



Brickworks Limited
ABN 17 000 028 526

738 - 780 Wallgrove Road
Horsley Park NSW 2175

PO Box 6550
Wetherill Park NSW 1851

Tel +61 2 9830 7800

Fax +61 2 9830 1328

info@brickworks.com.au
www.brickworks.com.au

24 September 2015

Australian Securities Exchange

Attention: **ASX Market Announcements**

BY ELECTRONIC LODGEMENT

Dear Sir/Madam,

Please find attached the Brickworks Limited Appendix 4E for the year ended 31 July 2015, incorporating the annual financial report for that period, for immediate release to the market.

Yours faithfully

A handwritten signature in black ink, appearing to read "S Leppinus".

Susan Leppinus
Company Secretary

Proudly supports



ASX Appendix 4E

Lodged with the ASX in accordance with Listing Rule 4.3A

BRICKWORKS LIMITED

A.B.N. 17 000 028 526

Preliminary Final Report Results for announcement to the market

Reporting period: 12 months to 31 July 2015

Previous corresponding period: 12 months to 31 July 2014

		CURRENT PERIOD 31 JUL 15	PREVIOUS PERIOD 31 JUL 14
Revenues from ordinary activities (\$000's)	UP 8% TO	723,611	670,268
Profit from ordinary activities after tax attributable to members (\$000's)	DOWN 24% TO	78,090	102,755
Net profit for the period attributable to members (\$000's)	DOWN 24% TO	78,090	102,755
Net profit after tax before significant items (\$000's)	UP 19% TO	120,299	101,289
Basic earnings per share (cents per share)	DOWN 24% TO	52.6	69.4
Net tangible assets per share (cents per share)	UP 3% TO	1,059.4	1,031.8

Comments on above results

RECORD BUILDING PRODUCTS SALES, DIVIDEND UP 7.1%

- ** Statutory NPAT including significant items down 24.0% to \$78.1 million
- ** Brickworks underlying NPAT before significant items up 18.8% to \$120.3 million
- ** Building Products EBIT before significant items up 25.0% to \$56.4 million
- ** Land & Development EBIT before significant items up 3.1% to \$64.4 million
- ** Investments EBIT before significant items up 22.9% to \$54.8 million
- ** Net debt/capital employed of 14.2%, net debt \$301.9 million
- ** Final dividend of 30.0 cents fully franked, up 2 cents or 7.1%
- ** Total full year dividend of 45.0 cents fully franked, up 3 cents or 7.1%

Significant items primarily relate to non cash impairments in Austral Precast and Auswest Timbers, reported in the first half, and in WHSP's subsidiary companies New Hope Corporation and CopperChem in the second half.

DIVIDENDS	Amount per security	Franked amount per security	Total amount paid / payable	Foreign source dividend per security
	(cents)	(cents)	(\$000's)	(cents)
Ordinary shares				
Proposed final ordinary dividend (payable 25 November 2015)	30.0	30.0	44,521	0.0
Record date for determining entitlements to the dividend			5 NOVEMBER 2015	
Previous corresponding period (paid 27 November 2014)	28.0	28.0	41,451	0.0
Interim ordinary dividend (paid 5 May 2015)	15.0	15.0	22,261	0.0
Previous corresponding period (paid 6 May 2014)	14.0	14.0	20,725	0.0
There were no dividend reinvestment plans in operation at any time during or since the end of the financial year.				

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

This report is based on accounts which have been audited. There has been no dispute or qualification in relation to these accounts or report.

BRICKWORKS LIMITED

A.B.N. 17 000 028 526

ANNUAL REPORT 2015

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

FIVE YEAR SUMMARY

	2011 \$000	2012 \$000	2013 \$000	2014 \$000	2015 \$000	% Growth
Total revenue	635,615	556,911	606,509	670,268	723,611	8%
Building Products revenue	604,915	547,590	568,654	636,895	700,871	10%
Earnings before interest and tax						
Building products	42,017	28,538	32,802	45,081	56,364	25%
Property	26,662	16,438	49,206	61,013	61,735	1%
Waste management	2,573	2,571	413	1,414	2,649	87%
Investments	1,713	1,081	493	262	280	7%
Associates	66,182	66,619	59,509	44,382	54,574	23%
Head office and other expenses	<u>(7,148)</u>	<u>(6,796)</u>	<u>(7,384)</u>	<u>(8,945)</u>	<u>(9,699)</u>	(8%)
Total EBIT	131,999	108,451	135,039	143,207	165,903	16%
Borrowing costs	(21,155)	(25,215)	(18,800)	(18,073)	(19,482)	(8%)
Income tax	<u>(10,061)</u>	<u>(4,366)</u>	<u>(16,191)</u>	<u>(23,845)</u>	<u>(26,122)</u>	(10%)
Net profit after income tax (excl significant items)	<u>100,783</u>	<u>78,870</u>	<u>100,048</u>	<u>101,289</u>	<u>120,299</u>	19%
Significant items						
Washington H Soul Pattinson & Co.	88,686	756	(18,483)	4,973	(25,140)	
Write down of assets to recoverable value						
- Property, plant & equipment	(14,021)	(4,169)	(8,608)	(2,581)	-	
- Building products inventory	(1,084)	(4,192)	-	-	-	
Costs related to JV and business acquisition	(2,751)	(1,947)	729	-	(577)	
Costs on closure of manufacturing facility	(8,651)	(6,927)	(3,130)	(379)	-	
Costs on start up of manufacturing facilities	-	(4,147)	(593)	-	(4,333)	
Impairment of goodwill and timber access rights	-	(31,627)	-	-	(16,761)	
Costs relating to PPT/MHC proposal	-	(1,273)	(465)	(2,841)	(1,504)	
Other significant items	(2,511)	(2,612)	(3,010)	(578)	(1,236)	
Tax on significant items	(17,900)	7,580	5,424	1,914	2,822	
Tax benefit arising from WHSP carrying value	-	12,992	13,253	958	4,520	
Total significant items	<u>41,768</u>	<u>(35,566)</u>	<u>(14,883)</u>	<u>1,466</u>	<u>(42,209)</u>	
Net profit after income tax (incl significant items)	<u>142,551</u>	<u>43,304</u>	<u>85,165</u>	<u>102,755</u>	<u>78,090</u>	(24%)
Basic earnings per share (cents)	96.7	29.3	57.6	69.4	52.6	(24%)
Normalised earnings per share (cents)	68.3	53.4	67.7	68.4	81.1	19%
Dividends						
Ordinary dividends per share (cents)	<u>40.5</u>	<u>40.5</u>	<u>40.5</u>	<u>42.0</u>	<u>45.0</u>	7%
Ratios						
Net tangible assets per share	\$9.42	\$9.44	\$9.82	\$10.32	\$10.59	3%
Return on shareholders equity	8.5%	2.6%	5.0%	5.7%	4.3%	(25%)
Interest cover ratio	6.4	5.2	6.6	7.3	9.7	32%
Net debt to capital employed	13.0%	14.7%	15.7%	14.5%	14.2%	(2%)

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

ANNUAL REPORT 2015

REGISTERED OFFICE:	738 - 780 Wallgrove Road Horsley Park NSW 2175 Telephone: (02) 9830 7800 Facsimile: (02) 9620 1328
DIRECTORS:	ROBERT D. MILLNER FAICD (Chairman) Director since 1997 MICHAEL J. MILLNER MAICD (Deputy Chairman) Director since 1998 BRENDAN P. CROTTY LS; DQIT; Dip.Bus Admin; MAPI; FAICD; FRICS Director since 2008 DAVID N. GILHAM FCILT; FAIM; FAICD Director since 2003 DEBORAH R. PAGE AM B.Ec, FCA, MAICD Appointed 1 July 2014 THE HON. ROBERT J. WEBSTER MAICD; MAIM; JP Director since 2001
MANAGING DIRECTOR:	LINDSAY R. PARTRIDGE AM BSc. Hons.Ceramic Eng; FAICD; Dip.CD Joined the Company 1985 Director since 2000
CHIEF FINANCIAL OFFICER:	ALEXANDER J. PAYNE B.Comm; Dip CM; FCPA; FCIS; FCSA; JP Joined the Company in 1985
COMPANY SECRETARY:	SUSAN L. LEPPINUS B.Ec; LLB; Grad Dip App Fin Joined the Company on 29 April 2015
AUDITORS:	ERNST & YOUNG
BANKERS:	NATIONAL AUSTRALIA BANK
SHARE REGISTER:	COMPUTERSHARE INVESTOR SERVICES PTY. LIMITED GPO Box 2975 Melbourne Victoria 3001 Telephone: 1300 855 080 (within Australia) (03) 9415 4000 (international) Facsimile: (03) 9473 2500
PRINCIPAL ADMINISTRATIVE OFFICE:	738 - 780 Wallgrove Road Horsley Park NSW 2175 Telephone: (02) 9830 7800 Facsimile: (02) 9830 7797 E-mail: info@brickworks.com.au

BRICKWORKS LIMITED

A.B.N. 17 000 028 526

DIRECTORS' REPORT

The Directors of Brickworks Limited present their report and the financial report of Brickworks Limited and its controlled entities (referred to as the Brickworks Group or the Group) for the financial year ended 31 July 2015.

DIRECTORS

The names of the Directors in office at any time during or since the end of the year are:

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

All Directors have been in office since the start of the financial year to the date of this report.

Principal activities

The Brickworks Group manufactures a diverse range of building products throughout Australia; engages in development and investment activities to realise surplus manufacturing property; and participates in diversified investments as an equity holder.

Result of operations

The consolidated net profit for the year ended 31 July 2015 of the Brickworks Group after income tax expense, amounted to \$78,090,000 compared with \$102,755,000 for the previous year.

Dividends

The Directors recommend that the following final dividend be declared:

Ordinary shareholders – 30.0 cents per share (fully franked)

The record date for the final ordinary dividend will be 5 November 2015, with payment being made on 25 November 2015.

Dividends paid during the financial year ended 31 July 2015 were:

- (a) Final ordinary dividend of 28 cents per share (fully franked) paid on 27 November 2014 (2014: 27 cents).
- (b) Interim ordinary dividend of 15 cents per share (fully franked) paid on 5 May 2015 (2014: 14 cents).

REVIEW OF OPERATIONS

Highlights

- Brickworks underlying NPAT before significant items up 18.8% to \$120.3 million
 - Building Products EBIT up 25.0% to \$56.4 million
 - Land and Development EBIT up 3.1% to \$64.4 million
 - Investments EBIT up 22.9% to \$54.8 million
- Statutory NPAT including significant items, down 24.0% to \$78.1 million
- Net debt/capital employed of 14.2%, net debt \$301.9 million
- Final dividend of 30.0 cents fully franked, up 2 cents or 7.1%
- Total full year dividend of 45.0 cents fully franked, up 3 cents or 7.1%

Overview¹

Brickworks' (ASX: BKW) posted a record underlying Net Profit After Tax ('NPAT') for the year ended 31 July 2015 of \$120.3 million, up 18.8% on the prior year. A feature of the result was the diversified earnings contribution, with Building Products, Land and Development and Investments all delivering an uplift in underlying earnings compared to the prior year.

¹ All underlying profit and earnings measures exclude significant items, unless otherwise stated

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

DIRECTORS' REPORT

After including the impact of significant items, statutory NPAT was down 24.0% to \$78.1 million. The significant items primarily relate to non cash impairments in Austral Precast and Auswest Timbers, reported in the first half, and in Washington H Soul Pattinson's ('WHSP') subsidiary companies New Hope Corporation and CopperChem in the second half.

On record sales revenue of \$700.9 million, **Building Products'** underlying earnings before interest and tax ('EBIT') was \$56.4 million, up 25.0% on the prior year. The improved earnings were driven by a combination of continued sales growth and solid price increases in some divisions.

Land and Development EBIT was \$64.4 million for the 12 months to 31 July 2015, driven primarily by a strong revaluation profit in the Joint Venture Industrial Property Trust² ('Property Trust') and the sale of the Coles Chilled Distribution Centre ('Coles CDC').

Investment EBIT, including the underlying contribution from WHSP, was up 22.9% to \$54.8 million. This was due primarily to increased underlying earnings in TPG Telecom and New Hope Corporation.

Underlying earnings per share ('EPS') were 81.1 cents, up 18.5% from 68.4 cents for the prior year.

Directors have declared a fully franked final **dividend** of 30.0 cents per share for the year ended 31 July 2015, up 7.1% from 28.0 cents. Together with the interim dividend of 15.0 cents per share, this brings the total dividends paid for the year to 45.0 cents per share, up 3.0 cents or 7.1% on the prior year.

The record date for the final dividend will be 5 November 2015, with payment on 25 November 2015.

Financial Analysis

Gearing (debt to equity) was 17.8% at 31 July 2015, down from 18.1% at 31 July 2014. Total interest bearing debt remained unchanged at \$325.0 million and net debt was \$301.9 million at 31 July 2015, down 1.0% from \$304.8 million at 31 July 2014. **Net debt** to capital employed was 14.1% at the end of the period, but reduced further to 12.3% at 31 August 2015, following settlement of the Coles CDC sale within the Property Trust and distribution of proceeds to Brickworks.

Interest costs were down 12.2% to \$17.1 million for the year. **Total borrowing costs** were \$19.5 million, including the loss in mark to market valuation of swaps of \$2.4 million. Interest cover was 9.7 times, up from 7.3 times at 31 July 2014.

Working capital, excluding land held for resale, was \$167.8 million at 31 July 2015, a decrease of \$4.9 million compared to the prior year. **Finished goods inventory** reduced by \$3.9 million during the year, however total inventory was up by \$2.2 million. This included the acquisition of a masonry plant and greater production output that resulted in increased raw materials and work in progress.

Total **cash flow** from operating activities was \$133.3 million, up 32.6% from \$100.5 million in the prior year. This includes \$18.3 million in proceeds from the sale of the Port Kembla site in New South Wales and the Riverview site in Queensland. Excluding these sales, operating cash flow was up 14.4%, primarily reflecting the higher level of trading and decreased working capital.

Building Products **capital expenditure** on plant and equipment increased to \$41.1 million, from \$33.2 million in the prior year. Stay in business capital expenditure was \$25.8 million, approximately in line with depreciation. Spend on major growth projects totalled \$15.3 million and included the first phase of a plant upgrade at the Rochedale brick plant in Queensland and a range of alternative fuels projects.

Spending on Building Products **acquisitions** totalled \$5.5 million for the year, comprising the purchase of a masonry plant in Rockhampton during the first half. In addition, property acquisitions totalled \$15.3 million, including the previously leased Austral Masonry sites at Yatala and Cairns in Queensland and a clay reserve at Berrima in New South Wales.

The underlying **income tax** expense for the year increased to \$26.1 million compared to \$23.8 million for the previous year, due to the increased earnings from the Building Products and Land and Development Groups. The statutory tax expense of \$18.8 million was down 10.5% on the previous year, with the low effective tax rate of 19.4% reflecting the fully franked dividend and lower equity accounted earnings from WHSP.

Net tangible assets ('NTA') per share was \$10.59 at 31 July 2015, up from \$10.32 at 31 July 2014 and total shareholder's equity was up \$27.8 million to \$1.824 billion.

Return on equity of underlying earnings was 6.6%, up from 5.7% in the prior year. Over the longer term, Brickworks diversified corporate structure has provided stability of earnings and enabled prudent investments that have steadily built net asset value and underpinned superior long term shareholder returns.

Brickworks' continues to outperform the All Ordinaries Accumulation index in terms of total shareholder returns ('TSR') over most time horizons. TSR for the year to 31 July 2015 was 7.6%, 2.2% higher than the index. Over 15 years, Brickworks has delivered returns of 12.5% per annum, 4.3% above the index.

Significant items decreased NPAT by \$42.2 million for the year, consisting of non cash impairments, plant commissioning costs at Rochedale in Queensland and Horsley Park in New South Wales, costs associated with the Perpetual litigation (discussed below) and other Building Products items such as acquisition costs and redundancies.

In addition, significant items relating to WHSP were incurred, primarily related to non cash impairments in subsidiary companies New Hope Corporation and CopperChem in the second half.

² The Joint Venture Industrial Property Trust is a 50/50% partnership between Brickworks and Goodman Industrial Trust

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

DIRECTORS' REPORT

The Building Products' non cash asset impairments, reported in the first half, comprised \$10.0 million associated with goodwill in Austral Precast and \$6.7 million in relation to Auswest Timbers log licenses, both reported in the first half. The impairment charges recognised reflect a delay and risk in achieving planned operational efficiencies in these businesses.

Significant Items (\$m)	Gross	Tax	Net
Impairment of goodwill in Austral Precast	(10.0)	-	(10.0)
Impairment of Auswest Timbers log licenses	(6.7)	0.5	(6.2)
Plant commissioning costs	(4.3)	1.3	(3.0)
Costs relating to Perpetual / Carnegie proposal	(1.6)	0.5	(1.1)
Other Building Products items	(1.8)	0.5	(1.3)
Significant items relating to WHSP	(25.1)	4.5	(20.6)
TOTAL	(49.5)	7.3	(42.2)

Perpetual Litigation Update

On 20 February Brickworks announced that Perpetual and Carnegie had agreed to the cancellation of the general meeting of shareholders and Carnegie had withdrawn its cross claim against Brickworks and WHSP. On the basis the general meeting of shareholders would be cancelled Brickworks agreed with Perpetual to put a resolution to the 2015 Annual General Meeting regarding the proposed nomination of Ms Elizabeth Crouch as a director. Additional information will be contained in the Company's Notice of Annual General Meeting to shareholders.

The cross-claim brought by Perpetual against Brickworks and WHSP is continuing. The discovery process has commenced, and will likely take some months to complete.

The Perpetual litigation has caused Brickworks to incur approximately \$1.6 million in costs during the 12 months to 31 July 2015.

Brickworks' Building Products Group

Summary of Housing Commencements – 12 months to June 2015

Estimated Starts ⁴	Detached Houses			Other Res			Total		
	Jun 15	Jun 14	Change	Jun 15	Jun 14	Change	Jun 15	Jun 14	Change
New South Wales ⁵	25,454	22,541	12.9%	32,093	27,683	15.9%	57,547	50,224	14.6%
Queensland	22,306	19,355	15.2%	20,113	16,146	24.6%	42,419	35,501	19.5%
Victoria	32,302	29,440	9.7%	30,894	22,051	40.1%	63,196	51,491	22.7%
Western Australia	23,420	22,664	3.3%	7,957	6,451	23.3%	31,377	29,115	7.8%
South Australia	7,676	7,924	(3.1%)	2,723	2,754	(1.1%)	10,399	10,678	(2.6%)
Tasmania	2,083	1,603	29.9%	415	307	35.2%	2,498	1,910	30.8%
Total Australia⁶	114,116	104,404	9.3%	95,485	76,569	24.7%	209,601	180,973	15.8%
New Zealand ⁷	22,969	20,451	12.3%	2,185	2,875	-24.0%	25,154	23,326	7.8%

Total dwelling commencements for Australia were up 15.8% to 209,601 for the twelve months ended 30 June 2015. This level of residential building activity is the highest on record in Australia, with detached housing activity now three years into a recovery and other residential commencements continuing to record unprecedented growth.

⁴ Original data sourced from ABSCat. 8752.0 Number of Dwelling Unit Commencements by Sector, States & Territories (Sep 13, Dec 13 and Mar 14 quarters). June 14 quarter estimate from BIS Shrapnel.

⁵ Includes ACT, to align with Brickworks divisional regions

⁶ Includes Northern Territory, not shown separately on table

⁷ Building Consents data sourced from Statistics New Zealand – Building Consents.

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

DIRECTORS' REPORT

Detached housing commencements increased 9.3% on the prior year. The growth in detached housing was broad-based, with all states except South Australia experiencing improved conditions. Following three years of growth, the level of detached house building now exceeds the 25 year average by 10%, but remains 14% below the record level.

