BRICKWORKS LIMITED

25 March 2010

Australian Securities Exchange
Attention: **Companies Department**

BY ELECTRONIC LODGEMENT

Dear Sir/Madam,

Please find attached the Brickworks Ltd Review of Results for the half year ended 31 January 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

JANUARY 2010

BRICKWORKS LIMITED

REVIEW OF RESULTS JANUARY 2010

BRICKWORKS DELIVERS ROBUST HALF YEAR RESULTS

$ MILLIONS	**Jan 09 6 mths**	**Jan 10 6 mths**	**Variance %**
REVENUE			
Building Products	245.7	263.0	7.0
Property & Waste	1.6	55.0	3,337.5
Other	0.9	1.1	22.2
Total	**248.2**	**319.1**	**28.6**
EBIT			
Building Products	16.4	21.8	32.9
Land and Development	12.1	12.3	1.7
Associates & Investments	49.0	41.1	(16.1)
Other & H.O.	(3.6)	(3.8)	5.6
Total EBIT	**73.9**	**71.4**	**(3.4)**
Total Borrowing Cost (incl PAVERS)	(21.2)	(10.5)	(50.5)
Tax Expense	(1.9)	(3.9)	105.3
Normal NPAT	**50.8**	**57.0**	**12.1**
Non-regular adjustments	204.5	31.2	(84.7)
NPAT (including non-regular items)	**255.3**	**88.2**	**(65.5)**
Normal Earnings per share (cents)	38.3	40.7	6.4
Earnings per share (cents)	192.3	63.0	(67.2)
Interim Ordinary Dividend (cents)	12.5	13.0	4.0
NTA/Share	$7.57	$9.06	19.7

BRICKWORKS DELIVERS ROBUST HALF YEAR RESULTS

Highlights

- Brickworks Normal NPAT up 12.1% to $57.0 million
    - Building Products EBIT up 32.9% to $21.8 million
    - Land and Development EBIT up 1.7% to $12.3 million
    - Investments EBIT down 16.1% to $41.1 million
- Net Debt reduced to $195.1 million, Net Debt to Capital Employed 10.8%
- Interim dividend of 13.0 cents fully franked, up 4.0%

Overview

Brickworks (ASX: BKW) **Normal** Net Profit After Tax ('NPAT') was $57.0 million for the half year ended 31 January 2010 up 12.1% from $50.8 million for the previous corresponding period. Including non-regular items Brickworks' **Headline** NPAT was down 65.5% to $88.2 million.

The improved Normal result highlights the benefits of the diversified business model of Brickworks and the stability of earnings derived from the combination of its Building Products, Land and Development and Investment Groups.

Normal earnings per share ('EPS') were 40.7 cents per share, up 6.4% from 38.3 cents per share for the same period last year, after recognising the issue of 14.1 million new shares under the Share Purchase Plan.

Directors have declared an increased interim dividend of 13.0 cents per share for the half year ended 31 January 2010, up 4.0% from 12.5 cents per share for the previous corresponding period.

The record date for the interim dividend will be 30 April 2010, with payment on 20 May 2010.

Financial Analysis

Net Debt decreased by 48.9% to $195.1 million at 31 January 2010 from $382.1 million at 31 July 2009. Total Interest Bearing Debt ('TIBD') reduced to $300 million at 31 January 2010, down 25.0% from $400 million at 31 July 2009. Borrowings were primarily reduced by the $173.6 million net proceeds of the Share Purchase Plan ('SPP') raised in September 2009 and proceeds of $30.4 million from property sales.

Gearing (debt to equity) improved to 18.7% at 31 January 2010 from 29.2% at 31 July 2009. Net Debt to capital employed also improved to 10.8% from 21.8% at 31 July 2009.

During the period there was a significant improvement in the ratio of current assets to current liabilities from 1.5 at 31 July 2009 to 4.0 at 31 January 2010.

