

BRICKWORKS

LIMITED

24 March 2011

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 half year ended 31 January 2011, for immediate release to the market.

Yours faithfully,
BRICKWORKS LIMITED



IAIN THOMPSON
COMPANY SECRETARY

BRICKWORKS LIMITED

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**RESULTS FOR THE HALF YEAR
ENDED 31 JANUARY 2011**



24 March 2011

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OVERVIEW

Mr Robert Millner, Chairman



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Presentation Outline

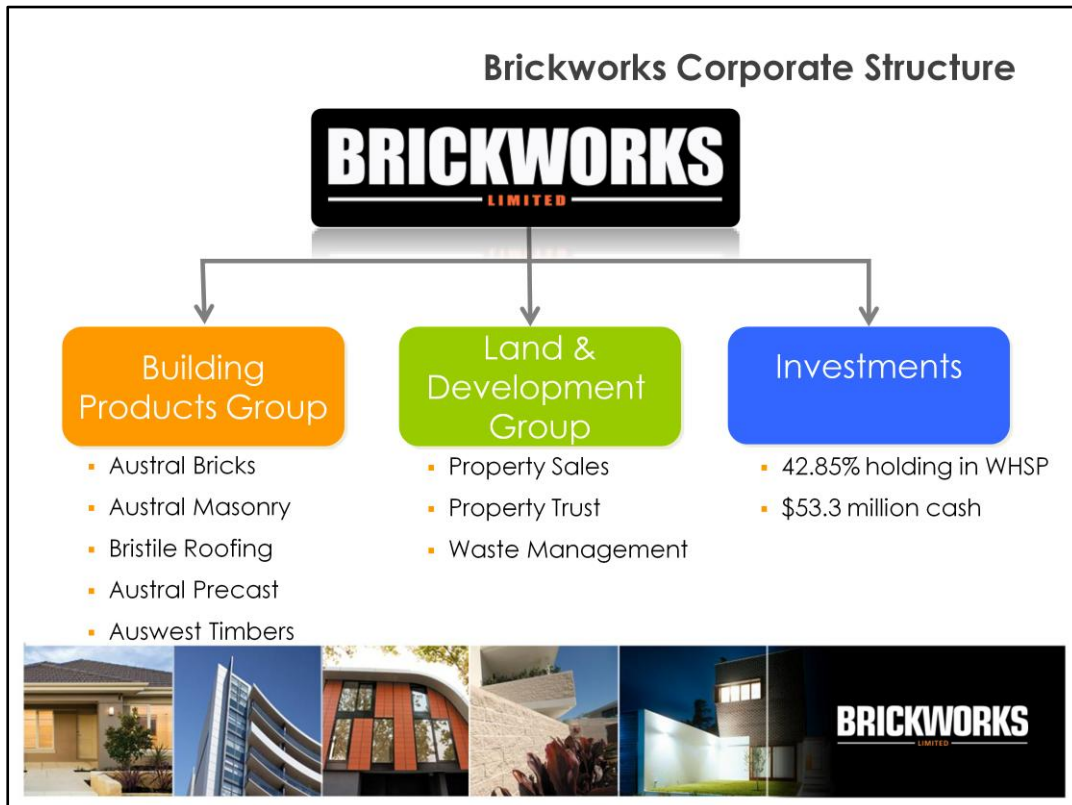
- Overview
- Results in Detail
- Building Products
- Investments
- Land & Development
- Questions

BRICKWORKS
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Chairman: Good Afternoon Ladies and Gentlemen and welcome to the Brickworks analyst briefing for the half year ended 31 January 2011.

Today I will provide an overview of the Brickworks results and then our Managing Director, Mr. Lindsay Partridge will take you through the results in more detail.

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



Brickworks corporate structure has provided diversity and stability of earnings over the long term.

There are three main parts to the Brickworks business model:

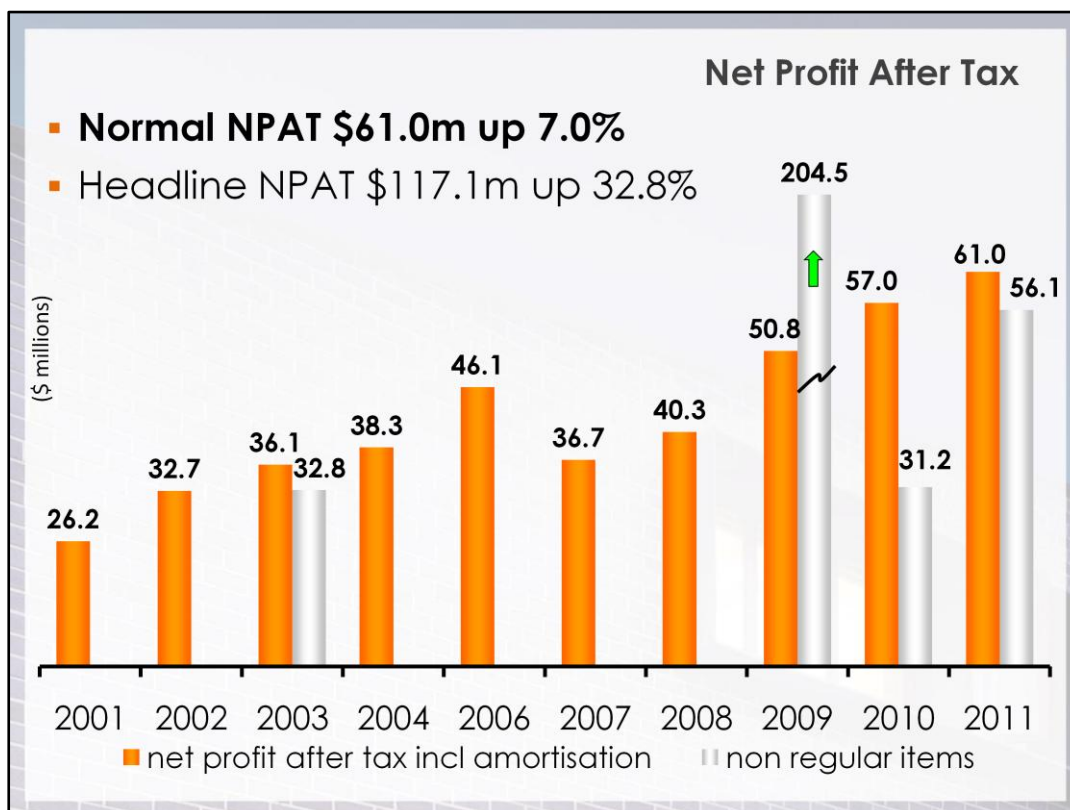
- the Building Products Group,
- Land & Development and
- Investments.

The Building Products Group consists of Austral Bricks™, Austral Masonry™, Bristile Roofing™, the newly formed Austral Precast™ and Auswest Timbers™.

The Land & Development business exists to maximise the value of surplus land created by the Building Products business.

The 42.85% interest in Washington H. Soul Pattinson provides a stable earnings stream and a superior return.

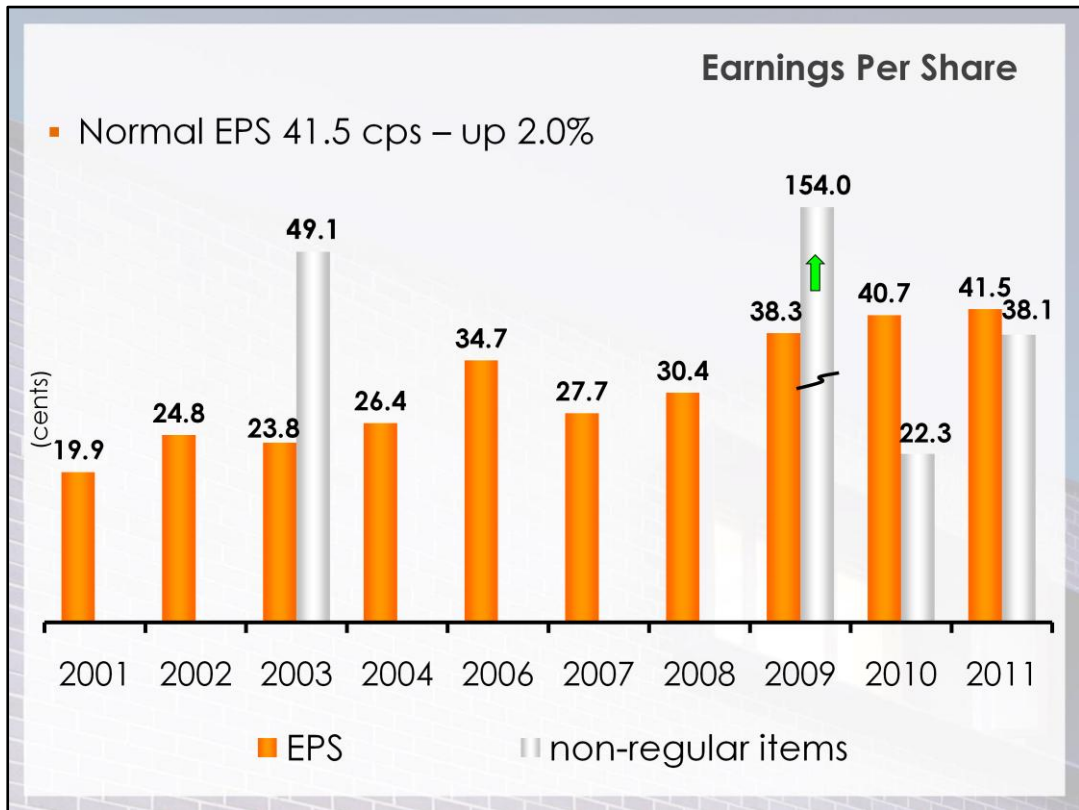
Brickworks was holding \$53.3 million cash at the end of the half.



