dollar over the past six months has now started to drive the cost of imported products higher. Recently implemented price increases as well as renegotiated supply agreements will somewhat mitigate the impact of the weaker dollar.

Terraçade sales again increased during the half year with several completed iconic projects now driving market acceptance and appreciation of the product in both Australia and New Zealand.

**Auswest Timbers** delivered an improved result boosted by higher sales from its dry timber processing operations. The export sales of Auswest were higher during the half year, assisted by the declining Australian Dollar. The higher sales volumes allowed Auswest operations to run at closer to capacity delivering improved unit manufacturing costs and margins.

## **BRICKWORKS LAND AND DEVELOPMENT**

Land and Development produced an EBIT of \$12.1 million for the six months ended 31 January 2009. This represents a decrease of 54.0% over the record EBIT during the prior corresponding period of \$26.3 million.

The **Property Trust** contributed the majority of the overall profit for the half, with a total net result of \$11.1 million from Development Profit, Trust Income and Revaluations.

Three major facilities were completed in New South Wales during the half year by the Trust, comprising Capicure and Southridge Estates on M7 Business Hub and Ubecco at Interlink Distribution Estate. This provided the previously unrealised profit of \$6.0 million and \$3.3 million from Development Profit.

Previously completed Trust properties were revalued during the half year. Due to the depressed state of the market and increased capitalisation rates, a net write down of \$2.7 million was recorded. This write down was 1.6% of the market value of the Trust.

Trust assets are valued on an annual basis in line with the current market. Future revaluations will coincide with yearly rent increases. This is expected to assist in reducing the impact of any future write downs caused by increasing capitalisation rates.

Trust Distributions increased over the period and provided a total of \$4.4 million for the half year.

The Development Approval for Stage One of the Oakdale site has been received. Brickworks is currently seeking pre-commitments for the facilities to be constructed on this site.

At 31 January 2009 Brickworks share of the Property Trust assets was \$305.4 million, with borrowings of \$138.3 million, giving a net equity position of \$167.1 million, down 4.0% on the value at 31 July 2008. This reduction in value was the result of booking mark to market valuations of the Interest Rate Swaps held by the Trust totalling \$10.6 million.

No **Land Sales** transactions were completed during the half year.

The two land sales forecast for the half, being Stage 2 of Eastwood, NSW to AV Jennings and Lot 1 of Scoresby, Victoria to Mirvac, were delayed due to slower than expected rehabilitation works.



Settlement on Stage 2 of Eastwood was delayed due to wet weather and the construction of additional water detention basins. The filling of the Stage 2 and 3 areas were completed during the half. Fill monitoring is currently underway and both of these lots will be ready for settlement in the second half of the current financial year.

The sale of Lot 1 at Scoresby to Mirvac was delayed by planning issues. These issues were resolved allowing rehabilitation works to continue. Lot 1 rehabilitation works are expected to be completed shortly, with the site ready for settlement during the second half.

Rehabilitation of Lots 2 and 3 at Scoresby are on schedule and expected to be ready for settlement prior to July 2009.

Waste Management at Horsley Park, NSW and Bowral, NSW, contributed \$1.2 million to profit in the half year to 31 January 2009.

## **BRICKWORKS INVESTMENTS**

### **Washington H. Soul Pattinson Limited ("WHSP")**

#### **ASX Code: SOL**

The contribution of WHSP, excluding non-regular items, in the half year to 31 January 2009 was \$47.8 million, compared to \$14.2 million in the half year ended 31 January 2008. This much improved result was mainly due to the stronger performance of New Hope Corporation ("New Hope"). WHSP is the majority shareholder of New Hope holding 60.9% of issued share capital.

An after tax non-regular profit of \$254.3 million was recorded by Brickworks from WHSP, due to the sale of New Saraji for \$2.450 billion by New Hope. New Hope announced its intention to pay a fully franked dividend to its shareholders totalling approximately \$600 million in late 2009. This will result in WHSP receiving an estimated \$365 million fully franked dividend from New Hope.