Brickworks has a three year debt facilty of $300 million due for maturity in July 2011 and an undrawn ($150 million) working capital facility due to rollover in August 2010. The company continues to meet its banking covenant obligations.

Borrowing costs decreased by 50.5% to $10.5 million from $21.2 million in the previous corresponding period due to lower interest rates and lower debt levels.

Total net cash flow from operating activities was $63.5 million, up from $13.5 million in the previous corresponding period. The increase was due to reduced borrowing costs, proceeds from property sales and increased dividends received.

Major cash outflows during the period included ordinary dividends of $39.0 million and capital expenditure of $9.7 million.

Inventory levels were steady at 31 January 2010 at $148.4 million, this includes finished goods inventory of $111.5 million.

Net Tangible Assets per share increased to $9.06 at 31 January 2010 up from $7.57 at 31 July 2009. Total shareholders equity also increased by $234.7 million from $1,371.4 million at 31 July 2009, to $1,606.1 million at 31 January 2010.

Total non-regular items reduced from $204.5 million in the six months to 31 January 2009 to $31.2 million in the current period. While the previous period included an equity accounting adjustment from Washington H. Soul Pattinson ('WHSP') from New Hope Corporation's sale of the New Saraji mine, the current period includes a tax adjustment for an increase in the tax carrying value of the investment in WHSP.

Brickworks has taken significant steps to reduce debt and strengthen its Balance Sheet through the Global Financial Crisis. This included initiatives to sell surplus assets, reduce capital expenditure and close or mothball least efficient facilities. Major transactions to achieve this were:

Sale and leaseback of Wollert plant	$40.6 million
Sale of stake in Brickworks Investment Company Limited	$44.0 million
Sale of the Eastwood site, NSW	$70.0 million
Sale of the Scoresby site, Victoria	$93.7 million
Share Purchase Plan	$173.6 million
Total	$421.9 million

Brickworks Building Products

Market conditions[1]

National dwelling commencements for **Australia** for the six months ended 31 December 2009 increased to 78,884, up 9.4% from 72,115 in the previous corresponding half year. Brickworks forecast total dwelling commencements for the year ended 30 June 2010 will be approximately 145,000 new dwellings, still well below the Housing Industry Association's estimated underlying demand of 190,000 new dwellings and BIS Shrapnel's estimate of 182,600.

Increased **First Home Owner** activity in response to the increased grant underpinned overall building levels in the first half of this year. The pull through of demand from this segment offset the continued weakness in the upgrader and investor markets. This program has had the greatest impact in Victoria and Western Australia.

The **Building Education Revolution** ('BER') and **Social Housing** stimulus programs started to impact demand at the end of the half year. New South Wales has seen an increase in demand earlier and stronger than other States. Victoria is yet to see any tangible increase in activity from the BER and social housing packages, the complete opposite to the First Home Owners Grant ('FHOG'). The remaining States have experienced varying levels of activity.

Supply side constraints of developable land remain a concern especially in New South Wales, Western Australia and Queensland. The combination of the respective State Governments imposing significant infrastructure levies on land and the lack of approved land for development have resulted in a deterioration of housing affordability, particularly for first home buyers.

There were 14,253 dwelling commencements in **New South Wales** in the six months to 31 December 2009, an increase of 12.8% on the previous corresponding period. The recovery was in detached houses with an increase of 30.5% to 8,518 commencements. The medium to high density segment continued to be weak with commencements for the six months to 31 December 2009 down 7.5% to 5,470.

Queensland's dwelling commencements decreased by 2.2% compared to the previous corresponding half, to a total of 16,905 dwellings during the six months to 31 December 2009. Approvals appear to have reached the bottom of the cycle in the six months to 30 June 2009.

Total dwelling commencements in **Victoria** exhibited strong growth in the six months to 31 December 2009 to 26,033, up 17.6% compared to 22,143 commencements for the six months to 31 December 2008. The increase was evident in both detached housing and medium to high density dwellings with increases of 19.8% and 11.5% respectively in the half year compared to the previous corresponding period.