I am pleased to report that Normal Net Profit After Tax increased by 7% to \$61 million for the half year.

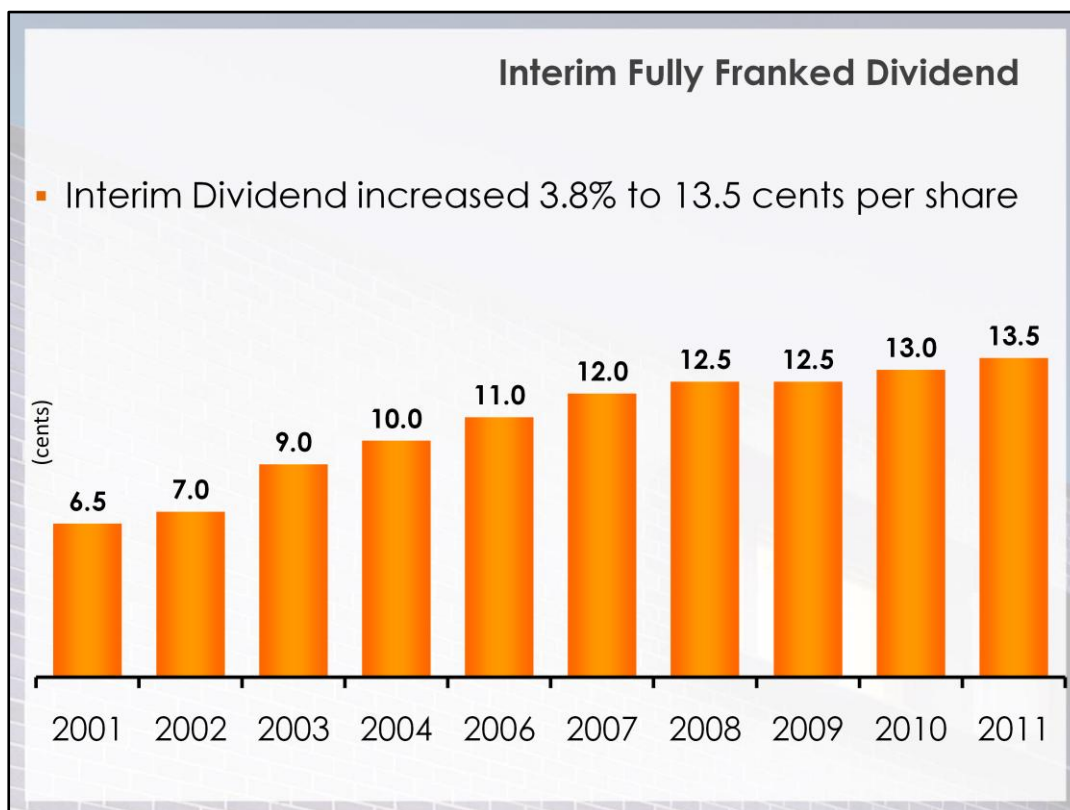
Normalised earnings increased despite the difficult trading conditions as a direct result of the stability of earnings afforded by the diversified business model.

Headline Net Profit After Tax including non-regular items increased by 32.8% to \$117.1 million. The majority of the non-regular profit was comprised of the Brickworks \$83.4 million before tax equity accounted share of the profit from New Hope Coal's sales of its stake in Arrow Energy Limited.

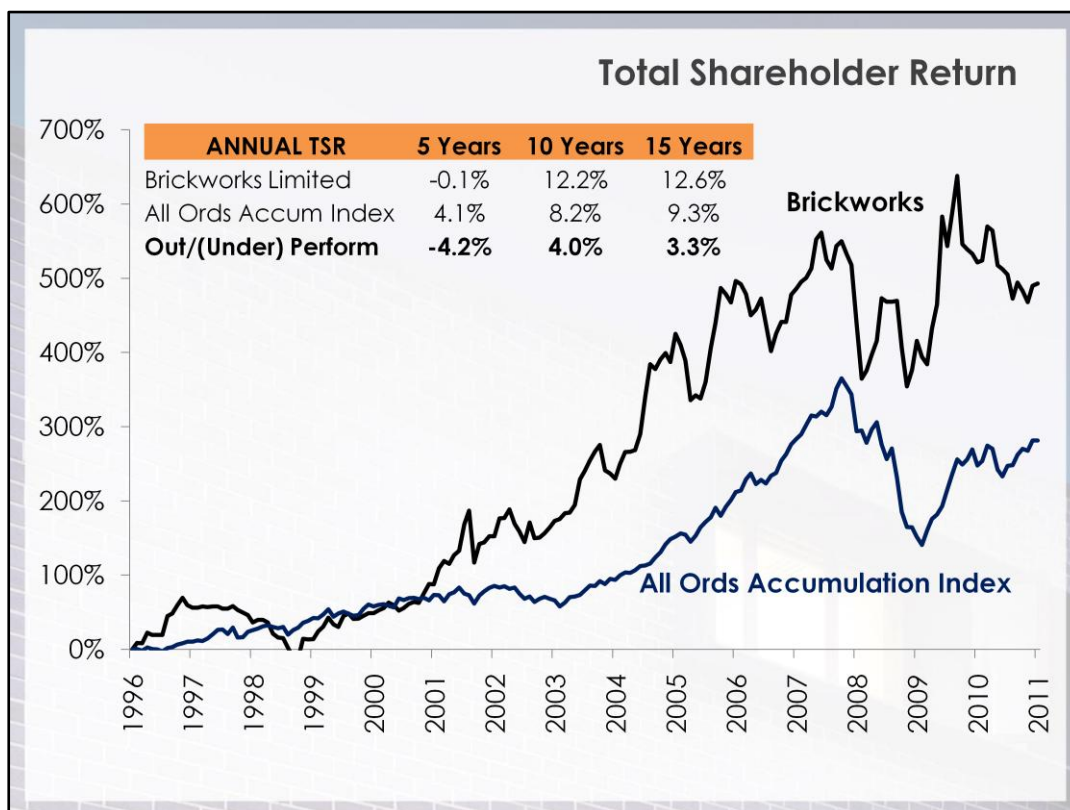


Normal Earnings Per Share increased by 2% to 41.5 cents per share.

Headline Earnings Per Share increased by 16.6 cents to 79.6 cents per share.



The Directors have resolved to increase the interim fully franked dividend to 13.5 cents per share, up from 13.0 cents per share for the previous corresponding half.



