BRICKWORKS LIMITED

Brickworks Limited
ABN. 17 000 028 526

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22 March 2012

Australian Securities Exchange

Attention: **Companies Department**

BY ELECTRONIC LODGEMENT

Dear Sir/Madam,

Please find attached the Brickworks Ltd Appendix 4D for the half year ended 31 January 2012, incorporating the interim financial report for that period, for immediate release to the market.

Yours faithfully,

BRICKWORKS LIMITED

IAIN THOMPSON

COMPANY SECRETARY

Proudly supports

CHILDREN'S CANCER INSTITUTE AUSTRALIA

ASX Appendix 4D
Lodged with the ASX in accordance with Listing Rule 4.2A.3

BRICKWORKS LIMITED
A.B.N. 17 000 028 526

Half Year Report
Results for announcement to the market

Reporting period: **6 months ended 31 January, 2012**

Previous corresponding period: 6 months ended 31 January, 2011

				CURRENT PERIOD 31 JAN 12	PREVIOUS PERIOD 31 JAN 11
Revenues from ordinary activities ($000's)	DOWN	17.2%	TO	271,397	327,700
Normal profit after tax ($000's)	DOWN	18.8%	TO	49,496	60,979
Profit (loss) from ordinary activities after tax attributable to members ($000's)	DOWN	53.8%	TO	54,077	117,058
Net profit (loss) for the period attributable to members ($000's)	DOWN	53.8%	TO	54,077	117,058
Normal earnings per share (cents per share)	DOWN	19.3%	TO	33.5	41.5
Basic earnings per share (cents per share)	DOWN	53.9%	TO	36.7	79.6
Net tangible assets per share (cents per share)	DOWN	0.1%	TO	947.7	948.3

Comments on above results

HIGHLIGHTS

Difficult market conditions impact first half result, restructuring on track

** Brickworks normal NPAT before significant items down 18.8% to $49.5 million

** Building Products EBIT down 35.6% to $14.4 million

** Land & Development EBIT down 35.4% to $13.3 million

** Investments EBIT up 10.0% to $41.7 million

** Headline NPAT including significant items decreased 53.8% to $54.1 million

** Net debt / capital employed of 13.8%, net debt of $270.6 million

** Interim dividend steady at 13.5 cents per share fully franked

For more detailed information please refer to attached review of operations.

This information should be read in conjunction with the most recent annual report.

This report is based on accounts which have been subject to review. There was no dispute or qualification in relation to these accounts or report.

BRICKWORKS LIMITED
A.B.N. 17 000 028 526

ASX Appendix 4D
Half Year Report

DIVIDENDS

ORDINARY SHARES	Cents per share (cents)	Franked amount per security (cents)	Total amount paid / payable ($000's)	Foreign source dividend per security (cents)
Proposed interim ordinary dividend (payable 15 May 2012)	13.5	13.5	19,922	0.0
Record date for determining entitlements to the dividend			**20 APRIL 2012**	
Previous corresponding period (paid 17 May 2011)	13.5	13.5	19,922	0.0

There were no dividend reinvestment plans in operation at any time during or since the end of the financial year.

BRICKWORKS

LIMITED

BRICKWORKS LIMITED

A.B.N. 17 000 028 526

INTERIM FINANCIAL REPORT

HALF YEAR ENDED 31 JANUARY 2012

BRICKWORKS LIMITED AND CONTROLLED ENTITIES
A.B.N. 17 000 028 526

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity for the half year ended 31 January 2012.

Directors

The names of the directors in office at any time during or since the end of the half year up to the date of this report are:

Robert D. Millner FAICD (Chairman)
Michael J. Millner MAICD (Deputy Chairman)
Lindsay R. Partridge BSc. Hons. Ceramic Eng; SFCDA; Dip. CD (Managing Director)
Brendan P. Crotty LS, DQIT, Dip.Bus Admin, FAPI, FAICD, FRICS
David N. Gilham FCILT; FAIM; FAICD
The Hon. Robert J. Webster MAICD, MAIM, JP

Review of Operations

Difficult market conditions impact Brickworks first half result, restructuring on track

Highlights[1]

- Brickworks normal NPAT before significant items down 18.8% to $49.5 million
  - Building Products EBIT down 35.6% to $14.4 million
  - Land and Development EBIT down 35.4% to $13.3 million
  - Investments EBIT up 10.0% to $41.7 million
- Headline NPAT including significant items decreased 53.8% to $54.1 million
- Net debt/capital employed of 13.8%, Net Debt of $270.6 million
- Interim dividend steady at 13.5 cents per share, fully franked

Overview
Brickworks (ASX: BKW) **Normal** Net Profit After Tax ('NPAT') for the half year ended 31 January 2012 was $49.5 million, down 18.8% from $61.0 million for the previous corresponding period. Including significant items Brickworks' **Headline** NPAT was down 53.8% to $54.1 million.

Building Products earnings before interest and tax ('EBIT') were $14.4 million, down 35.6% on the previous corresponding period. The first half saw the convergence of extremely challenging market conditions and significant restructuring activities across the Group. These restructuring activities are now largely complete and place the Building Products Group in a much stronger position for the second half of 2012 and beyond.

Land and Development EBIT was down 35.4% to $13.3 million for the first half, including earnings from the Property Trust of $12.8 million, up 132.7%. There were no land sales during the period.

Investment EBIT, including the contribution from Washington H Soul Pattinson ('WHSP'), was up 10.0% to $41.7 million.

Interest cost increased by 0.9% to $10.8 million, and the mark to market valuation of swaps adversely impacted the result by $4.3 million compared to the previous corresponding period.

Normal earnings per share ('**EPS'**) were 33.5 cents, down 19.3% from 41.5 cents for the previous corresponding period.

Directors have declared a fully franked interim **dividend** of 13.5 cents per share for the half year ended 31 January 2012, in line with the previous corresponding period.

