BRICKWORKS
LIMITED

23 September 2010

Australian Securities Exchange
Attention: **Companies Department**

BY ELECTRONIC LODGEMENT

Dear Sir/Madam,

Please find attached the Brickworks Ltd Review of Results for the year ended 31 July 2010, 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
Telephone: 61 2 9830 7800 Fax: 61 2 9620 1328
Internet Address: http://www.brickworks.com.au E.Mail Address: info@brickworks.com.au

BRICKWORKS
LIMITED

REVIEW OF RESULTS

JULY 2010

BRICKWORKS LIMITED

REVIEW OF RESULTS JULY 2010

BRICKWORKS DELIVERS A STEADY RESULT AND INCREASED DIVIDEND

$ MILLIONS	July 09 12 mths	July 10 12 mths	Variance %
REVENUE			
Building Products	489.3	580.3	18.6
Property & Waste	103.0	73.8	(28.4)
Other	1.2	2.4	100.0
Total	**593.5**	**656.5**	**10.6**
EBIT			
Building Products	37.0	53.4	44.3
Land and Development	40.6	28.4	(30.0)
Associates & Investments	95.4	76.5	(19.8)
Other & H.O.	(7.2)	(7.7)	6.9
Total EBIT	**165.8**	**150.5**	**(9.2)**
Total Borrowing Cost (incl PAVERS)	(33.3)	(24.5)	(26.4)
Tax Expense	(18.8)	(15.9)	(15.4)
Normalised NPAT	**113.7**	**110.2**	**(3.1)**
Non-regular adjustments			
WHSP (non-regular items) (pre-tax)	392.9	-	(100.0)
Other (pre-tax)	(109.0)	(14.4)	(86.8)
Non-regular Tax (expense) benefit	(92.4)	43.0	146.5
NPAT (including non-regular items)	**305.2**	**138.8**	**(54.5)**
Normal Earnings per share (cents)	85.6	76.7	(10.4)
Earnings per share (cents)	229.8	96.7	(57.9)
Final Ordinary Dividend (cents)	26.5	27.0	1.9
Total Full Year Dividend (cents)	39.0	40.0	2.6
NTA/Share	$8.27	$9.28	12.2

BRICKWORKS DELIVERS A STEADY RESULT AND INCREASED DIVIDEND

Highlights

- Brickworks Normal NPAT down 3.1% to $110.2 million
  - Building Products EBIT up 44.3% to $53.4 million
  - Land and Development EBIT down 30.0% to $28.4 million
  - Investments EBIT down 19.8% to $76.5 million
- Building Products Revenue up 18.6% to $580.3 million
- Total Interest Bearing Debt reduced to $300.0 million, Gearing of 18.2%
- Borrowing costs down 26.4% to $24.5 million
- Final dividend of 27.0 cents fully franked

Overview

Brickworks (ASX: BKW) posted a **Normal** Net Profit After Tax ('NPAT') for the year ended 31 July 2010 of $110.2 million, down 3.1% from $113.7 million for the year ended 31 July 2009. After non-regular items, Brickworks' **Headline** NPAT was $138.8 million, down 54.5% from $305.2 million in the previous year.

Building Products posted a much improved result for the year with EBIT up 44.3% to $53.4 million, driven by government stimulus spending and improving market demand. This offset the weaker result from both Land and Development and Investments. This again demonstrates the stability of earnings afforded by the diversified business model. Brickworks' overall result was assisted by lower borrowing costs as a consequence of reduced debt levels.

Normal earnings per share ('EPS') were 76.7 cents per share, down from 85.6 cents per share for the previous year due to the increased number of ordinary shares on issue.

Directors have declared a final dividend of 27.0 cents fully franked, taking the full year dividend to 40.0 cents fully franked, up 1.0 cent from the previous year.

The record date for the final ordinary dividend will be 23 November 2010, with payment being made on 1 December 2010.

Financial Analysis

Brickworks Net Debt reduced by $155.4 million to $226.6 million at 31 July 2010 improving the Net Debt to capital employed to 12.1% from 21.8% the previous year. Total Interest Bearing Debt also decreased to $300 million reducing the gearing (debt to equity) to 18.2% at 31 July 2010 from 29.2% at 31 July 2009.

