

# BRICKWORKS

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LIMITED

24 September 2009

Australian Securities Exchange  
Attention: **Companies Department**

**BY ELECTRONIC LODGEMENT**

Dear Sir/Madam,

Please find attached a presentation and additional comments to be presented to analysts today regarding Brickworks' financial results for the year ended 31 July 2009, for immediate release to the market.

Yours faithfully,  
BRICKWORKS LIMITED



IAIN THOMPSON  
COMPANY SECRETARY

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# **BRICKWORKS LTD RESULT FOR THE FULL YEAR ENDED 31 JULY 2009**

Robert Millner, Chairman  
Lindsay Partridge, Managing Director  
Megan Kublins, Executive GM Land & Development

24 September 2009



**BRICKWORKS**  
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## CHAIRMAN'S REVIEW

Mr Robert Millner



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## Presentation Outline

**BRICKWORKS**  
A NEW YEAR

Chairman ■ Overview of Results

Managing Director ■ Results in Detail  
■ Building Products  
■ Investments  
■ Questions

Executive GM ■ Land & Development



Year Ending 31 July 2009

Good Afternoon Ladies and Gentlemen, welcome to the Brickworks analyst briefing for the year ended 31 July 2009.

Today I will go over our results highlights and then our Managing Director, Mr. Lindsay Partridge will take you through the results in more detail.

Mrs. Megan Kublins, Executive General Manager of Land & Development will then discuss our Land & Development results in more detail for you.

Mr. Alex Payne, Chief Financial Officer is also here to answer any questions at the conclusion of the presentation.



This slide shows the Brickworks Diversified Group structure. Brickworks strategic collection of assets again proved itself with increased earnings in this volatile environment.

There are three main activities: Building Products, Land & Development and Investments.

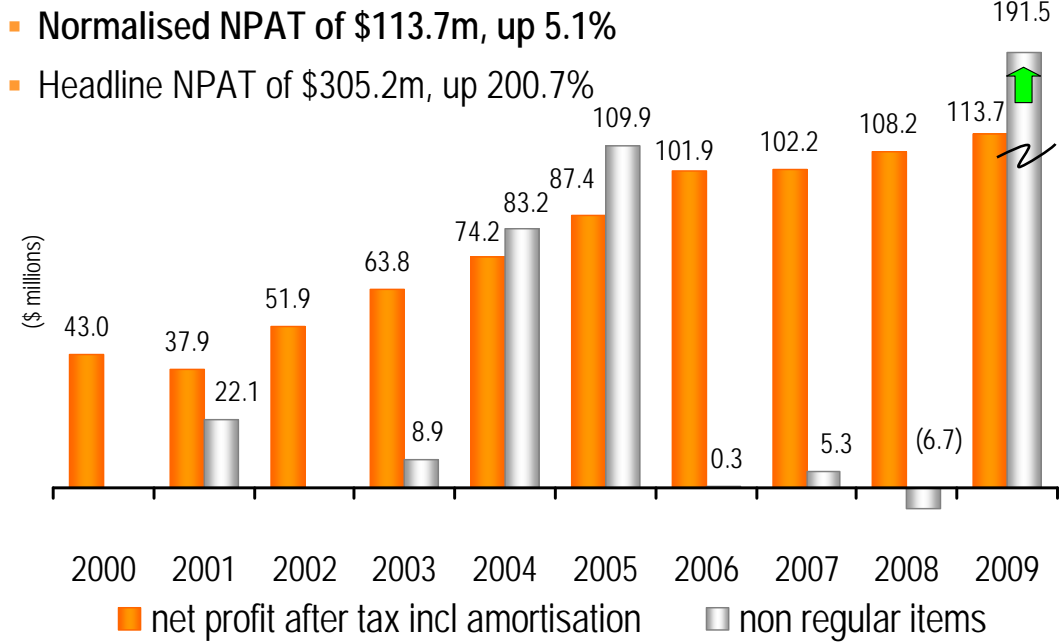
Building Products consists of Austral Bricks™, Austral Masonry™, Bristle Roofing™, Eureka Tiles™ and Auswest Timbers™. Building Products requires long term thinking to accommodate investments in factories with a forty year life. This inevitably establishes a land bank.

The Land & Development business is based on realising the value uplift of surplus land from this land bank. Residential land is sold outright whilst industrial land is sold into the Property Trust. The Trust is now providing a stable and long term income stream for Brickworks.

Investments now consists only of the 42.85% interest in Washington H. Soul Pattinson. This 'Strategic Alliance' with Washington H. Soul Pattinson stems back over 40 years. During this period the Strategic Alliance with WHSP has provided Brickworks with superior returns and security to weather periods of weaker building products demand. The previously held interest in the Brickworks Investment Company was divested in February of this year as it was deemed a non-core asset of the company.

## Record Net Profit After Tax

**BRICKWORKS**  
A LLOYDS GROUP

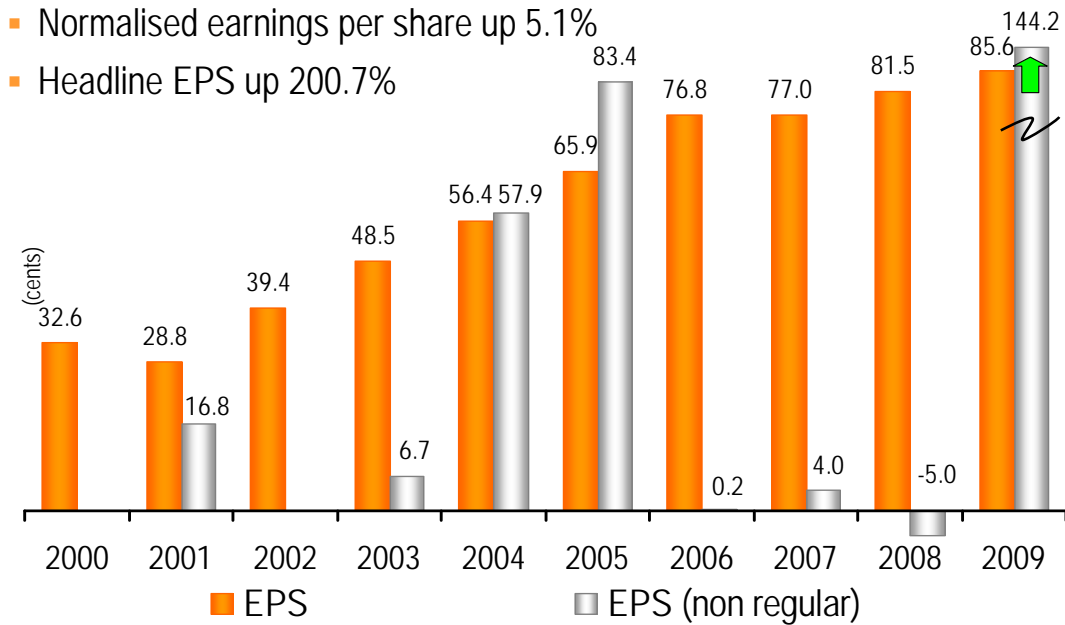


Despite the effects of the Global Financial Crisis I am pleased to report a record normalised net profit after tax of \$113.7 million, an increase of 5.1% on last years result.

Net Profit After Tax including non-regular items increased to \$305.2 million.