Commencements in **Western Australia** for the half year ended 31 December 2009 were up 16.8% to 11,352 from 9,722 in the previous corresponding period. Detached housing commencements recorded growth of 31.3% to 9,589 compared to 7,302 in the previous corresponding period while medium to high density dwelling commencements were down 26.5% to 1,735.

[1] Original Data sourced from ABS Cat. 8750.0 Dwelling Unit Commencements Australia, December 2009

In **South Australia** commencements of detached houses decreased by 10.5% to 4,509 for the six months ended 31 December 2009 compared to the previous corresponding period. Total dwelling commencements decreased by 13.9% to 5,762 for the period as the medium to high density segment declined by 25.1% to 1,223 commencements for the period.

Tasmanian commencements increased by 6.0% to 1,598 for the six months to 31 December 2009 compared to the previous corresponding period.

New Zealand Market Conditions[2]
Building consents increased by 9.7% for the six months to 31 January 2010 with the housing sector up 17.0% and apartments down 45.2%. The New Zealand economy officially came out of recession during this half.

Results in detail

Period Ending 31 January 2010		2009	2010	Change %
Revenue	$mill	245.7	263.0	7.0
EBITDA	$mill	31.4	34.6	10.2
EBIT	$mill	16.4	21.8	32.9
Capital Expenditure	$mill	8.2	9.2	12.2
EBITDA margin	%	12.8	13.2	3.1
EBIT margin	%	6.7	8.3	23.9
Employees (July 09)		1,364	1,335	(2.2)
Safety (TRIFR)[3]		176.4	201.0	13.9
Safety (LTIFR)[4]		9.4	3.1	(67.0)

The Building Products result was higher due to increased volume and higher average selling prices. Building Products EBIT was $21.8 million for the six months to 31 January 2010, up 32.9% from $16.4 million in the prior period.

Revenue for the half year was $263.0 million, up 7.0% from $245.7 million for the previous corresponding period. Margins in Australia improved despite increased sales to high volume builders at lower margins caused by the increase in First Home Owners activity. In the latter part of the period this was counterbalanced by the sale of high value premium products to the BER program.

In the period it became evident that the bottom of the cycle had passed, sales had stabilised and there was no reason to continue to reduce stock. Consequently production levels were increased to match sales, resulting in improved factory utilisation. The increase in production volumes partially offset the effect of higher input costs such as electricity and gas.

Employee levels were reduced by a further 29, or 2.2%, during the half. The reduction in staffing levels was a result of productivity gains from completed capital projects and a continued focus on reducing costs in the business.

Brickworks' ongoing commitment to providing a safe workplace has resulted in a substantial reduction in the Lost Time Injury Frequency Rate ('LTIFR') of 67.0% to 3.1 in the six months ended 31 January 2010, even though the Total Reportable Injury Frequency Rate ('TRIFR') increased to 201.0.

New Display Centres at Geelong in Victoria, Busselton in Western Australia and Cairns, Silkwood and Proserpine in Queensland were completed during the half year. Maintaining world class displays and development of cutting edge product offerings are vital to support Brickworks

[2] Original data sourced from Statistics New Zealand – Building Consents, January 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

goal of being *Australia's Best Building Products Company*. A program of revitalising existing display centres and construction of new centres is continuing across the country.

Capital expenditure was 12.2% higher at $9.2 million for the half year compared to $8.2 million for the prior period. Projects completed during the six months to 31 January 2010 included the tail of existing projects and stay in business expenditure. Brickworks removed the constraint on new major capital projects imposed in September 2007 and began approving projects that will be reflected in expenditure in the second half. The company's capital program focusses on projects designed to deliver improved safety, product quality, production efficiency and environmental management.