This was achieved with proceeds from the Share Purchase Plan ('SPP') of $173.9 million announced in September 2009 and proceeds of $58.6 million from property sales.

Cashflow from operations increased 11.0% to $146.5 million in the year ended 31 July 2010, from $132.0 million in the previous year.

Borrowing costs decreased to $24.5 million due to the reduction in average debt levels compared to the previous period and included the mark to market valuation of swaps of $3.9 million.

Normal tax expense decreased 15.4% to $15.9 million during the year.

Dividends of $58.2 million were paid during the year, compared to $51.8 million in the previous corresponding period.

Working capital, excluding assets held for resale, increased by $106.0 million to $222.3 million mainly due to increased cash deposits and debtors balances from both increased sales in the second half of the year and the additional businesses acquired during the period.

Finished goods inventory levels in the Building Products Group reduced by $9.2 million to $103.2 million during the year after excluding the effect of businesses acquired during the year.

Capital expenditure increased to $25.2 million in the year ended 31 July 2010. Spending on acquisitions totalled $53.1 million for the year comprising the Brick and Block masonry business at Port Kembla in New South Wales and the Sasso Precast Concrete panel business at Wetherill Park in New South Wales, after no acquisitions were made in the previous year. Equity investments of $16.1 million were made to assist the refinance of the JV property trusts.

Brickworks has no banking facilities due for renewal in the coming year with all facilities due to mature in August 2011.

Net Tangible Assets ('NTA') per share increased by 12.2% to $9.28 per share as Total Shareholders Equity increased $278.5 million to $1.650 billion.

Total non-regular profit net of tax reduced from $191.5 million in the year to 31 July 2009 to $28.6 million in the year to 31 July 2010. The previous period included an equity accounting adjustment from Washington H. Soul Pattinson ('WHSP') due to New Hope Corporation's sale of the New Saraji mine. The current period includes a tax adjustment of $38.7 million on the increased tax carrying value of the investment in WHSP that was partially reduced by the cost of the closure of the Eureka tile business at $7.0 million and acquisition and other costs of $3.1 million.

It is now likely that Australia will adopt the International Accounting Standard on leasing of assets in either 2012 or 2013. It is anticipated that this will result in most if not all operating lease assets and liabilities being included in the Balance Sheet. Brickworks currently has operating plant and equipment and mobile plant with an original cost of approximately $61 million under operating lease arrangements. The current Wollert plant expansion in Victoria will be a leased asset. It is also expected that properties rented for sales and manufacturing will be impacted by this new standard. Total lease and rental payments of $16.9 million were made during the year that were fully expensed against the Building Products Group EBIT.

Brickworks Building Products Group

Market conditions[1]

Total dwelling approvals for **Australia** were up 28.5% to 170,824 for the 12 months ended 31 July 2010, from 132,936 in the previous corresponding year.

There has been a spike in building activity however current approval levels are similar to where they were at the same time last year. Seasonally adjusted total dwelling approvals for the month of July 2010 of 14,962 were only 7.0% higher than the monthly approvals for July 2009. The withdrawal of the First Home Owner Boost scheme has seen demand in this segment of the market return to historical averages.

All states in Australia have one or more factors affecting housing supply and affordability. These include availability of land for development, delays in registration of land, high infrastructure charges and lack of finance for construction of medium and high density dwellings and land development.

New South Wales experienced the largest percentage increase in dwelling approvals of any of the states, up 41.8% from 23,842 for the 12 months to 31 July 2009 to 33,814, albeit from a historically low base. Improved activity was seen in both detached housing, up 25.2% to 17,078 and the multi-unit residential segment up 64.1% to 16,736.

Queensland experienced a modest increase in total approvals for the 12 months ended 31 July 2010 of 17.2% to 33,167, after experiencing the sharpest decline in activity of any State in the prior year. The multi-unit residential market was the hardest hit in 2008/09 with a 40.2% decline in activity and only recovered 22.4% in the year ended 31 July 2010. Detached housing approvals increased 14.9% to 22,475 for the 12 months to 31 July 2010.