Momentum in other residential activity continued unabated, with commencements up a further 24.7% to a new record high of 95,485 for the twelve months to 30 June 2015. This level of other residential activity is 85% higher than the 25 year average and more than double the levels recorded six years ago. Other residential developments now represent 45.6% of all residential commencements in Australia, up from 20.9% six years ago.

Conditions in **New South Wales** (including ACT) continue to improve, with total residential commencements up 14.6% on the prior year and just shy of the record level achieved 20 years ago. Double digit growth was recorded in both detached houses and other residential activity.

Queensland experienced a strong increase in overall activity, with commencements up 19.5% to 42,419 for the twelve months to 30 June 2015. Despite the strong growth, the recovery in Queensland has lagged the rest of the country, with detached housing commencements still almost 10% below the 25 year average.

Total commencements in **Victoria** of 63,196 for the year, are the highest on record for any state. Activity in this state has been fuelled by unprecedented growth in other residential commencements, up a staggering 40.1% to 30,894. As a result of this sharp increase, other residential activity now makes up almost 50% of total commencements in Victoria. Growth in detached house commencements was also strong, up 9.7% to 32,302.

After recording record levels midway through the year, and an overall increase in commencements of 7.8% at year end, residential building activity in **Western Australia** now appears to have passed the peak. Activity in the second half of the year was 15.5% below the first half, with the decline being felt in both detached houses and other residential developments.

Tasmania delivered the greatest uplift in building activity of any state during the year, recording an overall increase of 30.8%. Both detached housing and other residential commencements were up significantly on the prior year.

Continued growth in **New Zealand** was also recorded, with building consents for the year ended 30 June 2015 increasing by 7.8%.

The value of approvals in the **non residential** sector in Australia decreased by 18.7% to \$29.447 billion for the twelve months to 31 July 2015. Within the non residential sector, **Commercial** building approvals decreased by 23.4% to \$11.194 billion for the period and **Industrial** building approvals decreased 16.4% to \$4.248 billion. The **Educational** sub-sector, an important driver for bricks and masonry demand, was down 21.8% to \$3.667 billion.

Building Products' Results in Detail⁸

Year Ended July		2015	2014	Change %
Revenue	\$mill	700.9	636.9	10.0
EBITDA	\$mill	81.6	70.0	16.6
EBIT	\$mill	56.4	45.1	25.0
Plant and Equipment Capital Expenditure ⁹	\$mill	41.1	33.2	23.8
EBITDA margin	%	11.6	11.0	5.9
EBIT margin	%	8.0	7.1	13.6
Capital Employed	\$mil	842.9	813.8	3.6
Net Tangible Assets	\$mil	590.8	544.8	8.4
Return on Capital Employed	%	6.7	5.5	20.7
Return on Net Tangible Assets	%	9.5	8.3	15.3
Full Time Employees		1,468	1,414	3.8
Safety (TRIFR) ¹⁰		22.5	33.6	(32.3)
Safety (LTIFR) ¹¹		2.0	3.3	(37.8)

⁸ All references to earnings within Building Products represent underlying earnings, pre significant items.

⁹ Excludes plant rebuild costs covered by insurance

¹⁰ Total Reportable Injury Frequency Rate (TRIFR) measures the total number of reportable injuries per million hours worked

¹¹ Lost Time Injury Frequency Rate (LTIFR) measures the number of lost time injuries per million hours worked

BRICKWORKS LIMITED

A.B.N. 17 000 028 526

DIRECTORS' REPORT

Revenue for the year ended 31 July 2015 was up 10.0% to a record \$700.9 million, compared to \$636.9 million for the prior year. Financial year 2015 saw a continuation of the broad-based recovery in building materials demand, with sales revenue exceeding the prior year in all divisions except Austral Precast. Particularly strong momentum was recorded in Austral Bricks, Bristle Roofing and Auswest Timbers.

EBIT was \$56.4 million, up 25.0% on the prior year, and **EBITDA** was \$81.6 million. Improved earnings were achieved on the back of the strong growth in sales volume and higher prices in most divisions.

Earnings in the second half of \$30.3 million were 16.0% higher than the first half. Whilst this momentum was encouraging, extended periods of rain and cold weather from April till July, and supply constraints such as availability of land and trades, adversely impacted sales volumes across many divisions in the second half.

Over the full year, improved volumes delivered a positive EBIT impact of \$10.4 million compared to the prior year. This was primarily due to higher volume in Austral Bricks, in particular the two largest east coast markets of New South Wales and Victoria.

Pricing outcomes were patchy across the divisions and in total contributed an EBIT uplift of \$15.5 million. Strong price increases were achieved in Austral Bricks in all states except Western Australia. Austral Masonry, Bristle Roofing and Auswest Timbers also recorded solid gains, however pricing in Austral Precast decreased, primarily due to strong competition in New South Wales and Victoria.

The EBIT impact of increases in unit production and installation costs was negative \$12.2 million for the year. However after including the \$7.0 million benefit from the removal of the carbon tax, the net impact was \$5.2 million, representing a 1.2% uplift in unit costs. Whilst the increased volume delivered improved operating efficiency across many plants, cost pressures still remain in some areas.

In addition, other costs increased by \$8.7 million, due primarily to a significant increase in advertising and selling support expenses. During the year, costs were incurred to ensure that service levels were maintained despite the significant increase in demand. The company has also made a strategic investment in a high fashion branding campaign and the roll out of CBD design studios across all major capitals, and will continue to benefit from these initiatives in the years ahead.

Despite the improved earnings, Building Products' Return on Capital Employed ('**ROCE**') of 6.7% remains below internal targets. Excluding goodwill and other intangible assets of \$252.1 million, the underlying Return on Net Tangible Assets ('**RONTA**') was 9.5%, up from 8.3% in the prior year.

Full time **employees** increased by 54 during the year, taking the total number to 1,468 at 31 July 2015. This includes the addition of 11 employees as a result of the masonry plant acquisition in Rockhampton, and 23 employees due to the recommissioning of Plant 2 at Horsley Park.

During the downturn in 2012-13, employee numbers were reduced significantly in many areas of the business. With conditions now much improved, the company has taken the opportunity to upskill in a number of key areas such as research and development, engineering and marketing. In addition, the senior management team has been boosted by the recruitment of executive staff in selected areas to ensure the long term sustainability of the business as it continues to grow.

There were 6 Lost Time **Injuries** ('**LTIs**') during the year. This translated into a reduction in the Lost Time Injury Frequency Rate ('**LTIFR**') to 2.0, compared to 3.3 in the 2014 financial year. The Total Reportable Injury Frequency Rate ('**TRIFR**') decreased to 22.5 from 33.6 in the prior financial year.

Tragically, these statistics are overshadowed by the fatal accident that occurred in February, when a roofing contractor fell at Plant 2, Horsley Park. All management and staff at Brickworks are deeply saddened by this loss and our thoughts and condolences are extended to the family. It is our ongoing goal to have a workplace free from injuries and this incident has re-enforced our commitment to rolling out best practice OH&S procedures across the organisation.

Divisional Results

Austral Bricks delivered a 40.5% increase in earnings for the twelve months ended 31 July 2015. Total sales revenue was up 12.7% to \$379.7 million, driven by a 9.7% uplift in sales volume and strong selling price increases in most states. Excluding the impact of Western Australia where pricing was flat, the average selling price was up 6.1% on the prior year.

Manufacturing costs were held approximately in line with the prior year, on the back of increased volume throughput in most plants and a range of cost reduction initiatives, such as the implementation of alternative fuels projects.

Finished goods stock levels were reduced by 11.7%, with reductions in all states except Western Australia. As a result of the increased demand across all markets, the flow of bricks between states has increased as production is optimised across the country.

New South Wales recorded a significant increase in earnings, primarily as a result of strong price increases and a range of business improvement initiatives. Strong market conditions also supported growth in sales volume, up 9.7% excluding the impact of tolling arrangements.

This business is reaping the benefits of many years of investment to position Austral Bricks as the leading style brand in the industry, resulting in supply to many multi-residential towers and urban renewal projects. The success of this strategy is illustrated by Austral Bricks New South Wales products featuring in the winning residential and commercial projects at the recent Horbury Hunt awards that recognise excellence in the use of bricks in architectural design.

BRICKWORKS LIMITED

A.B.N. 17 000 028 526

DIRECTORS' REPORT

In response to the increasing demand for up-market products, the Punchbowl factory has been transitioned from a floor tile and paver plant to a premium bricks manufacturer and the previously mothballed Plant 2 at Horsley Park recommenced production in March. This plant has not been operational since 2007, indicating the strength of the current market in New South Wales.

Production costs reduced by 1.2% compared to the previous corresponding period, with increased throughput supported by cost reduction projects such as the use of landfill gas in Plant 1 and Plant 3 at Horsley Park.

In **Queensland** the Rochedale plant was shutdown for 18 weeks to accommodate the first phase of a plant upgrade, comprising new clay storage, brick making and setting installation. As a result earnings declined, with manufacturing costs significantly higher than the prior year. However, the underlying performance of the business was positive, with local sales volume up by 7.8% and strong selling price increases achieved. Performance in the final quarter, post the upgrades, was particularly pleasing.

The final phase of the refurbishment program, comprising upgrades to the kiln, dryers and packaging plant, is planned for the second half of financial year 2016. This investment will deliver lower production costs, increased capacity and improve product quality, positioning the business to deliver sustainable returns over the long term.

Earnings from **Victoria** were significantly higher than the prior year on the back of very strong sales volume, up 17.6%. Production volumes were up a comparatively low 7.1%, resulting in a 31.7% reduction in finished goods inventory levels.

The increased production volume, together with a range of operational improvement projects delivered significant efficiency benefits, with unit manufacturing costs down by 3.1%. The recently built Wollert factory is now delivering on its full potential, following the transition to the new facility.

Earnings in **Western Australia** were considerably improved, recovering to the highest level since 2010. This result was achieved primarily as a result of lower unit manufacturing costs due to prior year upgrades at Bellevue.

Despite the increased earnings and strong market activity, conditions in **Western Australia** remain difficult, with competition for sales volume remaining intense. This is reflected by a slight loss in market share, despite average selling prices remaining flat compared to the prior year.

During the year, contracts were signed that will deliver significantly lower energy costs, with the new rates for electricity and gas effective from 1st July 2015 and 1st January 2016 respectively.

Earnings in **South Australia** were up significantly on the prior period, due largely to an increase in local sales volume of 10.1%. The gross margin was relatively steady, with improved average selling prices being offset by manufacturing costs increases.

Tasmania delivered an outstanding result with earnings more than double the prior corresponding period. This result was achieved primarily due to a strong increase in local sales volume and solid price increases. An intensive marketing campaign aimed at increasing the share of brick in housing construction proved very successful, and delivered good returns in a state where Austral Bricks is now the sole local manufacturer.

New Zealand Brick Distributors delivered a decrease in earnings for the year. Although overall market activity in New Zealand remains robust, sales of bricks to support the Christchurch rebuild program has slowed due to the limited release of land suited to brick construction. Together with an increase in competition in other areas of the country and increased use of other cladding systems this has resulted in a decline in sales volume from the previous record levels.

Austral Masonry delivered another increase in earnings, up 9.6% compared to the prior year, on record sales revenue of \$87.1 million. Sales volume increased by 4.0%, with strong growth being recorded in north and south-east Queensland.

The improved earnings were supported by a sustained focus on premium products in both the commercial and residential sectors that delivered improved pricing outcomes, particularly in New South Wales. Increased sales of higher margin engineered retaining wall systems such as "Keystone" and "Magnumstone" also had a positive impact on the results.

In December, **Austral Masonry** completed the acquisition of the independent manufacturer Capricornia Rockblock, located in Rockhampton in Central Queensland. This plant is a modern facility, commissioned in 2011, and delivers Austral Masonry the leading position in a region where it did not previously have a significant market presence.

The previously leased operational sites at Yatala and Cairns, both in Queensland, were also purchased during the year. Due to rental savings, both of these land acquisitions are immediately earnings and cash flow positive.

Bristle Roofing earnings increased by 19.8% on the prior year, with sales revenue up 11.0% to \$111.4 million. Higher earnings were driven by strong gains in Queensland and Western Australia, with growth also returning in Victoria following a period of declining earnings in that state. The strong growth of imported La Escandella terracotta tiles continues, and is now a key driver of earnings growth for Bristle.

Price increases of 6.3% were achieved, supported by an increased proportion of higher priced commercial volume in Western Australia. Production costs were well controlled, with only a marginal increase in unit costs over the prior year.

Austral Precast revenue was down 5.0% to \$66.4 million on flat sales volumes. Conditions varied across the country with increased sales volume in Victoria and Queensland being offset by declines in New South Wales and Western Australia. Earnings for the year were lower, with an exceptionally strong performance in Queensland offset by weakness in New South Wales and Victoria, both impacted by an unfavourable product mix.

A re-structure is well underway and a range of cost reduction projects are being implemented across the business, including a focus on streamlining the pre-production process and enhancing operating systems. During the second half of the year,

BRICKWORKS LIMITED

A.B.N. 17 000 028 526

DIRECTORS' REPORT

significant progress was made on improving productivity across all operations. In addition, the business is being repositioned to focus on the fast growing high rise residential market.

Auswest Timbers sales revenue increased by 17.2% to \$55.7 million on record sales volume of around 63,200m³. The improved volume resulted from an increased focus on value added product sales into both domestic and export markets. Domestic demand in the decking market has improved significantly, due in part to the higher prices of imported alternatives as a result of the lower Australian dollar. Export demand increased from the US and UK markets, helping to offset weaker demand from China.

Whilst earnings were down on the prior year, direct comparison is impacted by prior year insurance claims and one-off issues in the first half of 2015 such as poor quality Jarrah log feedstock. Despite the decrease in earnings, underlying performance is much improved, with the new management team continuing to make good progress to enhance operational efficiency, with productivity improvements being wide spread across all sites.

Industry rationalisation continued during the year in both Western Australia and Victoria, with several years of difficult conditions resulting in a number of competitors exiting these markets.

After many years of negotiations, the log supply agreement in Victoria is expected to be finalised soon. Once in place, this agreement will provide certainty of supply and underpin planned investments to reduce costs and improve productivity at the Orbost and Bairnsdale facilities in the East Gippsland region. These investments will ensure that Auswest is able to meet the strong demand for products produced at these facilities.

Land and Development

Land and Development produced an EBIT before significant items of \$64.4 million for the year ended 31 July 2015, up 3.1% from \$62.4 million for the prior year.

The improved result was primarily due to growth in the **Property Trust**, generating an EBIT of \$61.1million, up 40.8% from \$43.4 million in the prior year.

Net property income distributed from the Trust was \$15.3 million for the year, up from \$13.0 million in the year ended 31 July 2014.

The revaluation profit of stabilised Property Trust assets totalled \$29.0 million, up from \$23.5 million due to compression in capitalisation rates of between 0.50% and 0.75%.

An EBIT of \$1.9 million was generated through a revaluation of land that is now ready for development at Oakdale Central. In addition, a development profit of \$2.7 million resulted from the completion of the Coles CDC expansion in the first half.

Following this expansion, the Coles CDC facility was sold for \$253 million to Mapletree Logistics Trust in July 2015. This price was considerably higher than book value, reflecting a capitalisation rate of 5.7%, and generating an additional EBIT of \$12.1 million.

The sale of the Coles CDC facility at this time reflects Brickworks strategy of realising the maximum value possible from its portfolio of property assets. The current low capitalisation rates for industrial properties in the area, together with the long lease period and high quality tenant for this asset, created an ideal sale opportunity.

This property was sold into the Property Trust in 2006, with further expansion works completed recently. Over the life of the development, it has delivered profits of \$44.9 million on an original book value of \$3.6 million, in addition to rental distributions totalling \$18.7 million.

The total value of the Property Trust at 31 July 2015 was \$1.087 billion with borrowings of \$413.0 million, giving a total net value of \$674.0 million. This includes the Coles CDC sale value of \$253 million, still held as an asset within the Trust at the end of the reporting period. Therefore Brickworks' 50% share of the Trust's net asset value was \$337.0 million at 31 July 2015. Following the subsequent settlement of the Coles CDC sale and distribution of proceeds, Brickworks share of the Trust's net asset value decreased to \$278.0 million.

Land Sales contributed an EBIT of \$4.6 million for the year, down significantly from \$21.0 million in the prior year. The largest transaction for the year was the sale of 12.4 hectares at Riverview in Queensland for a profit of \$2.4 million. The remaining profit was realised from the compulsory acquisition of 1.5 hectares of land at Bellevue in Western Australia.

Waste Management contributed a profit of \$2.6 million for the year, up from \$1.4 million in the prior year.

Property administration **expenses** totalled \$3.8 million, up slightly from \$3.4 million in the prior year. These expenses include holding costs such as rates and taxes on properties awaiting development.

Investments

The underlying EBIT from total investments was up 22.9% to \$54.8 million in the year ended 31 July 2015.

Washington H. Soul Pattinson Limited ('WHSP') ASX Code: SOL

WHSP holds a significant investment portfolio in a number of listed companies including Brickworks, New Hope Corporation, TPG Telecom, API, Clover, Ruralco Holdings and CopperChem.

BRICKWORKS LIMITED

A.B.N. 17 000 028 526

DIRECTORS' REPORT

Brickworks' investment in WHSP returned an underlying contribution of \$54.6 million for the year ended 31 July 2015, up 23.0% from \$44.4 million in the previous corresponding period. This was due primarily to increased underlying earnings in TPG Telecom and New Hope Corporation. The statutory contribution from WHSP was \$29.4 million, after including the impact of significant items primarily associated with non cash impairments in subsidiary companies New Hope Corporation and CopperChem.

The market value of Brickworks 42.72% share holding in WHSP was \$1.401 billion at 31 July 2015, 22.3% higher than the equity accounted carrying value of \$1.146 billion. WHSP has delivered outstanding returns over the long term, outperforming the ASX All Ordinaries Accumulation Index by 5.2% per annum over fifteen years, to 31 July 2015.

The investment in WHSP has been an important contributor to Brickworks' success for more than four decades. Over this period it has delivered an uninterrupted dividend stream that reflects the earnings from WHSP's diversified investments. For the 12 months to 31 July 2015, cash dividends totalling \$50.1 million were received, up 4.2% on the prior year. This dividend helps to balance the cyclical earnings from Brickworks' Building Products and Land divisions.

Significant Items Post Balance Date

Settlement of the Coles CDC sale occurred on 28th August 2015, resulting in sale proceeds of \$253.0 million to the Property Trust. These funds were used to:

- Reduce debt within the Property Trust, resulting in the Trust gearing level reducing to 39.8% at 31 August 2015, from 44.8% at 31 July 2015;
- Pay a \$60.0 million distribution to Brickworks Limited, resulting in Brickworks net debt decreasing to \$256.3 million as at 31 August 2015; and
- Payout interest rate swap within the Property Trust.

Brickworks Included in S&P/ASX 300

Brickworks' was included in the S&P ASX 300 Index as at close of trading on 18 September 2015. The improved liquidity and profile that will arise from being included in the index will be beneficial to all shareholders and reflects the significant level of investor support for the Group.

Outlook

Building Products

Current residential building activity is at the highest level on record and continued strong momentum in new building approvals suggests that activity could rise further in the next six months, driven primarily by the major east coast capital cities. In the major markets of Sydney and Melbourne, home builders are reporting strong demand, with work in hand extending by up to one year.

With interest rates expected to stay at historically low levels for the foreseeable future, it is possible that the pent-up underlying demand for housing will be built out in all states except New South Wales over the coming years. However government's across Australia need to do more to overcome land title bottlenecks, delays in building approvals and trade shortages.