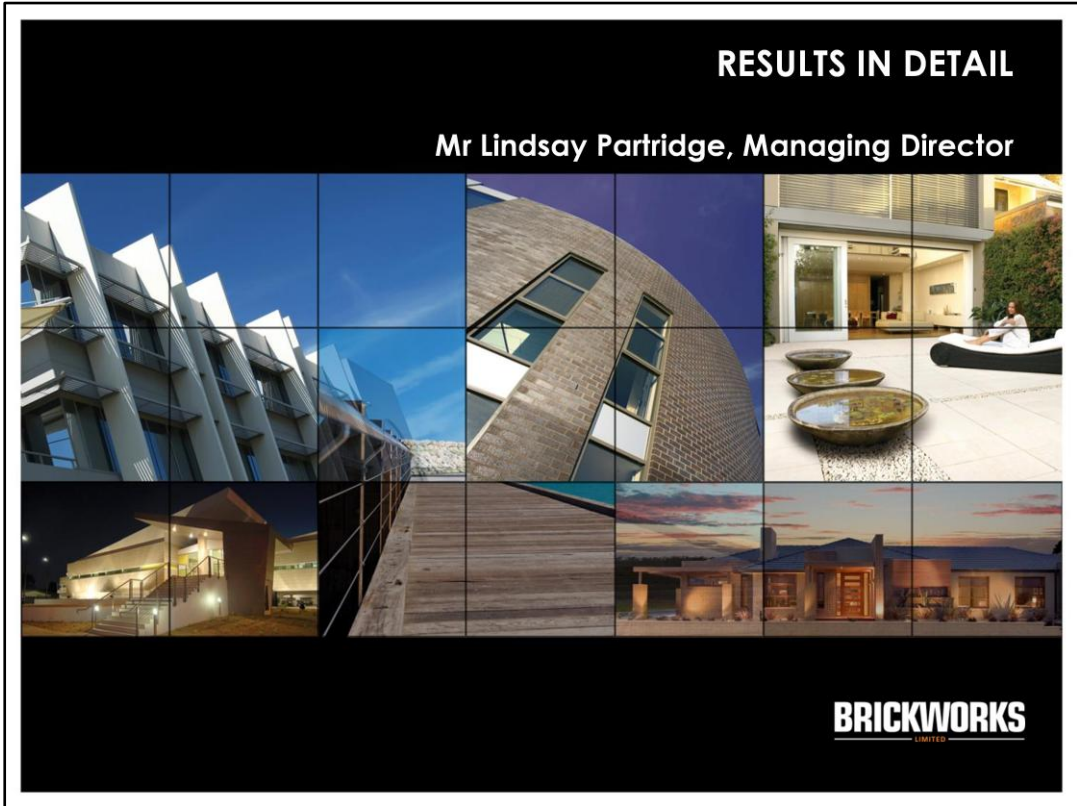
Brickworks continues to outperform the All Ordinaries Accumulation Index in terms of Total Shareholder Return over both the medium and long term with outperformance of the index by:

- 4.0% per annum over 10 years; and
- 3.3% per annum over 15 years.

Over 10 years Brickworks has delivered a cumulative return of 216.4% compared to 120.1% for the All Ordinaries Index.

Brickworks directors and management are acutely aware of the short term underperformance of the share price and are working to rectify the situation.

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



Thank you Chairman. Good afternoon ladies and gentlemen.

Financial Snapshot			
	HY 2010	HY 2011	% Change
Building Products EBIT	\$21.8m	\$22.4m	↑ 2.8
Land and Development EBIT	\$12.3m	\$20.6m	↑ 67.5
Investments EBIT	\$41.1m	\$37.9m	↓ (7.8)
Total EBIT	\$71.4m	\$77.0m	↑ 7.8
Borrowing cost	(\$10.5m)	(\$9.2m)	↓ (12.4)
Income tax	(\$3.9m)	(\$6.8m)	↑ 74.4
Net Profit after Tax (Normal)	\$57.0m	\$61.0m	↑ 7.0
Net Profit after Tax and non-regs	\$88.2m	\$117.1m	↑ 32.8

Even after a soft final quarter Building Products delivered an improved result up 2.8% to \$22.4 million for the half. The six months to January 2011 were the wettest on record for Australia. This lead to significant delays in construction schedules and consequently deliveries of our products. We have estimated the impact of the wet weather and flooding on Building Products EBIT to be \$1.7 million for the half.

Land and development earnings were up significantly due to sales of surplus land to \$20.6 million, from \$12.3 million in the previous corresponding period.

Normalised Investment earnings were down 7.8% to \$37.9 million for the half.

Total EBIT was up 7.8% to \$77 million for the period.

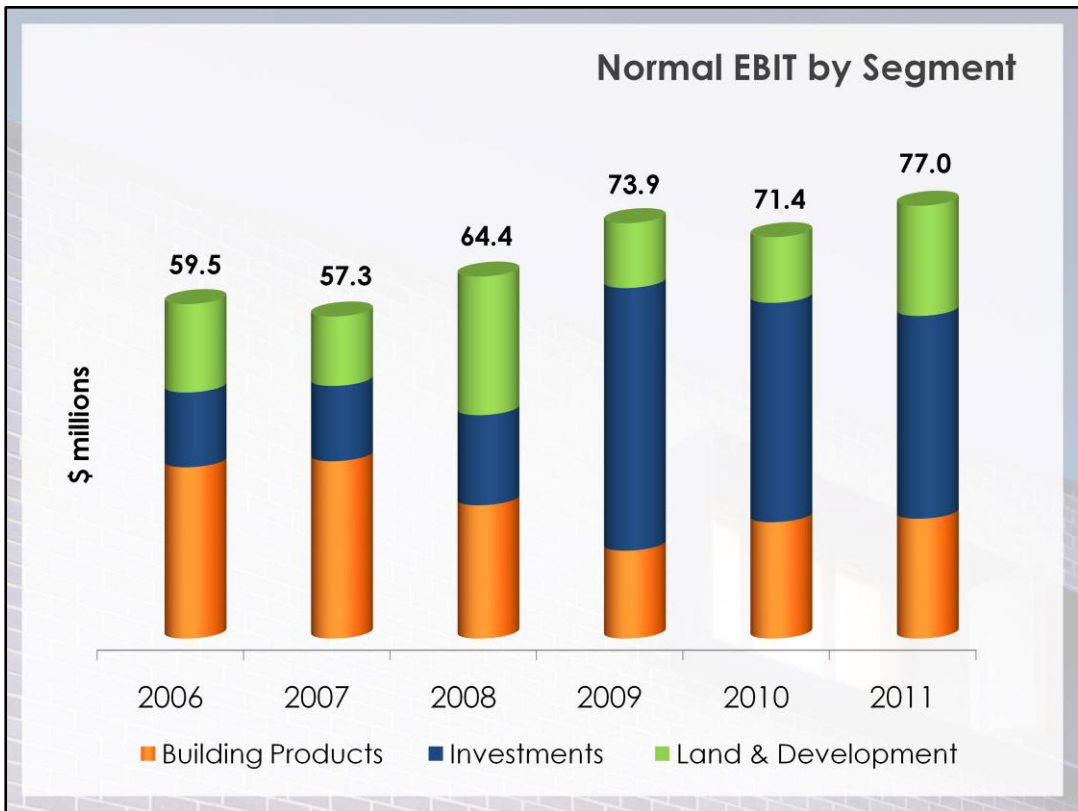
Borrowing costs reduced to \$9.2 million from \$10.5 million due to lower average debt levels and a gain on the mark to market valuation of swaps.

Tax expense increased to \$6.8 million and returned to more normal levels. Tax expense in the prior period included a significant credit amount arising from an increase in the tax carrying value of the investment in Washington H Soul Pattinson.

The resulting Normal Net Profit After Tax was \$61 million, up 7% from the prior period.

Non-regular items after tax totalled \$56.1 million, up fro \$31.2 million. The largest non-regular item was the equity accounted profit from New Hope Coal's sale of its stake in Arrow Energy Limited.

The headline net profit after tax and non regular items was \$117.1 million, up 32.8% from \$88.2 million.



This graph reinforces how the contribution from each part of the business provides stability of earnings. The fluctuations in Building Products earnings through the normal cycle has been successfully countered by earnings from Land and Development and Investments.

Key Financial Indicators			
	FY July 2010	HY Jan 2011	% Change
Net Tangible Assets (NTA) per share	\$9.28	\$9.48	2.2
Shareholder's Equity	\$1,650m	\$1,683m	2.0
Shareholder's Equity per share	\$11.21	\$11.41	1.8
Return on Shareholders Equity	8.4%	13.9%	65.5
Net Debt	\$226.6m	\$246.7m	8.9
Net Debt/Capital Employed	12.1%	12.8%	(5.8)
Interest Cover (Normal/Annualised)	5.8x	7.4x	27.6

Looking at our Key Financial Indicators.

Net Tangible Assets per share increased by 2.2% to \$9.48.

Shareholders Equity increased to \$1.68 billion at the end of the half which represents \$11.41 per share.

Return on Shareholders Equity improved to 13.9% from 8.4% at 31 July 2010.

Brickworks three year \$300 million senior debt facility matures in August 2011. Negotiations with the existing banking syndicate for the rollover of this facility and an undrawn \$100 million working capital facility due at the same time, are well underway and will be completed well ahead of the rollover date.

Net debt increased by \$20.1 million to \$246.7 million with net debt to capital employed at 12.8% at the end of the period.

Interest cover was a conservative 7.4 times.

Capital Expenditure

	HY 2010	HY 2011
S.I.B. Plant and Equipment	\$6.6m	\$9.2m
Major Capital Items	\$2.6m	\$5.1m
Building Products Capital Expenditure	\$9.2m	\$14.3m
Land and Development & Rehabilitation	\$0.5m	\$7.2m
Depreciation and Amortisation	\$12.8m	\$13.2m
Business Acquisitions	-	\$14.2m

Stay in Business capital expenditure increased to more normal levels to be \$9.2 million for the half. This represents 69.7% of depreciation.