During the six months to 31 January 2009 the market value of Brickworks' 42.85% share of WHSP decreased by \$189.6 million or 17.7% to \$879.4 million. Fully franked ordinary dividends of \$18.4 million were received during the half year, compared to \$17.4 million during the prior corresponding period.

At 31 January 2009, WHSP held significant investments in Brickworks, New Hope, SP Telemedia, API, Clover, Ruralco Holdings, Pitt Capital Partners and Souls Private Equity. In addition to these cornerstone investments, WHSP maintains a substantial investment in a broad portfolio of blue chip companies listed on the Australian Stock Exchange.

The investment in WHSP has a compound annual Total Shareholder Return for 10 years of 15.1% compared to 5.9% for the ASX All Ordinary Accumulation Index.

### **Brickworks Investment Company Limited ("BICL")**

#### **ASX Code: BKI**

BICL reported a Net Profit after Tax of \$14.2 million for the half year to 31 December 2008, compared to \$13.4 million in the half year to 31 December 2007, an increase of 6.2%.

Brickworks' equity accounted share of the BICL profit was \$2.3 million, before impairment adjustments. The dividend received was \$1.6 million for the half year.

## **SIGNIFICANT ITEMS AFTER BALANCE DATE**

On 17 February 2009 Brickworks divested its entire holding in BICL through an institutional book build. The sale of the holding in BICL was executed as the investment in BICL was deemed to be non-core to operations and that in the current market it was more prudent to use the funds to reduce bank debt and further strengthen the balance sheet.

Net sales proceeds totalling \$44.0 million were received from this transaction. An impairment charge of \$6.6 million after tax was booked

on this asset as a non-regular item in the first half. At 19 March 2009 Brickworks Net Debt had reduced to approximately \$475 million, with Gearing also reducing to approximately 38%.

## **OUTLOOK**

### **Building Products**

The aggressive interest rate cuts since August 2008 totalling 400 basis points and the Federal Government's increasing of its First Home Owners Grant to \$21,000 have provided stimulus for the housing industry, with initial signs of increased display home traffic and increased housing finance positive lead indicators. These factors along with the lower cost of fuel and additional state government stimuli have led to improved housing affordability.

The traditional detached housing markets such as Victoria, South Australia and Western Australia will be the main beneficiaries of the increased first home owner grant. Brickworks will benefit from a recovery in the detached housing market segment as approximately 83% of external walls in detached housing in Australia are constructed using either full brick or brick veneer<sup>4</sup>. The growing trend back toward the use of face brick in housing is also a positive for Brickworks.

With regards to the higher density dwellings market segment, the lack of investors and lack of available construction finance must improve before this segment of the market can recover. As New South Wales and South East Queensland have a greater percentage of medium and high density dwellings relative to detached housing, these are the markets likely to be impacted by these negative forces.

On 3 February 2009, the Federal Government also announced its \$42 billion "Nation Building and Jobs Plan". This included two critical initiatives for the building industry, the \$14.7 billion package to schools for maintenance and construction work and the combined \$6.7 billion packages for public and defence housing. These initiatives are positives for the Building Products business and Brickworks anticipates increased demand for its products going into these buildings over the course of the year.

Following the extended shutdowns during the first half stock levels are in a balanced position, with all operational sites expected to run at the rate of anticipated sales during the second half.

A program of price rises has been put in place to ensure the significant input cost increases impacting the company are passed on to the market. This will continue during the second half in order to restore selling margins.

A key risk to the cost structure of the Brickworks Building Products business is a series of potential government induced cost increases including the proposed CPRS, increased land tax charges and the new industrial relations law.

### **Land and Development**

Brickworks Land and Development continues to progress towards the staged property settlements of Scoresby, Victoria and Eastwood, New South Wales.

It is unlikely that any new Property Trust projects will commence during the current half year due to the uncertain global financial climate and lack of available construction and long term finance. The increase in capitalisation rates has driven increases in the rental rates per square metre for completed buildings.