These conditions are reflected in an extremely strong order book in most divisions. Austral Bricks and Bristle Roofing orders along the east coast are particularly strong, whilst in Austral Precast, capacity in Queensland is sold out for almost the entire year and demand in New South Wales is increasing rapidly.

In addition to market driven sales growth, significant success has been achieved in increasing the penetration of Brickworks products in a number of key markets, despite the ongoing competition from alternatives. For example, the use of face brick in high rise residential and commercial developments continues to increase, underpinned by the company's investment in design studios across the country and strong promotional activity to the architectural community. Similarly, La Escandella terracotta roof tiles have established a reputation as the premium roofing product in the market, and have re-invigorated sales across the Bristle Roofing range.

Price increases of 5-10% in Austral Bricks were successfully implemented, effective from 1 July 2015, and will add further impetus to earnings in 2016. Price increases in other divisions will also be implemented throughout the year.

Overall, the short term outlook for Building Products is very positive, with a long pipeline of work in our major markets and the successful implementation of price rises in July, set to drive increased earnings in 2016.

Following the Coles CDC sale Brickworks has an extremely strong balance sheet and is able to invest in strategic capital projects in its core business, and is exploring other opportunities to provide further earnings growth over the medium term.

Land and Development

Development activity in the Property Trust has increased significantly in the past six months and is set for a strong year ahead. Agreements for lease have been secured for two new DHL facilities on the Oakdale Central site, with areas of 27,000m² and 31,000m². Construction has already commenced on these facilities with completion due by July 2016. Once completed, the rent received from these facilities will partially offset the reduction caused by the Coles CDC sale.

BRICKWORKS LIMITED

A.B.N. 17 000 028 526

DIRECTORS' REPORT

Work has also commenced on a section of Old Wallgrove Road leading to the Oakdale Estate. These works will improve site access and enhance the areas status as a prime location for warehousing and logistics premises.

Available industrial space for lease in western Sydney is now severely limited due to hail damage at nearby industrial areas. As a result, there is significant potential to secure a number of additional pre-commitments over the next 6-12 months.

In response to the continued demand in the area, it is anticipated that the first section of Oakdale West will be sold into the Property Trust during financial year 2016. In total the Oakdale West estate comprises 100 hectares of developable land and this will progressively be sold into the Property Trust over a number of years. The land is currently zoned for industrial uses and a development application is now being prepared to enable this land to be developed.

Development of the Rochedale North estate in Queensland is also well underway, with infrastructure works to the entire estate due for completion in October 2015. The Beaumont Tiles facility, totalling 12,912m², is scheduled for completion in early calendar 2016. A Heads of Agreement has been signed for an additional 8,000m² facility at this site.

In Victoria significant process has been made on rezoning surplus land at Craigieburn, with the Metropolitan Planning Commission having identified the land as suitable for residential development in their draft Quarry Investigating Area Plan. Support for this proposal has been received from other parties and a final report is expected to be handed down by the end of calendar 2015.

Investments

The diversified nature of our holding in WHSP's investments is expected to deliver steadily increasing earnings and dividends to Brickworks over the long term.

Brickworks Group

Building Products earnings for the 2016 financial year are expected to exceed 2015. Land and Development earnings are expected to be approximately in line with the prior year, subject to the timing and value of property transactions. Investment earnings are expected to remain stable over the long term.

Significant changes in state of affairs

There were no significant changes in the state of affairs of the Brickworks Group during the year, other than those events referred to in the Review of Operations and Financial Performance and the Financial Statements.

After balance date events

The Group's share of net profits in joint ventures includes \$12.1 million of equity accounted share of profit on disposal of Coles Distribution Centre held by BGAI CDC Trust. The settlement of the transaction occurred on 28 August 2015, resulting in sale proceeds of \$253.0 million to the Trust. These funds were used to settle interest rate swaps and reduce debt within the Trust. In addition a \$60.0 million distribution was paid to the Group, resulting in the Group's net debt decreasing to \$256.3 million as at 31 August 2015.

On 31 August 2015 the Group acquired the assets and the business of CJM Roof & Building Services Pty Limited for total consideration of \$388,000.

No other matters or circumstances have arisen since the end of the financial year that have significantly affected the current financial year, or may significantly affect in subsequent financial years:

- the operations of the Brickworks Group;
- the results of those operations; or
- the state of affairs of the Brickworks Group.

Likely developments and expected results of operations

The Review of Operations gives an indication of likely developments and the expected results of operations in subsequent financial years.

Workplace Health and Safety

"There is no task that we undertake that is so important that we can't take the time to find a safe way to do it".

Brickworks is committed to minimising the risks to health and safety of its employees, contractors and the general public. A strong safety culture is fundamental to our company's ongoing WHS performance.

Safety performance is reviewed at all levels of the business, with an expectation of continuous improvement, holding management to account for their leadership in preventing workplace injuries and illness.

Overall the safety performance continued to improve. The incidence of lost time injuries reduced with a 37.8 percent reduction in the Lost Time Injury Frequency Rate. The Lost Time Injury Frequency Rate (LTIFR) was 2.02. The Total Recordable Injury Frequency Rate (TRIFR) also improved with a 32.3 percent reduction in the TRIFR. The TRIFR was 22.5. Overall workplace injuries declined by 25.2 percent recording a Total Work Injury Frequency Rate of 120.6 per million

BRICKWORKS LIMITED

A.B.N. 17 000 028 526

DIRECTORS' REPORT

hours worked. Despite this marked improvement in its overall safety performance, Brickworks regrets that it sustained a serious incident during the year which resulted in a contractor fatality at one of its NSW operational sites.

The standardisation of the WHS management system in all divisions of the company has provided a consistent approach to managing safety and provided an effective system to reduce risk. Workplace audits are diligently undertaken to verify WHS compliance. Consultation with employees and contractors to identify physical hazards and implement effective controls has been a key activity in reducing workplace injury rates.

Brickworks have a strong WHS performance measurement culture with clear WHS goals communicated throughout all levels of the business. Safety performance is monitored utilising lead and lag indicators that are benchmarked both internally and externally to guide company performance.

The implementation of an employee Wellbeing program to improve employee health and welfare and an online learning management system for training Brickworks employees in safe work practices and regulatory requirements are also key initiatives that have improved safety performance.

This result reflects the sustained commitment of all Brickworks personnel to safety.

The Environment

The Brickworks Group understands and accepts its responsibility for environmental protection which is integral to the conduct of its commercial operations. Brickworks' objective is to comply with all applicable environmental laws and regulations and community standards in a commercially effective way. We are committed to encouraging concern and respect for the environment and emphasising every employee's responsibility for environmental performance.

This year saw the retrospective repeal of the Clean Energy Legislation (Carbon Tax) as of 30 June 2015 and Brickworks finalising its obligations under that scheme. The company maintains its commitment to reducing its energy consumption and carbon footprint through the use of clean, renewable fuels as substitutes for natural gas. The Energy Efficiency Opportunities Act was also repealed during this period as recommended under the Federal Governments "green tape reduction program".

Brickworks is continuing its initiatives to reduce energy usage and cost across all divisions. These include fuel- switching projects from natural gas to cheaper and lower emissions intensity sources such as landfill gas, sawdust and other organic materials. A power factor correction program and network tariff reassignment project was undertaken resulting in substantial reductions in electricity network charges. At the same time the Group is continuing to introduce ways to reduce energy consumption and emissions through product re-engineering such as redesigning the bricks to reduce their mass and incorporating other waste streams and fluxes to reduce peak firing temperatures.

The successful launch of the Carbon Neutral brick has created much interest from the design and architectural community and we are currently undertaking Environmental Product Disclosures on similar products utilising clean renewable fuel sources with lower embodied carbon.

To date the company has successfully implemented projects under the Clean Technology Investment Program resulting in \$3.83 million in grant funding. This grant funding has helped justify projects which reduce energy consumption and greenhouse gas emissions and mitigate risks associated with increased gas pricing and potential supply constraints. These projects include substituting natural gas with landfill gas, commissioning a reduction by-pass unit in a brick kiln, incorporating biomass as a substitute fuel and generating electricity utilising waste heat via an Organic Rankin Cycle Generator.

The Group actively participates in energy efficiency and greenhouse gas reporting schemes which have assisted in reducing costs, energy consumption, and greenhouse gas emissions. The programs have also led to measurable improvements of systems and processes for data capture and storage, measuring and calculating emissions and implementing energy saving initiatives. These programs include:

- National Greenhouse and Energy Reporting (NGER) Act 2007 – this programme requires organisations to measure and report their energy consumption, production and greenhouse gas emissions under strict protocols. Brickworks has been measuring its energy consumption and emissions for some 15 years and this program has assisted Brickworks to streamline its processes for data capture, measuring, calculating and reporting energy and emissions. The data is subsequently collated and reported monthly to Senior Management and the Board; and
- National Pollution Inventory (NPI) – the NPI provides the government, community and industry with information to substances and emissions estimates for 93 toxic substances. Brickworks continues to fulfil its mandatory reporting requirements under this scheme;

There is significant environmental regulation requiring compliance for Brickworks' building products manufacturing and associated activities in each state of Australia, as set out below. Each site holds a current licence and/or consent in consultation with the local environment protection authorities. Annual returns were completed where required for each licence stating the level of compliance with site operating conditions.

Queensland production facilities and mining leases operate and are licensed under the Environmental Protection Act 1994 and Regulations. Each site is regulated by Environmental Management Overview Strategy documentation or plans of operations. Various approvals have also been obtained from Brisbane City Council relating to the operation of the concrete roof tile facility at Wacol.

New South Wales production facilities and mine areas are administered under the Protection of the Environment Amendment Legislation Act 2015, which licences organisations and regulates the level of all discharges into the environment. Load based licensing fees are determined by the Environmental Protection Authority based on the level of

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

DIRECTORS' REPORT

discharges. The Environmental Planning and Assessment Act 1979 apply to the approval conditions of the group's activities. Some sites also operate within additional requirements imposed by local government and NSW Department of Primary Industries.

Victorian production sites are licensed under the EPA Act 1970, including various state environmental protection policies and regulations. Mining leases operate under the Extractive Industries Development Act 1995.

South Australian production facilities are licensed under the EPA Act 1993, while mining and rehabilitation plans are approved in accordance with Regulations under the Mines and Works Inspection Act 1920.

Western Australian operations operate under the Environmental Protection Act 1986. They have licences issued from a number of government agencies, including the Department of Environment and the Department of Mines and Petroleum. A number of our sites also operate under additional requirements issued by local shires and councils. Tasmanian operations and mining leases operate under the Environmental Protection Act of 1973.

Audit and assurance programs are an integral aspect of Brickworks' environment management systems assisting in measuring performance and mitigating environmental risks. A total of six independent annual audits were completed this year, which were supplemented by internal audits carried out by Brickworks' environmental personnel. The independent environment auditors complete an environmental compliance audit of all factory and quarry sites every one to three years, with the audit frequency determined by risk analysis and the results of previous audits. The purpose of this is to ensure compliance with all current licences and regulations and identify risks of an adverse environmental event under any other relevant legislation.

During the year, results of our environmental management process indicated that some emissions were in excess of licence limits. The Group has investigated all these non-compliances, working closely with the relevant authorities to resolve these issues. The Queensland Department of Environment and Heritage Protection is currently investigating a potential unlicensed quarry activity. The company is co-operating with the department. There have been no prosecutions arising as a result of any of these issues.

Risk Management

The Board of Brickworks has adopted a Risk Management framework that identifies Risk Tolerance and Risk Appetite for the Group and then considers how each identified risk is placed within that framework.

That framework involves assessment of the likelihood of an event occurring, the potential impact of each event and the controls and processes in place to continually mitigate each risk.

The significant risks that may impact the achievement of the Group's business strategies and financial prospects are:

Building Products

The achievement of business objectives in the Building Products Group may be impacted by the following significant risks:

Risk	Mitigation
Serious Safety Incidents	The Group has a strong safety culture and a well developed WHS system (refer further "Safety").
Environmental incident	The Group has a comprehensive environmental compliance system and strong commitment to environmental protection (refer further "Environment").
Alternate products	The Group has a strong focus on research and development, monitors market trends and has strategies to diversify its range of building products and its marketing approach.
Shift in housing trend	The movement away from detached housing threatens the Group's traditional market. The Group has strategies to diversify its range of building products and its marketing approach.
New competitor	Whilst barriers to entry are significant, the Group monitors both domestic manufacturing and import competitors and has adopted a customer relationship and quality model, supported by investment in research and development.
Plant performance	All plants are subject to regular preventative maintenance programs and appropriately qualified staff are employed to monitor and oversee production activities. Plant performance is measured and monitored daily, weekly and monthly.
Production capacity	The Group manages production capacity by restarting, building and mothballing plant to adapt to cyclical market conditions. In the 2015 financial year the Group restarted Plant 2 at Horsley Park, NSW.

BRICKWORKS LIMITED**A.B.N. 17 000 028 526****DIRECTORS' REPORT**

Business Interruption	There are multiple facilities throughout Australia that can transport products between locations as and when required. The major facilities have rolling risk reviews and reporting by outside parties. The business also maintains significant insurance policies to manage the physical loss of assets and any loss of income due in an insurable interruption.
Asbestos Risk	There has been a comprehensive review of all locations for the presence of asbestos. Building cladding is regularly removed and replaced with non-asbestos based materials. Where any asbestos is found, either within a plant or during rehabilitation, it is immediately quarantined and removed by qualified, reputable contractors, using the most diligent safety standards.

Land and Development

The achievement of business objectives in Land and Development may be impacted by the following significant risks:

Risk	Mitigation
Market Risk	The industrial property cycle may deteriorate, resulting in softening capitalisation rates and lack of growth. The Group manages the risk by monitoring the key economic drivers, employing property professionals who understand the property cycle and undertaking development in joint venture with Goodman Group. The Group regularly conducts hold/sell assessments.
Serious Safety Incidents	The Group has a strong safety culture and a well developed WHS system (refer further "Safety").
Property Trust Financing	The joint property trusts maintain facilities with multiple lenders with various tenors up to 7 years. In addition, gearing is maintained at prudent levels through the property cycles.
Rezoning Risk	The group takes a long term, patient approach to achieving the highest and best use for each property. The rezoning process for a property usually commences prior to finalisation of its existing use.

Investment

The achievement of business objectives in the Investment activities may be impacted by the following significant risks:

Risk	Mitigation
Market Risk	The Group's investment in WHSP is subject to market movements and the underlying performance of WHSP. The WHSP investment is diversified across industries other than those in which the balance of Brickworks specialises, which provides a stable stream of dividends over the long term. The WHSP group may have significant exposure to the Coal and Telecommunications Markets.

Group

The achievement of business objectives in the Group activities may be impacted by the following significant risks:

Risk	Mitigation
Financing Risk	The Group maintains conservative gearing levels below 20% in recognition of its cyclical nature. Senior debt facilities are maintained with five lenders with whom an open and transparent relationship is maintained. Facilities are maintained over various tenors at 3, 4 and 5 years, ensuring that a maximum of \$150 million will expire at any one point in time.

BRICKWORKS LIMITED

A.B.N. 17 000 028 526

DIRECTORS' REPORT

Information on Directors

Robert D. Millner FAICD **Chairman**

Mr R. Millner is the non-executive chairman of the Board. He first joined the Board in 1997 and was appointed chairman in 1999. Mr Millner has extensive corporate and investment experience. He is a member of the Remuneration Committee and the Nomination Committee.

Other directorships:

Washington H. Soul Pattinson and Co. Ltd	Director since 1984
New Hope Corporation Ltd	Director since 1995
TPG Telecom Ltd	Director since 2000
BKI Investment Company Ltd	Director since 2003
Milton Group	Director since 1998
Australian Pharmaceutical Industries Ltd	Director since 2000
Souls Private Equity Ltd	Appointed 2004, Resigned 2012

Michael J. Millner MAICD **Deputy Chairman**

Mr M. Millner is a non-executive Director who was appointed to the Board in 1998. He is on the board and a councillor of the Royal Agricultural Society of NSW, including Chair of the RAS Foundation, and has extensive experience in the investment industry. Mr Millner is the deputy chairman of the Board, and a member of the Audit and Risk Committee and the Remuneration Committee and the Nomination Committee.

Other directorships:

Ruralco Holdings Ltd	Director since 2007
Washington H. Soul Pattinson & Co Ltd	Appointed 1997, Resigned 2012

Brendan P. Crotty LS; DQIT; Dip.Bus Admin; MAPI; FAICD; FRICS **Director**

Mr Crotty was appointed to the Board in June 2008 and is a non-executive Director. He brings extensive property industry expertise to the Board, including 17 years as Managing Director of Australand until his retirement in 2007. He is a director of a number of other entities that are involved in the property sector, including Chairman of Western Sydney Parklands Trust, as well as being on the Macquarie University Council. He is the Chair of the Remuneration Committee, and a Member of the Audit and Risk Committee and the Nomination Committee.

Other directorships:

GPT Group	Director since 2009
Australand Funds Management Ltd	Appointed 2007, Resigned 2012

David N. Gilham FCILT; FAIM; FAICD **Director**

Mr Gilham was appointed to the Board of Brickworks in 2003. He has extensive experience in the building products and timber industries. He was previously General Manager of the Building Products Division of Futuris Corporation and Managing Director of Bristle Ltd from 1997 until its acquisition by Brickworks in 2003, and has been involved with various timber companies. He is a member of the Nomination Committee and the Remuneration Committee.

Deborah R. Page AM B.Ec, FCA, MAICD **Director**

Mrs Page was appointed to the Board in July 2014 and is a non-executive Director. Mrs Page has extensive financial expertise, arising initially from her time at Touche Ross/KPMG Peat Marwick including as a partner, and subsequently from senior executive roles with the Lend Lease Group, Allen Allen and Hemsley and the Commonwealth Bank. She also has experience as a Director in a number of sectors, including Property, Energy & Renewables, Insurance, Funds Management, and Public Sector bodies. Mrs Page is the Chair of the Audit and Risk Committee, and a member of the Nomination Committee and the Remuneration Committee.

Other directorships:

Investa Listed Funds Management Ltd (responsible entity of ASX listed Investa Office Fund)	Appointed 2011
Service Stream Ltd	Appointed 2010
Australian Renewable Fuels Ltd	Appointed 2012
BT Investment Management Ltd	Appointed 2014

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

DIRECTORS' REPORT

The Hon. Robert J. Webster MAICD; MAIM; JP
Director

Mr Webster was appointed to the Board in 2001 and is a non-executive Director. He is Senior Client Partner in Korn/Ferry International's Sydney office. He is the Chair of the Nomination Committee, a member of the Remuneration Committee and a member of the Audit and Risk Committee (Chair until 29 July 2015).

Other directorships:

Greater Sydney Land Services Board Appointed 2013

Lindsay R. Partridge AM BSc. Hons. Ceramic Eng; FAICD; Dip CD
Managing Director

Mr Partridge graduated as a ceramic engineer from the University of New South Wales, and worked extensively in all facets of the clay products industry in Australia and the United States before joining the Austral Brick Company in 1985. In 2008, Mr Partridge completed the Stanford University Executive Development Program. He held various senior management positions at Austral before being appointed Managing Director of Brickworks in 2000. Since then, Brickworks has grown significantly in terms of size and profitability as its operations have become Australia-wide, with its product range extending beyond bricks to tiles, pavers and masonry and activities expanding into property development.

Mr Partridge has also had extensive industry involvement, and is currently a director of various industry bodies, including the Australian Brick and Blocklaying Training Foundation, and the Clay Brick and Paver Institute. In 2012 he was awarded the Member of the Order of Australia for services to the Building and Construction Industry, particularly in the areas of industry training and career development, and to the community. He is a director of Children's Cancer Institute Australia.