The record date for the interim dividend will be 20 April 2012, with payment on 15 May 2012.

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[1] Unless otherwise stated, all earnings measures exclude significant items

Financial Analysis
Gearing (debt to equity) decreased to 17.8% at 31 January 2012 from 17.9% at 31 July 2011. Total interest bearing debt ('TIBD') remained steady at $300 million and Net Debt was $270.6 million at 31 January 2012. Net debt to capital employed rose slightly to 13.8% for the half.

Interest costs were relatively steady at $10.8 million for the half. **Total borrowing costs** were $13.6 million, including the loss in mark to market valuation of swaps of $2.8 million. Interest cover decreased to 4.9 times from 6.4 times in the previous corresponding period.

Total net **cash flow** from operating activities was $38.0 million, down from $55.1 million in the previous corresponding period. This was the result of a reduction in trading revenue from the Building Products business and reduced special dividends from WHSP.

Dividends of $39.8 million were paid for the half year ended 31 January 2012, in line with the previous corresponding period.

Capital Expenditure decreased to $16.1 million in the half ended 31 January 2012, down from $21.5 million for the previous corresponding period. Stay in business capital expenditure was $6.9 million, representing 56.1% of depreciation. Growth capital expenditure was $8.7 million, including the batching plant for the Wetherill Park precast facility in New South Wales and work, now nearing completion, on the new Wollert West plant in Victoria. Land and Development capital expenditure was $0.5 million.

Spending on **acquisitions** totalled $6.0 million for the period, comprising the Gunns Western Australian Jarrah assets.

Working capital, excluding land held for resale, at 31 January 2012 was $175.4 million, a reduction of $29.1 million during the first half, as a result of decreased trade debtors and the reduced cash balance.
There was a reduction in **total inventory** of $3.8 million, after excluding the impact of $4.1 million of inventory acquired through acquisitions during the period.

Considering the January half year end, traditionally a period of high stock levels, it was a noteworthy effort to reduce **finished goods inventory** levels to $112.9 million, down 3.4% compared to 31 July 2011, after excluding the impact of acquisitions. This result reflects plant shutdowns across the Building Products Group, in line with the business objective to ensure stock levels remain in balance. This is a prudent long term strategy, despite the significant adverse impact on profitability during the period caused by poor plant utilisation.

Net Tangible Assets per share was $9.48 at 31 January 2012, up from $9.42 at 31 July 2011. Total Shareholders Equity was up 0.6% for the half, to $1.685 billion.

The normalised **income tax** expense for the period has decreased to $2.9 million compared to $6.8 million for the previous corresponding period, due to the reduced trading result.

Significant items increased NPAT by $4.6 million for the full year and are detailed in the following table.

Significant Items ($m)[2]	**Gross**	**Tax**	**Net**
Tax adjustments for the carrying value of WHSP	-	7.8	7.8
Significant transactions by WHSP	1.8	(0.5)	1.3
Costs associated with restructuring manufacturing capacity	(5.9)	1.8	(4.1)
Business acquisition costs	(0.6)	0.2	(0.4)
TOTAL	**(4.7)**	**9.3**	**4.6**

Significant items in the previous corresponding period totalled $56.1 million after tax, due primarily to Brickworks' equity accounted share, through WHSP, from the sale by New Hope Corporation of its stake in Arrow Energy Limited.

[2] Costs associated with restructuring manufacturing capacity and business acquisition costs relate to the Building Products Group.

Brickworks Building Products
Market conditions[3]

Dwelling Starts	6 Mths to Dec 10	6 Mths to Dec 11			Variance % (Compared to prior period)		
	Total	Detached	Other Res	Total	Detached	Other Res	Total
New South Wales[4]	18,012	8,799	8,316	17,310	(2.5%)	(6.1%)	(3.9%)
Queensland	14,240	8,490	4,728	13,276	(11.9%)	3.5%	(6.8%)
Victoria	31,274	17,023	8,549	25,955	(10.2%)	(28.5%)	(17.0%)
Western Australia	10,779	7,901	1,552	9,482	(10.1%)	(21.7%)	(12.0%)
South Australia	5,746	3,551	1,230	4,794	(21.6%)	3.4%	(16.6%)
Tasmania	1,591	923	245	1,183	(18.8%)	(45.2%)	(25.6%)
Total Australia	**82,394**	**47,061**	**24,831**	**72,593**	**(10.1%)**	**(15.7%)**	**(11.9%)**
New Zealand (Consents)[5]	7,551	6,897	777	7,674	(0.3%)	22.6%	1.6%

Total dwelling commencements for **Australia** were down 11.9% to 72,593 for the six months ended 31 December 2011, from 82,394 in the previous corresponding period. The decline was particularly significant in other residential developments, down 15.7% on the six months ended 31 December 2010.

The rate of commencements reflect a continuation of the poor market activity from the second half of last year, with approvals down a further 3.4% compared to the six months ended 30 June 2011.

New South Wales detached house starts were down 2.5% and total residential starts were down 3.9% compared to the previous corresponding period. Starts over the past 12 months of 35,352 remain significantly below the longer term average.

In **Queensland,** total starts were down 6.8%, including a drop in detached housing approvals, down 11.9% for the six months ended December 31 2011. The annualised rate of housing starts in Queensland is now at the lowest level since June 2001.

Victoria suffered a major decline in housing starts, albeit from record highs, with total commencements down 17.0% from the previous corresponding period. The decline was particularly severe in the other residential segment, down 28.5% on the six months ended 31 December 2010.

Following another decline, **Western Australia** housing starts are now approaching a ten year low. Both detached housing and other residential commencements were down more than 10% compared to the previous corresponding period.

New Zealand building consents for the six months ended 31 December 2011 increased by 1.6% compared to the previous corresponding period. There is evidence that the New Zealand market is emerging from record low levels, with consents up 28.2% compared with the six month period ended 30 June 2011.