Victorian approvals increased to a record high of 56,814, up 33.1% from 42,677 approvals in the previous corresponding year. This result has been driven by the sustained release of affordable land for housing, targeted government stimulus and limited regulatory red tape. Multi-unit residential approvals were the strongest segment growing by 53.3% to 17,651 for the year. Detached housing approvals also increased by 25.7% to 39,163.

Western Australia experienced an increase in building activity with total approvals of 25,146, up 30.4% from 19,280 in the prior year. Multi-unit residential construction was the stronger sector, up 67.4% to 5,149. Detached housing experienced a more modest improvement of 23.4% to 19,997 approvals.

South Australia continued to enjoy a stable construction market with an increase in total dwelling approvals of 9.4 % to 12,745 for the year.

[1] Original approvals data sourced from ABS Cat. 8731.0 Building Approvals, Australia, July 2010

Tasmanian approvals increased by 9.2% to 3,303 total approvals in the 12 months ended 31 July 2010.

New Zealand Market Conditions[2]

The New Zealand economy emerged from recession during the year and building consents were up 17.7% for the 12 months ended 31 July 2010 to 16,426. All of the growth came from housing, up 27.6% to 15,495 with apartments down 48.5% to 931 for the year.

Building Products Results in Detail

Year Ended July 2010		2009	2010	Change %
Revenue	$mill	489.3	580.3	18.6
EBITDA	$mill	64.7	79.1	22.3
EBIT	$mill	37.0	53.4	44.3
Capital Expenditure	$mill	17.2	23.9	39.0
EBITDA margin	%	13.2	13.6	3.0
EBIT margin	%	7.6	9.2	21.1
Employees		1,364	1,414	3.7
Safety (TRIFR)[3]		180.5	169.8	(5.9)
Safety (LTIFR)[4]		7.6	3.0	(60.5)

Revenue for the year ended 31 July 2010 was up 18.6% to $580.3 million compared to $489.3 million for the prior year. Revenue in the second half at $317.3 million was up 20.6% on the first half.

Earnings Before Interest and Tax ('EBIT') from the Building Products Group was $53.4 million, up 44.3% on the prior year. EBIT in the second half of $31.6 million was 45.0% higher than the first half of the year.

Margins were increased through improved average selling prices and control of unit manufacturing costs, despite a shift in the sales mix towards high volume low margin housing builders caused by the government stimulus programs. This movement in customer mix was counterbalanced by increased sales of high margin products to the Building the Education Revolution ('BER') program.

Increased demand enabled production volumes to be increased and plants consequently operated at higher capacity utilisation. Manufacturing costs were under pressure from large increases in inputs, especially gas and electricity. These higher input costs were partially offset by the improvement in production efficiency.

Employee numbers were reduced by 21 or 1.5% on a like for like basis excluding acquisitions, during the year to 31 July 2010. Including the acquired businesses employee levels increased by 50 to 1,414.

The total number of work injuries has continued to decline with another improvement in the Total Reportable Injury Frequency Rate ('TRIFR') to 169.8, down 5.9% on the previous year. Brickworks' commitment to providing a safe workplace has seen the Lost Time Injury Frequency Rate ('LTIFR') reduce by 60.5% to a record low of 3.0 for the year ended 31 July 2010.

An integral factor in the achievement of Brickworks' goal of being *Australia's Best Building Products Company* is maintaining its market leading status in world class displays and selection centres. A number of new Design Centres were constructed during the year including Geelong in Victoria, Busselton in Western Australia and Cairns in Queensland.

[2] Building Consents data sourced from Statistics New Zealand – Building Consents, July 2010

[3] Total Reportable Injury Frequency Rate (TRIFR) measures the total number of reportable injuries per million hours worked

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

The program of revitalising existing company displays and Design Centres continued with extensive work completed across the Group including at Horsley Park in New South Wales and Christchurch in New Zealand.

Capital expenditure increased during the year as the constraint on new capital projects imposed during the Global Financial Crisis ('GFC') was removed. New projects were targeted at delivering a safer workplace, improved production efficiency, better product quality and environmental management.