## Earnings Per Share

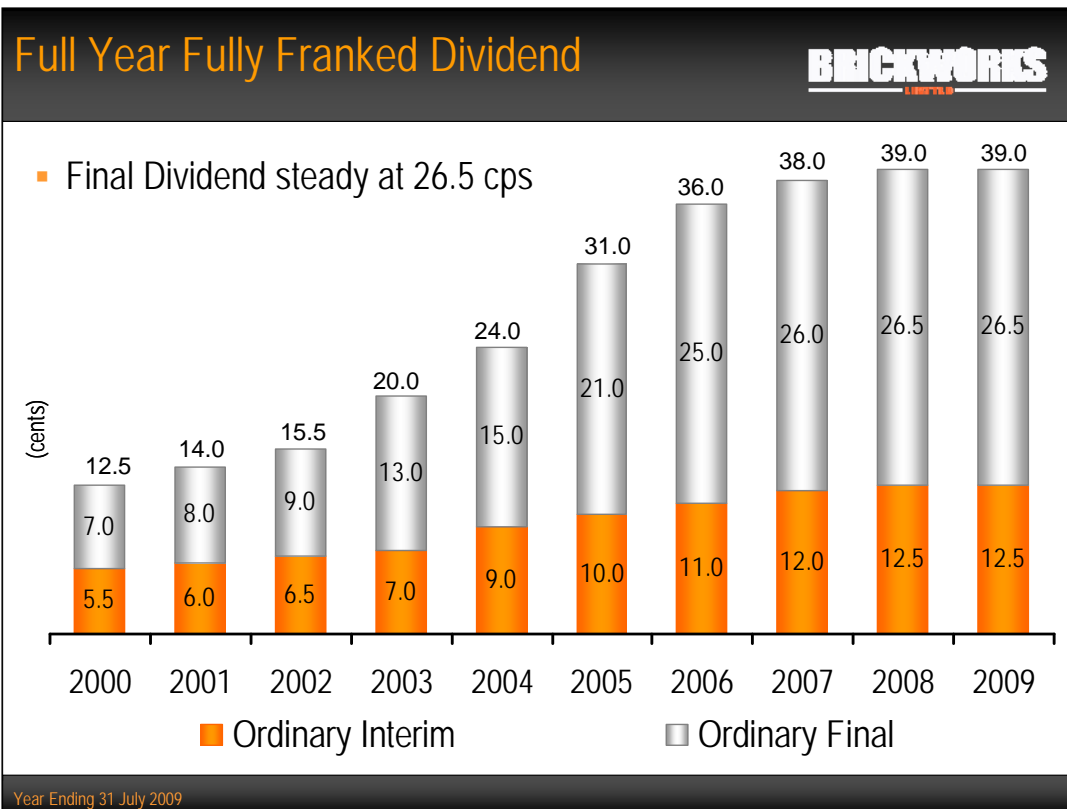
**BRICKWORKS**  
A LLOYD'S LIST COMPANY



Year Ending 31 July 2009

Normalised EPS was 85.6 cps in the year ended 31 July 2009 up from 81.5 cps in the previous year

Headline EPS was 229.8 cps up from 76.5 cps in the previous year.



The Directors have resolved to maintain the final dividend at 26.5 cents fully franked, bringing the total dividend for the year to 39.0 cents full franked, in line with dividends paid last year.

This is a significantly better outcome than many of our peer group of companies.

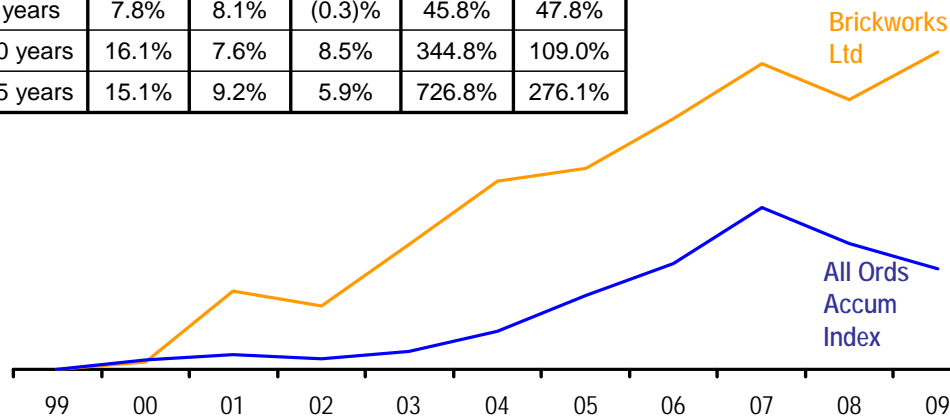


## Brickworks Total Shareholder Return



Brickworks Ltd has outperformed the ASX All Ordinaries Index over the long term

	BKW	ASX All Ord Accum	Out Perform ance	Total BKW TSR	Total All Ord TSR
5 years	7.8%	8.1%	(0.3)%	45.8%	47.8%
10 years	16.1%	7.6%	8.5%	344.8%	109.0%
15 years	15.1%	9.2%	5.9%	726.8%	276.1%



Year Ending 31 July 2009

Over both the medium and longer term, Brickworks has outperformed the All Ordinaries Accumulation Index in terms of Total Shareholder Return – with outperformance of the index by:

- 8.5% per annum over 10 years; and
- 5.9% per annum over 15 years.

I will now hand over to our Managing Director, Mr Lindsay Partridge.

## MANAGING DIRECTOR'S REVIEW

Mr Lindsay Partridge



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Thank you Chairman. Good afternoon Ladies and Gentlemen.

## Financial Snapshot



	FY 2008	FY 2009	Change
Building products EBIT	\$53.6m	\$37.0m	↓ (31.0%)
Land and Development EBIT	\$93.7m	\$40.6m	↓ (56.7%)
Investments EBIT	\$36.9m	\$95.4m	↑ 158.5%
Total EBIT	\$178.1m	\$165.8m	↓ (6.9%)
Borrowing cost	(\$37.3m)	(\$33.3m)	↓ (10.7%)
Income tax	(\$32.6m)	(\$18.8m)	↓ (42.3%)
Net Profit after Tax (Normalised)	\$108.2m	\$113.7m	↑ 5.1%
Non Regular items (after tax)	(\$6.7m)	\$191.5m	↑
Net Profit after Tax and non-reg	\$101.5m	\$305.2m	↑ 200.7%

Year Ending 31 July 2009

As the Chairman highlighted we have endured extremely difficult trading conditions, particularly in the first half of the year, in both our core Building Products and Land and Development businesses.

Building Products EBIT decreased by 31% to \$37 million. The sharp decline in building activity lead to lower sales volumes, in turn requiring plant shutdowns to control stock levels in the business.

The Land and Development result was down 56.7% to \$40.6 million. The settlement of the Scoresby site in Victoria was completed during the year.

Total Normalised contributions from Investments was up by 158.5% to \$95.4 million mainly due to the much higher result by New Hope Corporation, the largest single investment of WHSP.

Total EBIT from the three Divisions decreased by 6.9% to \$165.8 million.

The lower interest rates during the year and the use of available cash flow to pay down debt resulted in a decrease in normalised borrowing costs by 10.7% to \$33.3 million.

Tax expense was lower during the period to \$18.8 million.

All of this resulted in a Normalised NPAT up by 5.1% to \$113.7 million.

Non-regular items after tax totaled \$191.5 million, resulting in a Headline NPAT of \$305.2 million, an increase of 200.7%.