Information on Chief Financial Officer and Company Secretary

Alexander J. Payne B.Comm; Dip CM; FCPA; FCIS; FCSA; JP
Chief Financial Officer

Mr Payne is an accountant with significant financial experience, who joined The Austral Brick Company in 1985. In 1987 he was appointed Group Company Secretary, and was appointed Chief Financial Officer in 2003. He is a Director of BKI Investment Company Ltd. In 2011, Mr Payne completed the Stanford University Executive Development Program.

Susan Leppinus B.Ec; LLb; Grad Dip App Fin
Company Secretary and General Counsel

Susan Leppinus was appointed as Company Secretary and General Counsel in April 2015. Ms Leppinus has ten years experience as a company secretary and general counsel, working with boards of directors and senior management in publicly listed companies most recently with David Jones Limited and Crane Group Limited.

Meetings of Directors

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director are set out below. All directors were eligible to attend all director and committee meetings held.

	Directors' meetings	Audit & Risk Committee	Remuneration Committee	Nomination Committee ¹	Independent Board Committee
Number of meetings held:	10	2	2	NIL	2
Number attended:					
R.D. Millner	10	N/A	2	N/A	N/A
M.J. Millner	10	N/A	1	N/A	N/A
L.R. Partridge	10	N/A	N/A	N/A	2
B.P. Crotty	9	2	2	N/A	2
D.N. Gilham	10	N/A	2	N/A	2
D.R. Page	9	2	2	N/A	2
R.J. Webster	10	2	2	N/A	2

1. A Nomination Committee meeting is usually held in July each year. This year no Board or Committee meetings were held in July 2015 due to other commitments of Directors. The Nomination Committee Meeting was held in the first week of August 2015.

BRICKWORKS LIMITED**A.B.N. 17 000 028 526****DIRECTORS' REPORT****Directors interests**

As at 24 September 2015, Directors had the following relevant interests in Brickworks shares:

ORDINARY SHARES

R.D. Millner	5,653,740
M.J. Millner	5,628,142
L.R. Partridge	158,434
B.P. Crotty	15,209
D.N. Gilham	102,268
D.R. Page	2,400
R.J. Webster	15,922

As at 24 September 2015, no Director had relevant interests in debentures of, or interests in a registered scheme made available by Brickworks or a related body corporate.

As at 24 September 2015, no Director had any rights or options over shares in debentures of, or interests in a registered scheme made available by Brickworks or a related body corporate.

As at 24 September 2015, there were no contracts entered into by Brickworks or a related body corporate to which any Director is party, or under which any Director is entitled to benefit nor were there any contracts which confer any right for any Director to call for or deliver shares in, debentures of, or interests in a registered scheme made available by Brickworks or a related body corporate.

DIRECTORS' REPORT – REMUNERATION REPORT

The Remuneration Report has been audited in accordance with s300A of the Corporations Act 2001.

1. Overview

1.1 Executive Summary

The Brickworks' Board of Directors is committed to ensuring that the remuneration framework is focused on driving a performance culture and is closely aligned to the achievement of the Company's strategy and business objectives. During 2014, the Board made a number of changes to its remuneration structure as disclosed in last year's Remuneration Report as follows:

- Appointed an independent non-executive director as Remuneration Committee Chair (Mr B Crotty)
- Appointed an additional independent non-executive director to the Remuneration Committee (Mrs D Page)
- Undertook a thorough review of the executive remuneration policy framework to place greater emphasis on performance whilst maintaining retention
- Placed limits on the Short Term Incentive scheme (STI)
- Changed the structure of the Long Term Incentive scheme (LTI) to place greater emphasis on retaining executive KMP and other senior managers of business units (senior executives) by rewarding individual out performance via the allocation of additional Brickworks shares
- Reduced entitlements to termination payments
- Tightened eligibility for restraint payments which will be paid progressively over the restraint period to ensure compliance with restraint obligations
- LTI shares will no longer vest immediately on retirement or redundancy. Rather they will continue to vest progressively over the original 5 year grant period, subject to compliance with employment contract conditions

Following the vote on the Remuneration Report at the Company's 2014 Annual General Meeting, and a review of the relevant proxy advisor reports, the Board has introduced a number of additional changes in 2015 as follows:

- Enhanced disclosure in this report particularly around the payment of short term incentives to key management personnel (KMP)
- Placed greater emphasis on and enhanced the level of disclosure of the performance criteria used to determine shares allocated under the LTI
- Introduced a new TSR performance measure for the LTI which applies to the Managing Director (MD) and the Chief Financial Officer (CFO)

This year's report reflects the initiatives taken by the Board to achieve the twin objectives of driving higher performance and retaining key staff. The importance of retaining key staff has been reflected in a greater emphasis on long term incentives.

1.2. Details of Key Management Personnel

The following persons had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of that entity during the full financial year.

Directors

The following persons were directors of Brickworks Ltd during the full financial year:

Mr R. Millner	Non-executive Chair
Mr M. Millner	Non-executive Deputy Chair
Mr L. Partridge	Executive director (Managing Director)
Mr B. Crotty	Non-executive Director
Mr D. Gilham	Non-executive Director
Mrs D. Page	Non-executive Director
The Hon. R. Webster	Non-executive Director

Executives

Mr A. Payne	Chief Financial Officer
Ms M. Kublins	Executive General Manager – Property & Development
Mr D. Fitzharris	Group General Manager Sales – Brickworks Building Products
Mr M. Finney	Group General Manager –National Operations and Austral Bricks East Coast
Mr P. Scott	Group General Manager WA – Brickworks Building Products
Mr D. Millington	General Manager- Bristle Roofing East Coast until 31 January 2015 and thereafter General Manager Austral Masonry. He is no longer a KMP from 1 February 2015.

DIRECTORS' REPORT – REMUNERATION REPORT

1.3. Remuneration Committee

The Board has an established Remuneration Committee which operates under the delegated authority of the Board of Directors. A summary of the Remuneration Committee charter is included on the Brickworks website (www.brickworks.com.au). All non-executive Directors of Brickworks are members of the Remuneration Committee and the membership of the Remuneration Committee is as follows:

Mr B Crotty	Non-executive Chair (Committee Chair)
Mr D Gilham	Non-executive Director
Mr M Millner	Non-executive Director
Mr R Millner	Non-executive Director
Mrs D Page	Non-executive Director
The Hon. R Webster	Non-executive Director

The main functions of the Remuneration Committee are to assist the Board in fulfilling its responsibilities to:

- Ensure that remuneration policies and practices are consistent with Brickworks' strategic goals and human resources objectives;
- Enable Brickworks to attract and retain executives and Directors who will create value for shareholders;
- Equitably, consistently and responsibly reward executives having regard to the performance of Brickworks, the performance of the executives and the general pay environment;
- Ensure executive succession planning is adequate and appropriate; and
- Retain key executives in the event that competitors attempt to recruit them.

The Committee is authorised by the Board to obtain external professional advice, and to secure the attendance of advisers with relevant experience and expertise if it considers this necessary.

1.4. Use of remuneration consultants

Where the Remuneration Committee will benefit from external advice, it will engage directly with a remuneration consultant, who reports directly to the Committee. In selecting a suitable consultant, the Committee considers potential conflicts of interest and requires independence from the Group's Key Management Personnel as part of their terms of engagement.

- During the financial year, the Remuneration Committee appointed Guerdon & Associates (Guerdons) as the remuneration adviser to provide remuneration information regarding remuneration benchmarking for executive KMP.
- Remuneration recommendations were provided to the Remuneration Committee as an input into decision making only. The Remuneration Committee considered the recommendations in conjunction with other factors in making its remuneration determinations.
- The Committee is satisfied the advice received from Guerdons is free from undue influence from the executive KMP to whom the remuneration recommendations apply, as Guerdons were engaged by, and reported to, the Chairman of the Remuneration Committee.
- During the year no remuneration recommendations, as defined by the Corporations Act, were provided.

1.5. Board Policies for determining remuneration

Policies for determining the nature and amount of remuneration for the executive KMP are developed by the Remuneration Committee for approval by the Board. Once approved by the Board, these policies are applied consistently across all divisions within the Group. Brickworks' remuneration policy is designed to ensure that every executive' KMPs remuneration reflects their duties and responsibilities, as well as ensuring that the Group is able to attract and retain key talent cost effectively.

The Board of Brickworks recognises that the Group's performance is very dependent on its capacity to attract, retain and develop highly skilled and motivated employees. Whilst remuneration is a key factor in achieving these objectives, the Board recognises there are other factors which influence this capacity, including the culture, reputation, work environment, human resource and professional development policies of the Group. As noted above, the Remuneration Committee undertook a thorough review of the executive KMP remuneration policy framework during the 2014 financial year. The updated executive KMP remuneration policies reflect the unique business environment and circumstances in which Brickworks operates as well as its strategic and operational responses to competitor activity and market volatility.

As a consequence of this review, the Board of Brickworks has over 2014 and 2015:

- Limited future short term incentive payments to 50% of total fixed remuneration;
- Placed greater emphasis on retaining executive KMP by rewarding individual out-performance via the allocation of additional Brickworks Limited shares, with a value that may in some circumstances involve annual allocations in excess of the previous limit of 50% of fixed remuneration. All shares allocated to Brickworks executives will continue to have vesting periods of 5 years;
- Placed greater emphasis on assessing performance to determine shares allocated under the LTI; and

DIRECTORS' REPORT – REMUNERATION REPORT

- Introduced an absolute TSR component to the LTI for the Managing Director and the Chief Financial Officer for 50% of share allocations made after 31 July 2015.

2. Remuneration components

2.1 Group performance, shareholder wealth and remuneration

Executive KMP remuneration is comprised of both fixed and performance-based components. The structure of the remuneration is designed to provide an appropriate balance between these components. Fixed remuneration is made up of base salary, superannuation and other benefits such as the provision of company maintained motor vehicles (if provided). Fixed remuneration is approved by the Remuneration Committee based on data sourced from external providers, including independent remuneration data providers.

Performance-based remuneration is tied to the performance of both the individual and the division and/or Group. Any such remuneration earned is available as a combination of Brickworks shares purchased through the Brickworks Deferred Employee Share Plan and cash.

Brickworks' remuneration policy has been tailored to help align executive interests with those of shareholders through the use of variable components. Brickworks STI has been designed to focus executives on the necessity to achieve a range of agreed targets for their respective businesses.

The Board aims to improve profit and cash flows, improve production and operational efficiencies, rationalise non-performing assets, retain key employees who have developed key skills and expertise in the industries in which the Group operates, ensure the health and safety of employees and provide demonstrated leadership on environmental compliance.

The remuneration strategy supports this through its short term performance incentive program and its long term incentive program.

The short term incentive program has as key performance measures for each KMP the financial and non-financial performance measures to support its strategy as outlined further in section 2.3. Short term incentives paid reflect the increased profit generated by the Building Products and the Land and Development division in FY2015.

The primary purpose of Brickwork's LTI is the retention of the Company's senior executive team. It can take many years to gain the operating and manufacturing processes for building and an executive who knows the company's clients extremely well and has a long history of successful negotiations with them will also be difficult to replace. The Board aims to achieve this through its retention based long term incentive plan which operates over 5 years. In addition for share allocations to the Managing Director and the Chief Financial Officer approved after 31 July 2015 a TSR performance measure will apply, recognising their Group roles with overall responsibility for the long term value of the Company.

The Board considers the LTI has been effective in increasing shareholder wealth, and will continue to be effective in creating additional shareholder value over the long term, placing Brickworks in a strong position to outperform its competitors. In addition, the introduction of a new TSR long term incentive plan for the Managing Director and the Chief Financial Officer will enhance the alignment of executive interests with those of shareholders.

While the Board and executive KMP accepts that a number of factors have contributed to recent share price performance, the Board is of the opinion that the Company's current strategies and operational initiatives will deliver superior long term results to shareholders. While performance based remuneration is tied to the financial results delivered by the building products and property segments, Brickworks' share price may also be influenced by factors outside of management's control.

The following table shows a number of relevant measures of Group performance over the past five years. A detailed discussion on the current year results is included in the review of operations and is not duplicated in full here; however an analysis of the figures below demonstrates dividend growth, and consistent performance in a difficult cyclical environment.

	2011	2012	2013	2014	2015
Total revenue (millions)	\$635.6	\$556.9	\$606.5	\$670.3	\$723.6
Combined Building Products & Property EBIT before significant items (millions)	\$71.3	\$47.5	\$82.4	\$107.5	\$120.7
Net profit before significant items after tax (millions)	\$100.8	\$78.9	\$100.0	\$101.3	\$120.3
Net profit after tax (millions)	\$142.6	\$43.3	\$85.2	\$102.8	\$78.1
Net Tangible Assets (millions)	\$1390.1	\$1,393.1	\$1,450.9	\$1,516.8	\$1,572.1
Share price at year end	\$9.90	\$10.08	\$12.20	\$14.30	\$14.90
Dividends – ordinary shares (cents)	40.5	40.5	40.5	42.0	45.0

DIRECTORS' REPORT – REMUNERATION REPORT

2.2 Fixed Remuneration

There has been no material increases in total fixed remuneration for executive KMP in the 2015 financial year.

2.3 Short Term Incentives

Brickworks STI has been designed to focus executives on achieving a range of agreed targets for the respective businesses. The STI is structured around the achievement of annual performance criteria based on each executive's capacity to influence targeted outcomes. Brickwork's STI is based on the profitability of operating divisions and the overall Group, as well as the level of achievement of key strategic objectives that will underpin performance in the future. This incentive scheme covers the executive KMP. Variable remuneration available as a proportion of total salary for an employee increases as that employee gains greater responsibility and has greater capacity to influence the performance of the business as a whole. For the 2015 financial year, the potential variable component targeted 12.5%, 25%, 37.5% or 50% of base salary, adjusted up or down for performance compared against prior years and internal targets set in advance. From the 2015 financial year onwards the STI cash opportunity for all executives is now capped at 50% of the total fixed remuneration. Any excess STI earned above 50% of total fixed remuneration will not be paid as a cash bonus, but will be added to the LTI component and paid as additional shares through the Brickworks Deferred Employee Share Scheme.

In line with historical performance, executive KMP have not received STI payments each year. The Managing Director and Chief Financial Officer did not receive STI payments in relation to the 2009, 2011 and 2012 financial years, with no KMP receiving an STI payment in 2012.

The Company's KMP (excluding non-executive directors) all participate in the annual STI plan. The key performance indicators (KPIs) for the STI plan comprise both financial and non-financial measures. The plan is broadly the same for all participants, although there are some differences between the members of the executive group.

The overall STI program will remain consistent for 2015 and 2016, and is as follows:

Purpose	To drive individual and business performance in order to deliver annual business plans and increase shareholder value
Timing	Participation is on an annual basis, with performance measured for the financial year ending 31 July. Each year, the Remuneration Committee sets the KPIs for Key Management Personnel (excluding non-executive directors) for the coming year. At the end of each year, actual performance is measured against the pre-determined KPIs in order to ascertain the STI payout percentage awarded.
Variable STI as a proportion of Base Salary	Variable remuneration available as a proportion of base salary for an employee increases as that employee gains greater responsibility and has greater capacity to influence the performance of the business as a whole. For the 2015 financial year, the potential variable component targeted either 12.5%, 25%, 37.5% or 50% of base salary, adjusted up or down for performance compared against prior year and internal targets set in advance, subject to the maximum STI cash payment cap of 50% of total fixed remuneration.
Financial vs Non-financial goals (% of STI) for all KMP	Financial goals- 75% Non-Financial goals – 25%
Financial Measures (75% of total STI)	These financial measures include 50% linked to profit generation and 50% linked to cash generation assessed against both prior years' results and Board approved budgets. Cash generation performance targets include operational working capital reduction targets and net cash flows from operating activities. These measures are assessed for the MD and CFO against the combined Building Products and Land and Development segments and for divisional executives these relate specifically to their division.
Non-Financial Measures (25% of total STI)	Non-financial measures include performance against specified safety targets commonly referred to within the industry such as the long term injury frequency rate (LTIFR) and the total recordable injury frequency rate (TRIFR) and specific personal goals for each executive KMP. Personal goals cover various areas including: demonstrated leadership on safety, health and environment; development of people and effective succession planning; restructuring and rationalisation; production efficiencies; operational and manufacturing improvements and returns on net tangible assets.

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

DIRECTORS' REPORT – REMUNERATION REPORT

Maximum STI payable (% of total fixed remuneration) for all KMP	50% with over performance rewarded as additional LTI shares with deferral over 5 years.
---	---

The Board considers the profit and cash generation measures to be appropriate as they are directly linked to the Group's ability to generate returns and create value for shareholders. These financial measures are also appropriate from an executive's perspective as the executive is assessed against areas of direct responsibility and influence.

These hurdles take into account the aim of continual improvement in returns to shareholders, whilst at the same time recognising that there are a number of external factors (such as the cyclical nature of the Australian building industry) that are outside the control of individual executives. Comparisons against properly determined and approved budgets that take into account these external factors are aimed at rewarding executives for strong performance in a weaker environment, which is designed to offset the impact of the sometimes unavoidable market conditions that are encountered by the business.

The Board applies the additional criteria listed above to ensure that there is sufficient focus on other areas of business performance, including several non-financial factors which are critical to the long term success of the Group. These areas of wider corporate responsibility such as occupational health and safety, environmental compliance and improvements in manufacturing performance reward executive KMP for taking a sustainable approach to operations by encouraging strategic decisions that generate shareholder value over the longer term.

STI performance achieved by KMP's against targets set for FY 2015 is set out below:

KMP Role	STI Performance measures	Overall proportion of target achieved
MD and CFO	Profit and cash generation for Building Products and Land and Development and non-financial measures	99.7%
EGM- Land and Development	Profit and cash generation for Land and Development and non-financial measures	110%
GM Sales Brickworks Building Products	Profit and cash generation for Bristle Roofing East Coast, Austral Bricks East Coast, Austral Masonry, Austral Precast and Export and non-financial measures	100%
GM Austral Bricks East Coast	Profit and cash generation for Austral Bricks East Coast and non-financial measures	100%
GM WA- Brickworks Building Products	Profit and cash generation for Austral Bricks WA and Bristle Roofing WA and non-financial measures	53%
GM- Bristle Roofing East Coast	Profit and cash generation for Bristle Roofing East Coast and non-financial measures	42%

Some key performance measures reflected in the above STI payments include:

- The significant improvement in profit generated in the Land and Development Group
- The notable improvement in profit in the Building Products Group
- The significant improvement in profit and cash generated by the Austral Bricks East Coast division.
- A reduction in cash generated in the Austral Bricks WA, Bristle Roofing WA and Bristle Roofing East Coast divisions.

2.4 Long Term Incentives (LTI)

Brickworks Limited has had an LTI in place for many years through the Brickworks Deferred Employee Share Plan in which employees receive Brickworks Limited shares. No consideration is payable by participants under the terms of the Plan.

Under the Company's Share Trading Policy Brickworks shares are not permitted to be used to secure any type of financial product, such as margin loans or similar. Options, collars and/or other financial derivatives must not be used in respect of any Brickworks shares.

The primary purpose of Brickwork's LTI is the retention of the Company's senior executive team. For example, acquisition of the necessary knowledge to successfully manage the manufacturing processes for building materials usually requires an immersion period of at least 5 years and in some sectors, such as brick production, as much as 10 years. Similarly an executive who knows the company's clients extremely well and has a long history of successful negotiations with them will

DIRECTORS' REPORT – REMUNERATION REPORT

also be difficult to replace. Not surprisingly, Brickworks seeks to retain as many of its experienced executives as practically possible.

2.4.1 Current LTI

The current LTI is in the form of a Deferred Employee Share Plan.