Greenhouse Gas Emissions were reduced by a further 2.9% in the half year, a result of Brickworks continued commitment to reducing energy usage. The reduced emissions are due to the decision to close older less efficient plants such as Cardup 2 in Western Australia and operating more efficient plants such as Wollert in Victoria at higher capacity levels.

Divisional Results

Austral Bricks™ overall brick sales volumes were up 1.3% in the six months to 31 January 2010 compared to the six months ended 31 January 2009, while net average selling prices were up 3.7%.

Manufacturing volumes increased by 1.5% to better match sales volumes. The increased production efficiency only partially offset the increases in input costs.

Specifications for the BER package have resulted in increased orders across the country. However sales into this program to date have been inconsistent as the pace of projects commenced has varied from State to State.

Manufacturing output was matched to market demand in **New South Wales** by intermittently bringing kilns back on line as required. A significant improvement in the quality and range of products has allowed the New South Wales business to be well positioned to take advantage of the stimulus programs.

The downturn in building activity in **Queensland** has been particularly severe and this market has been the slowest to show signs of a recovery. Shut downs and reduced output of the Rochedale plant was again necessary to control inventory during the half year, while Riverview ran throughout the period. Despite the poor market conditions, the business delivered a much improved result compared to the previous corresponding period. Considerable work has been undertaken in Queensland to invigorate the business in anticipation of an upturn in the market.

Western Australia delivered a solid result in a significantly more competitive market. Despite cutthroat pricing in the market, average selling prices were increased by 4.2% during the period. This increase in selling prices did not fully recover the 9.1% increase in production costs driven by the 100% increase in gas costs. Only one plant was taken offline for maintenance during the Christmas period due to steady demand.

Sales volumes during the half year were supported by increased activity associated with the FHOG and BER program. The sales mix during this half year was more heavily weighted toward volume builders due to these stimulus packages. Residential building activity from the First Home Owner segment was declining at the end of the half year.

Sales volumes increased again for **Victoria** and the business was able to achieve a significantly improved result from the previous corresponding half year. The peak construction phase of the First Home Owner building activity is yet to be reached. The BER program is also expected to gain momentum in the second half after a slow start.

South Australia's sales volumes were in line with the previous corresponding period, reflecting the steady market conditions. The kiln at Golden Grove had a planned shut down over the Christmas period to control stock levels and to carry out essential maintenance. BER activity has also been slow to commence in South Australia but increases in volume were beginning to be seen at the end of the half year.

The upgrades to the Longford plant in **Tasmania** completed during the previous financial year delivered the expected operational performance improvement and the business delivered a much improved result compared to the previous corresponding period.

The previous investment in the national distribution network positioned Austral Bricks™ **New Zealand** to take advantage of the first signs of a recovery in building activity and achieved an improved result compared to the previous year. The country emerged from recession in September 2009 with the first quarter of positive growth in 18 months.

Austral Masonry™ was able to achieve average selling price increases of 3.0% despite the continued weakness of commercial building activity and aggressive competition in some markets. Sales volumes were up 4.1% compared to the prior period.

Production volumes were increased as there was no longer a need to reduce stock, resulting in unit manufacturing costs 4.7% lower than the previous corresponding period.

The expansion of the Austral Masonry™ product range continued during the half with the launch of the Ecology™ paver range in North Queensland. Specifications for coloured masonry products have been achieved for a number of BER projects in South East Queensland.

Bristile Roofing™ achieved significant increases in sales volumes on the East Coast, up over 20.0% compared to the previous corresponding period, due to strong market conditions in Victoria. Demand in Victoria has overtaken production capacity, with product being shipped from Queensland to maintain supply. Average selling prices were affected by the increased volume to major builders servicing the first home owner segment. Cement roof tiles are the roofing material of choice for first home buyers.

Similarly in Western Australia sales volumes improved and average selling prices were constrained due to increased first home owner work. Volumes were increasing in the latter months of the first half and this momentum will be carried into the second half of this financial year.