## Non Regular Items

**BRICKWORKS**  
A LENDY COMPANY

\$m	Gross	Tax	Net
WHSP Equity Accounted Result	\$392.9m	(\$117.9m)	\$275.0m
Write Down of P&E and Stock	(\$52.0m)	\$15.6m	(\$36.4m)
Redundancies & Provision for Remediation	(\$15.6m)	\$1.1m	(\$14.5m)
BKI write down to market value	(\$13.7m)	\$6.5m	(\$7.2m)
Mark to Market - Interest Rate Swaps	(\$3.0m)	\$0.9m	(\$2.1m)
Land and Development & Other	(\$24.7m)	\$1.4m	(\$23.3m)
<b>TOTAL</b>	<b>\$283.9m</b>	<b>(\$92.4m)</b>	<b>\$191.5m</b>

Year Ending 31 July 2009

Due to the size of the non-regular items during the year, a specific break-down is provided on this slide.

The largest contribution was from WHSP, which included the sale of New Saraji by New Hope Corporation for \$2.45 billion. For Brickworks, this resulted in an after tax profit of \$275 million.

Due to the depressed state of the market, Brickworks conducted a thorough review of its manufacturing assets and stock holding to satisfy impairment testing requirements under AIFRS. Several manufacturing sites were deemed to have reached the end of their useful life, resulting in an after tax write off of \$50.9 million, including redundancy costs and a provision for remediation.

The carrying value of the investment in BKI was above its market value at the end of January 2009, resulting in a write down after tax of \$7.2m before its divestment.

Brickworks also recorded a mark to market loss on derivative instruments of \$2.1 million after tax.

Finally an impairment charge was incurred against property assets including the Property Trust investment resulting in a loss of \$23.3 million after tax.

The total of these non-regular adjustments was a profit of \$191.5 million after tax.

## Key Financial Indicators



	FY July 2008	FY July 2009
Net Tangible Assets (NTA)	\$842m	\$1,099m
Shareholder's Equity	\$1,113m	\$1,371m
Return on Equity (Normalised)	9.7%	8.3%
Cash Flow From Operations	\$69.2m	\$132.0m
Total Interest Bearing Liabilities	\$562.9m	\$400.0m
Net Debt/Capital Employed	32.0%	21.8%
Total Gearing	50.6%	29.2%
Interest Cover (Normalised / Annualised)	4.8x	4.6x

Year Ending 31 July 2009

Net Tangible Assets and Shareholders Equity both increased strongly during the year as the carrying value of our investments increased.

Return on Equity was 8.3%, not taking into account the increase in market value of the WHSP investment and non regular items.

Net cash flows from operating activities increased during the year to \$132.0 million, supported by net proceeds of \$76.9 million from the sale of the Scoresby site in Victoria.

These sale proceeds were used to reduce bank debt, with Total Interest Bearing Liabilities reducing by \$162.9 million to \$400 million during the period. The PAVERS were redeemed for their face value of \$165 million during the year and replaced with bank debt.

Total Gearing improved to 29.2% during the period and net debt to capital employed reduced to 21.8%, reflective of the strong position of Brickworks' balance sheet, with interest cover at 4.6 times.

## Prudent capital expenditure

**BRICKWORKS**  
A LISTED COMPANY

	FY 2008	FY 2009
S.I.B. Plant & Equipment	\$21.1m	\$11.0m
Major Capital Items	\$5.8m	\$6.2m
Building Products Capital Expenditure	\$26.9m	\$17.2m
Land and Development & Rehabilitation	\$13.8m	\$0.2m
Business Acquisitions	\$13.1m	-
Clay and Sand Reserves	\$11.3m	-
<b>Total CAPEX and Acquisitions</b>	<b>\$65.1m</b>	<b>\$17.4m</b>
Depreciation & amortisation	\$30.3m	\$27.7m

Year Ending 31 July 2009

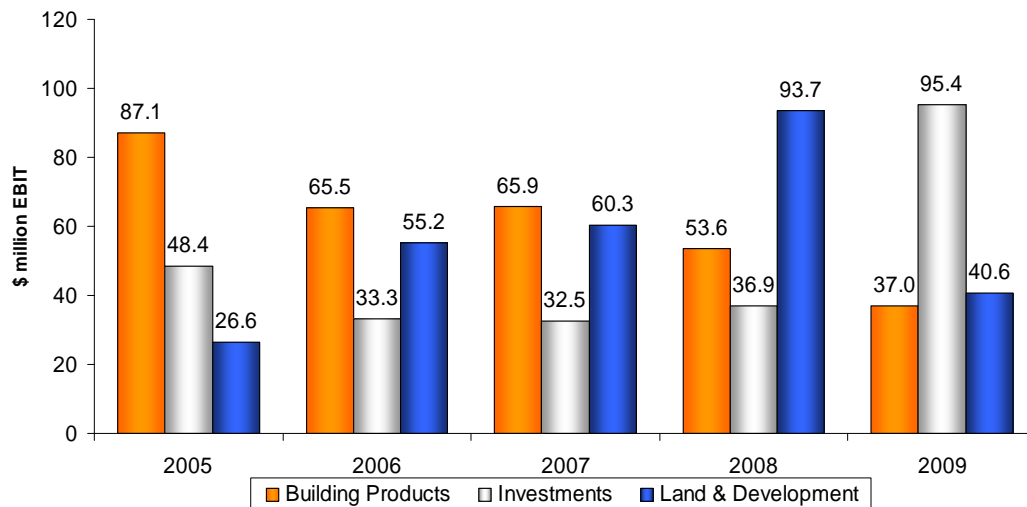
Capital expenditure was again lower during the year as a result of the decision taken to wind back the capital works program in September 2007. This years building products capital works were the completion of existing projects and minor SIB items, with a total spend of \$17.2m for the year, 62.1% of depreciation.

No Business Acquisitions or purchases of raw material reserves were completed during the year.

The total acquisition and capital spend of \$17.4 million was 73% lower than the prior year.

## Normalised EBIT by segment

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A NEW YORK COMPANY



Year Ending 31 July 2009

This slide shows how the business has changed over the past several years. This year 22% of Brickwork's earnings came from Building Products, 23% from Land & Development and 55% from Investments.

Land and Development set a record result last year and this year we saw a record result from the Investment division, while Building Products was at the bottom of the cycle.

This highlights how Brickworks' diversification strategy has successfully countered the cyclical nature of the Building Products business.

I will now go through each of these Divisions' results in more detail.

## BUILDING PRODUCTS



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Now looking at the Building Products results.



## Building Products Results

**BRICKWORKS**  
A FINE LINE

Full Year ended 31 July	1 <sup>st</sup> Half	2 <sup>nd</sup> Half	Change	FY 2009	FY 2008	Change
Sales revenue	\$245.7m	\$243.6m	(0.1%)	\$489.3m	\$520.0m	(5.9%)
Building products EBITDA	\$31.4m	\$33.3m	6.1%	\$64.7m	\$83.9m	(22.9%)
Consisting of:						
▪ Depreciation	\$15.0m	\$12.7m	(15.3%)	\$27.7m	\$30.3m	(8.6%)
▪ EBIT	\$16.4m	\$20.6m	25.6%	\$37.0m	\$53.6m	(31.0%)
Building products margin						
▪ EBITDA to sales	12.8%	13.7%	7.0%	13.2%	16.1%	(18.0%)
▪ EBIT to sales	6.7%	8.5%	26.9%	7.6%	10.3%	(26.2%)

Year Ending 31 July 2009

The 2009 financial year was a story in two parts. The first half of the year saw poor levels of housing affordability and weaker demand for new homes resulting from the previous interest rate rises. The second half of the year saw the completion of the reduction in the official cash rate by 425 basis points and what we believe is the bottom of the cycle for housing activity.