Although this cyclical downturn has reduced the number of new site developments during the current period, Brickworks substantial land bank around Australia remains a highly valuable core asset that will underpin future profits of the Land and Development division for many years to come.

<sup>4</sup> Source – BIS Shrapnel Residential Builder Panel 2008, Volume 3: External Wall Cladding

## Investments

WHSP is in a strong position to take advantage of any opportunities that arise. The already solid cash position of WHSP will be further boosted in late 2009 by the special dividend from New Hope of an estimated \$365 million.

## Brickworks Group

Brickworks robust model has delivered a solid first half result despite the extremely tough trading conditions faced by the Building Products and Land and Development divisions. The full year result will be strong due to the solid first half result and the continued higher contribution from Investments. The timing of the anticipated recovery in Building Products remains uncertain but will become clearer in the coming months.

Robert Millner  
Chairman

Lindsay Partridge  
Managing Director

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## BRICKWORKS LIMITED AND CONTROLLED ENTITIES ABN 17 000 028 526

### SUMMARY OF RESULTS (CONSOLIDATED ) FOR THE HALF YEAR ENDED 31 JANUARY 2009

\$ MILLIONS	Jan 08 6 mths	Jan 09 6 mths	Variance
<strong>REVENUE</strong>			
Building Products	251.5	245.7	(2.3%)
Property & Waste	23.4	1.6	(93.2%)
Other	0.4	0.9	125.0%
<strong>Total Revenue</strong>	<strong>275.3</strong>	<strong>248.2</strong>	<strong>(9.8%)</strong>
<strong>EBIT</strong>			
Building Products	25.3	16.4	(35.2%)
Land and Development	26.3	12.1	(54.0%)
Associates & Investments	17.1	49.0	186.5%
Other & H.O.	(4.3)	(3.6)	(16.3%)
<strong>Total EBIT</strong>	<strong>64.4</strong>	<strong>73.9</strong>	<strong>14.8%</strong>
Total Borrowing Cost (incl PAVERS)	(17.2)	(21.2)	23.3%
Tax Expense	(6.9)	(1.9)	(72.5%)
<strong>Normalised NPAT</strong>	<strong>40.3</strong>	<strong>50.8</strong>	<strong>26.1%</strong>
Non-regular adjustments			
WHSP (non-regular items) (pre-tax)	—	363.3	
Impairments & Asset Write Off (pre-tax)	—	(69.9)	
Non-regular Tax expense	—	(88.9)	
<strong>NPAT (including non-regular items)</strong>	<strong>40.3</strong>	<strong>255.3</strong>	<strong>534.0%</strong>
Normalised Earnings per share (cents)	30.4	38.3	26.0%
Earnings per share (cents)	30.4	192.3	532.6%
Interim Ordinary Dividend (cents)	12.5	12.5	—
NTA/Share	\$5.93	\$7.57	27.7%

**BRICKWORKS LIMITED AND CONTROLLED ENTITIES****ABN 17 000 028 526****CONSOLIDATED CONDENSED BALANCE SHEET****AS AT 31 JANUARY 2009**