For the 2015 financial year, the value of shares granted was dependent upon the employee's position within the Group and their base salary. For the Managing Director and Chief Financial Officer, this entitlement was up to 50% of base salary, with other executive KMP being entitled to shares with a value up to 37.5% of base salary. However, the value of LTI shares may exceed these percentages as a consequence of STI cash payments being capped at 50% of base remuneration and outperformance against the STI measures being recognised by the grant of additional LTI shares. Under the terms of the scheme, the employee receives the voting rights and an entitlement to any future dividends immediately upon granting, however they are unable to sell or otherwise access the shares to trade unless they satisfy vesting criteria. 20% of these shares will become available to the employee at the end of each of the following five years, providing they continue to be employed by Brickworks.

Following changes made during the financial year, the LTI shares granted to, or already held by, executives will no longer vest immediately on retirement or redundancy. Rather they will continue to vest progressively over the original 5 year grant period, subject to compliance with employment contract conditions including restraints. The vesting period for shares allocated to executives may extend for up to 5 years beyond the date at which a particular executive ceases to be an employee.

In line with prior conditions, if an executive leaves the Company of his/her own volition all unvested shares held in the name of that executive will be forfeited except in limited circumstances, such as medical reasons or bona fide retirement.

Brickwork's executive KMP are highly skilled and the greater emphasis on the Company's LTI scheme reflects the importance that the Board places on retaining them for as long as possible, provided of course that these executives continue to deliver high levels of performance. Shares in the LTI vest on a change in control of Brickworks Ltd.

2.4.2 New Elements of LTI

For all allocations of shares to KMP under the LTI from 31 July 2015 two new elements have been introduced as explained below.

1. Performance testing prior to share allocation

Performance criteria will be considered by the Board at its discretion before plan shares are allocated. This includes an assessment of:

- company/business unit/plant return on net tangible assets over the previous 3 years
- company/business unit/plant profit performance over the previous 3 years
- achievement of individual strategic/operational KPI's over the previous 3 years
- general market conditions that have an impact on demand for Brickworks products e.g. Global Financial Crisis.

LTI allocations to KMP will reflect the level of performance achieved against the above criteria. For all executive KMP other than the Managing Director and Chief Financial Officer LTI rewards will continue to vest progressively at 20% over 5 years unless forfeited. The concept of a testing element on allocation and the long term 5 year vesting requirements support the fact that dividends are paid to the employee on unvested shares unless or until they are forfeited.

2. TSR Performance Target for the Managing Director and the CFO

A new TSR target for vesting has been introduced for share allocations made to the Managing Director and Chief Financial Officer to recognise the Board's preference for the Managing Director and Chief Financial Officer to achieve increasing profits over the longer term. There will be no change to the LTI conditions for participants other than the Managing Director and the Chief Financial Officer.

For allocations made after 31 July 2015, 50% of shares allocated will be assessed for vesting against an annual TSR target of 7.0% (**TSR Shares**).

An absolute TSR target was chosen over a relative TSR measure. A primary concern about using relative TSR was the volatility in companies' performance ranking which can be perceived by plan participants as of more limited value than an absolute performance measure due to an executives' lack of direct control over relative TSR. The Board is also wary of the potential for TSR to reward share price volatility, as companies with more volatile TSR are more likely to achieve maximum vesting. Furthermore, relative TSR ranking is highly dependent on the peer group selection and the choice of performance period, as the selection of the date or averaging period over which relative TSR is measured can have a significant impact on the outcome.

A TSR target has been chosen due to the difficulty of choosing a meaningful benchmark of companies to use for a relative TSR assessment. This is particularly so given the diverse nature of the Company's operations which include Building Products, Land and Development and Investments.

DIRECTORS' REPORT – REMUNERATION REPORT

The assessment of TSR Shares against the TSR target is undertaken progressively for 20% of the TSR Shares on 31 July for each of the 5 years following the allocation date.

50% of the shares allocated to the Managing Director and the CFO will continue to vest progressively at 20% per year based on tenure.

TSR testing is undertaken for 20% of the TSR Shares on 31 July each year for 5 years following the allocation date.

- 20% of TSR Shares are tested in year 1 against a 1 year TSR Target of 7.0% per annum;
- 20% of TSR Shares tested in year 2 against a 2 year TSR target of 7.0% per annum;
- 20% of TSR Shares are tested in year 3 against a 3 year TSR target of 7.0% per annum;
- 20% of TSR Shares are tested in year 4 against a 4 year TSR target of 7.0% per annum; and
- 20% of TSR Shares are tested in year 5 against a 5 year TSR target of 7.0% per annum.

The share price used at commencement of each tranche for assessing TSR performance of Brickworks shares is the Volume Weighted Average Price (VWAP) for the month of July prior to the allocation of TSR Shares. The actual share price used to compare to the TSR target share price is the July VWAP in the year of testing.

The share price used at commencement of each tranche for assessing TSR performance of Brickworks shares is the Volume Weighted Average Price (VWAP) for the month of July prior to the allocation of TSR Shares. The actual share price used to compare to the TSR target share price is the July VWAP in the year of testing.

In any one year up to five TSR Share tranches allocated will be tested. The TSR performance target for each allocation in that year is the average of 5 Brickworks share prices calculated from 5 different commencement VWAPs on 5 different years. (i.e. it will include the average of a Brickworks one year TSR, a two year TSR, a three year TSR, a four year TSR and a five year TSR).

The level of vesting applicable to each tranche will be as follows:

- If the 7.0% TSR target (averaged as explained above) is met, 100% of TSR Shares will vest
- If a 6.0% TSR target (averaged as explained above) is met, then 50% of the TSR Shares will vest
- If the TSR target (averaged as explained above) of 6.0% is not met, then no shares will vest in that initial year of testing. To the extent that any tranche does not vest in one year it will be deferred and form part of the shares that are eligible for vesting in the following years. In other words, underperformance in one year can be made up by over performance in the following years, provided that underperformance in the 5th year may only be made up by outperformance in the 6th year
- If the TSR Target (averaged as explained above) of 8.0% is met, there will be an incremental vesting of up to 150% of the TSR Shares to enable underperformance in one year to be made up by over performance in the following years. The cumulative vesting can therefore reach a level that will be equivalent to but not more than the total number of shares that would have been allocated and vested as at that date, if all TSR hurdles had been satisfied.
- TSR performance between 6.0% and 8.0% and above will generate pro-rata vesting entitlements on a straight-line basis.

Therefore, aligned with shareholders' interests, for tranches of shares that are being tested for vesting in any particular year, a TSR of at least 6.0% must be achieved for 50% of TSR Shares to vest. A TSR based vesting test will not apply to any allocations made or agreed to be made before 31 July 2015 and not yet vested.

There has been actuarial input in relation to the new TSR performance measure which, inter alia, confirms that the vesting tests provide an appropriate balance between the key objectives of performance and retention.

2.4.3 Other company wide share plan

In addition to the Deferred Employee Share Plan referred to above, Brickworks operates the Brickworks Exempt Employee Share Plan as part of the remuneration structure of the Group. All employees of Brickworks with a minimum 3 months service are eligible to join the Brickworks Exempt Employee Share Plan, whereby the employee may salary sacrifice an amount toward the purchase of Brickworks Ordinary shares and the Company contributes a maximum of \$3 per employee per week. The plans are aimed at encouraging employees to share in ownership of their Company, and help to align the interests of all employees with that of the shareholders.

2.4.4 Market Purchases

In accordance with ASX Listing Rule 10.14, the Company contribution to the Brickworks Employee Share Plan is unavailable to Directors of Brickworks.

An employee's right to transact shares in either share plan is governed by the trust deeds for those Plans and the Company's policy regarding trading windows.

At 31 July 2015, there were 739 employees participating in the share plans, holding 1,413,008 shares (0.95% of issued capital).

During the year, all monthly share purchases through the Brickworks Employee Share Plans were performed on market, as were bonus shares granted to the Managing Director through the Deferred Employee Share Plan. Bonus shares granted through the Deferred Employee Share Plan to employees other than the Managing Director were issued as new shares.

DIRECTORS' REPORT – REMUNERATION REPORT

3. Employment Contracts

3.1 Termination payments

Under the legacy contracts in place during the 2014 financial year, if executives resigned from their employment, they were entitled to their salary up to termination date plus any accrued leave provisions. They were also entitled to a pro-rata portion of the average of the previous three years annual bonus. Under the new arrangements, there is no longer an automatic entitlement to an average bonus.

Under the legacy contracts in place during the 2014 financial year, if the Company terminated an executive other than for cause, the executive was entitled to receive notice of up to six months or an equivalent payment in lieu of this notice, plus a termination benefit of up to twelve months base salary and the average of the previous three years annual bonus. In addition the executive was entitled to immediately be given all unvested shares held on their behalf by the Brickworks Deferred Employee Share Plan.

Under the new arrangements, a payment will be made by the Company upon Termination or bona-fide Retirement, equivalent to a proportion (ranging from 50% to 100%) of each executive's average base pay for the previous 3 years, and any unvested shares held on behalf of the executive will remain within the Brickworks Deferred Employee Share Plan and retain their vesting criteria. Under these new arrangements, Brickworks can terminate an executive's employment on 2 month's notice (or payment in lieu of notice) and executives can terminate on 2 month's notice (apart from the CFO who must be given 3 months notice, the Managing Director and Group General Manager – National Operations and Austral Bricks East Coast who must be given 6 months notice).

In October 2011 the Group General Manager Austral Bricks East Coast was allocated \$250,000 in Brickworks shares under his sign on agreement. These shares are subject to a progressive clawback condition if he was to terminate within five years from his commencement date (9 May 2011).

If the Managing Director or **any** other executive KMP is subject to immediate termination (for cause as defined in their employment contract), Brickworks is not liable for any termination payments to the employee other than any outstanding base pay and accrued leave amounts. All unvested shares held on their behalf by the Brickworks Deferred Employee Share Plan will be forfeited.

The provisions contained in the new contracts reduce the Termination Benefits available to senior executives and may slightly increase the LTI and Retirement Benefits to achieve higher rates of retention.

3.2 Executive Restraint

All executive KMP gain strategic business knowledge during the course of their employment. Brickworks will use any means available to it by law to ensure that this information is not used to the detriment of the Company by any employee following termination. In order to protect the Group's interests, Brickworks had an enforceable restraint through the executive's legacy employment contract to prevent executives from either going to work for a competitor, or inducing other employees to leave the Company, for a specified period. In consideration of the restraint, executives would receive a monthly payment, equivalent to their existing base salary plus one twelfth of the average of the previous three annual bonuses, for a period of up to twelve months.

Under the new arrangements, the terms of the restraint have been tightened to prevent employees from going to work for a competitor, customer or supplier for commensurate periods of between 6 and 12 months. A breach of the restraint conditions by an employee places at risk either any unvested shares held, or a potential monthly restraint payment at the discretion of the Company.

The termination payments referred to above, together with the fact that most executives generally will also have unvested shares with a value in excess of the base remuneration for the restraint period at any time, are intended to discourage executives with deep corporate knowledge and significant capacity to contribute to the profitability of the Company from seeking employment with competitors.

4. Non-executive Directors

The remuneration of non-executive Directors is determined by the full Board after consideration of Group performance and market rates for Directors' remuneration. Non-executive Director fees are fixed each year, and are not subject to performance-based incentives. Brickworks' non-executive directors are not employed under employment contracts.

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

DIRECTORS' REPORT – REMUNERATION REPORT

The maximum aggregate level of fees which may be paid to non-executive directors is required to be approved by shareholders in a general meeting. This figure is currently \$1,000,000, and was approved by shareholders at the 2014 Annual General Meeting Brickworks' constitution requires that Directors must own a minimum of 500 shares in the Company within two months of their appointment. All Directors complied with this requirement during the year.

Under legacy arrangements, non-executive Directors appointed prior to 30 June 2003 were entitled to receive benefits upon their retirement from office. These benefits were frozen with effect from 30 June 2003, and are not indexed. The Company has obtained specific independent legal advice regarding the entitlements of the three non-executive directors referred to below which has confirmed that the amounts listed in the table will be payable, as they have been grandfathered under the previous legislation relating to the retirement benefits of non-executive directors. These benefits for the three participating directors, which have been fully provided for in the Company's financial statements, are as follows:

Name	Benefit as at 30 June 2003
R. Millner	\$300,000
M. Millner	\$150,000
R. Webster	\$93,750

5. Remuneration of key management personnel

5.1 Table of Remuneration to KMP

The fees payable to non -executive Directors and the remuneration payable to other Key Management Personnel during the financial year ending 31 July 2015 are disclosed in the following table.

Directors	Year	Base fees/ salary	Non-monetary benefits	Post employment (Super)	Total fixed remuneration	Short Term Incentive	Long Term Incentive	Total
RD Millner	2015	214,612	-	20,388	235,000	-	-	235,000
	2014	206,288	-	19,125	225,413	-	-	225,413
MJ Millner	2015	107,306	-	10,194	117,500	-	-	117,500
	2014	103,144	-	9,562	112,706	-	-	112,706
BP Crotty	2015	114,155	-	10,845	125,000	-	-	125,000
	2014	103,144	-	9,562	112,706	-	-	112,706
DN Gilham	2015	107,306	-	10,194	117,500	-	-	117,500
	2014	103,144	-	9,562	112,706	-	-	112,706
DR Page ¹	2015	118,037	-	11,213	129,250	-	-	129,250
	2014	8,577	-	815	9,392	-	-	9,392
RJ Webster	2015	114,155	-	10,845	125,000	-	-	125,000
	2014	110,000	-	9,923	119,923	-	-	119,923
LR Partridge	2015	1,269,173	6,891	18,827	1,294,891	642,084	530,803	2,467,778
	2014	1,183,733	73,582	17,859	1,275,174	590,000	386,500	2,251,674
Total Directors	2015	2,044,744	6,891	92,506	2,144,141	642,084	530,803	3,317,028
	2014	1,818,030	73,582	76,408	1,968,020	590,000	386,500	2,944,520

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

DIRECTORS' REPORT – REMUNERATION REPORT

Other Key Management Personnel	Year	Base fees/ salary	Non-monetary benefits	Post employment (Super)	Total fixed remuneration	Short Term Incentive	Long Term Incentive	Total
AJ Payne	2015	609,673	7,532	18,827	636,032	304,007	244,899	1,184,938
	2014	588,725	4,856	17,859	611,440	279,000	188,950	1,079,390
M Kublins	2015	465,673	5,358	18,827	489,858	242,500	182,490	914,848
	2014	446,533	16,597	17,859	480,989	258,847	127,874	867,710
DT Fitzharris	2015	521,173	41,916	18,827	581,916	270,000	140,805	992,721
	2014	507,225	42,875	17,859	567,959	185,087	110,749	863,795
M Finney ²	2015	605,259	6,332	18,827	630,418	290,000	137,505	1,057,923
	2014	547,225	24,239	17,859	589,323	212,625	95,000	896,948
P Scott	2015	455,173	4,457	18,827	478,457	84,000	98,890	661,347
	2014	443,225	4,421	17,859	465,505	31,767	97,874	595,146
D Millington ³	2015	159,188	13,744	10,957	183,889	-	-	183,889
	2014	291,225	24,391	17,859	333,475	79,044	70,687	483,206
Total Other KMP	2015	2,816,139	79,339	105,092	3,000,570	1,190,507	804,589	4,995,666
	2014	2,824,158	117,379	107,154	3,048,691	1,046,370	691,134	4,786,195

Note: In addition to the total benefits above, these KMPs accrued leave entitlements during the year as follows:

- L R Partridge: net decrease of \$35,593 in accrued leave entitlements (2014: \$15,219 increase)
- A J Payne: net decrease of \$889 (2014: \$3,457 increase)
- M Kublins: net increase of \$15,532 (2014: \$8,031 increase)
- D T Fitzharris: net increase of \$9,631 (2014: \$29,820 increase)
- M Finney: net increase of \$28,747 (2014: \$17,093 increase)
- P Scott: net decrease of \$12,286 (2014: \$11,862 increase)
- D Millington: net increase of \$23,231 (2014: \$6,837 increase).

1 Deborah Page commenced with the Company on 1 July 2014.

2 Non-monetary benefits provided to M. Finney in prior years included the use of a company supplied vehicle. In the 2015 financial year this benefit was replaced with a car allowance which forms part of his base salary. M. Finney is now responsible for all expenses associated with the use of his new vehicle

3 David Millington is no longer KMP from 1 February 2015.

The profit (before tax and excluding significant items) generated by the Building Products and Land and Development division increased by 12.3% whereas the total remuneration paid to Lindsay Partridge and Alex Payne increased as follows:

- Lindsay Partridge- 9.6%
- Alex Payne- 9.8%

The profit (before tax and excluding significant items) generated by the Land and Development division increased by 3.1% whereas the total remuneration paid to the Executive General Manager – Land and Development increased by 5.4%.

The profit (before tax and excluding significant items) generated by the Building Products division increased by 25.0% whereas:

- (i) The total remuneration received by the Group General Manager Sales– Brickworks Building Products increased by 14.9% and
- (ii) The total remuneration received by the Group General Manager National Operations and Austral Bricks East Coast increased by 17.9%.

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

DIRECTORS' REPORT – REMUNERATION REPORT

5.2 Director and Key management personnel shareholdings

	Held 31 July 2014	Granted as Remuneration	Date Granted as Remuneration	Purchases	Shares Disposed of	Held 31 July 2015
<i>Directors</i>						
RD Millner	5,584,100	-		69,640	-	5,653,740
MJ Millner	5,558,142	-		70,000	-	5,628,142
B Crotty	10,209	-		5,000	-	15,209
DN Gilham	102,268	-		-	-	102,268
DR Page	1,500	-		900	-	2,400
RJ Webster	15,922	-		-	-	15,922
LR Partridge	203,915	76,829	2 October 2014	-	122,310	158,434
<i>Other Key Management Personnel</i>						
AJ Payne	213,930	20,681	2 October 2014	-	-	246,449
		11,838	23 October 2014			
M Kublins	56,342	19,188	2 October 2014	-	1,800	84,516
		10,786	23 October 2014			
DT Fitzharris	100,978	13,720	2 October 2014	-	34,253	87,592
		7,147	23 October 2014			
P Scott	59,116	5,726	2 October 2014	-	9,388	59,841
		4,387	23 October 2014			
M Finney	18,985	15,761	2 October 2014	-	-	34,746
D Millington	16,659	5,859	2 October 2014	-	6,066	19,926
		3,474	23 October 2014			

Shareholdings shown above reflect all direct, indirect and beneficial holdings by key management personnel, and include unvested shares held through the Brickworks Deferred Employee Share Plan which may not vest to the employee if they do not satisfy vesting criteria.

All share transactions by key management personnel were on normal terms and conditions on the Australian Securities Exchange.

No options over unissued shares or interests in Brickworks Limited or a controlled entity were granted during or since the end of the financial year and there were no options outstanding at the date of this report. No shares or interests have been issued during or since the end of the year as a result of the exercise of any option over unissued shares or interests in Brickworks or any controlled entity.

BRICKWORKS LIMITED

A.B.N. 17 000 028 526

DIRECTORS' REPORT

Auditor's independence declaration

The Directors received an independence declaration from the auditor, Ernst & Young. A copy has been included on page 28 of the report.

Provision of non-audit services by external auditor

During the year the external auditors, Ernst & Young, did not provide any non-audit services to the Group.

The details of total amounts paid to the external auditors are included in note 6 to the financial statements.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Auditor rotation

In accordance with section 324DAA Corporations Act 2001 and the recommendation of the Audit Committee, the lead audit partner will undertake the audit for the financial year end 31 July 2015. A new lead audit partner has been appointed for the financial year ended 31 July 2016, subject to annual assessment by the Chair of the Audit Committee.