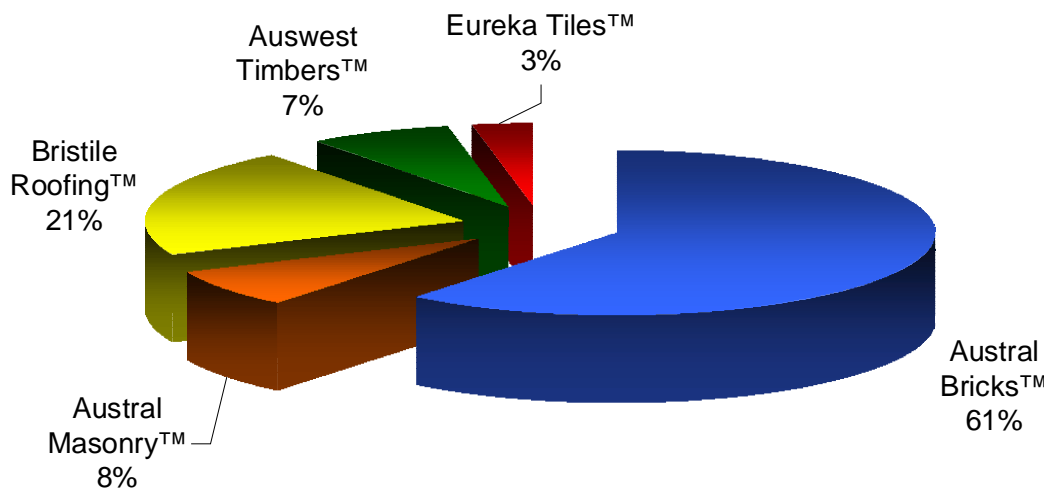
Sales revenue for the second half was inline with the first half, however the full year sales revenue decreased by 5.9% to \$489.3 million compared to the previous year on lower volumes.

Full year EBITDA decreased by 22.9% to \$64.7 million. Depreciation was lower in the second half due to the write off of some manufacturing facilities at January 2009 and the sale and leaseback of Wollert.

The increased second half EBIT for Building Products was a result of the factories being able to run more efficiently after extended shut downs in the first half to control stock levels.

The EBITDA and EBIT to sales ratios reduced for the full year, however both improved in the second half. These measures still compare more than favourably to industry peers and were increasing at year end.

## Building Products Revenue by Business



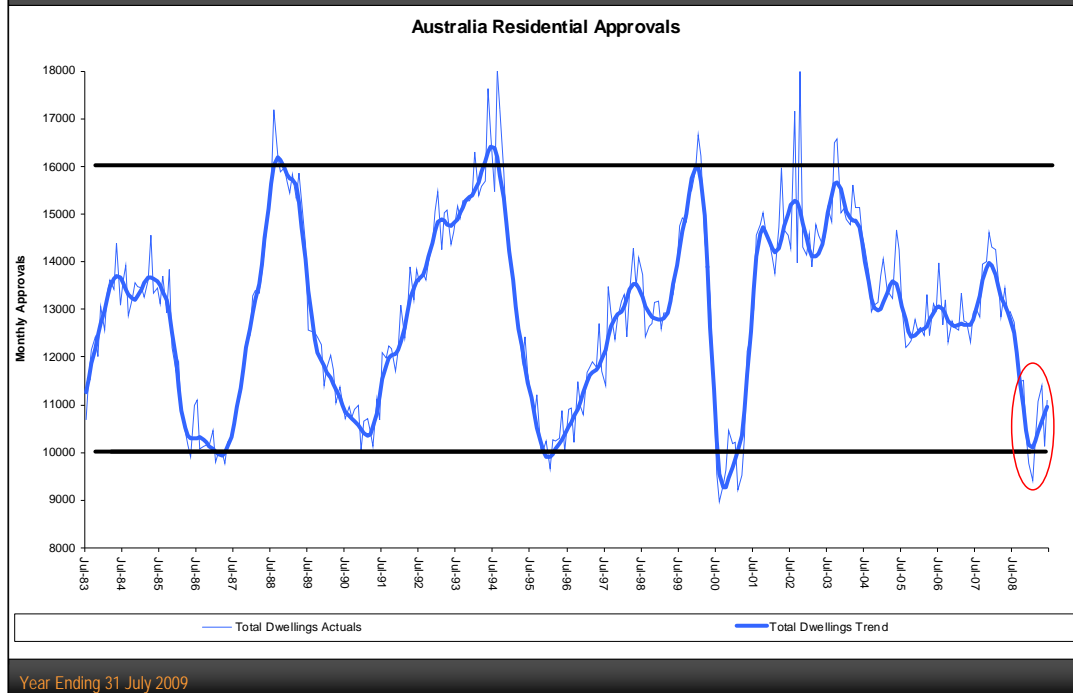
Year Ending 31 July 2009

The diversification of revenue within the Building Products division is broadly in line with the prior year. The Austral Masonry™ division again grew slightly to 8% of total revenue.

Bricks now represents only 61% of Building Products revenue.

## Dwelling Approvals – the last 25 years

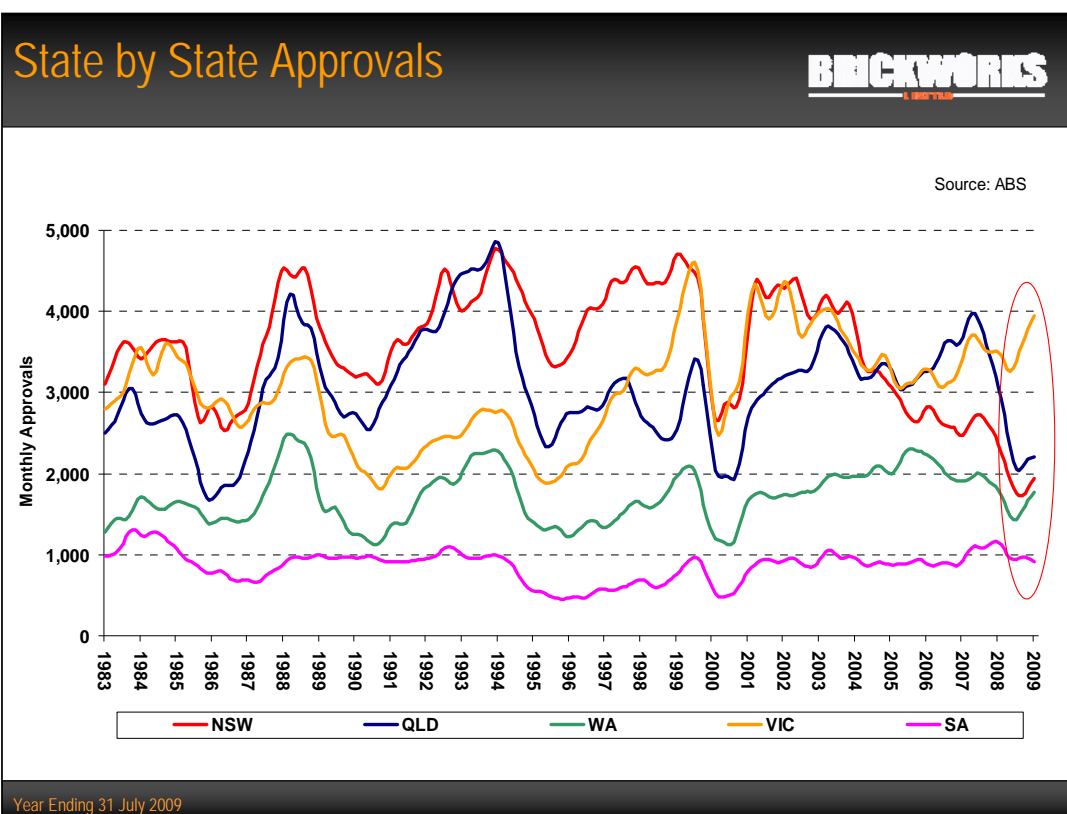
**BRICKWORKS**  
A BELLERBY GROUP COMPANY



This chart shows the monthly Australian Residential Approvals for the past 25 years.