Spending increased to $23.9 million in the year ended 31 July 2010, up from $17.2 million in the prior year. Stay in business capital expenditure was up $4.1 million on last year to $15.1 million, 58.5% of depreciation of $25.8 million. Depreciation was reduced by $1.9 million as the first Wollert plant was leased for 10 years. Major capital expenditure was $8.8 million and included the new factory roof at Riverview in Queensland.

Brickworks further reduced total greenhouse gas emissions during the year by 1.0% despite increased production volumes. The reduction in emissions was able to be achieved with the closure of older less efficient plants and increasing production volumes through more efficient plants such as Wollert in Victoria.

Divisional Results

Austral Bricks delivered a significantly improved result due to increased sales volume to meet demand generated by government stimulus measures and improved margins. Overall brick sales volumes for the year ended 31 July 2010 were up 14.5% compared to the prior year. Margins were able to be increased during the year with net average selling prices up 3.0% while unit manufacturing costs only increased by 2.0%.

Production volumes only increased 2.7% compared to the prior year, resulting in a reduction of inventory levels across the division.

New South Wales achieved the most significant year on year increase in EBIT of all divisions. Demand from the BER and social housing stimulus programs continued strongly throughout the year. The business was well placed to take advantage of this increased activity through a significant improvement in product range and quality.

The business was able to rapidly respond to changes in demand by intermittently bringing a standby kiln at Horsley Park on line as required in the first half. As demand stabilised in the second half this extra kiln remained on line. Higher capacity utilisation from the increased demand and tight cost control resulted in unit manufacturing costs remaining steady.

Queensland had another difficult year with market conditions remaining subdued. Both Rochedale and Riverview plants had production interruptions during the year including a two week shut down in May to replace the building roof at Riverview. In spite of the difficult conditions the business has delivered a significantly improved financial performance compared to the previous year. A number of innovative new products have been developed in Queensland and the business is well positioned in the event the market conditions should improve.

Solid building activity in **Western Australia** enabled sales volumes to be increased slightly even though there is now increased competition in the Western Australian market. The plants performed well during the year with high quality output and excellent cost controls on slightly reduced production volumes. Excluding the 100% increase in gas costs experienced over the full year, margins were increased with higher average selling prices and steady unit manufacturing costs.

Building approvals have peaked during the year in Western Australia and builders are reporting declining sales at the end of the year due to a shortage of registered land. The peak demand from first home construction passed in the first half while strong demand from BER work continued into the second half.

Victoria achieved a strong increase in profitability on the back of record building approvals during the year. The manufacturing performance in Victoria was particularly pleasing with decreased unit manufacturing costs on slightly higher production volumes. The BER program is yet to achieve significant momentum in Victoria.

South Australia continued to deliver strongly due to improved sales volumes and average selling prices. The business has been able to realise improved production efficiencies and product quality from the capital upgrades at Golden Grove. The planned shut down in the first half of the year and strong demand has enabled the business to optimise stock levels.

Tasmania delivered an improved EBIT contribution through higher sales volumes due to improved demand. The operational improvements at Longford have resulted in better quality of products and reliability of production. Innovative new product ranges have been well accepted by the local market.

The **New Zealand** economy emerged from recession during the first half and sales volumes increased, especially in the second half. A concerted effort to sell higher margin niche products has seen the selling price gain upward momentum toward the end of the year in a promising sign for the coming year.

Austral Masonry delivered an improved result in the period. This was achieved through increased sales volumes, up 9.8% over the previous corresponding period prior to the inclusion of Port Kembla. A disciplined sales strategy enabled average selling prices to be increased by 3.8% against determined competition.

Manufacturing volume was substantially increased during the year to meet improved demand. The increased production volumes and good cost control resulted in unit manufacturing costs decreasing during the year and improved margins when combined with the selling price increases.

The addition of the plant at Port Kembla enables Austral Masonry to supply standard masonry along the east coast from Melbourne in Victoria to Cairns in Queensland. This plant was in poor condition requiring a refit in the current period.

Substantial work has been undertaken to expand Austral Masonry's product range to include a more balanced mix of premium products. Lightweight standard masonry products have been released in the South East Queensland market with positive customer feedback. Complementary ranges of retaining wall products have been introduced to provide a more complete range of products in this market segment.