The value of approvals in the **non residential** sector in Australia was down 3.4% to $13.657 billion for the six months to 31 December 2011, compared to the previous corresponding period. This decrease was most significant in the **Commercial** building sector, with building approvals down by 21.7% to $4.460 billion for the period. **Industrial** building approvals increased 6.5% to $1.856 billion. The **Educational** sub-sector was down 21.7% to $2.304 billion, impacting brick sales and to a lesser extent Masonry and Precast.

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[3] Original data sourced from ABS Cat. 8750.0 Dwelling Unit Commencements, Australia, Preliminary, December 2011. Total data within table includes conversions.
[4] Including ACT
[5] Building Consents data sourced from Statistics New Zealand – Building Consents, December 2011.

Building Products' Results in Detail

Half Year Ended January		2011	2012	Change %
Revenue	$mill	303.5	268.2	(11.6)
EBITDA	$mill	35.6	26.7	(25.0)
EBIT	$mill	22.4	14.4	(35.6)
Capital Expenditure	$mill	14.3	15.6	9.1
EBITDA margin	%	11.7	10.0	(1.7)
EBIT margin	%	7.4	5.4	(2.0)
Employees (vs. July 11)		1,395	1,357	(2.7)
Safety (TRIFR)[6]		238.7	183.4	(23.2)
Safety (LTIFR)[7]		2.8	3.1	10.7

Revenue for the half year to 31 January 2012 was $268.2 million, down 11.6% from $303.5 million for the previous corresponding period.

EBIT was $14.4 million, down 35.6% on the prior year. The majority of the EBIT decline was attributable to two key divisions, Austral Bricks Queensland and Austral Bricks Western Australia. Austral Bricks Queensland incurred significant restructuring costs as operations were consolidated to one site at Rochedale. Austral Bricks Western Australia earnings were well down on the prior year, in the face of further deterioration in market activity and the increased competition in this market.

The lower **EBIT to Sales Margin** was impacted by higher unit production costs as intermittent and extended shutdowns throughout the period adversely affected plant efficiency. These shutdowns resulted in an estimated $5.7 million in unrecovered manufacturing costs, equivalent to 2.1% of sales revenue, accounting for the margin reduction compared to the previous corresponding period.

Rising unit input costs such as gas, up 12.6% even before the introduction of the Carbon Tax, and electricity, up 17.4%, placed additional pressure on margins. These cost increases were not covered by **selling price** increases, despite good progress in some markets such as South Australia and New Zealand. Surplus industry capacity in Western Australia compromised pricing outcomes in that state.

The retail strategy continues with the opening of new display centres in Coffs Harbour (NSW), Richmond (VIC) and Wodonga (VIC), and the commencement of construction of the Hunter region Sales & Design Centre at Beresfield (NSW).

Total employee numbers reduced by 38 in the half, however with an additional 81 employees joining the business due to acquisitions, a total of 119 staff, representing 8.5% of the workforce, left the business. This reduction in employee levels reflects the ongoing restructuring activities previously announced.

The Total Reportable Injury Frequency Rate ('TRIFR') decreased to 183.4 from 238.7 for the prior period. There were four Lost Time Injuries ('LTIs') during the six months to 31 January 2012, in line with the previous corresponding period. Brickworks continue to roll-out OHS practices to improve safety standards in the recently acquired operations, in line with the rest of the Group.

Divisional Results

Austral Bricks™ result was significantly lower than the prior period, as market conditions continued to deteriorate. Overall sales revenue for the six months ended 31 January 2012 was down 18.4% to $140.9 million, with most states suffering declines in line with reduced building activity.

[6] Total Reportable Injury Frequency Rate (TRIFR) measures the total number of reportable injuries per million hours worked
[7] Lost Time Injury Frequency Rate (LTIFR) measures the number of lost time injuries per million hours worked

DIRECTORS' REPORT

New South Wales sales revenue was down 10% compared to the prior period. Earnings were also down, primarily as a result of the lower volumes and extended plant shutdowns to reduce working capital. Strong price increases over the past six months have been achieved with additional increases planned for the second half. A total of 31 people were made redundant across all functions to reduce costs in response to the continued depressed housing market. A number of exciting new products were launched including the Couture brick range from Bowral. Terracotta tiles from the Punchbowl plant were also re-introduced to the market.

Queensland earnings were significantly down on the previous corresponding period, as volume dropped significantly. Operations were consolidated to one site at Rochedale in January 2012, in order to better match production with demand. Prior to this the Riverview and Rochedale plants were operated alternately, resulting in reduced plant efficiencies and significantly increased average production costs. A range of operational improvement initiatives and plant repairs were undertaken at Rochedale during the half to improve its cost position. Significant price increases were implemented, with further increases planned in the second half.

Earnings from **Victoria** were down, as reduced levels of market activity resulted in a decline in sales volume. Strong cost controls and production efficiencies delivered an improved margin, offsetting to some extent the volume impact. Poor weather during the half delayed the remaining construction of the new Wollert West plant. Final commissioning will now commence in April 2012 and will place the Austral Bricks Victoria business in an excellent long term competitive position by mid calendar 2012.

Western Australia experienced a fall in sales volume and profits as a result of the poor market conditions and increased competition. Production plants were run alternately throughout the half to reduce stock build and maintain supply of the full product range. Margins were significantly compressed by the combined impact of production inefficiencies and price pressures. Implementation of a restructuring plan for the Western Australian brick operations, to improve manufacturing costs and reduce capital invested, will be undertaken in the second half.

South Australia earnings were down on the prior period, with significantly lower volumes in line with market activity. Strong price growth of 8.8% compared to the prior year resulted in improved margins.