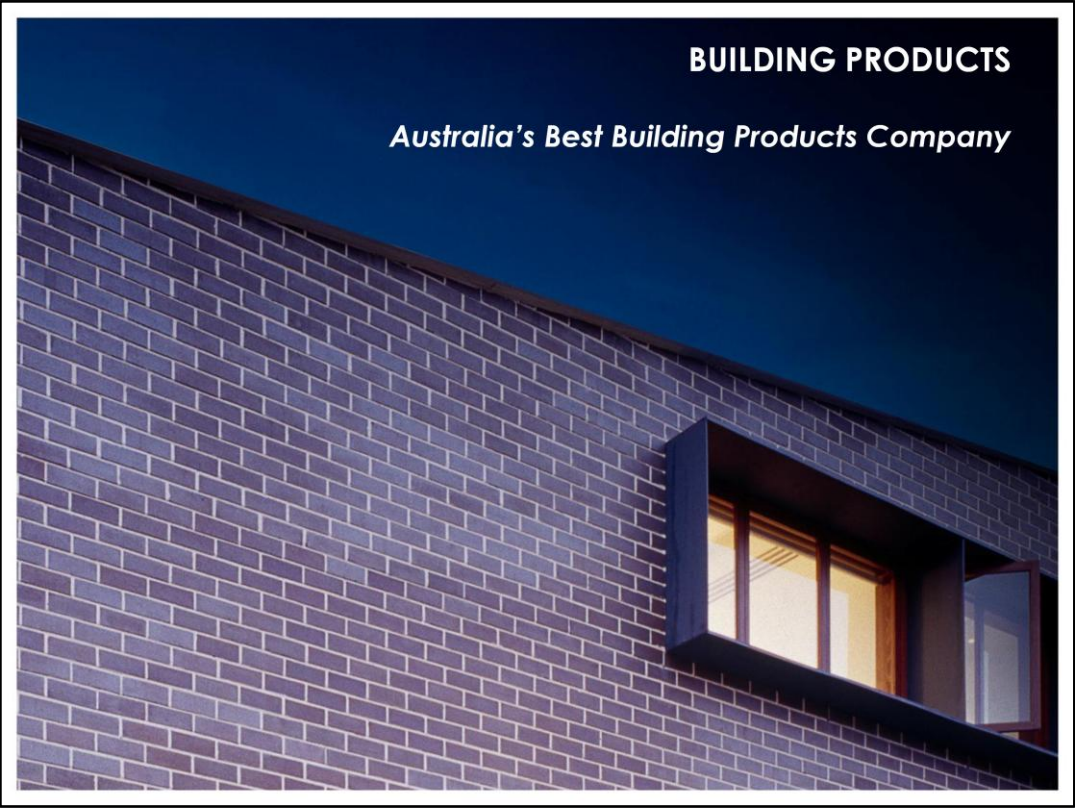
Major capital items of \$5.1 million included the expansion of the Wollert brick plant in Victoria, the tail end of the roof replacement at Riverview in Queensland and the commencement of the upgrades to the automated precast panel plant at Wetherill Park in New South Wales.

Of the \$7.2 million spent on land and development and rehabilitation, a total of \$6.6 million was spent on acquiring strategic sites for the Building Products business.

The Giroto and Gocrete precast panel businesses were acquired in September 2010 for \$13.8 million plus stock.



The new Austral Bricks plant at Wollert in Victoria is expected to start commissioning in July. The project is on time and on budget. The replacement of previous generation technology with a state of the art, low cost manufacturing facility will provide savings in production costs and greenhouse gas emissions. The addition of low cost capacity in the strongest housing construction market in Australia is expected to contribute to earnings from the second half of next financial year.



Now looking at the Building Products results.

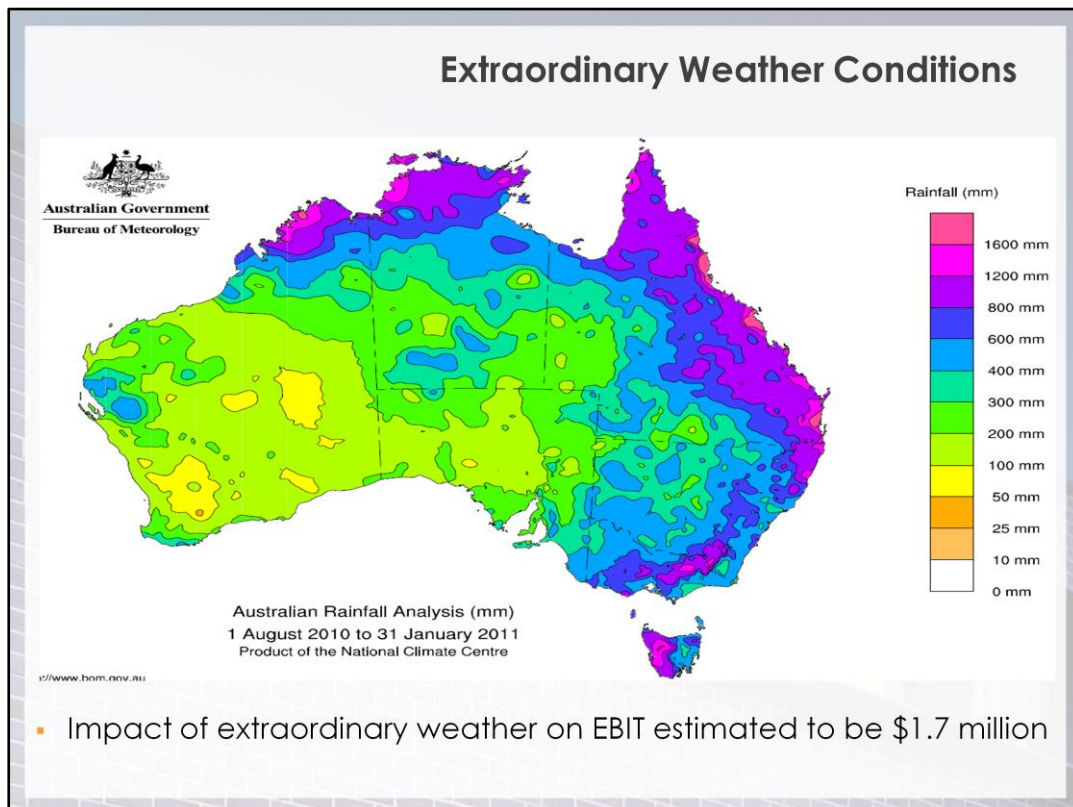
Building Products Result			
	HY 2010	HY 2011	%Change
Sales revenue	\$263.0m	\$303.5m	15.4
Building Products EBITDA	\$34.6m	\$35.6m	2.9
Consisting of:			
▪ Depreciation	\$12.8m	\$13.2m	3.1
▪ EBIT	\$21.8m	\$22.4m	2.8
Building Products Margin			
▪ EBITDA to sales	13.2%	11.7%	(11.4)
▪ EBIT to sales	8.3%	7.4%	(10.8)

Sales revenue for the half increased 15.4% to \$303.5 million.

EBITDA increased 2.9% to \$35.6 million and EBIT increased 2.8% to \$22.4 million.

EBITDA to sales margin decreased to 11.7% compared to the prior period.

The EBIT to Sales Margin decreased to 7.4% from 8.3% in the prior period. Including the recent acquisitions, on a like for like basis the EBIT to Sales Margin would have been 8.5% for Building Products. The precast acquisitions have lead to a fundamental shift in Building Products sales margin. Precast has inherently lower margins due to the supply and install nature of the business.