During this period there have been five distinct cycles. All peaks have been at around 16,000 approvals per month and all troughs have been at around 10,000 approvals per month.

Evidence of the beginnings of a recovery can be seen in the second half of 2009 with the upturn in approvals in the highlighted section of the chart.



This chart highlights the speed and scale of the downturn in the current cycle, especially in Queensland and New South Wales.

New South Wales has fallen further from already historically low levels. NSW has consistently been the worst performing State since 2003, with approval levels now about 40% of the level at the peak of the market.

Queensland experienced the largest and sharpest decline in building activity of all of the States.

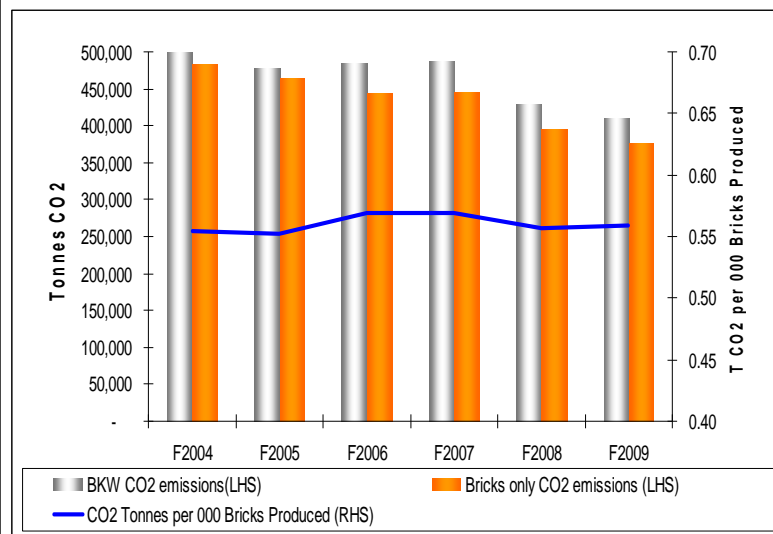
Victoria experienced a relatively small decline in activity. Forward planning and the sustained release of affordable land has positioned Victoria well to handle the economic downturn.

The decline in Western Australia was not as severe as previous downturns.

South Australia has been the State least affected by the downturn.

The upturn in the Approvals lines at the far right of the graph are the first promising signs of a recovery. Victoria is already trending back towards the long run historical average of peak activity in that State.

## Continued focus on Energy Efficiency



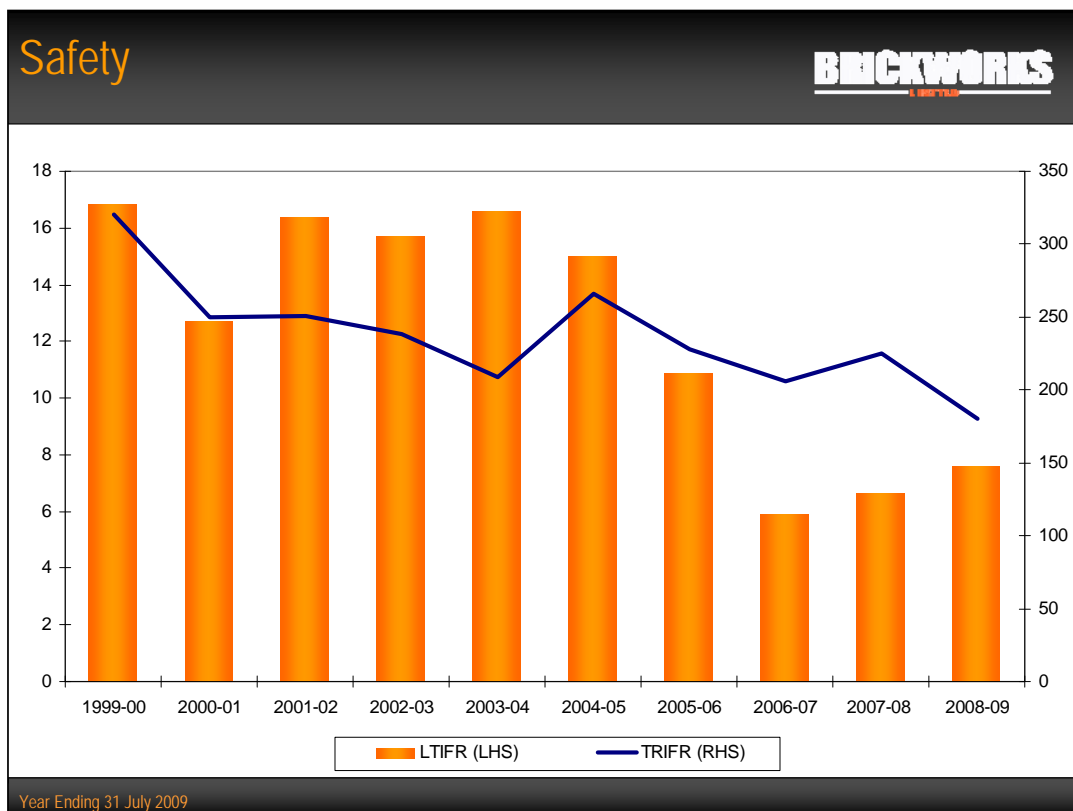
- Brickworks is committed to improving its energy efficiency
- Emissions have reduced 8.1% during the past year
- Continue to evaluate energy saving opportunities

Year Ending 31 July 2009

Brickworks remains committed to reducing its overall energy use.

Over the past year total carbon emissions have reduced by a further 8.1%. This is attributable to a number of things, including the completion of several energy efficiency projects however predominantly is due to the lower manufacturing volumes.

While the less efficient plants were taken offline, lower average running rates of the operational plants meant the ratio of tonnes of carbon dioxide emitted per thousand bricks produced remained steady. It is anticipated that as capacity is wound up to meet demand kiln efficiency will improve.



The total number of work injuries has continued to decline with a significant improvement again in the Total Reportable Injury Frequency Rate ('TRIFR') at 180.5, some 20% lower than the previous year.

The Lost Time Injuries Frequency Rate (LTIFR) has risen slightly but is still at historically low levels.

Substantial work has been carried out to reinforce a safety conscious culture across the business, working towards our goal of no employees being injured while at work.



- Sales volume down 11%, Manufacturing volume down 5%
- Average Selling Prices up 4%
- Extended production closures to control stock levels
- Unit cost up on lower volume & increased input costs
- Queensland & Western Australia hardest hit by downturn
- Victoria and South Australia especially resilient



Year Ending 31 July 2009

Austral Bricks™ overall brick sales volumes were down 11% in the 2009 financial year compared to the previous year, while net average selling prices were up 4%.

Production volumes were lower by 5% as several sites had extended closures to control stock levels during the year. The lower volumes combined with some significant input cost increases resulted in higher unit manufacturing costs.

Only one kiln in New South Wales operated throughout the year with the remaining operational kilns having extended shut downs due to the lower market conditions.

Market activity in the traditional mining states of Western Australia and Queensland both declined rapidly during the year. In response the both the Rochedale and Riverview factories in Queensland had extended shutdowns, with extensive upgrades completed to the Rochedale factory during this downtime.

The two oldest and most inefficient plants in Western Australia were closed permanently during the period after more than 40 years of service.

The new Wollert factory in Victoria is consistently operating in excess of design capacity and continues to deliver improved product quality and production efficiencies.