Tasmania delivered a lower EBIT result, on the back of lower sales revenue, down 18.4% compared to the previous corresponding period. The exit of K&D Bricks from the Tasmanian market, announced in February, leaves Austral as the only remaining locally based manufacturer. Since the announcement, initiatives have been implemented to increase plant output to meet the expected increase in demand going forward. This increased output is expected to enhance profitability in the second half and beyond.

Building activity in **New Zealand** remained depressed in the wake of the Christchurch earthquakes. Despite a decrease in revenue of 4.7%, the business achieved an improved result due to a strong increase in margins. The withdrawal of a major competitor has increased demand, particularly in the South Island where Austral is now the leading supplier. Results in recent months have been particularly encouraging.

Bristile Roofing™ earnings were down on the prior year, largely as a result of a decline in sales revenue of 19.5%, to $50.0 million. Margins deteriorated, despite strong cost controls, as the average selling price remained relatively flat due to large volume builders increasing their market share.

In Western Australia, production volumes were reduced significantly to meet demand and control inventory. During the half, a significant restructure of plant operations was completed to better position the business in light of the subdued market conditions. Poor plant utilisation resulted in a significant increase in average production costs in this state. Performance in recent months has been significantly improved as a result of substantially lower manufacturing costs. The previously announced plant refit has been deferred indefinitely.

Austral Masonry™ produced an excellent result, with earnings up 22.1% on the prior period despite a decline in sales volume of 3.2%. Average selling price increases of 5.3% were achieved, contributing to an improved EBIT margin.

Planned factory closures helped to ensure that stock levels were kept under control. The business is now well placed for the second half, with plant utilisation likely to increase, resulting in improved production efficiencies.

Austral Precast™ continued its strong momentum, with sales revenue up in the first half, driving an improved result compared to the previous corresponding period.

On the East Coast, the installation a batching plant at the Wetherill Park plant in Sydney has commenced, to enable 24 hour operation. This will allow the rationalisation of the current manufacturing footprint and further enhance manufacturing efficiencies.

Plant upgrades completed last year in the Western Australian plant have begun to deliver improved results. The Western Australian operation delivered a positive result for the half, on the back of strong price and volume increases.

Auswest Timbers™ delivered a result slightly down on the previous corresponding period, on relatively flat revenue. An average price increase of 10.3% was achieved as the business continues to grow sales of higher priced “value-added” product.

The acquisition in December 2011 of Gunns Western Australian Jarrah assets for $6.0 million represents a pivotal development in the growth of the Auswest business. The acquisition price includes the Deanmill sawmill, Manjimup Processing Centre, Welshpool retail operation and stock. The addition of the iconic Jarrah timber species to Auswest Timbers’ product portfolio creates a market-leading range of high quality Australian hardwood timber, and will deliver substantial synergies to existing Auswest Timber operations at Pemberton.

Land and Development

Land and Development delivered an EBIT of $13.3 million for the half year ended 31 January 2012, a decrease of 35.4% from $20.6 million for the previous corresponding period.

There were no **Property Sales** for the six months to 31 January 2012. The previous corresponding period included the sale of two lots on the M7 Business Hub Estate for a combined EBIT of $14.9 million.

A contract for the sale of a former quarry at Swanbank in Queensland was signed in August 2011 for $2.0 million. Settlement is expected to occur later in calendar 2012 on transfer of the mining lease.

The **Property Trust** delivered an EBIT of $12.8 million for the half, up 132.7% from $5.5 million in the previous corresponding period.

Net property income distributed from the Trust increased to $3.7 million, up 23.3% from $3.0 million in the half year ended 31 January 2011.

The revaluation of stabilised Trust assets during the six months to 31 January 2012 contributed $3.8 million, up 52.0% from $2.5 million in the prior period. This included the extension of the existing Linfox facility at Interlink, Erskine Park.

An EBIT of $4.5 million was contributed through the recognition of unrealised profit on the completion of two new DHL facilities on the Oakdale Estate. In addition, $0.8 million was contributed through the sale, above book value, of two vacant lots from the Heritage Trust.

Total Property Trust assets at 31 January 2012 were $651.1 million, with borrowings of $286.4 million, giving a total net value of $364.7 million. Brickworks share of the Trust’s net assets was $182.4 million, down $1.6 million from 31 July 2011. The decrease resulted from the sale of Lot 3 and Lot 5 from the Heritage Trust and the redistribution of cash proceeds to Brickworks.

Two new developments commenced construction in January 2012, including a 31,000m^2 three unit estate on vacant land at Interlink and a 23,000m^2 five unit facility on the vacant Heritage Estate land at the M7 Business Hub. Both of these developments have secured some initial pre-commitments.

Waste Management EBIT was $1.3 million for the six months to 31 January 2012, up 18.2% from $1.1 million in the previous corresponding period.

Investments

Investments contributed $41.7 million normalised earnings, up 10.1% on the previous corresponding period, including $0.7 million in interest received. Brickworks' investment in WHSP returned a normalised contribution of $41.0 million for the half year ended 31 January 2012, up 11.1% from $36.9 million in the previous corresponding period. This investment also contributed a $9.1 million significant item after tax compared to $56.1 million in the previous corresponding period.

The market value of Brickworks 42.72% share holding in WHSP was $1.378 billion, up 4.2% or $56.0 million, from $1.322 billion at 31 July 2011. During the period fully franked dividends of $25.6 million were received compared to $33.2 million, including special dividends, in the prior period.

WHSP has delivered outstanding returns over the short, medium and long term, outperforming the ASX All Ordinaries Accumulation Index by 14.1% p.a. over five years, 9.3% p.a. over ten years and 1.7% p.a. over fifteen years.

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

The acquisition of Boral Masonry Cairns for $3.0 million, plus stock, was completed on 9 March 2012. This will enhance Austral Masonry's position in Far North Queensland, and together with the existing plant in Ayr, just south of Townsville, Austral Masonry is now well placed to secure a leading position in this growing region.