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Indemnification of Directors and officers

The Company's Rules provide for an indemnity of Directors, executive officers and secretaries where liability is incurred in connection with the performance of their duties in those roles other than as a result of their negligence, default, breach of duty or breach of trust in relation to the Company. The Rules further provide for an indemnity in respect of legal costs incurred by those persons in defending proceedings in which judgment is given in their favour, they are acquitted or the Court grants them relief.

Since the end of the previous financial year, the Company has paid insurance premiums in respect of Directors' and officers' liability. The insured persons under those policies are defined as all Directors (being the Directors named in this Report), executive officers and any employees who may be deemed to be officers for the purposes of the Corporations Act 2001.

Rounding of Amounts

The Company has applied the relief available to it under ASIC Class Order 98/100 and accordingly, amounts in the financial report and Directors' report have been rounded off to the nearest \$1,000 where allowed under that class order.

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

Dated 24 September 2015.



R.D. MILLNER
Director



L.R. PARTRIDGE AM
Director

Auditor's Independence Declaration to the Directors of Brickworks Limited

In relation to our audit of the financial report of Brickworks Limited for the financial year ended 31 July 2015, 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

Robinson
Renay Robinson
Partner
24 September 2015

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

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2015**

		CONSOLIDATED	
	NOTE	31 JULY 15 \$000	31 JULY 14 \$000
Revenue	3	723,611	670,268
Cost of sales		<u>(513,908)</u>	<u>(464,793)</u>
Gross profit		209,703	205,475
Other income	3	3,483	3,981
Distribution expenses		(61,419)	(57,387)
Administration expenses		(24,118)	(22,258)
Selling expenses		(64,107)	(60,713)
Borrowing costs expense	4	(19,482)	(18,073)
Other expenses		(36,625)	(18,493)
Share of net profits of associates and joint ventures accounted for using the equity method	24, 25	<u>89,435</u>	<u>91,196</u>
Profit before income tax expense		96,870	123,728
Income tax expense attributable to profit	5	<u>(18,780)</u>	<u>(20,973)</u>
Profit after income tax expense		<u>78,090</u>	<u>102,755</u>
Other comprehensive income			
Items that may subsequently be reclassified to net profit			
Foreign currency translation		(2)	254
Share of (decrements)/ increments in reserves attributable to associates and joint ventures		(2,472)	29,406
Income tax on items of other comprehensive income		<u>742</u>	<u>(8,794)</u>
Other comprehensive income for the period, net of tax		<u>(1,732)</u>	<u>20,866</u>
Total comprehensive income for the period		<u>76,358</u>	<u>123,621</u>
Net profit attributable to members of the parent entity		<u><u>78,090</u></u>	<u><u>102,755</u></u>
Total comprehensive income for the period attributable to members of the parent entity		<u><u>76,358</u></u>	<u><u>123,621</u></u>
Basic earnings per share (cents per share)	8	52.6	69.4
Diluted earnings per share (cents per share)	8	52.6	69.4

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

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

STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2015

		CONSOLIDATED	
	NOTE	31 JULY 15	31 JULY 14
		\$000	\$000
CURRENT ASSETS			
Cash and cash equivalents	9	23,051	21,208
Receivables	10(a)	103,104	98,273
Inventories	11(a)	178,706	176,484
Land held for resale	12(a)	5,455	13,079
Prepayments		<u>6,536</u>	<u>8,320</u>
TOTAL CURRENT ASSETS		<u>316,852</u>	<u>317,364</u>
NON-CURRENT ASSETS			
Inventories	11(b)	8,129	8,134
Land held for resale	12(b)	8,182	18,991
Investments accounted for using the equity method	13	1,455,673	1,423,299
Property, plant and equipment	14	477,570	431,842
Intangible assets	15	<u>252,111</u>	<u>268,970</u>
TOTAL NON-CURRENT ASSETS		<u>2,201,665</u>	<u>2,151,236</u>
TOTAL ASSETS		<u>2,518,517</u>	<u>2,468,600</u>
CURRENT LIABILITIES			
Payables	16	88,335	82,011
Interest-bearing liabilities	17(a)	24,445	25,541
Derivative financial instruments	18(a)	234	428
Income tax provision		16,488	97
Provisions	19(a)	<u>53,978</u>	<u>49,468</u>
TOTAL CURRENT LIABILITIES		<u>183,480</u>	<u>157,545</u>
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	17(b)	299,239	299,999
Derivative financial instruments	18(b)	5,152	2,588
Provisions	19(b)	5,410	12,093
Deferred taxes	20	<u>200,986</u>	<u>199,879</u>
TOTAL NON-CURRENT LIABILITIES		<u>510,787</u>	<u>514,559</u>
TOTAL LIABILITIES		<u>694,267</u>	<u>672,104</u>
NET ASSETS		<u>1,824,250</u>	<u>1,796,496</u>
EQUITY			
Contributed equity	21	334,165	331,420
Reserves	22	322,444	323,558
Retained profits		<u>1,167,641</u>	<u>1,141,518</u>
TOTAL EQUITY		<u>1,824,250</u>	<u>1,796,496</u>

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

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2015

(\$000)	NOTE	Ordinary Shares	Treasury Stock	Capital Profits Reserve	Equity Adjustments Reserve	General Reserve	Foreign Currency Reserve	Share Based Payments Reserve	Associates & JV's Reserve	Retained Earnings	Total
Total equity as at 1 August 2013		<u>335,341</u>	<u>(6,621)</u>	<u>88,102</u>	<u>(17,263)</u>	<u>36,125</u>	<u>(1,768)</u>	<u>3,085</u>	<u>194,560</u>	<u>1,088,338</u>	<u>1,719,899</u>
Net profit for the year		-	-	-	-	-	-	-	-	102,755	102,755
Other comprehensive income for the year		-	-	-	(8,794)	-	254	-	29,406	-	20,866
Total comprehensive income for the year		-	-	-	(8,794)	-	254	-	29,406	102,755	123,621
Transactions with owners in their capacity as owners											
Net dividends provided or paid during the year	7	-	-	-	-	-	-	-	-	(49,198)	(49,198)
Issue of shares	21(a)	2,863	(2,871)	-	-	-	-	-	-	-	(8)
Purchase of shares through employee share plan	21(b)	-	(570)	-	-	-	-	-	-	-	(570)
Shares vested to employees	21(b)	-	3,278	-	-	-	-	(3,278)	-	-	-
Share of associates transfer to outside equity interests										(509)	(509)
Share of associates transfer (to) / from retained earnings		-	-	-	-	-	-	-	(132)	132	-
Share based payments expense		-	-	-	-	-	-	3,261	-	-	3,261
		<u>2,863</u>	<u>(163)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(17)</u>	<u>(132)</u>	<u>(49,575)</u>	<u>(47,024)</u>
Total equity as at 31 July 2014		<u>338,204</u>	<u>(6,784)</u>	<u>88,102</u>	<u>(26,057)</u>	<u>36,125</u>	<u>(1,514)</u>	<u>3,068</u>	<u>223,834</u>	<u>1,141,518</u>	<u>1,796,496</u>
Net profit for the year		-	-	-	-	-	-	-	-	78,090	78,090
Other comprehensive income for the year		-	-	-	742	-	(2)	-	(2,472)	-	(1,732)
Total comprehensive income for the year		-	-	-	742	-	(2)	-	(2,472)	78,090	76,358
Transactions with owners in their capacity as owners											
Net dividends provided or paid during the year	7	-	-	-	-	-	-	-	-	(51,755)	(51,755)
Issue of shares	21(a)	4,904	(4,916)	-	-	-	-	-	-	-	(12)
Purchase of shares through employee share plan	21(b)	-	(1,037)	-	-	-	-	-	-	-	(1,037)
Shares vested to employees	21(b)	-	3,794	-	-	-	-	(3,794)	-	-	-
Share of associates transfer to outside equity interests										(216)	(216)
Share of associates transfer (to) / from retained earnings		-	-	-	-	-	-	-	(4)	4	-
Share based payments expense		-	-	-	-	-	-	4,416	-	-	4,416
		<u>4,904</u>	<u>(2,159)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>622</u>	<u>(4)</u>	<u>(51,967)</u>	<u>(48,604)</u>
Total equity as at 31 July 2015		<u>343,108</u>	<u>(8,943)</u>	<u>88,102</u>	<u>(25,315)</u>	<u>36,125</u>	<u>(1,516)</u>	<u>3,690</u>	<u>221,358</u>	<u>1,167,641</u>	<u>1,824,250</u>

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

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 JULY 2015

		CONSOLIDATED	
	NOTE	31 JULY 15	31 JULY 14
		\$000	\$000
Cash flows from operating activities			
Receipts from customers		769,483	687,941
Payments to suppliers and employees		(702,444)	(631,148)
Proceeds from land held for resale		18,256	-
Interest received		280	252
Borrowing costs		(18,360)	(19,427)
Dividends and distributions received		66,425	63,804
Income tax paid		(388)	(940)
Net cash flows from operating activities	23(a)	<u>133,252</u>	<u>100,482</u>
Cash flows from investing activities			
Purchases of investments		(892)	(204)
Proceeds from the sale or return of investments		-	11,321
Purchases of intangible assets		-	(114)
Payment for business net of cash acquired	28(b)	(5,495)	-
Proceeds from sale of property, plant and equipment		477	6,904
Purchases of property, plant and equipment		(60,685)	(43,042)
Net cash flows used in investing activities		<u>(66,595)</u>	<u>(25,135)</u>
Cash flows from financing activities			
Proceeds from borrowings		441,000	125,000
Repayment of borrowings		(442,000)	(138,000)
Net proceeds from issue / (repayment) of shares		-	-
Loan (to) / from other entity		-	440
Dividends paid		(63,814)	(60,696)
Net cash flows used in financing activities		<u>(64,814)</u>	<u>(73,256)</u>
Net increase in cash held		1,843	2,091
Cash at beginning of year		<u>21,208</u>	<u>19,117</u>
Cash at end of year	9	<u><u>23,051</u></u>	<u><u>21,208</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Brickworks Limited is a listed public company, incorporated and domiciled in Australia, and is a for-profit entity. These accounts were authorised for issue in accordance with a resolution of the directors on 24 September 2015.

The financial report includes financial statements for the consolidated entity consisting of Brickworks Limited and its subsidiaries ("the Group").

(a) Basis of preparation and Statement of compliance

The financial statement is a general purpose financial statement that has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards.

The financial statement complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

These financial statements have been prepared under the historical cost convention, except for available-for-sale financial assets, held for trading financial assets, derivatives and investment property, which have been measured at fair value.

(b) New accounting standards and interpretations

The principal accounting policies adopted in the preparation of the financial statement are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The following accounting standards became effective for the Group during the year:

- AASB 9: AASB 2014-1 'Amendments to Australian Accounting Standards' (Part A: Annual Improvements 2010–2012 and 2011-2013 Cycles);
- AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities';
- AASB 1031 'Materiality', AASB 2013-9 'Amendments to Australian Accounting Standards' – Conceptual Framework, Materiality and Financial Instruments' (Part B: Materiality), AASB 2014-1 'Amendments to Australian Accounting Standards' (Part C: Materiality).

The application of these standards did not result in any changes to profit or carrying value of balance sheet items in either the current or comparative financial year.

(c) Principles of consolidation

The consolidated financial statements are those of the consolidated entity, comprising Brickworks Limited (the parent entity) and all entities that Brickworks controlled from time to time during the period and at reporting date. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

There are no non-wholly owned entities in the group which are solely controlled by Brickworks. All non-wholly owned entities are either jointly controlled or subject to significant influence (in which case these entities are equity accounted), or treated as a held for trading financial asset.

There are no dissimilarities in reporting periods or accounting policies between Brickworks or any of its controlled entities.

Investments in subsidiaries in the parent entity financial statements are shown at cost.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation.

Where controlled entities have entered or left the economic entity during the period, their operating results have been included from the date control was obtained or excluded from the date control ceased.

(d) Revenue

Sales revenue is recognised when the significant risks and rewards of ownership of the items sold have passed to the buyer, and the revenue is also able to be measured reliably.

For revenue from the sale of goods, this occurs upon the delivery of goods to customers.

For revenue from the sale of land held for resale, this is recognised at the point at which any contract of sale in relation to industrial land has become unconditional, and at which settlement has occurred for residential land.

Revenue from construction contracts is recognised by reference to the stage of completion of a contract or contracts in progress at reporting date or at the time of completion of the contract and billing to the customer. Stage of completion is measured by reference to the number of units installed as a percentage of the number of units for the total contract, which is determined under the contract with the customer. As the number of units is defined in the contract, any level of judgement required is minimal.

Interest revenue is recognised on a time proportionate basis that takes into account the effective interest rate applicable to the net carrying amount of the financial asset.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

Rental revenue from investment properties is accounted for on a straight line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(d) Revenue (cont.)

Profits on disposal of investments and property, plant and equipment are recognised at the point where title to the asset has passed.

All revenue is stated net of the amount of goods and services tax (GST).

(e) Finance costs

Borrowing costs incurred for the construction of a qualifying asset are capitalised up to the point that the asset is ready for its intended use. Other finance costs are recognised as an expense over the period to which the expense relates.

(f) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability or asset to the extent that it is unpaid or refundable.

Deferred tax

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The tax cost base of assets is calculated based on management's intention for that asset on either use or sale as appropriate. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss. In addition, no deferred income tax is recognised for a taxable temporary difference arising from an investment in a subsidiary, associate or joint venture where the timing of the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. These amounts are reviewed at each balance date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation

Brickworks Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the Tax Consolidation regime. Brickworks Limited is the head entity of that group. The tax consolidated group has entered a tax sharing agreement whereby each company in the group contributes to the income tax payable based on the current tax liability or current tax asset of the entity. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right. Such amounts are reflected in amounts receivable from or payable to other entities in the group. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At balance date, the possibility of default is remote.

Tax expense, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax consolidated group. Any current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax consolidated group are recognised by the parent company (as head entity of the tax consolidated group).

(g) Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the period, adjusted for bonus elements in ordinary shares issued during the period.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares. Diluted earnings per share are shown as being equal to basic earnings per share if potential ordinary shares are non-dilutive to existing ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(h) Cash and cash equivalents

Cash and cash equivalents on the statement of financial position includes cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Cash and cash equivalents for the statement of cash flows are shown as a net of the cash and cash equivalents and bank overdraft liability.

Cash and cash equivalents are stated at nominal value.

(i) Receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. A provision for doubtful debts is established when there is existence of objective evidence that the Group may not be able to collect the debts. Bad debts are written off against the provision for doubtful debts as incurred, when there is objective evidence that the Group will not be able to recover the debt. Objective evidence of an impairment loss can include when a debtor is unable to be physically located, or when a report from a liquidator or administrator of a debtor indicates that recovery of any amounts outstanding is unlikely.

Receivables from related parties are recognised and carried at nominal amounts due.

(j) Inventories

Raw materials are measured at the lower of actual cost and net realisable value. Finished goods are measured at the lower of standard cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(k) Land held for resale

Land held for development and resale is recognised when properties have been identified and incorporated into specific developments that have been approved by relevant planning authorities and commenced. These properties are valued at the lower of cost and fair value less costs to sell. Cost includes the cost of acquisition and development.

(l) Property, plant and equipment

Land is carried at cost less any impairment losses.

Plant and equipment (including buildings) are measured at cost, less depreciation and impairment losses.

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs. The recoverable amount is the higher of fair value less costs to sell, and the value in use, assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts, using pre-tax discount rates.

Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated over their useful lives to the economic entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation rate
Buildings	2.5% - 4.0% prime cost
Plant and equipment	4.0% - 33.0% prime cost; 7.5% - 22.5% diminishing value

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds on disposal with the carrying amount of the asset at the time of disposal. These gains and losses are included in the income statement. When previously revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(m) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight line basis over the term of the lease.

Leases of fixed assets are classified as finance leases where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities in the economic entity.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the economic entity will obtain ownership of the asset, or over the term of the lease.

(n) Financial assets

Regular way purchases and sales of investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at cost, net of transaction costs.

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets, and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at fair value through profit and loss (held for trading)

The Group has classified certain shares as financial assets at fair value through profit or loss. Financial assets held for trading purposes are classified as current assets and are stated at fair value (subsequent to initial recognition), with any resultant gain or loss recognised in profit or loss.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. These investments are carried at amortised cost using the effective interest method, with any gains or losses recognised in income when the investments are derecognised or impaired.

Available-for-sale financial assets

Certain shares held by the Group are classified as being available-for-sale and are stated at fair value (subsequent to initial recognition). Gains and losses arising from changes in fair value are recognised directly in reserves, until the investment is disposed of, at which time the cumulative gain or loss previously recognised in the reserve is included in profit or loss for the period.

The fair value of financial instruments traded in active markets is based on quoted market bid prices at the reporting date. Where shares are held in listed entities that are not actively traded on the market, quoted market bid prices are used as the best information on the amount obtainable from an arms length transaction.

Loans and Receivables

Trade receivables, loans and other receivables are recorded at amortised cost less impairment.

Derecognition

Sales of investments are recognised on trade date – the date the Group commits to sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Impairment

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

(o) Investments in associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the parent entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(o) Investments in associates (cont.)

Under the equity method, the investment in the associate is carried in the consolidated statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After applying the equity method, the Group determines whether it is necessary to recognise an additional impairment loss with respect to the net investment in the associate. The consolidated income statement reflects the Group's share of the results of operations of the associate.

Where there has been a change recognised directly in the associate's equity, the Group recognises its share of any changes and discloses this in the consolidated statement of movements in equity.

The associate's accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

(p) Investments in joint ventures

Investments in joint ventures are accounted for in the parent entity's financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost.

Under the equity method, the investment is carried in the consolidated statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the joint venture. The consolidated income statement reflects the Group's share of the results of operations of the joint ventures.

Where reporting dates of joint ventures are not identical to the Group and the joint venture is not a disclosing entity, the financial information used is internal management reports for the same period as the Group's financial year. The joint venture's accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

Profits or losses on transactions with the joint venture are eliminated to the extent of the Group's ownership interest until such time as they are realised by the joint venture on sale.

(q) Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

(r) Intangibles

Goodwill

Goodwill is initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets (including contingent liabilities) at the date of acquisition. Goodwill on acquisition of associates is included in investments in associates. Any goodwill acquired in a business combination is allocated to each of the cash generating units (CGU's) expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the CGU to which the goodwill relates. Where this recoverable amount is less than the carrying amount, an impairment loss is recognised. Impairment losses recognised for goodwill are not subsequently reversed.

Goodwill is tested for impairment annually and when indicators of impairment exist, and following initial recognition is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Other intangible assets

Other intangible assets are valued at cost on acquisition. If the intangible is considered to have an indefinite life, it is carried at cost less any impairment write down required to ensure it is not carried in excess of recoverable amount. If the intangible has a definite life, it is amortised on a straight line basis over the expected future life of that right, which varies according to the term of the issue.

(s) Acquisition of assets

The purchase method of accounting is used to account for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange. Costs directly attributable to business combinations are expensed as non-regular items in the period in which the acquisition is settled. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price at the date of exchange.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(t) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Non-financial assets other than goodwill that have had an impairment write-down are reviewed for possible reversal of the impairment at each subsequent reporting date.

(u) Payables

Trade payables and other accounts payable are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services.

Deposits received on land sale agreements relate to amounts received as deposits on pending property transactions where the revenue and associated profit has not been brought to account due to uncertainty surrounding the completion of the transaction.

(v) Provisions

Provisions are recognised when the Group has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. If the effect of the time value of money is material, provisions are discounted using a pre-tax discount rate that reflects the risks specific to the liability. Any increase in the provision due to the passage of time is recognised as a borrowing cost.

(w) Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Consideration is made of expected future wage and salary levels, employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on Australian high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash flows.