Austral Bricks™ South Australia is now consistently delivering improved performances as a result of completed major capital works of previous years.



- Sales Volume increase 7%
- Selling prices up 3% for standard masonry and 4% for premium masonry
- No sites damaged by Queensland flooding
- Lower commercial building activity
- Manufacturing volumes in line with prior year
- Most sites had extended shutdowns

Year Ending 31 July 2009

The Austral Masonry™ business recorded sales growth of 7% in 2008/09 over the prior year, in large part due to the contribution of the Yatala business acquired in July 2008.

Average selling prices were increased by 3% for the standard masonry range and 4% for the premium range during the year.

Austral Masonry™ experienced severe weather and flooding across Queensland in January and February of this year.

A substantial reduction in commercial building activity also impacted sales volumes.

Manufacturing volumes were broadly in line with the prior year. A combination of plant shutdowns and reduction in operating shifts were used to maintain inventory at acceptable levels, however this resulted in a lower total manufacturing volume and higher unit manufacturing costs.





- Sales volume down 6%, selling prices increasing
- New stylish flat terracotta and concrete tile profiles
- Cost of manufacture higher due to lower volume
- Victorian market particularly strong



Year Ending 31 July 2009

Bristile Roofing™ again delivered an improved result with particularly strong results on the East Coast. The Victorian business achieved good selling price increases combined with higher sales volumes. In Queensland and Western Australia sales volumes were lower and selling price increases were not as strong due to the depressed market conditions.

Stylish new tile profiles were released to the market during the year in both terracotta and concrete roof tiles.



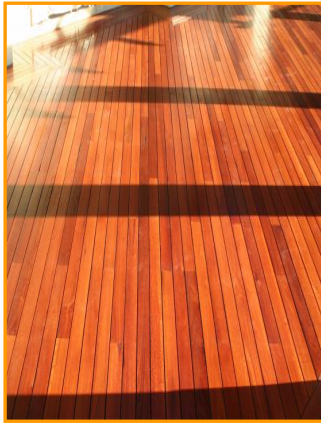
- Selling prices up 11%
- Overall Volume down 18%
- Impact of \$AUD fluctuations well managed
- Terracade sales increasing as completed iconic projects drive market appreciation



Year Ending 31 July 2009

Eureka Tiles™ selling prices increased 11% in the year ended 31 July 2009 compared to the previous corresponding period. However, overall sales volume for the division declined 18% in the year ended 31 July 2009, with the import segment of this business facing increased competition.

The market acceptance of the Terracade product range is increasing as a number of iconic projects have been completed.



- Much improved result
- Increased focus on value added products from dry processing facilities
- Selling prices up 9%
- Export sales driven by weaker \$AUD
- Export markets now well established for dry timber products

Year Ending 31 July 2009

Auswest Timbers™ produced a much improved result during the year as many long term initiatives such as the investment in dry processing facilities in Bairnsdale, Victoria and Pemberton, Western Australia started to deliver returns. Improved average selling prices by 9% also drove the higher result.

Auswest as an exporter benefited from the weaker \$AUD during the past year and is actively managing its currency risk going forward.

Export markets are now well established for the Auswest Timbers™ range of premium dry timber products.

- Lower interest rates and Government stimulus are positives
  - First Home Owners Grant
  - Nation Building and Jobs Plan – Schools, Social & Defence Housing
- Keys to sustainable housing recovery:
  - Return of 2<sup>nd</sup> / 3<sup>rd</sup> home owners and investors to market
  - Improvement in availability of Construction Finance
  - Continued low interest rates
- Balanced stock levels allow most factories to operate more efficiently
- Unit cost of production will decrease on higher production levels
- Building Products price increases to cover input cost increases

Year Ending 31 July 2009

In the coming year the First Home Owners Grant has the potential to boost building activity but is yet to materially do so due to:

- Longer than usual delays from enquiry to commencement
- High finance fall over rates.

The housing industry has been negatively effected by:

- the absence of second and third home buyers, as well as investors in the market
- the lack of availability of construction finance.

However, the effect of the BER and social housing programs, where Austral Bricks™ has been able to secure the majority of brick specifications, is likely to be significant. These programs will provide an immediate boost in activity but will also underpin construction activity through to the 2011 financial year. Austral Bricks™ is well placed to take advantage of these initiatives with good inventory levels to meet this demand.

The prospect of increasing interest rates poses a significant risk and could stifle the housing recovery before it gains sufficient momentum to be sustainable.

It is anticipated that as capacity is wound up to meet demand and factories are operating more efficiently that unit manufacturing costs will come down.

The strategy of increasing prices to ensure that margins at least maintained will continue.

I will now hand over to Megan Kublins to go through our Property results.

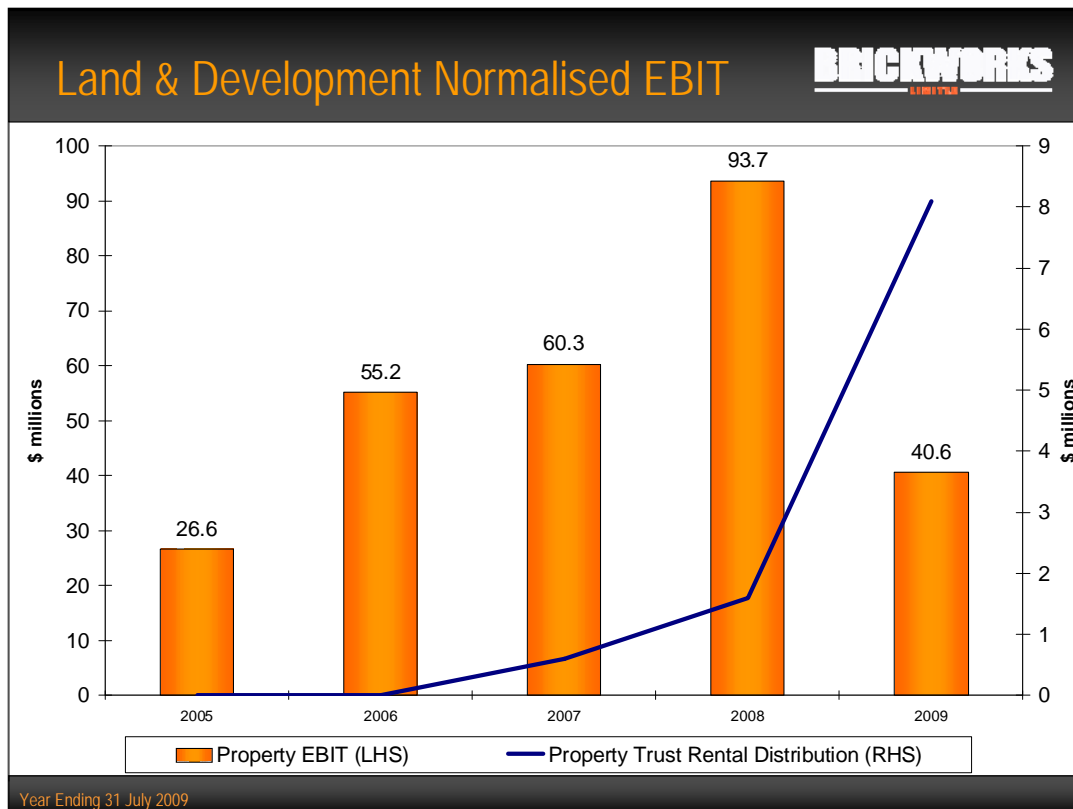
## LAND AND DEVELOPMENT

Mrs Megan Kublins



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Thank you Lindsay.