Eureka Tiles™. During the period the decision was made to exit the floor tile business for a number of reasons based around conditions in Australia making it uncompetitive to manufacture tiles locally. Consequently the Eureka Tiles™ factory at Ballarat was closed at the end of January 2010 and a non-regular charge of $5.2 million was incurred to write off the plant and equipment and obsolete stock. The Eureka Tiles™ brand name and imported stock were sold in February 2010. The balance of the locally produced stock will be sold over the next six months.

Auswest Timbers™ delivered an improved result primarily due to improved processing efficiency and cost management. Sales volumes were driven by strong roof tile batten demand across all markets.

The batten mill at Fyshwick in the ACT suffered a major fire on 11 December 2009. Battens to customers were supplied from the mill at Orbost in Victoria until the Fyshwick mill was recommissioned on 18 January 2010.

Brickworks Land and Development

Land and Development produced an EBIT of $12.3 million for the half year ended 31 January 2010, an increase of 1.7% from $12.1 million for the prior period.

Property Sales contributed an EBIT of $8.3 million to the result for the six months to 31 January 2010. The settlement of Stage 2 of the Eastwood site to AV Jennings was completed on 19 January 2010 for $17.5 million. In addition, an unconditional sale contract for Stage 3 of the Eastwood site was exchanged and the profit accounted for during the period.

The 4.2 hectare site at the corner of Wallgrove Road and Old Wallgrove Road in the M7 Business Hub was sold for $15.0 million in December 2009. This represents a rate of $400 per m^2 based on the developable area of 3.8 hectares. Brickworks had a 50% share in this property with the Goodman Group.

No new facilities were completed in the **Property Trust** during the half year which resulted in no Development Profit being realised in this period compared to $9.3 million in the prior period.

The JV Property Trusts contributed through income and revaluations an EBIT of $4.0 million, up 135.4% from $1.7 million in the previous corresponding period.

Net property income distributed from the Trust decreased during the period to $3.6 million, down 18.2% from $4.4 million previously. The prior period included a $1.2 million lump sum expansion land rent paid on part of the Erskine Trust property.

Revaluation adjustments during the six months to 31 January 2010 contributed $440,000 compared to a loss of $2.7 million in the prior period. There now appears to be some optimism that valuations have stabilised with capitalisation rates at 8.0% or above.

At 31 January 2010 the total Property Trust assets were $595.2 million, with borrowings of $265.2 million, giving a total net value of $330.0 million. Brickworks share of the Trust's net assets was $165.0 million, up $4.6 million from $160.4 million at 31 July 2009. Refinancing of one of the Property Trusts required an investment of $3.9 million to reduce the loan to value ratio (LVR). All of the JV Property Trusts met their banking covenants during the period.

Waste Management EBIT was $726,000 for the six months to 31 January 2010, down 39.5% from $1.2 million in the previous corresponding period. The reduced royalty resulted from a lower waste delivery rate.

Brickworks Investments

Washington H. Soul Pattinson Limited ('WHSP')

ASX Code: SOL

The normal contribution from Brickworks' investment in WHSP for the half year ended 31 January 2010 was $39.9 million, down 16.5% from $47.8 million in the previous corresponding period.

The market value of Brickworks 48.25% share holding in WHSP was $1.396 billion, up 24.1% or $271.0 million, from $1.125 billion at 31 July 2009. Fully franked dividends of $45.0 million were received during the half year compared to $18.4 million received in the previous corresponding half year. The dividends received during the half included a special dividend of 25.0 cents per share.

WHSP has a compound annual return of 19.0% over the last 15 years compared to 10.6% for the ASX All Ordinaries Accumulation Index, an outperformance of 8.4% per annum.

WHSP holds a significant investment portfolio in a number of listed companies including Brickworks, New Hope Corporation, TPG Telecom, API, BKI Investment Company, Clover, Ruralco and Souls Private Equity.