In March 2012 Brickworks acquired the remaining 50% share of Daniel Robertson Australia Pty Ltd, following the formation of a 50/50 joint venture six years ago to supply the Daniel Robertson range of bricks across Australia. The total investment was $10.1 million. The Daniel Robertson brand began in Melbourne in 1853 and is synonymous with premium quality, providing a unique range of "crafted' bricks and pavers that have retained their earthy character and beauty from their initial inception. The integration of this brand into the Brickworks Building Products portfolio allows the opportunity for increased sales through a wider distribution network. Following the closure of the original Daniel Robertson manufacturing plant, all production has been transferred to Brickworks' Longford plant in Tasmania.

Outlook

Building Products

The recent reduction in cash rate by the Reserve Bank of Australia in November and December 2011 is a positive sign for construction activity with Brickworks anticipating that **residential building activity** in Australia is now close to the bottom of the cycle. Historically, a reduction in the cash rate has preceded the cyclical low point in housing approvals by around 3-9 months.

In addition, low vacancy rates across most major capital cities support conclusions made by the National Housing Supply Council of a severe shortfall in housing supply, compared to underlying demand[8].

The speed of any housing recovery in the short term and its sustainability over the long term will be impacted by housing affordability, currently at historically low levels, despite recent improvements. Affordability issues are exacerbated by excessive government taxes in the provision of new housing lots for development. Additional government red tape such as lengthy and complicated approval processes remain an issue, although there are some encouraging signs, in New South Wales in particular, that these issues may ease in coming years.

Future returns are likely to be assisted by significant **industry rationalisation** in the building products industry. There are clear signs of a more rational industry emerging, with significant capacity reductions having taken place across all major states. Around 500 million standard brick equivalents ("SBE's") in capacity has been removed from the brick market since 2009, representing around 25% of total capacity. In roofing, it was recently announced that a major competitor will exit the Queensland market, and in masonry industry capacity has also declined in recent years.

[8] National housing Supply Council State of Supply Report, 2011

DIRECTORS' REPORT

Brickworks capital investments over the past 5-10 years, in support of our stated strategy to be the lowest cost producer, has placed the company in a superior position compared with competitors in most markets. With a **strong position established**, future capital investment will be more restrained, with “stay in business” capital expenditure to be less than annual depreciation in future years. Acquisitions and business growth projects, such as a new precast facility in Melbourne, will continue to be undertaken as opportunities arise.

Over the balance of the year, all divisions will continue to implement **price rises** as and when necessary to return margins to an acceptable level.

The Building Products Group expect to deliver an improved result in the second half of 2012, on the back of internal restructuring activities, price rises and strong inventory controls implemented in the first half. In addition, as the first half includes the traditionally slow months of December and January, earnings typically skew to the second half, all else being equal.

In the medium term, industry rationalisation and forecast improvements in residential building activity will provide additional impetus to Building Products earnings.

Land and Development
Work continues on rezoning numerous surplus sites already identified for development including Craigieburn in Victoria, Rochedale in Queensland and Cardup in Western Australia. An application has been made to rezone a 120 hectare lot at Oakdale West to residential land, from the current industrial zoning.

The major focus of the Property Group will be on developing vacant land to improve Trust returns. Large pre-commitments of over 10,000m^2 are slow. Work is now underway on major access ways in Eastern Creek that will likely improve returns, with increased ability to secure additional tenants. Two new projects will be completed in October 2012, totalling 54,000m^2.

Investments
The strong performance of WHSP is expected to continue on the back of continuing earnings growth from its major investments such as New Hope Corporation and TPG Telecom.

Brickworks Group
Despite an improved second half, Building Products earnings for the 2012 financial year will be down compared to the prior year.

Like the first half, the Land and Development Group will rely predominantly on earnings from the Trust in the second half.

Investments are likely to partially offset the reduced earnings of Building Products and Property.

DIRECTORS' REPORT

Rounding of amounts

The consolidated entity has applied the relief available to it under ASIC Class Order 98/0100 and accordingly amounts in the financial report and the Directors' report have been rounded off to the nearest $1,000 where allowed under that class order.

Auditor's independence declaration

The auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 10 for the half year ended 31 January 2012.

Made in accordance with a resolution of the Directors at Sydney.

Dated 22 March 2012

R D MILLNER
Director

L R PARTRIDGE
Director

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GPO Box 2646 Sydney NSW 2001

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Auditor's Independence Declaration to the Directors of Brickworks Limited

In relation to our review of the financial report of Brickworks Limited for the half-year ended 31 January 2012, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

RRobinson

Renay Robinson
Partner
22 March 2012

Liability limited by a scheme approved
under Professional Standards Legislation

BRICKWORKS LIMITED AND CONTROLLED ENTITIES
A.B.N. 17 000 028 526

STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 JANUARY 2012

		CONSOLIDATED	
	NOTE	31 JAN 12 $000	31 JAN 11 $000
Revenue	2	271,397	327,700
Cost of sales		(194,232)	(224,810)
Gross profit		77,165	102,890
Other income		502	2,099
Distribution expenses		(25,175)	(28,099)
Administration expenses		(9,757)	(10,373)
Selling expenses		(26,862)	(28,596)
Finance costs	2	(13,571)	(9,174)
Other expenses		(10,947)	(7,199)
Share of net profits of associates and joint ventures accounted for using the equity method	5, 6	56,339	126,415
Profit from ordinary activities before income tax expense		47,694	147,963
Income tax benefit / (expense) attributable to profit from ordinary activities	3	6,383	(30,905)
Profit from ordinary activities after related income tax expense		**54,077**	**117,058**
Other comprehensive income			
Foreign currency translation		(253)	(310)
Share of increments / (decrements) in reserves attributable to associates		(22,164)	(75,917)
Income tax on items of other comprehensive income		5,915	23,270
Other comprehensive income for the period, net of tax		(16,502)	(52,957)
Total comprehensive income for the period		37,575	64,101
Net profit attributable to members of the parent entity		54,077	117,058
Total comprehensive income for the period attributable to members of the parent entity		37,575	64,101
Basic earnings per share (cents per share)		36.7	79.6
Diluted earnings per share (cents per share)		36.7	79.6