Land & Development has had substantial growth over the last several years. From inception of the division in 2001, the profit contribution of Land & Development has grown steadily with a record profit achieved in 2008. During the past year Land and Development recorded an EBIT of \$40.6 million which is seen as a positive contribution in a difficult market.

The bold blue line shows the increasing EBIT contribution from Property Trust rental distributions, that grew to \$8.1 million in the past year.

- EBIT of \$29.9m from three land sales
- Proceeds received:
  - Scoresby (VIC) \$93.7m
  - Bolinda Road (VIC) \$5.4m
  - Wacol (QLD) \$8.2m



Year Ending 31 July 2009

Property sales contributed strongly to the overall profit for the second half with a total EBIT of \$29.9 million from three sales.

The sale of the 56 hectare site at Scoresby, Victoria to Mirvac for \$93.7 million was settled in July 2009. The associated quarry at Bolinda Road, Campbellfield was also disposed of for \$5.4 million.

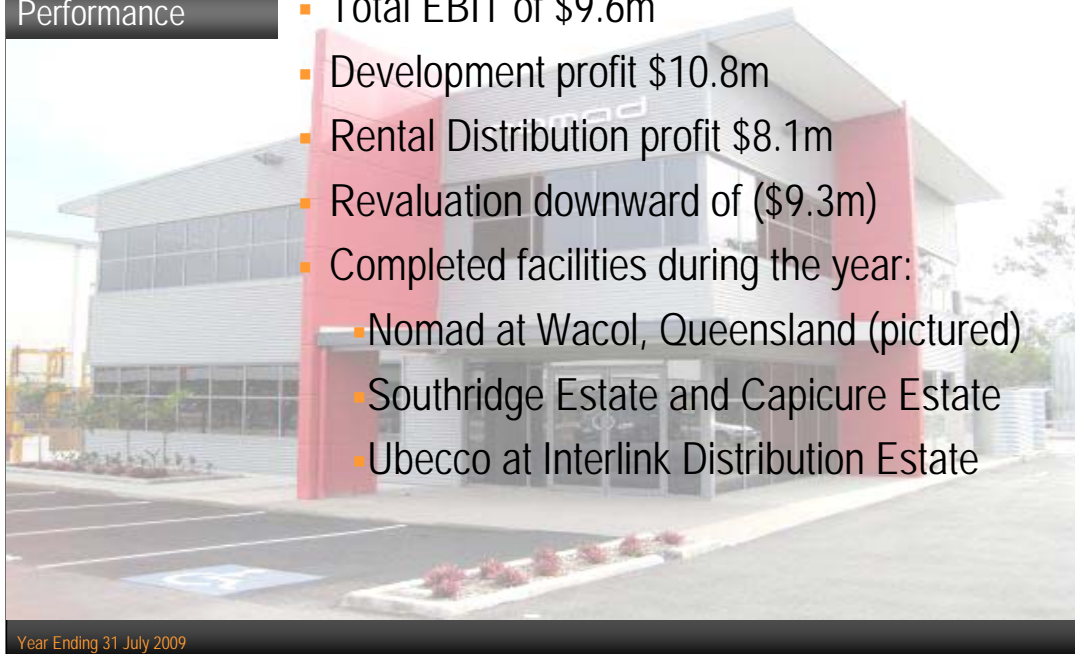
Other property sales included 5 hectares of surplus land at Wacol, Queensland, to the JV Trust for \$8.2 million.

The pictures on this slide are the Scoresby site before rehabilitation and after works were complete. The significance of this project and the extent of the works undertaken have already been recognised with Austral securing the Victorian Department of Primary Industries' 2009 Strzelecki Award for Large Earth Resource Operations.



### Performance

- Total EBIT of \$9.6m
- Development profit \$10.8m
- Rental Distribution profit \$8.1m
- Revaluation downward of (\$9.3m)
- Completed facilities during the year:
  - Nomad at Wacol, Queensland (pictured)
  - Southridge Estate and Capicure Estate
  - Ubecco at Interlink Distribution Estate



Year Ending 31 July 2009

EBIT from the Property Trust for the year totalled \$9.6 million, an 80% decrease from last years record of \$48.6 million.

Completion of these projects delivered a Development profit of \$10.8 million.

Rental Distributions increased over the period and provided a total of \$8.1 million for the year. This return will increase again as all completed properties will be leased for the full year ahead.

However Trust revaluations resulted in a net revaluation loss of \$9.3 million due to higher capitalisation rates.

One major facility was completed on Wacol, Queensland, during the second half by the Trust. Facilities at Capicure and Southridge Estates on the M7 Hub and Ubecco at Interlink Distribution were completed during the first half of the year.



## Property Trust Detail



Site (\$ millions)	Trust Asset Value Jul-09	Total Borrowings Jul-09	BKW Equity Jul-09	BKW Revised Equity Jul-09	BKW Equity Jul-08
<b>Completed Projects</b>					
M7 Business Hub	\$ 243.2	\$ 150.4	\$ 46.4	\$ 34.7	\$ 37.6
Interlink Distribution	\$ 220.5	\$ 118.1	\$ 51.2	\$ 40.0	\$ 44.8
Wacol	\$ 10.0	\$ -	\$ 5.0	\$ 5.0	\$ -
<b>SUB-TOTAL</b>	<b>\$ 473.7</b>	<b>\$ 268.5</b>	<b>\$ 102.6</b>	<b>\$ 79.7</b>	<b>\$ 82.4</b>
<b>Land to be developed</b>					
M7 Business Hub	\$ 26.0	\$ -	\$ 13.0	\$ 13.0	\$ 22.4
Interlink Distribution	\$ 20.6		\$ 10.3	\$ 10.3	\$ 14.6
Oakdale - Stage 1	\$ 113.6	\$ 4.0	\$ 54.8	\$ 54.8	\$ 54.8
Wacol	\$ 5.2		\$ 2.6	\$ 2.6	
<b>SUB-TOTAL</b>	<b>\$ 165.4</b>	<b>\$ 4.0</b>	<b>\$ 80.7</b>	<b>\$ 80.7</b>	<b>\$ 91.8</b>
<b>GRAND TOTAL</b>	<b>\$ 639.1</b>	<b>\$ 272.5</b>	<b>\$ 183.3</b>	<b>\$ 160.4</b>	<b>\$ 174.2</b>

Impairment \$ (22.9)

Year Ending 31 July 2009

This table shows the current value of assets in the various Property Trusts.

The Total Trusts' Asset value at 31 July 2009 was \$639.1 million.

Borrowing in the trusts total \$272.5 million, which equates to gearing of 42.6%.

Brickworks share of the Net Trust Asset value is \$183.3 million.

In addition to the revaluations undertaken in the Trusts, Brickworks undertook its own revaluations of all Trust properties to ensure assets were held at market rates. This resulted in a non-regular impairment of \$22.9 million, reducing the carrying value of Brickworks' investment in the Trust to \$160.4 million. All Trust assets are now held by Brickworks at capitalisation rates of 8% or above.

- Industrial development slow down will continue to limit the expansion of the Trust
- Settlement of Eastwood
- Substantial planning work undertaken on residential properties including Craigieburn, Oxley and Cardup
- Review of Melbourne's Urban Growth Boundary (UGB) may provide development opportunities for Craigieburn

Year Ending 31 July 2009

The outlook for Land and Development remains mixed, with a continued slow down in industrial development set to impact on the growth of the Trust and the sale and development of industrial land.

Remediation works have now been completed on the Eastwood site and negotiations are continuing to finalise settlement with AV Jennings.

Substantial planning work has commenced on a number of future residential properties including Oxley in Queensland, Craigieburn in Victoria and Cardup in Western Australia.