Bristile Roofing achieved an improved result driven by strong performance on the east coast.

Sales volumes increased over 20% compared to the previous corresponding year, due to the surge in first home owner activity. Bristile Roofing was well placed to capitalise on this work with strong relationships and long term contracts with the major builders that secured the majority of this increased activity. This change in sales mix placed pressure on average selling prices on the east coast. Sales demand continues to exceed production capacity in Victoria and additional product is being transported from Queensland to meet customer demand.

Western Australia experienced a similar increase in sales volumes and constraints on selling prices caused by a shift in sales towards first home owner work. Market share gains were able to be achieved by providing an innovative, modern range of quality products.

Production was increased to meet demand and the improved efficiency levels were able to offset rises in production inputs for a reduction in unit manufacturing costs of 1.1% across the business.

Austral Precast. Sasso Precast was acquired by Brickworks in March 2010, increasing exposure to the commercial and industrial construction markets. The business has performed to expectations in spite of weak activity levels in these segments of the construction market. There are signs that the bottom of the current cycle in the industrial market in Sydney may have been reached, with volumes and prices improving at the end of the year.

The integration of this business into the Building Products Group has been successfully completed. Synergies are beginning to be realised in the business however the full benefit of the expansion into the precast concrete panel industry is yet to be seen.

Auswest Timbers delivered a substantially improved result for the year ended 31 July 2010 due to improved sales volumes and average selling prices. Sales volumes were up 4.7% due to strong batten demand in both pine and hardwood.

Auswest Timbers managed to maintain export volumes by developing new export markets in South East Asia to compensate for the decline in demand from the United Kingdom caused by the adverse movement in the currency exchange rate. The strengthening of the Australian dollar has also made imported timber more competitive in the domestic Australian market.

Land and Development

Land and Development produced an EBIT of $28.4 million for the year ended 31 July 2010, down 30.0% from $40.6 million in the previous corresponding period largely due to depressed conditions in the industrial property market.

Property Sales contributed an EBIT of $17.9 million for the year.

Major transactions for the year included the sale of two lots in the M7 Business Hub in New South Wales for $3.0 million and $7.5 million. The sale of the Eastwood site in New South Wales to AV Jennings was finalised during the period with proceeds of $33.8 million received during the year.

The 15 hectare Oxley site in Queensland was sold in July 2010 for $13.0 million. The site was partially rehabilitated and required rezoning to allow residential development. The sale was effected on an as-is basis and represented a better return to Brickworks than developing the site.

Compensation totalling $1.3 million was received for the creation of a pipeline easement on the Rochedale site in Queensland.

The **Property Trust** generated an EBIT of $10.3 million from Development Profit, Trust Income and Revaluations. No new facilities were completed during the year by the Trust.

Distributions from the Property Trust were $7.4 million for the year, slightly down on the $8.1 million in the 12 months to 31 July 2009. The prior year included a land rent payment resulting in an additional distribution of $900,000.

Capitalisation rates appear to have stabilised at 8.0% to 8.5% with increased rentals delivering modest revaluations during the year. The gain on revaluation was $2.8 million for the year ended 31 July 2010 compared to a net writedown of $9.3 million in the year to 31 July 2009.

The total value of the Property Trust assets as at 31 July 2010 was $600.9 million, with borrowings of $248.9 million, giving a total net value of $352.0 million. Brickworks share of the Trust's net assets value was $176.0 million up $15.6 million from $160.4 million at 31 July 2009.

Waste Management contributed a profit of $1.8 million from operations at Horsley Park and Bowral in New South Wales being stable compared to the previous corresponding period.

Investments

The normal profit from Investments in the year ended 31 July 2010 was $76.5 million.

Washington H. Soul Pattinson Limited ('WHSP')

ASX Code: SOL

The normalised profit from this investment was $74.0 million for the year, down from $91.8 million in the year ended 31 July 2009.

The market value of Brickworks 42.85% shareholding in WHSP increased by $204.0 million to $1.329 billion at 31 July 2010. This investment continues to provide diversity and stability to earnings, with cash dividends totalling $59.3 million received during the current year including ordinary dividends of 33 cents per share and a special dividend of 25 cents per share all fully franked.