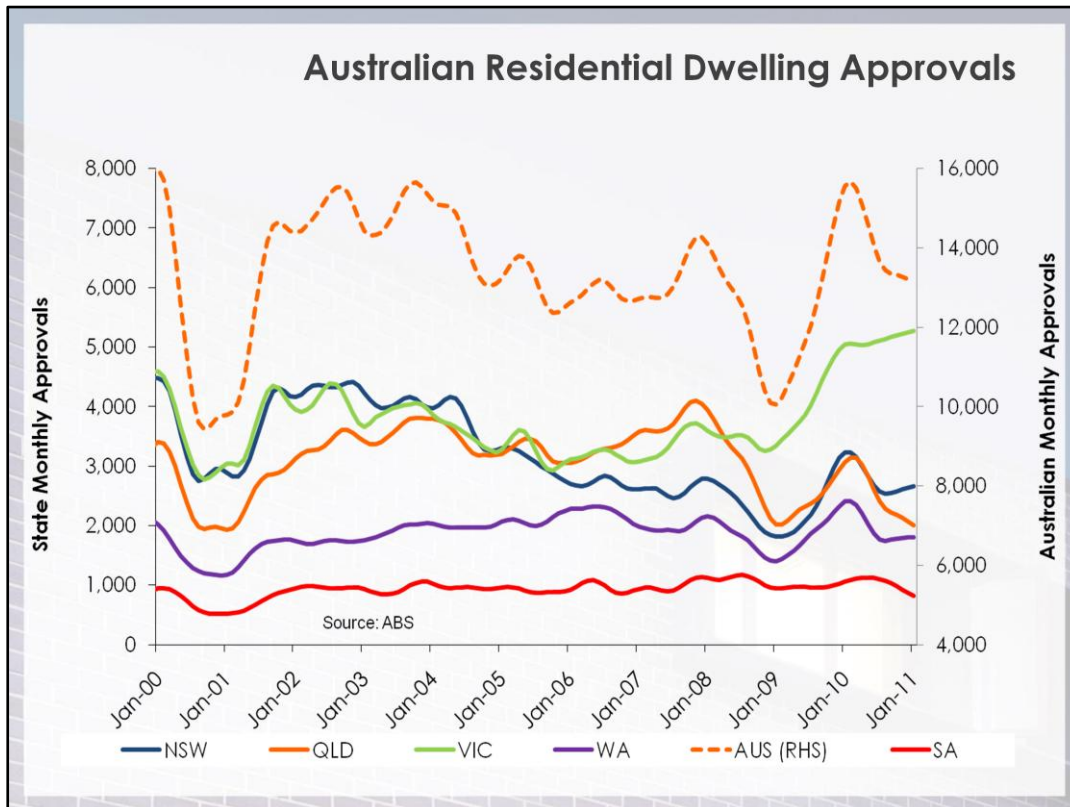
This picture highlights to extraordinary level of rainfall experienced on the east coast of Australia in the six months to 31 January 2011.

Brisbane's summer rainfall was double the long term average and contributed to the worst floods in 37 years in January 2011.

Fortunately no employees were injured and no Brickworks sites suffered any significant damage.

Building activity in Queensland was already in a depressed state. The combination of 2010 being the wettest year on record and the extraordinary January floods resulted in a double bottom on building activity levels. Consequently all Brickworks Building Products divisions operating in Queensland were adversely affected.

The affect on Building Products EBIT for the half is estimated to have been \$1.7 million.

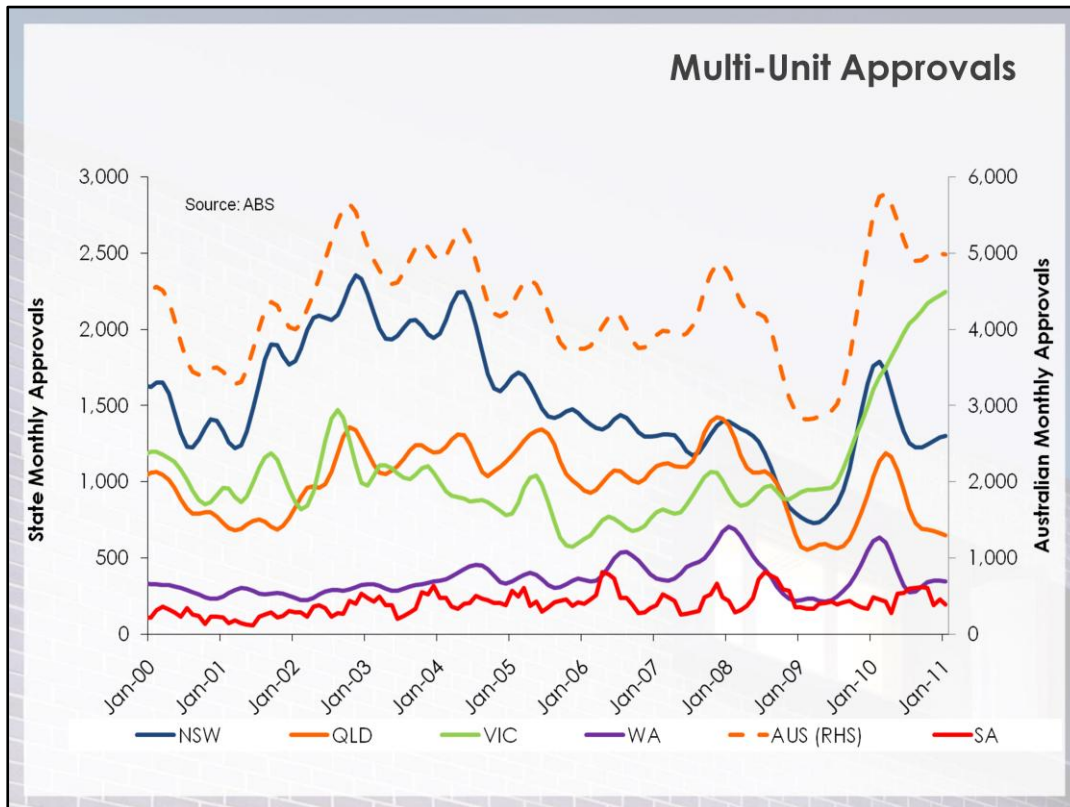


Total dwelling approvals in Australia were slightly down for the six months ended 31 January 2011. The detached housing segment showed the greatest signs of weakness, down 16.8% from the previous half

Total approvals in Queensland for the half were down 24.8% and were below the bottom of the cycle seen during the GFC.

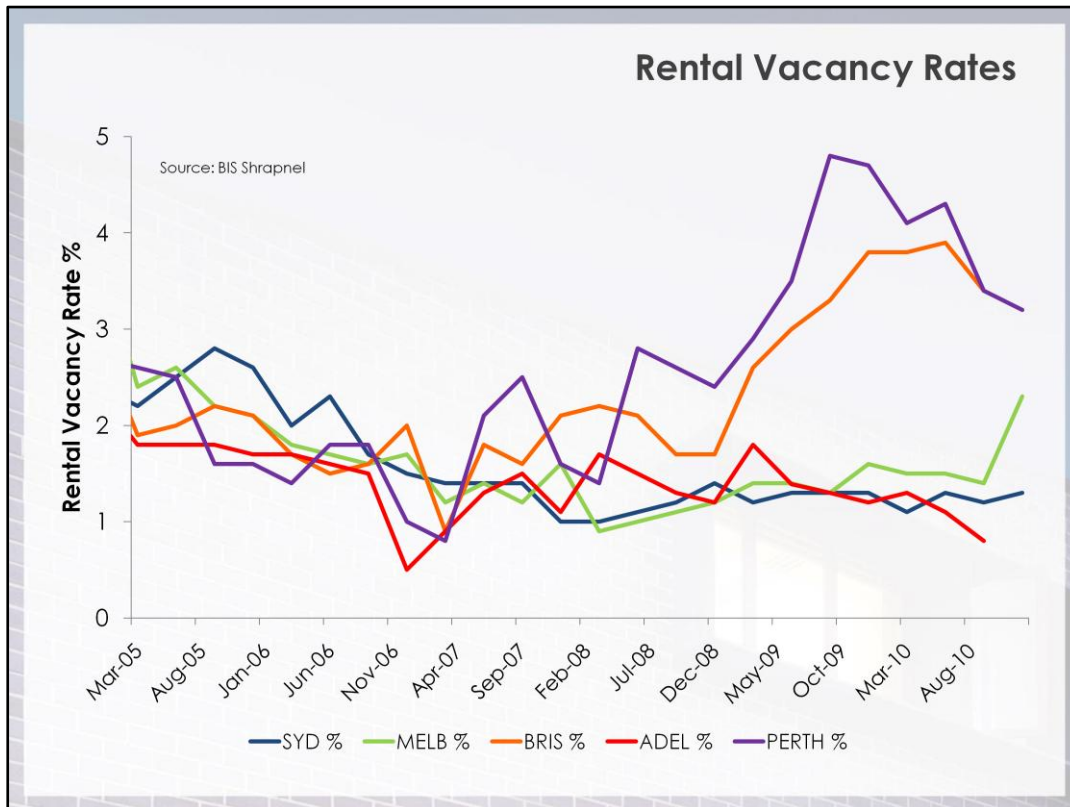
The Western Australian market was constrained by a lack of affordable and titled land for development and the continuation of restrictive lending practices.

The only strength in approvals was in multi-unit dwellings.



This graph shows multi-unit dwelling approvals for each state. The obvious standout is Victoria where multi-unit approvals were up 44.2% for the period. This is the result of the combination of strong population and economic growth with good support from the state government through first home owner grants.

New South Wales is showing some long awaited signs of life in part due to the elimination of stamp duty for off the plan purchases under \$600,000. This may be further stimulated by a change in government at the election this weekend.