	<b>31 JAN 09</b> <b>\$000</b>	<b>31 JULY 08</b> <b>\$000</b>
<b>CURRENT ASSETS</b>		
Cash assets	15,726	37,808
Receivables	58,325	83,428
Held for trading financial assets	18	30
Inventories	132,460	137,935
Land held for resale	113,167	95,108
Current assets held for sale	44,481	–
Other	5,205	4,497
<b>TOTAL CURRENT ASSETS</b>	<b>369,382</b>	<b>358,806</b>
<b>NON-CURRENT ASSETS</b>		
Receivables	201	200
Inventories	8,574	7,230
Land held for resale	23,742	34,649
Investments accounted for using the equity method	1,002,503	740,255
Property, plant and equipment	419,906	500,203
Intangible assets	272,218	271,513
Other	1,065	1,792
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,728,209</b>	<b>1,555,842</b>
<b>TOTAL ASSETS</b>	<b>2,097,591</b>	<b>1,914,648</b>
<b>CURRENT LIABILITIES</b>		
Payables	66,902	73,071
Derivative financial instruments	858	(347)
Interest-bearing liabilities	108,000	262,865
Current tax liabilities	(4,546)	18,782
Provisions	30,972	22,095
<b>TOTAL CURRENT LIABILITIES</b>	<b>202,186</b>	<b>376,466</b>
<b>NON-CURRENT LIABILITIES</b>		
Payables	–	2,047
Derivative financial instruments	8,540	–
Interest-bearing liabilities	410,000	300,000
Provisions	13,682	13,560
Deferred tax items	185,196	109,106
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>617,418</b>	<b>424,713</b>
<b>TOTAL LIABILITIES</b>	<b>819,604</b>	<b>801,179</b>
<b>NET ASSETS</b>	<b>1,277,987</b>	<b>1,113,469</b>
<b>EQUITY</b>		
Contributed equity	145,572	144,892
Reserves	295,713	359,550
Retained profits	836,702	609,027
<b>TOTAL EQUITY</b>	<b>1,277,987</b>	<b>1,113,469</b>

**BRICKWORKS LIMITED AND CONTROLLED ENTITIES**  
**ABN 17 000 028 526**

**CONSOLIDATED CONDENSED CASH FLOW STATEMENT**  
**FOR THE HALF YEAR ENDED 31 JANUARY 2009**

	<b>31 JAN 09</b> <b>\$000</b>	<b>31 JAN 08</b> <b>\$000</b>
<b>Cash flows from operating activities</b>		
Receipts from customers	296,142	321,519
Payments to suppliers & employees	(277,779)	(266,229)
Interest received	2,414	409
Interest expense	(15,088)	(12,756)
PAVERS interest	(5,461)	(5,431)
Dividends received	24,027	19,539
Income tax paid	(10,789)	(11,527)
	<hr/>	<hr/>
Net cash flows from / (used in) operating activities	13,466	45,524
	<hr/>	<hr/>
<b>Cash flows from investing activities</b>		
Purchases of intangibles	(848)	(59)
Payment for controlled entity net of cash acquired	—	(6,025)
Proceeds from sale of property, plant & equipment	51,659	5,323
Purchases of property, plant & equipment	(8,197)	(15,935)
	<hr/>	<hr/>
Net cash flows from / (used in) investing activities	42,614	(16,696)
	<hr/>	<hr/>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	182,000	63,000
Repayment of borrowings	(62,000)	(64,000)
Proceeds from issue of shares	2,049	—
Buyback of shares	(165,000)	—
Loan (to) / from other entity	—	908
Dividends paid	(35,211)	(34,500)
	<hr/>	<hr/>
Net cash flows from / (used in) financing activities	(78,162)	(34,592)
	<hr/>	<hr/>
Net increase / (decrease) in cash held	(22,082)	(5,764)
Cash at beginning of half year	37,808	14,382
	<hr/>	<hr/>
Cash at end of half year	15,726	8,618
	<hr/>	<hr/>



# Long Live the Revolution!



They called it Revolution Road, a display home estate fostered by the Western Australian government to showcase “new choices in residential living.” But the real revolution came about when Austral Bricks and Bristle Roofing joined forces with industry body Think Brick Australia and builder/developer Jade Projects to create a home with the highest energy efficiency rating in the village.

With technical assistance from Cathy Inglis, Brickworks’ group technical, research and engineering manager, the designers were able to harness the natural advantages of brickwork and terracotta tiles to achieve an impressive 8 Star energy rating, two to three Stars clear of the next most efficient house in the village.

Despite being the last project to be invited into the display, the Jade Projects home was the second to reach completion, well ahead of many using “alternative” materials and methods of construction that promise faster construction.

That’s partly because the Jade home blends time-proven materials and familiar methods of construction with “passive design” principles that allow the house to be warm in winter and cool in summer.

