

MEDIA RELEASE

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NEW BRICK PLANT A WIN FOR SHAREHOLDERS, CUSTOMERS AND THE ENVIRONMENT



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The lighting of the kiln in the new Wollert West brick plant signals the culmination of seven years of restructuring the Austral Bricks[™] business in Victoria. The execution of this vision has required an enormous investment of time, effort and capital but delivers a sustainable long-term business for Brickworks.

The restructure has made the business more efficient in its use of capital, labour, resources and energy. This restructuring plan has been self funding with more value extracted than has had to be reinvested.

The rationalisation of Brickworks' manufacturing facilities has released significant parcels of land for redevelopment. Proceeds to date from property sales total \$117.3 million. As a result of the closure of the Craigieburn and Summerhill factories a further 180 hectares of net developable area will be made available. A submission has been made to the Victorian government to have this land re-zoned for residential purposes which would significantly increase the value of this land.

The Board of Brickworks approved the construction of a new plant, Wollert East, in 2004 to replace the obsolete Scoresby plant. This initial investment provided a state-of-the-art factory that has consistently performed in excess of design specifications.

The success of this new plant provided the confidence to execute the next stage of the strategy entailing the construction of a second manufacturing line, Wollert West, to replace the Summerhill and Craigieburn factories. This plant doubled the overall capacity of the Wollert plant and brought the total investment in new brick manufacturing facilities in Victoria to \$125 million.

The majority of the clays used in production are sourced from the Wollert site where there is 50 years of reserves. A further 30 years of a specific colour clay reserve located at Wallan has recently been acquired to support the investment in the business in the long term.

At the completion of the restructuring the business will have reduced from a total of six kilns to two inherently more efficient kilns.

The new plants will also provide significant environmental benefits with greenhouse gas emissions reduced by 40% compared to the manufacturing facilities that they have replaced before taking into account that the new plants have much higher product recoveries and produce less waste. Compared to the replaced plants, less bricks need to be produced overall, to produce the same number of first quality bricks.

As a result of the rationalisation of the manufacturing facilities the number of manufacturing staff will be reduced by two thirds from 154 to 58.

Customers have already commented on their appreciation for the higher quality product and improved product range produced from the completed plant.

The combined Wollert plant is one of the largest, most modern and most efficient brick plants in the world under one roof with a total capacity of 170 million bricks per annum. Austral Bricks now has 100 per cent state of the art manufacturing facilities in this market and a strong competitive advantage.

Commissioning of the new kiln will be completed by the end of December 2011. The addition of reliable, high-quality capacity in the strongest housing construction market in Australia is expected to contribute positively to earnings from the second quarter of next financial year.

Brickworks Limited was listed on the Australian Securities Exchange in 1962 and has paid a dividend every year since then. It has three Groups - Building Products, Land and Development and Investments. The Building Products Group includes Australia's largest brick producer Austral Bricks[™], Austral Masonry[™], Bristile Roofing[™] and Austral Precast[™]. The Land and Development operation maximises value from surplus land and redundant building products sites. Investments include a 42.85% holding in Washington H. Soul Pattinson.

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