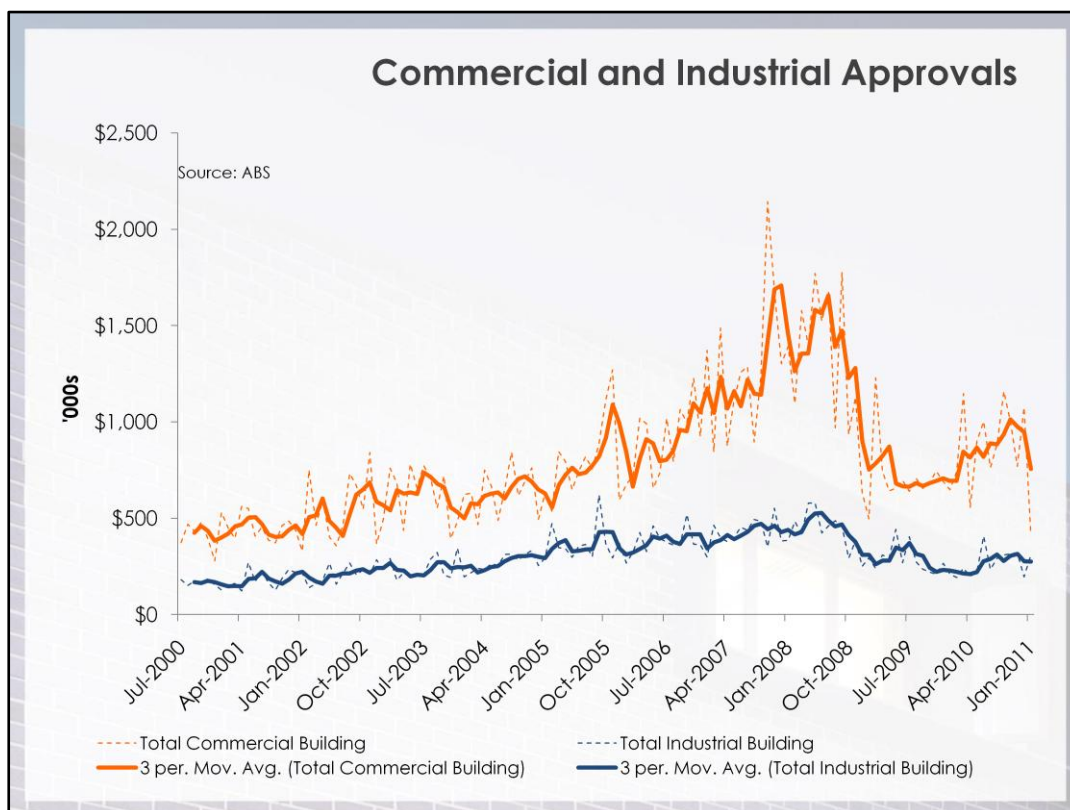


Rental vacancy rates for the capital cities show tight markets, that is less than 3%, for an extended period of time in all cities except Perth and Brisbane.

The trend for Perth and Brisbane is falling and we could shortly have tight rental markets in all major cities again. This is clear evidence that the underlying demand exists for the construction of more new housing.

Western Australia is expected to make a modest recovery in the final quarter of this year as the rental vacancy rate tightens further and demand picks up.

These figures are quarterly and cover to December 2010. It is anticipated that the next quarter will see a significant reduction in Brisbane due to the floods. This is countered by a glut of vacant apartments on the Gold Coast.



The value of approvals in the Industrial segment of the non-residential market in Australia improved 23% for the half, albeit from a low base. Importantly we are seeing signs of growth in this segment at the end of the period, particularly in New South Wales.

The commercial market improved 28% nationally over the period in spite of some signs of softness in January.

Display and Design Centres



As part of Brickworks' ongoing program of providing world class selection and **display centres** a total of 14 existing displays have been upgraded and 16 new display and design centres constructed over the last 5 years. Most recently the substantial upgrade of the display centres at Armadale in Western Australia (shown in the picture on screen), Horsley Park and Bowral in New South Wales and Christchurch in New Zealand have been completed. A number of new design centres were also completed during the year including Geelong in Victoria, Busselton in Western Australia and Cairns in Queensland. To maintain the company's market leading status a number of upgrades of existing displays and new centres are planned for the second half including Richmond in Victoria and Carrington Street in the Sydney CBD.



Austral Bricks™

- Sales Volume up 5.5%
- Average Selling Prices up 1.9%
- Manufacturing volumes increased to match demand
- Unit Manufacturing Costs contained despite increase in input costs
- BER and Social Housing Programs winding down


Austral Bricks delivered another improved result due to increased volumes and increased margins.

Overall sales volumes were up 5.5% nationally and average selling prices were up 1.9%.

Manufacturing volumes were increased to match the increased demand.

Unit production costs were able to be held steady despite increased input costs, in particular a 6.3% average rise in energy costs.

Progress on the delivery of the Building Education revolution and Social Housing programs varies by State. Most states have seen the peak of activity. However in Victoria the programs are less than half completed.



Austral Masonry™


- Sales Volume down 5% excluding Port Kembla acquisition
- Average Selling Prices up 2.6% with greater promotion of premium ranges
- Manufacturing unit costs up 5.9%
- No plants damaged by January floods but significant business interruption
- Acquired East Coast Masonry at Coffs Harbour, NSW in Feb 11 for \$2.5 million

On a like for like basis, excluding the Port Kembla acquisition, sales volumes in the Austral Masonry business were down 5%. Including Port Kembla, sales volumes were up over 20%.

Average selling prices were able to be increased 2.6% on the prior period, assisted by the promotion of a greater product range, including Artique coloured blocks and new landscaping products such as the Heron and Coolum retaining wall systems.

We are pleased to report that no employees were injured and plants suffered any significant damage during the January flood in Queensland. There was however substantial business interruption.. There were a number of plant closures due to the plants being isolated, employees being unable to attend work and issues with the supply of raw materials. The combination of weather events and increases in input costs such as energy and packaging resulted in manufacturing costs rising by 5.9%.

In February 2011 Brickworks purchased East Coast Masonry, a Coffs Harbour based business for \$2.5 million. The acquisition complements the existing footprint on the east coast and fills a geographic gap.



Bristle Roofing™

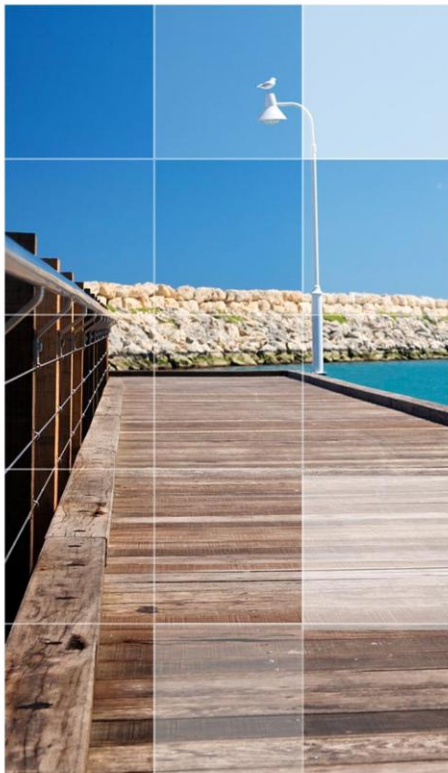
- Another solid lift in earnings
- Sales Volume on East Coast steady despite impact of weather
- East Coast selling prices up 3.0%
- Production costs up on lower volumes
- West Coast volumes and prices up, leading to improved result

Bristle Roofing achieved yet another lift in earnings with sales volumes on the east coast steady despite the impact of the severe wet weather.

Average selling prices were up 3% as first home owner work diminished and the customer mix returned to more historically consistent levels.

Production costs did rise on the east coast on lower manufacturing volumes with production time lost at Wacol in Queensland due to the floods in January and the Dandenong plant in Victoria being closed for scheduled maintenance over the Christmas period.

Both sales volumes and average selling prices were up in Western Australia for the half. Selling prices improved as the high level of first home owner work diminished. Sales volumes increased as market share gain achieved through innovative new products were consolidated. These factors contributed to an improved result for the half for the Western Australian business.



Auswest Timbers™

- Improved result due to increased margins
- Average selling prices increased at twice the rate of production costs
- Sales volume in line with prior period
- Strategy of repositioning the product mix more towards value added products continues

Auswest Timbers™ delivered another improved result due to a substantial increase in margins. The increase in average selling prices was twice the increase in production costs.


Average selling prices increased as a result of the continued strategy to reposition the business as a provider of value added products.

Sales volumes were in line with the prior period.

Substantial work has been undertaken to establish new export markets in South East Asia to complement the more traditional export markets such as the UK.

The dynamics of the timber industry in Australia are changing and there are a number of positives for Auswest. The change in government in Victoria may result in a more secure log supply regime and provide certainty to enable reinvestment.

The reduction in native hardwood out of Tasmania also provides an opportunity for the business.



Austral Precast™

- Purchased Giroto/Gocrete for \$13.8 million plus stock in Sep 10
- Only national precast company
- Positive contribution to earnings
- Integration progressing well
- Significant upgrades to automated plant at Wetherill Park, NSW are well underway
- Planning for new automated plant in Victoria is underway

Austral Precast is now the only truly national producer of concrete precast panels after the acquisition of the Giroto and Gocrete businesses for \$13.8 million plus stock in September 2010.