The use of heavy mass walling such as brickwork, one of the key principles of

passive design, helps slow the passage of summer heat through the wall. In winter the process is reversed, with the same “thermal mass” retaining internally-generated heat.

The result is an affordable house that uses considerably less energy than a standard house while still looking like, and living like, a conventional house. How much less? The figure will astound you: according to Government calculations, the Jade 808 will use 76 percent less energy than a conventional house. And it will do this while maintaining a relatively constant internal temperature. Its thermal performance is being monitored as part of a long-term research program sponsored by Think Brick Australia.

The figures have also been good for Jade Projects. The public response to their display was overwhelming with more than 2500 visitors in the first six weeks of opening.



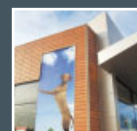
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Lynbrook Victoria



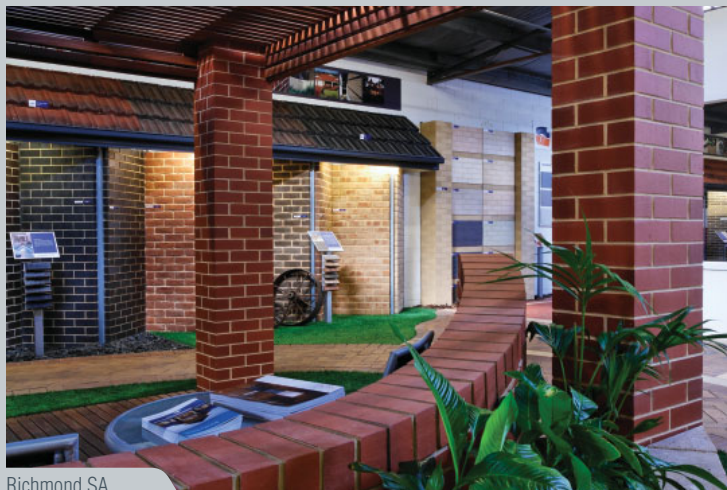
Lynbrook Victoria



Rochedale QLD



Rochedale QLD



Richmond SA



Bunbury WA

## Brickworks Opens New Generation Design Centres

**The development of a series of new and upgraded Design Centres across the country is reinforcing Brickworks' leadership in the Australian building products market.**

In Victoria, the new state-of-the-art Lynbrook Design Centre, strategically located in Melbourne's ever-expanding eastern corridor, typifies the new approach to displaying and merchandising bricks, tiles and more from companies in the Brickworks group.

Most of the displays are internal, the design allowing customers to be "guided" through the extensive range of products on display. A colour selection area allows staff to work with customers to bring together bricks, pavers and roof tiles.

Nearing completion in Victoria is the new Geelong Design Centre, again strategically located to better service this prosperous area and the booming coastal region along the Great Ocean Road.

Although on a smaller scale to Lynbrook, the Geelong centre will incorporate many of the same features and benefits. Geelong is scheduled to open by the end of June, as are new Cairns and Proserpine Design Centres.

In Queensland, a new Rochedale Design Centre showcases the range of Brickworks products including Eureka Bricks, Terraçade, Bristle Roofing, GB Masonry as well as Austral Bricks clay bricks and pavers.

The centre has a series of eye-catching, non-traditional displays of bricks and pavers, complemented by other

premium materials such as timber, stainless steel and render. The grand opening of the new centre on a recent Saturday was publicised with an outside broadcast by popular River 94.9 FM radio station.

The recent launch of the new Bunbury Design Centre in WA drew representatives from the local building fraternity, Brickworks staff and key associates to view the latest developments in brick, paver and tile design and marketing.

The Bunbury region, south of Perth, is well located to service the wider region that is undergoing considerable expansion, with property development at some of the highest rates in Australia. The new Design Centre features water-wise landscaping and showcases Brickworks products – both new and traditional – in a range of "real life" settings.