Significant Items since Balance Sheet Date

Brickworks acquired the assets of **Brick & Block Company Pty Ltd** from the Receivers and Managers in February 2010 for $13.5 million. The acquisition of the largest independent masonry block manufacturer in the state provides Austral Masonry™ its first production facility in New South Wales. Austral Masonry™ is now a significant business on the East Coast with a market share in excess of 20.0%.

The settlement of the third and final stage of the **Eastwood** site in Sydney to AV Jennings was completed on 3 March 2010 for $17.5 million. Total proceeds from the sale of the Eastwood site were $70.0 million including GST.

Brickworks purchased the assets, including land and buildings, of **Sasso Precast Concrete (“Sasso”)** in March 2010 for $35.25 million. Sasso manufactures precast floor and wall panels from its state of the art manufacturing facility at Wetherill Park in western Sydney. This acquisition provides a strong platform for growth in the fastest growing segment of the external walling market in Australia.

The Austral Bricks™ factory at **Wollert** in Victoria has been a complete success, exceeding expectations and leading to the decision to expand the plant. At the time the company announced the plans to expand the current Wollert factory in Victoria, EPA approval had not been received. This approval was granted on 17 March 2010 and construction is underway.

The expansion will lift the plant’s production design capacity of 85.0 million standard brick equivalents per annum to 170.0 million when complete. The expanded facility will include a repressed brick line and an upgraded clay grinding plant for a total cost of $65.0 million for the project. The expanded facility will be fully commissioned in 2011 and will secure Austral Bricks™ leading presence in the Victorian market with state of the art manufacturing facilities for many years to come.

Outlook

Building Products

The order bank, in New South Wales and Victoria in particular, has climbed strongly in recent months and expectations are for a strong second half performance driven by the federal government’s stimulus measures. Brickworks is pleased to announce it has recommissioned the second kiln at the national flagship plant at Horsley Park, New South Wales after being closed for two and a half years.

There are a number of major risks that may impact the strength and duration of the recovery. If the Reserve Bank increase rates too aggressively and further constrains new housing supply it will add pressure to housing prices. Higher prices will in turn reduce affordability and demand for new homes. This may in turn lead to a further increase in housing prices, the very scenario the Reserve Bank is trying to avoid.

Increasing housing supply will reduce the rate of asset price growth and improve affordability. The issue of lack of supply will not be improved until regulation and excessive taxation of new land is reduced.

The ongoing lack of finance available for construction of medium and high density dwellings and finance for land development also poses a significant risk to the recovery in building activity. The medium to high density segment of the market is expected to remain weak during the second half as development is constrained.

The timing of a recovery in investor and upgrader activity is still uncertain and there is the very real possibility of a lull in activity in the second half of this calendar year as first home buyer activity declines.

Land and Development

Demand for serviced vacant industrial land is expected to be weak in the coming half, impacting on future land sales for the remainder of the financial year.

Whilst pre-commitment enquiry appears to have increased in early calendar 2010, the time involved in securing and delivering these projects will result in no development occurring in the Property Trust in the next six months.

Stability of capitalisation rates and contracted rental increases will reduce the risk of further write downs in property values. Rental returns from the Property Trust will be steady over the coming period as all completed facilities are fully leased.

Significant work has commenced on rezoning of surplus land at Craigieburn in Victoria, Oxley and Rochedale in Queensland and Cardup in Western Australia.

Investments

Investment returns are expected to be solid in the second half and will continue to provide stable, diversified earnings to Brickworks. WHSP is in a strong financial position and has the ability to take advantage of any opportunities that may arise.

Brickworks Group

Brickworks full year result is expected to be solid due to improving performance of the Building Products Group, lower interest expense due to the conservative level of gearing and a solid contribution from Investments. Uncertainty remains around the underlying strength of the recovery in building activity supporting the Building Products Group performance, but the initial signs of a recovery are evident.

LINDSAY PARTRIDGE
MANAGING DIRECTOR