Share-based payments

Share-based compensation benefits are provided to employees through the Brickworks Employee Share Plan, details of which can be found in the Remuneration Report in the Directors' Report. Unvested shares are included in contributed equity as Reserved Shares. The fair value of the shares (market value at purchase date) is recognised as an employee benefits expense over the period in which the service conditions are fulfilled with a corresponding increase in equity when the employees become entitled to the shares.

(x) Restoration and rehabilitation

The landfill opportunities created through the extraction of clay and shale is considered to be a valuable future resource. No provision is made for future rehabilitation costs when the rehabilitation process is expected to be cash flow positive.

Where the relevant site is identified as being unable to be used for landfill purposes once the clay and shale reserves are exhausted, a provision is generated. This provision is raised based on the expected net present value of future cash flows associated with the total rehabilitation cost of the site, and charged to expenses on a tonnes extracted basis.

(y) Interest bearing liabilities

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Where the Group expects that it will continue to satisfy the criteria under its banking agreement that ensures the financier is not entitled to call on the outstanding borrowings, and the term is greater than 12 months, the borrowings are classified as non-current.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(z) Financial instruments issued by the Group

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Transaction costs arising on the issue of financial instruments are recognised directly as a reduction, net of tax, of the proceeds of the financial instruments to which the costs relate. If the financial instrument has an identifiable lifespan, these costs are amortised in the income statement over the period of the instrument.

Interest and dividends are classified as expenses or as distributions of profit consistent with the classification of the related debt or equity instruments.

(aa) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either fair value hedges or cash flow hedges.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedge items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in reserves. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item will affect profit or loss.

When a hedging instrument expires or is terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is transferred to the income statement.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any such instrument are recognised immediately in the income statement.

Fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

(ab) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires, with any resulting gain or loss taken to the income statement.

(ac) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate. Grants relating to the purchase of fixed assets are deducted from the carrying amount of the asset, and recognised in profit or loss over the life of a depreciable asset as a reduced depreciation expense.

(ad) Reserved shares

Own equity instruments which are acquired for later payment as employee share-based payment awards are deducted from equity. These shares are held in trust by the trustee of the Brickworks Deferred Employee Share Plan and vest in accordance with the conditions attached to the granting of the shares, as outlined in the Remuneration Report. The fair value of the shares (market value at purchase date) is recognised as an employee benefits expense with a corresponding increase in equity when the employees become entitled to the shares. No gain or loss is recognised in profit or loss on the purchase, sale or issue of the Group's own equity instruments.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(ae) Operating segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Operating segments have been identified based on the information provided to the Managing Director.

- The Group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:
- Nature of the products;
- Nature of the production process;
- Type or class of customer for the products;
- Methods used to distribute the products; and
- Nature of the regulatory environment.
- Management has determined that reportable segments are based around products. A number of identified operating segments have been aggregated to form both the Building Products segment and the Property segment.
- The accounting policies used by the Group in reporting segments internally are the same as those used by the Group in these consolidated financial statements.
- Some items which are not attributable to specific segments, such as finance costs and some other expenses, are listed separately in the segment note as 'unallocated' items.

(af) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(ag) Foreign currency transactions and balances

Functional and presentation currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. The balances of foreign currency monetary items are translated at the period end exchange rate. The balances of non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- Assets and liabilities are translated at period end exchange rates prevailing at that reporting date.
- Income and expenses are translated at average exchange rates for the period.
- Retained profits are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the income statement in the period in which the operation is disposed.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(ah) Fair Value

Assets and liabilities of the Group that are measured at fair value are grouped into Levels 1 to 3 based in the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All assets and liabilities measured at fair value are identified in the relevant notes to the financial statements, and are either categorised as Level 1 or Level 2. There are no Level 3 categorised items in the Group. There were no transfers between category levels during the current or prior financial year.

(ai) Significant accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future, and the resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

Judgements that are made by management in the application of accounting standards that have significant effects on the financial statements, and estimates with a significant risk of material adjustments in the next year, are disclosed in the relevant notes to the financial statements, where applicable.

(aj) Accounting standards issued but not yet effective

A number of Australian accounting standards have been issued but have not been adopted for the financial year ended 31 July 2015.

The Group is still assessing the impact of the following new or amended standards:

AASB 9: Financial Instruments (effective application for Brickworks 1 August 2018)

IFRS 15: Revenue from Contracts with Customers (effective application for Brickworks 1 August 2018)

(ak) Comparative information

Certain comparative information was amended in these financial statements to conform to the current year presentation. These amendments do not impact the Group's financial result and do not have any significant impact on the Group's statement of financial position.

BRICKWORKS LIMITED AND CONTROLLED ENTITIES

A.B.N. 17 000 028 526

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

	31 JUL 15	31 JUL 14
	\$000	\$000
NOTE 2: PARENT ENTITY INFORMATION		
Information relating to Brickworks Limited		
Current assets	549	379
Total assets	1,099,627	1,059,148
Current liabilities	30,239	29,371
Total liabilities	604,157	541,740
Issued capital	334,165	331,420
Reserves		
- capital profits	84,479	84,479
- general	11,645	11,645
- share based payments	3,690	3,068
Total reserves	<u>99,814</u>	<u>99,192</u>
Retained earnings	<u>61,491</u>	<u>86,796</u>
Total shareholders' equity	<u>495,470</u>	<u>517,408</u>
Net profit after income tax	<u>38,508</u>	<u>37,219</u>
Total comprehensive income	<u>38,508</u>	<u>37,219</u>

Information regarding guarantees entered into by the parent entity in relation to the debts of its subsidiaries are contained in note 28(d).

There are no contingent liabilities or contractual commitments for the acquisition of property, plant or equipment of the parent entity.

	CONSOLIDATED	
NOTE 3: REVENUE		
Trading revenue		
Sale of goods	695,233	631,980
Sale of current investments	-	37
Sale of land held for resale	18,256	25,930
	<u>713,489</u>	<u>657,947</u>
Other operating revenue		
Interest received - other corporations	280	252
Dividends received - other corporations	-	2
Rental revenue	1,759	1,781
Other	8,083	10,286
	<u>723,611</u>	<u>670,268</u>
Total operating revenue		
	<u>723,611</u>	<u>670,268</u>
Other income		
Net gain on sale of property, plant and equipment	317	3,013
Net gain on sale of non current investments	-	40
Other items	3,166	928
	<u>3,483</u>	<u>3,981</u>
Total other income		
	<u>3,483</u>	<u>3,981</u>

BRICKWORKS LIMITED AND CONTROLLED ENTITIES

A.B.N. 17 000 028 526

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

	NOTE	CONSOLIDATED 31 JUL 15 \$000	31 JUL 14 \$000
NOTE 4: INCOME AND EXPENSES			
(a) Specific expense disclosures			
Depreciation and amortisation			
- Buildings		3,824	3,733
- Plant and equipment		21,308	21,020
Total depreciation		25,132	24,753
- Intangible assets		98	172
Total amortisation		98	172
Total depreciation and amortisation expense		25,230	24,925
Borrowing costs			
- Paid to other corporations		17,112	19,490
- Mark to market swap valuation losses / (gains)		2,370	(1,417)
Total borrowing costs expensed		19,482	18,073
Rental expense on operating leases			
- Minimum lease payments		22,451	24,752
Employee benefit expense		157,550	141,395
Defined contribution superannuation expense		10,976	9,866
Research and development expenditure		2,268	1,814
Bad and doubtful debts - trade debtors		786	1,070
Write down of inventories to net realisable value		1,972	1,089
(b) Property related income			
The following items are relevant in explaining the financial performance for the year:			
Profit from sale of land held for resale		4,601	17,327
Development profits from joint ventures		2,664	928
Fair value adjustment on recognition as investment property		1,916	535
Share of fair value adjustment of properties		29,137	26,449
Share of property Trust rental profits		15,335	12,976
Share of profit on disposal of investment property held by JV		12,141	-
Total profits from Property Trusts	25	58,529	39,960

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

	CONSOLIDATED 31 JUL 15 \$000	31 JUL 14 \$000
NOTE 4: INCOME AND EXPENSES (cont.)		
(c) Significant items		
Significant one-off transactions of associate ⁽¹⁾	(25,140)	4,973
Costs relating to Perpetual/Carnegie proposal ⁽²⁾	(1,504)	(2,841)
Write down of assets to recoverable value		
- Land held for resale ⁽²⁾	-	(2,581)
Costs on closure of manufacturing facilities ⁽²⁾	-	(379)
Costs on commissioning of manufacturing facilities ⁽²⁾	(4,333)	-
(Costs) / benefit related to business acquisitions ⁽⁴⁾	(577)	-
Impairment of goodwill and timber access rights ⁽²⁾	(16,761)	
Other significant items ⁽²⁾	<u>(1,236)</u>	<u>(578)</u>
Significant items before income tax	<u>(49,551)</u>	<u>(1,406)</u>
Income tax benefit / (expense) arising from WHSP carrying value ⁽⁵⁾	4,520	958
Income tax benefit / (expense) on significant items ⁽⁵⁾	<u>2,822</u>	<u>1,914</u>
	<u><u>(42,209)</u></u>	<u><u>1,466</u></u>

- (1) Disclosed in "Share of net profits of associates" line on statement of comprehensive income
(2) Disclosed in "Other expenses" line on statement of comprehensive income
(3) Disclosed in "Cost of Sales" line on statement of comprehensive income
(4) Disclosed in "Other expenses" and "Other income" line on statement of comprehensive income
(5) Disclosed in "Tax expense" line on statement of comprehensive income

NOTE 5: INCOME TAX

(a) Current Tax	24,962	6,571
Deferred Tax	(3,988)	15,645
Overprovided in prior years	<u>(2,194)</u>	<u>(1,243)</u>
	<u>18,780</u>	<u>20,973</u>
(b) Reconciliation of income tax expense to prima facie tax payable		
Prima facie tax payable on profit before income tax at 30%	29,061	37,119
Adjust for tax effect of:		
difference in foreign tax rates	(29)	(42)
rebateable dividends	(15,032)	(14,418)
capital losses recognised during year	-	(34)
impairment of goodwill and intangibles	5,029	
share of net profits of associates	1,682	(1,346)
other non-allowable items	264	937
overprovision for income tax in prior year	<u>(2,195)</u>	<u>(1,243)</u>
Income tax expense attributable to profit	<u>18,780</u>	<u>20,973</u>
(c) Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss		
Current tax - debited / (credited) directly to equity	-	-
Share of increments / (decrements) in reserves attributable to associates	<u>(742)</u>	<u>8,822</u>
Deferred tax - debited / (credited) directly to equity	<u>(742)</u>	<u>8,822</u>
	<u><u>(742)</u></u>	<u><u>8,822</u></u>

NOTE 6: AUDITOR'S REMUNERATION

Audit of the financial report	500	464
Other regulatory audits	-	8
Taxation services	-	68
Other assurance services	<u>-</u>	<u>80</u>
	<u>500</u>	<u>620</u>

The auditor of the Brickworks Ltd Group is Ernst & Young. Details of non-audit services provided by Ernst & Young are outlined in the Directors' Report.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

	CONSOLIDATED	
	31 JUL 15	31 JUL 14
	\$000	\$000
NOTE 7: DIVIDENDS		
Final ordinary dividend (prior year) of 28.0 cents per share paid 27/11/14 (2013 - 27.0c paid 28/11/13)	41,553	39,971
Interim ordinary dividend of 15.0 cents per share paid 05/05/15 (2014 - 14.0c paid 6/05/14)	22,261	20,725
Group's share of dividend received by associated company	<u>(12,059)</u>	<u>(11,498)</u>
	<u>51,755</u>	<u>49,198</u>
Proposed final ordinary dividend of 30 cents per share not recognised as a liability at year end (2014 - 28.0c)	<u>44,521</u>	<u>41,451</u>
All dividends paid and proposed have been or will be fully franked at the tax rate of 30%		
Balance of franking account at year end adjusted for franking credits arising from payment of income tax payable and dividends recognised as receivables	<u>132,830</u>	<u>138,678</u>
Impact on franking account balance of dividends not recognised	<u>(19,080)</u>	<u>(17,765)</u>

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

NOTE 8: EARNINGS PER SHARE

(a) Reconciliation of earnings		
Net profit attributed to members of the parent entity	<u>78,090</u>	<u>102,755</u>
Earnings used in the calculation of basic EPS	<u>78,090</u>	<u>102,755</u>
Earnings used in the calculation of diluted EPS	<u>78,090</u>	<u>102,755</u>
	No.	No.
(b) Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	<u>148,334,576</u>	<u>148,003,900</u>
Weighted average number of ordinary shares outstanding during the year used in calculation of diluted EPS	<u>148,334,576</u>	<u>148,003,900</u>
	cents	cents
Basic earnings per share	52.6	69.4
Diluted earnings per share	52.6	69.4

NOTE 9: CASH & CASH EQUIVALENTS

	\$000	\$000
Cash on hand	22,839	20,981
Deposits at call	<u>212</u>	<u>227</u>
	<u>23,051</u>	<u>21,208</u>

Deposits at call have carrying amounts that reasonably approximate fair value. Deposits are for periods of up to one month, and earn interest at the respective short term deposit rates.

BRICKWORKS LIMITED AND CONTROLLED ENTITIES

A.B.N. 17 000 028 526

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

	NOTE	CONSOLIDATED 31 JUL 15 \$000	31 JUL 14 \$000
NOTE 10: RECEIVABLES			
(a) Current			
Trade receivables		100,681	94,080
Less: provision for doubtful debts		<u>(1,055)</u>	<u>(1,643)</u>
Net trade receivables		99,626	92,437
Add: other debtors		<u>3,478</u>	<u>5,836</u>
		<u><u>103,104</u></u>	<u><u>98,273</u></u>
(b) Movement in provision for doubtful debts			
Balance at the beginning of the year		1,643	958
Additional provisions recognised		1,431	1,487
Trade debts written off		<u>(1,374)</u>	<u>(385)</u>
Reversals of provisions not required		<u>(645)</u>	<u>(417)</u>
Balance at the end of the year		<u><u>1,055</u></u>	<u><u>1,643</u></u>
(c) Receivables past due			
Receivables past due but not impaired			
Past due by 0 - 30 days		3,696	2,843
Past due by 30+ days		<u>2,827</u>	<u>1,661</u>
		<u><u>6,523</u></u>	<u><u>4,504</u></u>

Trade receivables and other debtors have carrying amounts that reasonably approximate fair value. Average terms are 30 days from statement.

Before allowing new customers to trade on credit terms, an analysis of the potential customers credit quality is performed using external credit reporting agencies and internal reporting to determine whether an account will be opened and the amount of the limit to be applied to that account. Various levels of management are required to approve progressively higher credit limits, with individual limits exceeding \$1 million reported to the Board.

An analysis of trade receivable balances past due is performed constantly throughout the year, and an allowance is made for estimated irrecoverable trade receivables based on historical experience of default, and known information on individual debtors. In many instances security is held over individual debtors in the form of personal guarantees. All receivables not impaired are expected to be collected in full.

NOTE 11: INVENTORIES

(a) Current			
Raw materials and stores at cost		33,116	30,672
Work in progress at cost		20,997	17,357
Finished goods at cost		<u>124,084</u>	<u>127,888</u>
		178,197	175,917
Finished goods at net realisable value		<u>509</u>	<u>567</u>
		<u><u>178,706</u></u>	<u><u>176,484</u></u>
(b) Non-Current			
Raw materials and stores at cost		<u><u>8,129</u></u>	<u><u>8,134</u></u>

BRICKWORKS LIMITED AND CONTROLLED ENTITIES

A.B.N. 17 000 028 526

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

	NOTE	CONSOLIDATED	
		31 JUL 15	31 JUL 14
		\$000	\$000
NOTE 12: LAND HELD FOR RESALE			
(a) Current		<u>5,455</u>	<u>13,079</u>
(b) Non-Current		<u>8,182</u>	<u>18,991</u>
Non-current land held for resale represents portions of properties which have been classified as ready for sale in accordance with the accounting policy note. Exact timing of these sales is unable to be reliably forecast and the sale of these specific blocks is not expected to occur within the following 12 months from balance date. These properties are disclosed in the Property segment of note 26.			
Land held for resale is measured at the lower of cost and fair value less costs to sell. In 2015 there have been no write downs of land held for resale to the lower of those two values (2014 \$2.6 million).			

NOTE 13: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investment in associated entities - listed	24	1,146,302	1,157,013
Investment in jointly controlled entities	25	<u>309,371</u>	<u>266,286</u>
		<u>1,455,673</u>	<u>1,423,299</u>

NOTE 14: PROPERTY, PLANT AND EQUIPMENT

Land			
Freehold land at cost		171,741	156,903
Leasehold land at cost		<u>235</u>	<u>235</u>
		<u>171,976</u>	<u>157,138</u>
Buildings			
At cost		152,235	143,617
Accum depreciation and impairment writedowns		<u>(50,124)</u>	<u>(46,414)</u>
		<u>102,111</u>	<u>97,203</u>
Plant and equipment			
At cost		450,444	420,423
Accum depreciation and impairment writedowns		<u>(292,941)</u>	<u>(275,324)</u>
		157,503	145,099
Add: capital works in progress		<u>45,980</u>	<u>32,402</u>
Total plant and equipment		<u>203,483</u>	<u>177,501</u>
		<u>477,570</u>	<u>431,842</u>

(a) Impairment write-downs

During the period impairment losses totalling \$0.1 million (2014 \$3.7 million) were recognised in relation to various assets. All impairment losses are shown in the 'Other Expenses' line on the Statement of Comprehensive Income, and all losses are included in the Building Products segment (refer note 26).

The carrying value of assets that have been subject to recoverable amount write-downs, by class, are outlined below:

Buildings			
Assets not subject to write-downs		<u>102,111</u>	<u>97,203</u>
		<u>102,111</u>	<u>97,203</u>
Plant and equipment			
Assets not subject to write-downs		<u>203,483</u>	<u>177,501</u>
		<u>203,483</u>	<u>177,501</u>

The carrying amount of temporarily idle buildings, plant and equipment at 31 July 2015 was Nil (2014 Nil).

BRICKWORKS LIMITED AND CONTROLLED ENTITIES

A.B.N. 17 000 028 526

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

NOTE 14: PROPERTY, PLANT AND EQUIPMENT (cont.)

(b) Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current and previous financial year are set out below.

Consolidated	Land \$000	Buildings \$000	Plant & Equip. \$000	Total \$000
At 1 August 2013				
Cost	165,633	145,022	418,392	729,047
Accumulated depreciation	-	(43,176)	(256,011)	(299,187)
Balance at 1 August 2013	<u>165,633</u>	<u>101,846</u>	<u>162,381</u>	<u>429,860</u>
Year ended 31 July 2014				
Additions	719	1,502	40,424	42,645
Assets acquired by purchase of subsidiary	-	-	-	-
Assets transferred to land held for resale	(8,591)	(2,271)	-	(10,862)
Disposals	(623)	(141)	(3,127)	(3,891)
Impairment losses	-	-	(1,157)	(1,157)
Depreciation expense	-	(3,733)	(21,020)	(24,753)
Balance at 31 July 2014	<u>157,138</u>	<u>97,203</u>	<u>177,501</u>	<u>431,842</u>
Year ended 31 July 2015				
Additions	7,664	7,549	45,472	60,685
Assets acquired by acquisition of business	1,820	1,380	1,927	5,127
Assets transferred (to) / from land held for resale	5,355	-	-	5,355
Disposals	(1)	(51)	(109)	(161)
Impairment losses	-	(146)	-	(146)
Depreciation expense	-	(3,824)	(21,308)	(25,132)
Balance at 31 July 2015	<u>171,976</u>	<u>102,111</u>	<u>203,483</u>	<u>477,570</u>

CONSOLIDATED
31 JUL 15
\$000

31 JUL 14
\$000

NOTE 15: INTANGIBLE ASSETS

Goodwill		
At cost	284,574	284,574
Less: impairment write-downs	<u>(41,958)</u>	<u>(31,913)</u>
	<u>242,616</u>	<u>252,661</u>
Timber access rights		
At cost	8,655	8,655
Less: accumulated amortisation / impairment writedown	<u>(8,655)</u>	<u>(1,865)</u>
	<u>-</u>	<u>6,790</u>
Brand names		
At cost	14,300	14,300
Less: accumulated amortisation	<u>(5,300)</u>	<u>(5,300)</u>
	<u>9,000</u>	<u>9,000</u>
Other intangibles		
At cost	646	646
Less: accumulated amortisation	<u>(151)</u>	<u>(127)</u>
	<u>495</u>	<u>519</u>
	<u>252,111</u>	<u>268,970</u>

(a) Intangible assets with indefinite useful lives

Brand names with a carrying value of \$9.0 million (2014: \$9.0 million) have been assessed as having an indefinite useful life, as the brand has been part of the brick industry since 1853, and Brickworks intends to continue trading under this brand. The brand names have been allocated to the Austral bricks Vic, which forms part of the building products segment.