# Awards Spotlight Bricks' Versatility

**An imaginative yet practical addition to a well-proportioned 1930s house in the Sydney suburb of Randwick has become the latest in a long line of award-winning projects featuring Brickworks products.**

Designed by Fox Johnston Architects and constructed in Bowral Blue bricks, the addition won the alterations and extensions category of the Australian Institute of Architects NSW Architecture Awards for 2008.

The project added a kitchen and living area that connects to the rear garden of the attractive brick cottage. The architect, Felix Junker, did not want to match the existing red brickwork but chose Bowral Blue because it was "something new but goes really well with the old."

The competition jury agreed, adding that "this addition achieves an uncluttered expression, which nonetheless carries a commendable sense of character and individuality."

The Randwick project is in stark contrast to a previous Austral Bricks award winner, the Mornington Centre, a large geriatric assessment centre that used custom-made patterned bricks to create the appearance of timber planks (without the cost or maintenance issues). This project, reported in a previous edition, recently won the prestigious Horbury Hunt Award for Melbourne architects Lyons.

These two very different projects demonstrate that brickwork can achieve a contemporary appeal in projects large and small, residential or commercial.



## VIP Events Spark Architects' Interest

There was an overwhelming response to recent functions sponsored by Austral Bricks as part of the Australian Institute of Architects International Speaker series, in which internationally-renowned architects are invited to lecture.

As part of its sponsorship, Austral Bricks invited architects to enter a VIP competition to meet this year's guest, Toyo Ito, one of the world's most innovative and influential architects. Architects registered their details on the Austral Bricks website and were asked to set out in 25 words why they would like to meet the Japanese designer.

The events were highly successful, drawing 700 guests to Sydney's Theatre Royal and a further 800 to the new Melbourne Recital Centre.

The focus of the events is to expose Australian architects to the mind set and philosophies of international architects, while reinforcing Austral Bricks industry-leading position within the architectural community.

The next Austral Bricks-sponsored event in the series will feature legendary Indian architect Charles Correa. The functions will be held in Sydney, Melbourne and Brisbane. A further event will be held in November.



**Above Left:**  
Guest Architect, Toyo Ito.

**Left:**  
(L to R) Matthew Wilton – Architectural Representative Austral Bricks, Brett Ward – Group Marketing Manager Brickworks Limited, Toyo Ito – Guest Architect, Avery Spackman – NSW Sales and Marketing Manager Austral Bricks, Toyo Ito Translator.



# New Products Lead the Way

Product innovation is one of the ways Brickworks is working hard to retain its market leadership. Recent months have seen a flood of new products that will excite a new generation of home owners and designers.

**Dynasty™ (Eureka Bricks, national)**

Building on the successful launch of Burlesque fully-glazed bricks, Eureka Bricks has introduced Dynasty, an exciting new series with double-glazed finishes that match render colours both current and rising. Dynasty is flexible in application, sitting beautifully in accent panels or bands, but equally at home in entire walls of glowing colour. The series comes in five colours: Indulgent White, Majestic Grey, Karrington Silver, Brushed Leather, Cognac Illusion. Dynasty's naming protocol highlights a new direction in promoting high-end products.



**Artique® (Austral Masonry, national)**

Dubbed “Unique Designer Masonry” this new series is already appealing strongly to our architectural clients. Artique is available in up to eight colours, each in three textures from the smooth-faced Classic, to the lightly exposed aggregate of Elegance and the rough-hewn Dynamic. The finely-rendered textures are largely due to a higher percentage of sand in the product – an Austral Masonry exclusive – giving these handsome products a bold aesthetic.



**Metallix® (Austral Bricks, Queensland)**

As the name implies, this exciting new series has a distinctive metallic sheen that creates an ever-changing light play. Ideal in feature work and teamed with standard bricks, Metallix comes into its own in entire walls that change colour with the light. Four eye-catching colours: Bronze, Nickel, Platinum, Copper.



**Principles™ (Austral Bricks, NSW)**

Despite the slew of newly-developed products, there is still a strong market for more traditional products, hence the release of the Principles series of premium quality sandstock bricks.