BRICKWORKS LIMITED AND CONTROLLED ENTITIES

A.B.N. 17 000 028 526

STATEMENT OF FINANCIAL POSITION AS AT 31 JANUARY 2012

	NOTE	CONSOLIDATED 31 JAN 12 $000	 31 JULY 11 $000
CURRENT ASSETS			
Cash assets		29,362	50,617
Receivables		68,105	83,639
Held for trading financial assets		12	14
Inventories		153,850	153,575
Land held for resale		1,249	1,249
Income tax receivable		4,180	3,606
Other		7,827	5,864
Derivative financial instruments		-	139
TOTAL CURRENT ASSETS		264,585	298,703
NON-CURRENT ASSETS			
Receivables		201	201
Inventories		8,367	8,372
Land held for resale		23,742	23,742
Investments accounted for using the equity method		1,228,357	1,211,298
Property, plant and equipment		455,335	450,520
Intangible assets		286,963	285,650
Derivative financial instruments		349	-
TOTAL NON-CURRENT ASSETS		2,003,314	1,979,783
TOTAL ASSETS		2,267,899	2,278,486
CURRENT LIABILITIES			
Payables		55,623	58,863
Derivative financial instruments		4,722	-
Provisions		33,530	34,755
TOTAL CURRENT LIABILITIES		93,875	93,618
NON-CURRENT LIABILITIES			
Interest-bearing liabilities		298,243	297,929
Derivative financial instruments		-	1,755
Provisions		16,646	25,397
Deferred tax items		173,666	184,041
TOTAL NON-CURRENT LIABILITIES		488,555	509,122
TOTAL LIABILITIES		582,430	602,740
NET ASSETS		1,685,469	1,675,746
EQUITY			
Contributed equity	7	322,831	325,018
Reserves		281,191	296,396
Retained profits		1,081,447	1,054,332
TOTAL EQUITY		1,685,469	1,675,746

STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 JANUARY 2012

31 JANUARY 2012 ($000)	NOTE	Ordinary Share	Treasury Stock	Capital Profits Reserve	Equity Adjust-ments Reserve	General Reserve	Foreign Currency Reserve	Share Based Payments Reserve	Associates Reserve	Retained Earnings	Total
Total equity at beginning of the half year		332,816	(7,798)	88,102	(13,584)	36,125	(2,051)	2,445	185,359	1,054,332	1,675,746
Net profit for the half year		-	-	-	-	-	-	-	-	54,077	54,077
Other comprehensive income for the half year		-	-	-	5,915	-	(253)	-	(22,164)	-	(16,502)
Total comprehensive income for the half year		-	-	-	5,915	-	(253)	-	(22,164)	54,077	37,575
Transactions with owners in their capacity as owners											
Dividends provided or paid during the half year	4	-	-	-	-	-	-	-	-	(32,248)	(32,248)
Purchase/Issue of shares through employee share plan	7	-	(2,882)	-	-	-	-	-	-	-	(2,882)
Shares vested to employees	7	-	695	-	-	-	-	-	-	-	695
Share of associates transfer to outside equity interests		-	-	-	-	-	-	-	-	5,260	5,260
Share of associates transfer from / (to) retained earnings									(26)	26	-
Share based payments		-	-	-	-	-	-	1,323	-	-	1,323
		-	(2,187)	-	-	-	-	1,323	(26)	(26,962)	(27,852)
Total equity at the end of the half year		332,816	(9,985)	88,102	(7,669)	36,125	(2,304)	3,768	163,169	1,081,447	1,685,469

31 JANUARY 2011 ($000)	NOTE	Ordinary Share	Treasury Stock	Capital Profits Reserve	Equity Adjust-ments Reserve	General Reserve	Foreign Currency Reserve	Share Based Payments Reserve	Associates Reserve	Retained Earnings	Total
Total equity at beginning of the half year		329,047	(6,381)	88,102	(44,941)	36,125	(1,643)	1,024	288,550	960,051	1,649,934
Net profit for the half year		-	-	-	-	-	-	-	-	117,058	117,058
Other comprehensive income for the half year		-	-	-	23,270	-	(310)	-	(75,917)	-	(52,957)
Total comprehensive income for the half year		-	-	-	23,270	-	(310)	-	(75,917)	117,058	64,101
Transactions with owners in their capacity as owners											
Dividends provided or paid during the half year	4	-	-	-	-	-	-	-	-	(32,248)	(32,248)
Issue of shares	7	3,768	-	-	-	-	-	-	-	-	3,768
Purchase of shares through employee share plan	7	-	(4,552)	-	-	-	-	-	-	-	(4,552)
Shares vested to employees	7	-	140	-	-	-	-	-	-	-	140
Share of associates transfer to outside equity interests		-	-	-	-	-	-	-	-	30	30
Share based payments		-	-	-	-	-	-	2,268	-	-	2,268
		3,768	(4,412)	-	-	-	-	2,268	-	(32,218)	(30,594)
Total equity at the end of the half year		332,815	(10,793)	88,102	(21,671)	36,125	(1,953)	3,292	212,633	1,044,891	1,683,441

These statements should be read in conjunction with the accompanying notes.