The review of Melbourne's Urban Growth Boundary is of particular interest given the substantial land holding of a gross 600 hectares at Craigieburn.

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.

I will now hand back to Mr Partridge to outline our Investments results.

## INVESTMENTS

Mr Lindsay Partridge



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Thank you Megan.

## Performance



- WHSP owns 60.7% of New Hope Corporation
- Normalised contribution of \$95.4m, up 158.5%
- Fully franked ordinary dividends received \$31.7m
- Value of the BKW stake at 31 July 2009 was \$1.125 billion
- BKW to receive 25cps special dividend and 19cps ordinary final dividend, both fully franked

To 31 January 2009	Total Return (p.a.)		
	5 years	10 years	15 years
Washington H. Soul Pattinson	12.6%	14.6%	16.9%
All Ords Accumulation Index	8.1%	7.6%	9.2%
Outperformance	4.5%	7.0%	7.7%

Year Ending 31 July 2009

Brickworks owns 42.85% of WHSP, a core asset of Brickworks that has brought diversity and reliable earnings to the company.

The two main investments of WHSP are the 49% holding of Brickworks, along with 61% of New Hope Corporation.

The Normalised equity accounted contribution was up 158.5% to \$95.4 million during the year ended 31 July 2009.

Fully franked ordinary dividends totaling \$31.7 million were received from WHSP during the year.

The value of Brickworks investment in WHSP was approximately \$1.125 billion at 31 July 2009, an increase of 5.2% from the previous year.

WHSP has delivered outstanding returns to its shareholders over both the medium and long term, outperforming the ASX Accumulation Index by some 700 basis points per annum over 10 years.

The already solid cash position of WHSP will be further boosted in late 2009 by the special and ordinary final dividends from New Hope totalling \$381.4 million.

Brickworks will benefit from today's announcement by WHSP of a higher ordinary final dividend of 19 cents per share fully franked, along with the special dividend of 25 cents per share fully franked. These dividends receipts will total \$45.0 million.

## SUMMARY



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In summary

- Brickworks is in a strong financial position
- Building Products well placed to take advantage of the recovery
- Land and Development will provide diversified earnings stream over the longer term
- Investments expected to be solid again in coming year
- Reduced borrowing costs
- Robust diversified model to deliver solid profit

Year Ending 31 July 2009

Brickworks is in a strong position to benefit from the forecast recovery in the Australian Housing market and take advantage of any growth opportunities that may arise in our core businesses.

Early action was taken by Brickworks' experienced management to reduce capital expenditure, ensure all factories are in reliable operating condition and ensure stock holdings are held in balance with prevailing market demand.

Land and Development will provide a diversified earnings stream over the longer term.

Returns from Investments will continue to provide diversity and stability to Brickworks' earnings and are expected to be solid in the coming year.

Lower debt levels combined with lower interest rates are forecast to result in reduced borrowing costs.

With a robust business model, low gearing and a strong balance sheet Brickworks is well placed to take advantage of the expected recovery in residential housing. The outlook for the coming year is for another solid result boosted by an expected recovery in Building Products and another solid return from Investments.

QUESTIONS?



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Year Ending 31 July 2009



## ADDITIONAL SLIDES



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## Share Purchase Plan (SPP)



- The purpose of the SPP is to strengthen our Balance Sheet and to provide additional financial flexibility to pursue opportunities in both the Building Products and Property Divisions
- Able to purchase up to \$15,000 of shares
- Price of \$12.40 (7.5% discount to 5 day VWAP)
- Will receive the 2009 final dividend
- Record Date – 30 September 2009
- Closing Date – 23 October 2009
- Allotment Date – 2 November 2009

Year Ending 31 July 2009

A separate announcement has been made to the Stock Exchange this morning in regards to Brickworks Share Purchase Plan.

The purpose of the SPP is to further strengthen our Balance Sheet and to provide additional financial flexibility to pursue opportunities in both the Building Products and Property Divisions which the Directors consider to be prudent in the current market conditions.

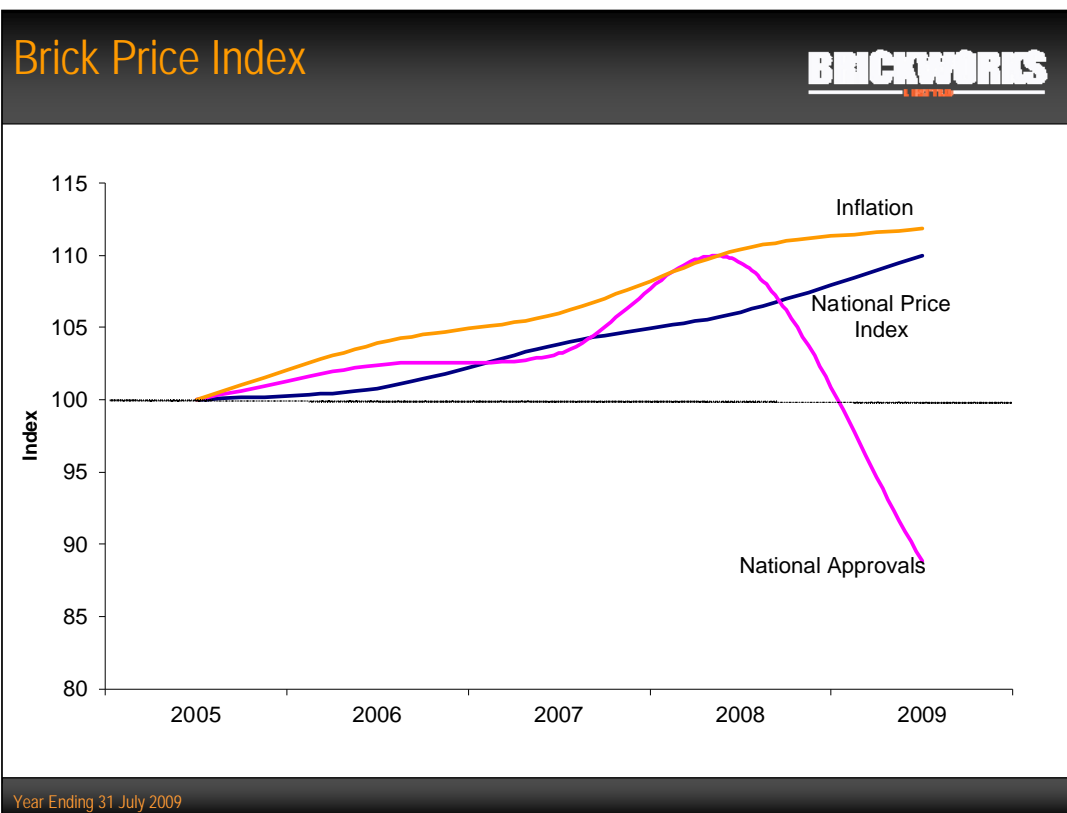
Participants will be able to purchase up to a total of \$15,000 worth of shares.

The price of \$12.40 was determined by calculating a 7.5% discount from the 5 day Volume Weighted Average Price with the pricing period the 17<sup>th</sup> to the 23<sup>rd</sup> of September.

Shares purchased under this plan will receive the final dividend of 26.5 cents per share declared today.

The record date for the plan is the 30<sup>th</sup> September, the closing date for applications is the 23<sup>rd</sup> of October and the shares will be allotted on 2<sup>nd</sup> November.

Further details will be forwarded to eligible shareholders on 1<sup>st</sup> October.



Nationally Austral Bricks™ have consistently achieved price increases, albeit at a rate lower than inflation. Momentum of price rises has continued despite the rapid decline in building approvals during the past year.