WHSP has a compound annual Total Shareholder Return for the last 15 years of 17.5%, a substantial outperformance of the ASX All Ordinary Accumulation Index, which returned 9.4% over the same period. A number of the WHSP investments delivered improved performances while WHSP's largest investment, its 59.9% holding in New Hope Corporation, returned a reduced profit following the payment of significant dividends and tax and reduced coal prices.

WHSP maintains a substantial investment portfolio in a number of listed companies including significant holdings in Brickworks, New Hope Corporation, TPG Telecom Limited, API, Clover, Ruralco Holdings and Souls Private Equity.

Significant Items since Balance Sheet Date

Brickworks acquired the assets of the **Girotto** Precast Pty Ltd and **Gocrete** Pty Ltd precast concrete panel businesses from Boral Limited on 1 September 2010 for $13.8 million plus stock. The businesses have been merged with Brickworks' existing Sasso Precast business and rebranded **Austral Precast**.

Austral Precast is the only truly national supplier in the precast concrete panel industry with automated production facilities in Sydney and Perth and manual facilities in Melbourne and Brisbane.

Brickworks only suffered a minor loss of stock in the recent earthquake in Christchurch, New Zealand. It is anticipated that there will be a lull in building activity in the short term before the opportunities associated with the rebuilding process present themselves.

On 23 August 2010, an acquisition scheme became effective for the sale of Arrow Energy Ltd shares by its shareholders, including New Hope Corporation Ltd (NHC), an associate of WHSP. WHSP estimate that the unrealised gain after tax for NHC will be $326.3 million. At the time of writing WHSP had not indicated their share of profit from this transaction. Brickworks will report a share of this as an equity accounted profit in the 2011 financial year, following accounting for this transaction by NHC and WHSP.

Outlook

Building Products Group

The longer term outlook for Building Products demand is reliant on alleviating land supply constraints. These include onerous infrastructure charges and government regulation that have led to the current lack of readily available land for development. Lack of finance is also having an impact on construction of medium and high density dwellings and land development. State governments have taken some steps towards addressing these issues, however concerted action is needed to reduce the impact of these constraints that have resulted in an inadequate number of new dwellings being constructed in Australia.

The return of investors and upgraders to the market becomes paramount for a sustainable recovery in housing construction as the effect of the BER and social housing stimulus programs diminishes. The market is still relatively attractive to upgraders and investors despite recent increases in borrowing costs. Vacancy rates remain tight in most capital cities, except for Perth and Brisbane, and property prices and rental yields continue to grow.

Stable market activity in New South Wales, Victoria, South Australia and Tasmania is expected to continue in the short term. Anecdotal evidence indicates that Queensland and Western Australia will soften.

Recent falls in housing finance approvals back to levels seen during the GFC are a concern. Housing finance is a lead indicator of residential construction activity and is indicating a potential softening of market conditions during the coming year.

Non-residential construction is expected to start recovering during the coming financial year. The commercial and industrial markets have been soft in Queensland and Western Australia, while New South Wales and Victoria are showing early signs of strengthening.

Land and Development

Demand for new site development work has slowed, but several new Property Trust projects are expected to commence during the coming year that will complete early in the following financial year.

In particular the Brickworks/Goodman JV has secured a 10 year lease pre-commitment from DHL for two facilities totalling 36,000m^2 on the Oakdale site. This project is expected to be completed in the 2011/12 financial year.

Work is continuing on rezoning of surplus land at Craigieburn in Victoria and Rochedale in Queensland in anticipation of future development. The Victorian government has recently extended the Urban Growth Boundary for Melbourne to now include this surplus land at Craigieburn.

Rental returns from the Property Trust will stabilise as no new facilities are likely to be completed during the year. Trust revaluations will reflect the effect of rental increases on both the cash return and asset values as capitalisation rates are expected to remain stable at 8.0% to 8.5%.

Investments Group

Investment returns will remain strong with a substantial equity accounted non-regular contribution from WHSP following the completion of the Arrow Energy transaction in August 2010.

Brickworks Group

The diversified model of Brickworks should deliver another solid result in the coming year.

LINDSAY PARTRIDGE
MANAGING DIRECTOR