The combined business provided a positive contribution to earnings for the half, and we are pleased with the progression to date.

These business have been integrated with the previously acquired Sasso business and rebranded as Austral Precast. The integration of the business into Brickworks Building Products is progressing well and is already beginning to deliver results.

Significant upgrades to the automated carousel plant at Wetherill Park in New South Wales are well underway and it is anticipated that this facility will be world class by the end of calendar 2011. Contracts have been let for the work to convert the other automated plant at Maddington in Western Australia from a purely flooring plant to a plant able to economically produce both flooring and walling.

Planning for a new automated plant in Victoria is progressing well.

Building Products Outlook

- Dwelling commencements expected to be 150,000 to 155,000 in the coming year
- RBA Monetary Policy could threaten investment in new housing
- Government's proposed carbon tax will damage the housing industry
- Available land supply for development continues to constrain activity in most states
- Anecdotal evidence suggests signs of a sustained recovery in medium to high density segment in NSW
- Commercial and industrial segments are also showing some signs of growth at a national level

Brickworks view is that dwelling commencements for the coming year are expected to be in the range of 150,000 to 155,000. This is supported by a softening of approvals over the last six months, the winding down of the social housing program and increasing interest rates.

Investment in new housing has been reduced due to recent interest rate rises and any further rate rises will significantly constrain new dwelling construction.

The Gillard government's proposed carbon tax may cause long term damage to the housing and building products industries in Australia. The price of all building products will rise under this scheme, negatively impacting housing affordability at a time when it is already unaffordable and construction levels are below underlying demand.

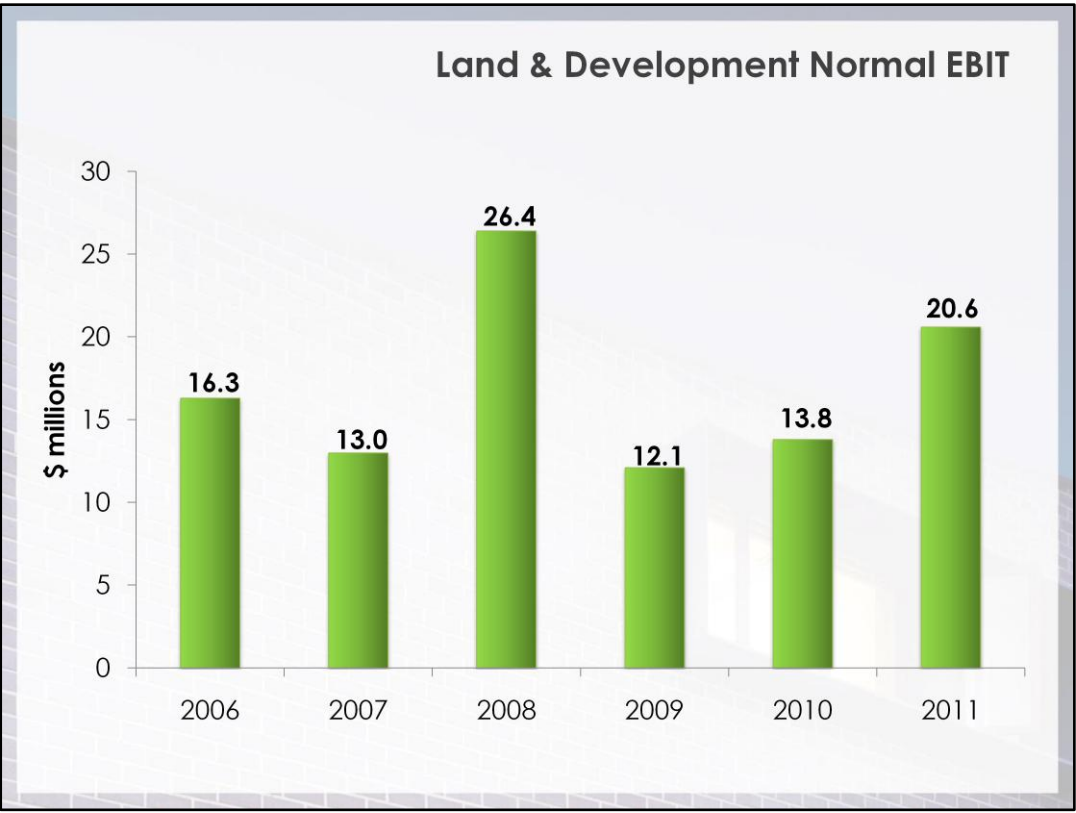
New South Wales and Western Australia in particular continue to be constrained by a lack of affordable, available land for development. There is hope that the issues in Western Australia have been addressed and activity will improve in the final quarter of this financial year. The state government election in New South Wales may go a long way to addressing some of the supply side impediments to activity in this State.

Medium to high density construction is showing some signs of life in New South Wales and there is anecdotal evidence in the market that activity in this segment could improve strongly in the next six months.

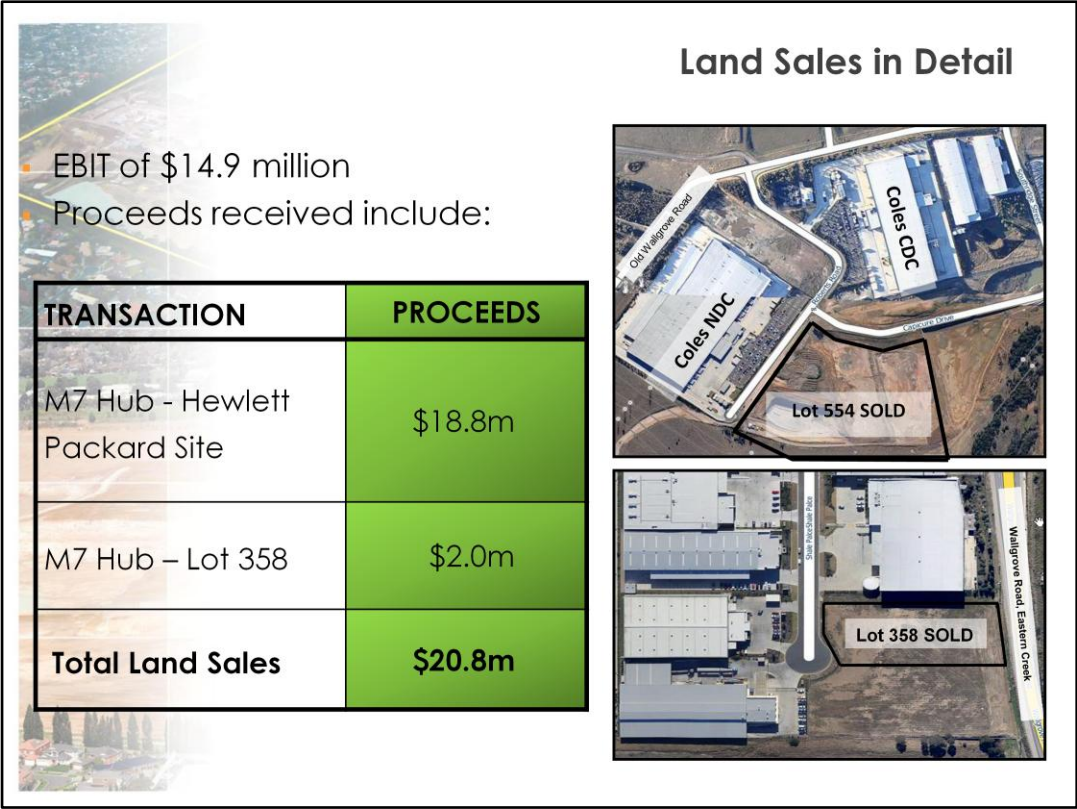
Nationally the commercial and industrial segments of the non-residential market are expected to show improvement in the coming year. Improved market conditions and synergies and improvements gained from the integration plan being implemented will contribute to an improved precast result in the second half.



I will now go through our Property results.




Land and Development produced a half year profit of \$20.6 million, up 33% on the previous year.



Property sales contributed strongly to the overall profit with a total profit of \$14.9 million.

Major transactions for the half included the sale of 14.5 hectares of land at the M7 Hub to Hewlett Packard which provided Brickworks \$18.8 million in total proceeds. This is shown in the top right hand photo. Lot 358, also on the M7 Hub Estate, was sold for \$2 million.



Industrial Property Trust

- Total EBIT of \$5.5 million
- Rental Distribution profit \$3.0 million
- Revaluation profit of \$2.5 million
- Capitalisation rates remain stable at 8.0% to 8.5%
- Construction of two DHL facilities on Oakdale underway and on schedule for delivery second half of calendar 2011

The JV Industrial Property Trusts delivered EBIT of \$5.5 million for the half, up 37.5% from \$4.0 million in the prior period.