Inspired by brickmaking methods that date back to our colonial past, this new series features a sandy-finish and tumbled profile that invites touch. Austral Bricks is one of the few companies with the technology to manufacture these outstanding bricks. The Principles series comes in four strong colours: Chateau, Fontaine, Grande, Rouge.



**Expressions® (Austral Bricks, NSW)**

This bold new series embodies the minimalist simplicity that many contemporary architects prefer. Expressions displays a smooth, clean aesthetic and crisp style that allows the strength of their underlying design to shine through. This exciting series is just one of the ways Brickworks is developing products to appeal to a new generation. In seven colours: Blackstone, Bluestone, Bronze, Cobalt, Gold, Iron, Krypton.



**Prestige™ roof tiles (Bristile Roofing, east coast)**

Bristile Roofing has responded to strong demand, especially in Victoria and New South Wales, for a flat, shingle-like roof tile by releasing the Prestige series. Made at Wacol Qld and Dandenong Vic, these premium-quality, premium-priced concrete tiles come in four solid, contemporary colours including the charcoal black Carbide which has a lightly striated finish. Flat tiles can be subject to scuffing in transport but a special coating has been developed to minimise this problem.



**Monaco™ roof tiles (Bristile Roofing, west coast)**

The quest for a flat-profile roof tile in WA led to the development of the Monaco terracotta series. Like their concrete cousins from the east coast, Monaco roof tiles are specially designed to ensure they efficiently shed rain water for superior storm protection. They are available in five evocatively-named, contemporary colours: Aniseed, Oyster, Oak, Truffle and Glazed Black Granite.





# High-Profile Projects Highlight Terraçade

Terraçade, Austral Bricks lightweight terracotta façade system, was centre stage when Melbourne’s iconic Chadstone Shopping Centre recently underwent a \$100 million expansion.

Chadstone Place, the first outdoor retail area in a centre that is otherwise totally enclosed, used Terraçade and Austral Bricks clay pavers to give a “Main Street” feel to the new development that has attracted major tenants including a string of banks.

The architects chose a range of Terraçade colours to give a feeling of randomness while maintaining a consistent construction methodology. They were also attracted by Terraçade’s fired terracotta toughness, fast colours, and low maintenance needs.

Despite this being an exceptionally busy site with hundreds of tradespeople working at any one time, the Terraçade installation went smoothly, a compliment to both the installers and the system, which is unique in Australia to Austral Bricks.

Terraçade also went up in the world with the completion of a new 12-storey research facility at Sydney’s Royal North Shore Hospital, bringing together medical researchers and educators previously scattered over the RNSH campus.

This lightweight system, exclusive to Austral Bricks, was used to clad the building’s full height on two elevations, creating a dramatic “bookending” and adding colour to highlight the prominently-located building.

The architects were attracted to Terraçade for its colour, low maintenance needs and long-term weathering potential. This was the first exposure to Terraçade for the installer who commented that once the setout was in place, the tile installation was fast and easy.



Chadstone Shopping Centre in Victoria featuring Austral Bricks the Terraçade XP product.



Chadstone Shopping Centre in  
Victoria featuring Austral Bricks  
the Terracade XP product.



## Casual Approach to a Great Cause

**Brickworks is proud to be a sponsor of Childrens Cancer Institute Australia. The CCIA is Australia's only independent medical research institute dedicated to research into the causes, prevention and better treatments with the aim of ultimately finding a cure for this insidious disease.**

From the start of this year, all Brickworks staff have been invited to play a direct part in sponsoring the CCIA's vital work, by donating one dollar a week from their salary.

To recognise their contribution, staff contributing to the program are given a Care for Cancer Kids Casual Friday shirt which they can wear with their own casual clothing every Friday.

Everyone wins: while creating a fun working environment, the funds raised – over \$4000 in the first four months of this year alone – are helping find a cure for childhood cancers through world-class research.

*(If you would like to know more about the work of the Childrens Cancer Institute Australia go to [www.ccia.org.au](http://www.ccia.org.au).)*



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