BRICKWORKS LIMITED AND CONTROLLED ENTITIES

A.B.N. 17 000 028 526

STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 JANUARY 2012

	NOTE	CONSOLIDATED 31 JAN 12 $000	 31 JAN 11 $000
Cash flows from operating activities			
Receipts from customers		312,495	353,310
Payments to suppliers & employees		(293,385)	(321,462)
Interest received		696	988
Interest paid		(10,464)	(9,971)
Dividends received		29,726	35,588
Income tax paid		(1,045)	(3,309)
Net cash flows from / (used in) operating activities		38,023	55,144
Cash flows from investing activities			
Return of equity from investments		2,500	-
Purchases of investments		-	(2,750)
Payment for controlled entity net of cash acquired	9	(6,006)	(14,160)
Proceeds from sale of property, plant & equipment		813	2,421
Purchases of property, plant & equipment		(16,130)	(21,548)
Net cash flows from / (used in) investing activities		(18,823)	(36,037)
Cash flows from financing activities			
Proceeds from borrowings		25,000	-
Repayment of borrowings		(25,000)	-
Proceeds from issue of shares		-	(10)
Loan (to) / from other entity		(612)	715
Dividends paid	4	(39,843)	(39,843)
Net cash flows from / (used in) financing activities		(40,455)	(39,138)
Net increase / (decrease) in cash held		(21,255)	(20,031)
Cash at beginning of half year		50,617	73,353
Cash at end of half year		29,362	53,322

These statements should be read in conjunction with the accompanying notes.

NOTE 1: BASIS OF PREPARATION

The half year consolidated financial report is a condensed general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, and AASB 134: Interim Financial Reporting, and other mandatory professional reporting requirements.

The condensed half year general purpose financial report does not include full disclosures of the type normally included in an annual financial report, and as such this financial report should be read in conjunction with the annual financial report for the year ended 31 July 2011, and any public announcements made by Brickworks Limited and its controlled entities during the half year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies have been consistently applied by the entities in the group and are consistent with those of the most recent annual financial report for the year ended 31 July 2011.

NOTE 2: SIGNIFICANT REVENUES AND EXPENSES

The following items are relevant to explaining the financial performance for the half year:

	CONSOLIDATED	
	31 JAN 12 $000	**31 JAN 11 $000**
REVENUES		
Building products	268,230	303,501
Property	2,470	23,205
Investments	697	994
Total revenue	271,397	327,700
FINANCE COSTS		
Interest and other borrowing costs	10,765	10,672
Mark to market derivatives	2,806	(1,498)
Total finance costs	13,571	9,174
PROPERTY TRUST PROFITS		
Fair value adjustment of properties	3,738	2,485
Fair value adjustment on completion of developments	5,334	-
Property Trust rental profits	3,766	3,063
Total profits from Property Trusts	12,838	5,548

NOTE 2: SIGNIFICANT REVENUES AND EXPENSES (cont.)

	CONSOLIDATED	
	31 JAN 12 $000	31 JAN 11 $000
OTHER SIGNIFICANT ITEMS		
Business acquisition costs [(1)]	(615)	(2,193)
Restructuring costs [(1)]	(5,882)	(810)
Additional profit / (loss) due to significant one-off transactions of Washington H Soul Pattinson & Co Ltd [(2)]	1,828	83,425
Other significant items [(1)]	-	(309)
Total significant items	(4,669)	80,113
Tax effect of above transactions	1,401	(24,034)
Tax adjustment for WHSP carrying value [(3)]	7,849	-
Total significant items after income tax	4,581	56,079

(1) Disclosed in "Other expenses" line on Statement of Comprehensive Income
(2) Disclosed in "Share of net profits of associates" line on Statement of Comprehensive Income
(3) Prior year benefit of $4,198,000 not included as significant item

NOTE 3: INCOME TAX EXPENSE

	31 JAN 12 $000	31 JAN 11 $000
Current Tax	(7)	3,801
Deferred Tax	(6,847)	27,246
Under / (over) provided in prior years	471	(142)
	(6,383)	30,905
Tax (benefit) / expense on significant items	(9,250)	24,034
Tax expense on underlying operations	2,867	6,871
	(6,383)	30,905

NOTE 4: DIVIDENDS

	31 JAN 12 $000	31 JAN 11 $000
Final ordinary dividend (prior year) of 27.0 cents per share paid 01/12/11 (2010 – 27.0c paid 01/12/10)	39,843	39,843
Group's share of dividend received by associated company	(7,595)	(7,595)
	32,248	32,248
Proposed interim ordinary dividend of 13.5 cents per share (2011 - 13.5c paid 17/05/11) not recognised as a liability	19,922	19,922

All dividends paid and proposed have been or will be fully franked at the rate of 30%

NOTE 5: ASSOCIATED ENTITIES

Information relating to significant associated entites is set out below:

	Ownership interest		Contribution to profit	
	31 JAN 12 %	31 JAN 11 %	31 JAN 12 $000	31 JAN 11 $000
Washington H Soul Pattinson & Co Ltd	42.72	42.85	42,871	120,368

NOTE 6: JOINTLY CONTROLLED ENTITIES

Information relating to significant jointly controlled entities (JV's) is set out below:

BGAI CDC Trust	50.00	50.00	1,167	2,168
BGAI Erskine Trust	50.00	50.00	4,358	1,002
BGAI TTP Trust	50.00	50.00	291	796
BGAI Capicure Trust	50.00	50.00	362	372
BGAI Heritage Trust	50.00	50.00	619	1,073
BGAI Oakdale Trust	50.00	50.00	569	-
BGAI Wacol Trust	50.00	50.00	141	137
Other jointly controlled entities			627	499
Fair value adjustments on completion of developments			5,334	-
			13,468	6,047