Rental distributions decreased slightly to \$3.0 million due to a one off refinancing cost for the Erskine Trust.

Increases in rentals have led to revaluation adjustments during the period of \$2.5 million, up significantly from \$440,000 in the prior period.

Capitalisation rates appear to have now stabilised at 8 to 8.5%.

The construction of two new facilities for DHL at the Oakdale estate totalling 36,000 m² are well underway and scheduled for completion in the second half of 2011.

Industrial Property Trust			
(\$ millions)	Jul-10	Jan-11	% Change
Leased Properties	435.3	443.4	1.9%
Land to be developed	165.6	165.6	0.0%
Total	600.9	609.0	1.3%
Less Borrowings	248.9	243.5	(2.2%)
Net Trust Assets (100%)	352.0	365.5	3.8%
Brickworks Equity (50%)	176.0	182.8	3.8%

The total value of the Property Trust Assets rose slightly to \$609 million at 31 January 2011. With borrowings of \$243.5 million this gives a total net value of \$365.5 million. Brickworks 50% share of the net asset value is \$182.8 million, up 3.8% on the prior year.



Land & Development Outlook

- Improving overall demand but competition is stronger
- Rezoning work continuing on Craigieburn (Residential) with response on future expected by mid 2011
- Rochedale (Industrial) rezoning continuing
- Rental returns stable

Demand for new site development work in the industrial market is improving, albeit from a very low base, but competition is also stronger as there is more land available.

The two land sales completed in this half are seen as strong results in a difficult market and reflect the strength of our industrial landholdings.

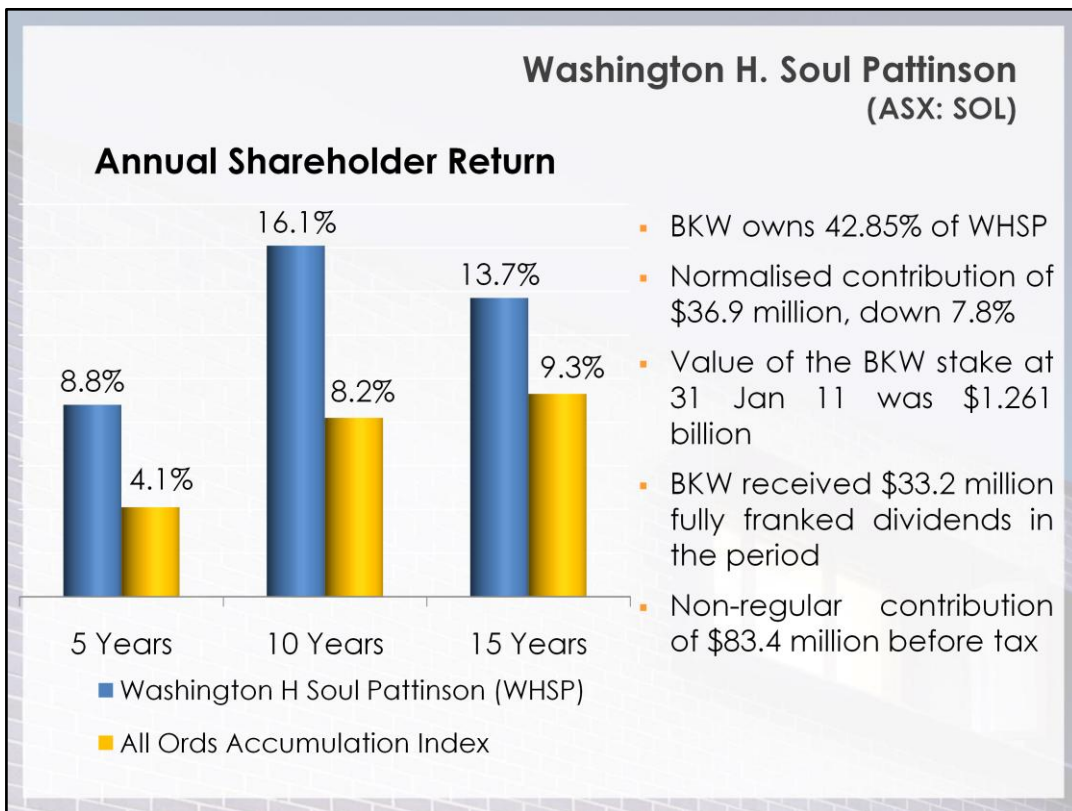
Work is continuing on rezoning surplus land at Craigieburn in Victoria, with a submission on the future use of the land lodged with the Victorian government in November 2010. A response on the submission is due mid 2011.

The rezoning of Rochedale in Queensland to industrial has continued well and is expected to be finalised by mid 2011.

Rental returns will be stable over the next six months.



Now turning to Investments.



Brickworks owns 42.85% of WHSP, a core asset of Brickworks that has brought diversity and reliable earnings to the company. The main investments of WHSP are the holdings in New Hope Corporation, Brickworks, TPG Telecom, API, BKI Investment Company, Clover, Ruralco and Souls Private Equity.

The Normal equity accounted contribution was down 7.8% to \$36.9 million during the six months ended 31 January 2011.

The market value of Brickworks investment in WHSP was \$1.261 billion at 31 January 2011, down 5.4% from the market value at 31 July 2010.

Brickworks received fully franked dividends totaling \$33.2 million from WHSP during the half.

WHSP has delivered outstanding returns to its shareholders over both the medium and long term, outperforming the ASX All Ordinaries Accumulation Index by some 7.9% per annum over 10 years.

Investment returns in the second half are expected to be impacted by any interruptions to New Hope Coal earnings caused by the floods and API.



In summary

Brickworks Group Outlook

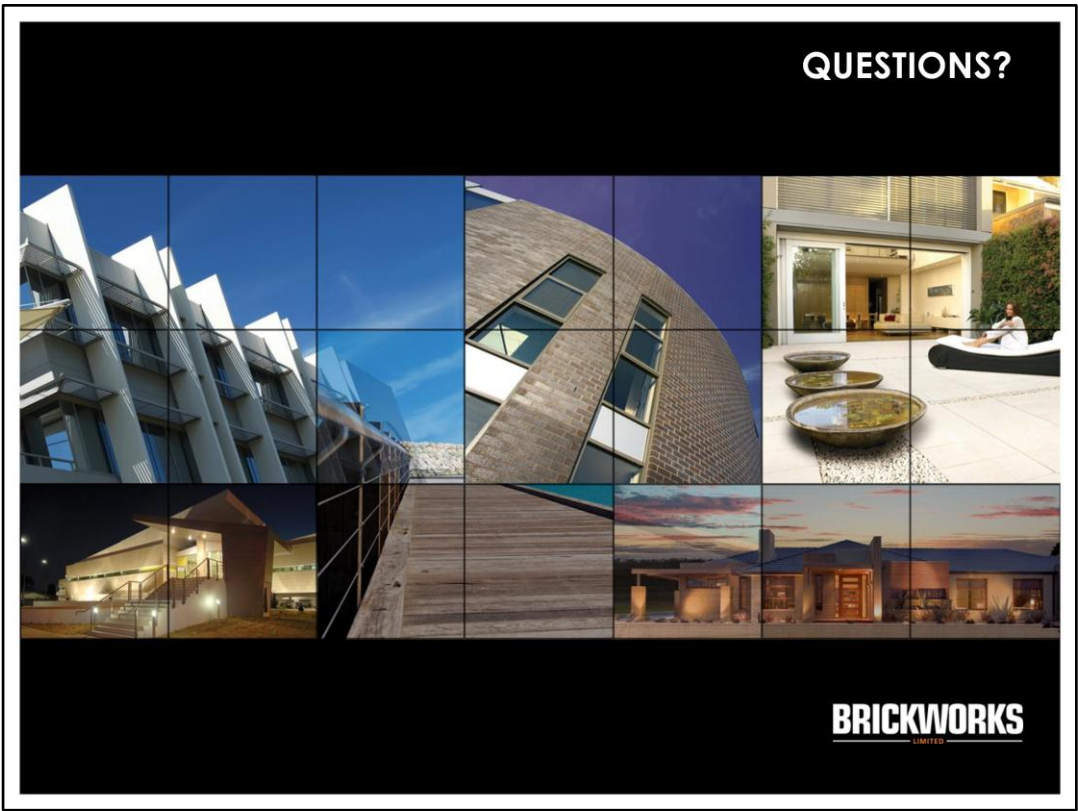
- Full year result is expected to be solid with a:
 - Flat result for Building Products
 - Steady earnings from Property
 - Slightly weaker contribution from Investments

- Thank you

The full year result for Brickworks is expected to be solid.

The Building Products result for the full year is expected to be flat.

Steady earnings are expected from Property and a slightly weaker contribution is anticipated from Investments.



I will now take any questions?

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