NOTE 7: CONTRIBUTED EQUITY

	CONSOLIDATED 31 JAN 12 $000	CONSOLIDATED 31 JULY 11 $000
Fully paid ordinary shares	332,816	332,816
Treasury stock	(9,985)	(7,798)
	322,831	325,018
ORDINARY SHARES		
Opening balance	332,816	329,047
Shares issued during the period	-	3,779
Costs associated with shares issued	-	(10)
Balance at end of period	332,816	332,816
	No. Shares	**No. Shares**
Opening balance	147,567,333	147,235,904
Shares issued during the period	-	331,429
Balance at end of period	147,567,333	147,567,333
	$000	**$000**
TREASURY STOCK		
Opening balance	(7,798)	(6,381)
Treasury stock acquired by share plan	(2,882)	(4,553)
Treasury stock vested during period	695	3,136
Balance at end of period	(9,985)	(7,798)
	No. Shares	**No. Shares**
Opening balance	644,447	496,210
Treasury stock acquired by share plan	278,083	396,509
Treasury stock vested during period	(59,945)	(248,272)
Balance at end of period	862,585	644,447

NOTE 8: SEGMENT INFORMATION

	Building Products		Property		Investments		Consolidated	
	31 JAN 12 $000	31 JAN 11 $000	31 JAN 12 $000	31 JAN 11 $000	31 JAN 12 $000	31 JAN 11 $000	31 JAN 12 $000	31 JAN 11 $000
REVENUE								
Segment revenue	268,230	303,501	2,470	23,205	697	994	271,397	327,700
RESULT								
Segment EBITDA	26,720	35,614	13,299	20,616	41,738	37,937	81,757	94,167
Less depreciation and amortisation	(12,291)	(13,220)	-	-	-	-	(12,291)	(13,220)
Segment EBIT before significant items	**14,429**	**22,394**	**13,299**	**20,616**	**41,738**	**37,937**	**69,466**	**80,947**
Add / (less) significant items	(6,497)	(3,312)	-	-	1,828	83,425	(4,669)	80,113
Segment result	**7,932**	**19,082**	**13,299**	**20,616**	**43,566**	**121,362**	**64,797**	**161,060**
Unallocated expenses								
Finance costs							(13,571)	(9,174)
Other unallocated expenses							(3,532)	(3,923)
Profit from ordinary activities before income tax							47,694	147,963
Tax expense on underlying operations							(2,867)	(6,871)
Tax benefit / (expense) on significant items							9,250	(24,034)
Total tax benefit / (expense)							6,383	(30,905)
Profit from ordinary activities after income tax							54,077	117,058

Building Products division manufactures vitrified clay, concrete and timber products used in the building industry.

Property division considers further opportunities to better utilise land owned by the Brickworks Group, including the sale of property and investment in property trusts.

Investment division holds investments in the Australian share market, both for dividend income and capital growth, and includes the Group's investment in Washington H Soul Pattinson and Co. Ltd.

There are no inter-segment revenues within the group.

NOTE 9: BUSINESS ACQUISITIONS

On 2 December 2011 the Group acquired the business and assets of Gunns Ltd's Jarrah saw milling, processing and retail business in Western Australia. The acquisition created a market-leading range of Australia hardwood timber, and provides synergies with the existing Auswest Timber operations in Western Australia. Details of the net assets acquired under this transaction are set out below, with all values determined provisionally at balance date.

	2012 $000
Cost of acquisition	
Cash paid	6,006
Net assets acquired:	
Inventory	4,100
Property, plant & equipment	1,850
Intangibles	1,400
Employee entitlements assumed	(1,204)
Other liabilities	(140)
Fair value of net assets acquired	6,006
Direct costs relating to the acquisition	(615)

Upon acquisition the acquired business was integrated within the existing Brickworks business and systems. As a result, specific financial information relating to the acquired business is not available and therefore it is impracticable to disclose the revenue and profit or loss of the acquiree since the acquisition date.

It is impracticable to restate the revenue or profit of the combined entity for the period as if the acquisition date for these business combinations effected during the period had been at the beginning of the period, as the legal entities that had been operating those businesses were not acquired, and the financial information of those entities provided to the Group to allow consideration of the purchase of those businesses is subject to signed confidentiality agreements. For the same reason we cannot disclose the carrying amounts of those assets immediately prior to the acquisition.

NOTE 10: EVENTS OCCURING AFTER BALANCE DATE

On 6 March 2012 the Group completed the acquisition of the remaining 50% equity not already held in Daniel Robertson Australia Pty Ltd for $10.1 million. The company had been operating as a joint venture for six years, with Austral manufacturing the product following the closure of the original Daniel Robertson manufacturing plant. The acquisition will enable the bricks businesses on the East Coast of Australia to continue to manufacture this premium iconic brand. No information regarding fair values has been provided as the fair values of assets and liabilities acquired were yet to be determined at the time of issue of these accounts.

On 9 March 2012 the Group acquired the business and assets of Boral Masonry's Cairns, Queensland, operations for $3.0 million. The acquisition provides the Group with additional manufacturing capacity in far North Queensland, and provides significant synergies and savings for the Austral Masonry operations in Queensland. No information regarding fair values has been provided as the fair values of assets and liabilities acquired were yet to be determined at the time of issue of these accounts.

BRICKWORKS LIMITED AND CONTROLLED ENTITIES
A.B.N. 17 000 028 526

DIRECTORS' DECLARATION

The Directors' of the company declare that:

1. The financial statements and notes, as set out on pages 11 to 20, are in accordance with the Corporations Act 2001:

    a. comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and

    b. give a true and fair view of the consolidated entity's financial position as at 31 January 2012 and of its performance for the half year ended on that date.

2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Dated 22 March 2012

R D MILLNER
Director

L R PARTRIDGE
Director

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To the members of Brickworks Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Brickworks Limited ('the company'), which comprises the statement of financial position as at 31 January 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 January 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* . As the auditor of Brickworks Limited and the entities it controlled during the period, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is referred to in the Directors' Report.

Liability limited by a scheme approved
under Professional Standards Legislation

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Brickworks Limited is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 January 2012 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst & Young

Ernst & Young

R Robinson

Renay Robinson
Partner
Sydney
22 March 2012