Management's assessment of the appropriateness of the carrying value of indefinite useful life intangibles is based on key assumptions which may vary. In addition to the projected cash flows to be generated by the ongoing use of these assets, these are the discount rate (WACC) and the long term growth rate (LTGR). The rates used in calculating the value in use are consistent with the rates outlined surrounding the impairment of goodwill below (note 15(b)). Given current volatility in financial markets generally, it is difficult to predict how these variables may move. At balance date, it is not expected that a reasonably possible change in key assumption would result in an impairment to these assets.

BRICKWORKS LIMITED AND CONTROLLED ENTITIES

A.B.N. 17 000 028 526

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

NOTE 15: INTANGIBLE ASSETS (cont.)

(a) Intangible assets with indefinite useful lives (cont.)

At 31 January 2015, the Group recognised an impairment charge against the carrying value of timber access rights for its full amount of \$6.8 million in relation to the Auswest Timber CGU (2014: nil). The impairment loss reflected a delay and risk in achieving planned operational efficiencies in this business. This CGU forms part of the Building Products operating segment.

The recoverable amount determined using value in use methodology for the Auswest Timbers CGU at 31 January 2015 was \$54.6 million. The key assumptions underpinning the value in use calculation are consistent with those applied in goodwill impairment as disclosed in below (note 15(b)).

(b) Impairment of Goodwill

(i) Allocation of goodwill and intangible assets with indefinite useful lives to cash generating units

Goodwill is allocated to the Group's CGUs for impairment testing purposes. At 31 July 2015 the following CGUs representing business operations have significant allocations of goodwill:

- | | |
|---------------------------------------|---|
| • Austral Bricks (NSW) \$67.5 million | • Austral Bricks (SA) \$8.0 million |
| • Austral Bricks (WA) \$47.3 million | • Bristle Roofing (East Coast) \$25.9 million |
| • Austral Bricks (Vic) \$75.2 million | • Austral Masonry \$18.7 million |

Each of these CGUs have been valued based on value in use, using the assumptions outlined in point (iii) below.

(ii) Impairment Charge

The Group tests goodwill and other intangible assets with indefinite useful lives at least annually for any impairment in accordance with the accounting policy stated in note 1(r).

At 31 January 2015, the Group recognised an impairment charge against the carrying value of goodwill for its full amount of \$10.0 million in relation to the Austral Precast CGU (2014: nil). The impairment loss reflected the delay and risk in achieving planned operational efficiencies in this business. This CGU forms part of the Building Products operating segment.

The recoverable amount determined using value in use methodology for the Austral Precast CGU at 31 January 2015 was \$55.2 million.

(iii) Key assumptions

The recoverable amount of each CGU is determined on the basis of value-in-use (VIU), unless there is evidence to support a higher fair value less cost of disposal.

The valuations used to support the carrying amounts of each CGU (including goodwill, other intangible assets and property, plant and equipment) are based on forward looking key assumptions that are by their nature uncertain. The nature and basis of the key assumptions used to estimate the future cash flows and discount rates, and on which the Group has based its projections when determining the recoverable value of each CGU, are set out below.

VIU calculations use cash flows projections, inclusive of working capital movements, and are based on financial projections approved by the Board covering a five-year period. Estimates beyond five years are calculated with a growth rate that reflects the long term growth rate for the State (or States) that the CGU predominately operates in.

The basis of estimation uses the following key operating assumptions:

- Sales volumes are management forecasts, taking into account external forecasts of underlying economic activity for the market sectors and geographies in which each CGU operates. A major driver of sales volumes is housing approvals and commencements. Management has assessed the reported forecast housing approval data from sources such as BIS Shrapnel and the Housing Industry Association (HIA) over the budget period.
- Costs are calculated taking into account historical gross margins, known cost increases, and estimated inflation rates over the period that are consistent with locations in which the CGU's operate.
- Management expects to obtain sales price growth over the budget period. The increases assumed differ by CGU and between different states where the CGU operates. Price rises are considered inherently achievable in a rational market where supply of product approximates demand.
- Long term growth rates used in the cash flow valuation reflect the lower of 3% and the average 10 year historical growth rates for states in which the CGU's operate (sourced from the Australian Bureau of Statistics). The long term growth rate applied to the significant divisions were Austral Bricks (NSW) 2.08% (2014: 2.12%), Austral Bricks (WA) 3.00% (2014: 3.00%), Austral Bricks (Vic) 2.50% (2014: 2.73%), Austral Bricks (SA) 2.05% (2014: 2.36%), Bristle Roofing East Coast 2.53% (2014: 2.62%) and Austral Masonry 2.53% (2014: 2.62%).
- Management uses an independent external advisor to calculate the appropriate discount rate applied consistently across all CGUs. For 2015, the pre-tax discount rate was 12.48% (2014: 12.48%).

(iv) Sensitivity to changes in assumptions

The Austral Bricks (WA) CGU's have been assessed in the current year as having no requirement for impairment, however the future forecast cash flows are broadly in line with the current carrying value of the CGU. As a result, any adverse change in an assumption which is not offset by a positive change in another assumption would lead to a reduced valuation on a value in use basis, and hence would result in an impairment.

There are no other CGU's where a reasonably possible change in a key assumption would result in an impairment to the carrying value of goodwill or other indefinite useful life intangibles.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

NOTE 15: INTANGIBLE ASSETS (cont.)

(c) Reconciliations

Consolidated	Goodwill \$000	Timber access rights \$000	Brand names \$000	Other Intangibles \$000	Total \$000
At 1 August 2013					
Cost	284,574	8,541	14,300	646	308,061
Accum. amortisation / impairment	(31,913)	(1,717)	(5,300)	(103)	(39,033)
Balance at 1 August 2013	<u>252,661</u>	<u>6,824</u>	<u>9,000</u>	<u>543</u>	<u>269,028</u>
Year ended 31 July 2014					
Additions	-	114	-	-	114
Amortisation	-	(148)	-	(24)	(172)
Balance at 31 July 2014	<u>252,661</u>	<u>6,790</u>	<u>9,000</u>	<u>519</u>	<u>268,970</u>
Year ended 31 July 2015					
Additions	-	-	-	-	-
Asset acquired through purchase of subsidiary	-	-	-	-	-
Impairment losses	(10,045)	(6,716)	-	-	(16,761)
Amortisation	-	(74)	-	(24)	(98)
Balance at 31 July 2015	<u>242,616</u>	<u>-</u>	<u>9,000</u>	<u>495</u>	<u>252,111</u>

	NOTE	CONSOLIDATED 31 JUL 15 \$000	31 JUL 14 \$000
--	------	------------------------------------	--------------------

NOTE 16: PAYABLES

Current

Trade payables and accruals

88,335	82,011
--------	--------

Payables have carrying amounts that reasonably approximate fair value. Average terms on trade payables are 30 days from statement.

NOTE 17: INTEREST BEARING LIABILITIES

(a) Current

Commercial bills
Unamortised transaction costs

27	25,000	26,000
	(555)	(459)
	<u>24,445</u>	<u>25,541</u>

(b) Non-current

Commercial bills
Unamortised transaction costs

27	300,000	300,000
	(761)	(1)
	<u>299,239</u>	<u>299,999</u>

(c) Commercial bills

Commercial bills are drawn under either a 364 day facility expiring in August 2016 or a 5 year facility amortised in three separate tranches with the last tranche expiring December 2019. More information on the Group's borrowing facilities can be found in note 27.

Interest is payable based on floating rates determined with reference to the BBSY bid rate at each maturity.

The fair value of commercial bills at 31 July 2015 approximated their nominal value (2014 nominal value).

A portion of the borrowings are hedged using a fixed interest rate swap contract, details of which can be found in notes 18 and 27.

NOTE 18: DERIVATIVE FINANCIAL INSTRUMENTS

(a) Current liability

Interest rate swap contract

27	<u>234</u>	<u>428</u>
----	------------	------------

(b) Non-current liability

Interest rate swap contract

27	<u>5,152</u>	<u>2,588</u>
----	--------------	--------------

The interest rate swap is being used to hedge the exposure to changes in the interest rate payable on its commercial bills (refer note 17). The hedges in place at 31 July 2015 are not hedge accounted, and the fair value movement of the hedges is recognised in the statement of comprehensive income.

The fair value of these derivatives are calculated using market observable inputs, including projected forward interest rates for the period of the derivative. These are categorised as "Level 2" in the fair value hierarchy.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

		CONSOLIDATED			
		31 JUL 15	31 JUL 14		
		\$000	\$000		
NOTE 19: PROVISIONS					
(a) Current					
Employee benefits		36,057	34,124		
Remediation		4,166	150		
Infrastructure costs		4,764	5,064		
Workers compensation		4,578	5,056		
Contractual payments		-	875		
Other		4,413	4,199		
		<u>53,978</u>	<u>49,468</u>		
(b) Non-current					
Employee benefits		3,056	2,153		
Remediation		2,354	9,940		
		<u>5,410</u>	<u>12,093</u>		
(c) Reconciliations					
Consolidated	Remediation	Infra.	Workers	Contractual	Other
	\$000	Costs	Comp.	Payments	\$000
		\$000	\$000	\$000	\$000
Year ended 31 July 2015					
Balance at the beginning of the year	10,090	5,064	5,056	875	4,199
Additional provisions recognised	612	-	6,568	-	890
Amounts used	(2,325)	(300)	(4,126)	-	(468)
Reversals of provisions	<u>(1,857)</u>	<u>-</u>	<u>(2,920)</u>	<u>(875)</u>	<u>(208)</u>
Balance at the end of the year	<u>6,520</u>	<u>4,764</u>	<u>4,578</u>	<u>-</u>	<u>4,413</u>
Current	4,166	4,764	4,578	-	4,413
Non-current	<u>2,354</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>6,520</u>	<u>4,764</u>	<u>4,578</u>	<u>-</u>	<u>4,413</u>
(d) Descriptions					
Provision for Remediation					
A provision has been recognised for the estimated costs of restoring operational and quarry sites to their original state in accordance with relevant approvals. The settlement of this provision will occur as the operational site nears the end of its useful life, or once the resource allocation within the quarry is exhausted, which varies based on the size of the resource and the usage rate of the extracted material. In some cases this may extend decades into the future.					
Provision for infrastructure costs					
A provision has been recognised for Brickworks obligation for the estimated costs of completed infrastructure works in relation to certain properties. The timing of future outflows is expected to occur within the next financial year.					
Provision for workers compensation					
The Brickworks group self-insures for workers compensation in certain states. The provision has been based on independent actuarial calculations based on incidents reported before year end. The timing of the future outflows is dependent upon the notification and acceptance of relevant claims, and would be expected to be satisfied over a number of future financial periods.					
Provision for contractual payments					
A provision has been recognised for Brickworks obligations to make future payments under contracts signed for otherwise completed transactions.					
Other provisions					
Other provisions are made up from a number of sundry items.					

BRICKWORKS LIMITED AND CONTROLLED ENTITIES

A.B.N. 17 000 028 526

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

NOTE 20: NET DEFERRED TAXES

	CONSOLIDATED		CONSOLIDATED	
	31 JUL 15	31 JUL 14	31 JUL 15	31 JUL 14
	\$000	\$000	\$000	\$000
	Statement of Financial Position		Movement through Profit or Loss	
Deferred taxes relate to the following:				
Equity accounted associates	204,308	212,450	(5,847)	16,829
Property, plant and equipment	13,901	13,679	481	(429)
Provisions	(17,281)	(17,563)	268	528
Tax losses and rebates	(1,159)	(8,759)	-	-
Intangibles	1,658	1,973	(316)	(12)
Other sundry items	(441)	(1,901)	1,426	(1,271)
Net deferred taxes	<u>200,986</u>	<u>199,879</u>	<u>(3,988)</u>	<u>15,645</u>

The carried forward tax losses will be utilised in coming periods as the Group continues to make profits.

NOTE 21: CONTRIBUTED EQUITY

	CONSOLIDATED	
	31 JUL 15	31 JUL 14
	\$000	\$000
Fully paid ordinary shares	343,108	338,204
Treasury stock	<u>(8,943)</u>	<u>(6,784)</u>
	<u>334,165</u>	<u>331,420</u>

(a) Ordinary shares

	2015		2014	
	No. of Shares	Value \$000	No. of Shares	Value \$000
Opening balance	148,038,996	338,204	147,818,132	335,341
Shares issued during the year	364,482	4,916	220,864	2,871
Costs associated with shares issued		<u>(12)</u>		<u>(8)</u>
Balance at end of year	<u>148,403,478</u>	<u>343,108</u>	<u>148,038,996</u>	<u>338,204</u>

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholder's meetings each share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

There have been no options issued or on issue at any time during or since the end of the financial year.

The parent does not have authorised capital nor par value in respect of its issued shares.

(b) Treasury stock

Opening balance	588,071	(6,784)	613,891	(6,621)
add: bonus shares purchased / issued by share plan	441,311	(5,953)	264,710	(3,441)
less: bonus shares vested during period	<u>(319,582)</u>	<u>3,794</u>	<u>(290,530)</u>	<u>3,278</u>
Balance at end of period	<u>709,800</u>	<u>(8,943)</u>	<u>588,071</u>	<u>(6,784)</u>

Treasury stock are those shares held by the employee share plans that have not vested to the participant at balance date. More information on the employee share plans is contained in note 31 of these financial statements.

NOTE 22: RESERVES

(a) Composition of reserves

	CONSOLIDATED	
	31 JUL 15	31 JUL 14
	\$000	\$000
- capital profits	88,102	88,102
- equity adjustment	(25,315)	(26,057)
- general	36,125	36,125
- foreign currency translation	(1,516)	(1,514)
- share based payments	3,690	3,068
- associates & JV's	<u>221,358</u>	<u>223,834</u>
	<u>322,444</u>	<u>323,558</u>

BRICKWORKS LIMITED AND CONTROLLED ENTITIES

A.B.N. 17 000 028 526

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

NOTE 22: RESERVES (cont.)

(b) Descriptions

Capital profits reserve

The Capital profits reserve represents amounts allocated from Retained Profits that were profits of a capital nature.

Equity adjustments reserve

Equity adjustments reserve includes amounts for tax adjustments posted direct to equity.

General reserve

The General reserve represents amounts reserved for the future general needs of the operations of the entity.

Foreign currency translation reserve

The Foreign currency translation reserve represents differences on translation of foreign entity financial statements.

Share based payments reserve

The share based payments reserve represents the value of bonus shares (treasury stock) that have been expensed through profit and loss but are yet to vest to the employee.

Associates & JV's reserve

The associates reserve represents Brickworks share of its associate's & JV's reserve balances. The Company is unable to control this reserve in any way, and does not have any ability or entitlement to distribute this reserve, unless it is received from its associates or JV's in the form of dividends.

NOTE 23: CASH FLOW INFORMATION

	NOTE	CONSOLIDATED	
		31 JUL 15 \$000	31 JUL 14 \$000
(a) Reconciliation of net profit after tax to cash flow from operations			
Net profit after tax		78,090	102,755
Non-cash flows in net profit			
Amortisation of intangible assets		98	172
Amortisation of borrowing costs		(855)	469
Depreciation of non-current assets		25,132	24,753
Mark to market interest rate swaps		2,370	(1,417)
Impairment of goodwill and intangibles		16,761	-
Write down of property, plant & equipment to recoverable value		146	28
Write down of land held for resale to recoverable value		-	2,581
(Profits) / losses on disposal of property, plant & equipment		(317)	(3,013)
(Profits) / losses on sale of investments		-	(40)
Non cash profit on sale of land held for resale		-	(17,327)
Share of profits of associates not received as dividends		(23,010)	(29,627)
Changes in assets and liabilities net of the effects of acquisitions of businesses			
(Increase) / decrease in trade and sundry debtors		(4,023)	(11,219)
(Increase) / decrease in inventories		(1,863)	8,713
(Increase) / decrease in land held for resale		13,079	(840)
(Increase) / decrease in prepayments		1,788	291
(Increase) / decrease in share trading portfolio		-	(4)
(Increase) / decrease in treasury stock		2,745	2,699
Increase / (decrease) in creditors and accruals		6,319	3,562
Increase / (decrease) in taxes payable		11,871	(970)
Increase / (decrease) in other current provisions		5,083	(2,391)
Increase / (decrease) in other non-current provisions		(6,683)	305
Increase / (decrease) in deferred tax liabilities		6,521	21,002
Net cash flows from / (used in) operating activities		<u>133,252</u>	<u>100,482</u>
(b) Reconciliation of cash			
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:			
Cash & cash equivalents		<u>23,051</u>	<u>21,208</u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

NOTE 24: ASSOCIATED COMPANIES

Information relating to significant associates:

Name	Ownership interest		Carrying value		Profit contribution	
	2015 %	2014 %	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Washington H Soul Pattinson & Co Ltd	42.72	42.72	<u>1,146,302</u>	<u>1,157,013</u>	<u>29,434</u>	<u>49,355</u>
Market value of shares at balance date			<u>1,400,932</u>	<u>1,529,777</u>		

Washington H. Soul Pattinson & Co Ltd (WHSP) is involved in coal, pharmaceutical, telecommunications and investment. WHSP's balance date is 31 July annually. At 31 July 2015 WHSP owned 44.23% (2014 44.34%) of issued ordinary shares of Brickworks Ltd. WHSP is incorporated in Australia.

(a) Summary of associates financial information, adjusted to reflect adjustments made in using the equity method						
Current assets					1,445,953	1,542,546
Non-current assets					2,413,868	2,445,419
Current liabilities					(161,398)	(156,644)
Non-current liabilities					(267,274)	(326,216)
Outside equity interests (OEI)					<u>(747,857)</u>	<u>(796,741)</u>
Equity excluding OEI					<u>2,683,292</u>	<u>2,708,364</u>
Brickworks' share					<u>1,146,302</u>	<u>1,157,013</u>
Revenue					<u>641,604</u>	<u>658,116</u>
Profit after income tax from continuing operations					<u>50,827</u>	<u>155,588</u>
Other comprehensive income					<u>28,174</u>	<u>44,956</u>
Total comprehensive income					<u>79,001</u>	<u>200,544</u>
Dividends received					<u>50,106</u>	<u>48,061</u>
(b) Associates' expenditure commitments						
Capital commitments					- *	<u>24,301</u>
Lease commitments					- *	<u>79,615</u>

The entity has no legal liability for any expenditure commitments incurred by associates.

* Note: Associated company (WHSP) figures for 2015 were not publicly available at the time of preparation of this report.

(c) Contingent liabilities of associates						
Contingent liabilities incurred jointly with other investors					- *	<u>29,255</u>

The entity has no legal liability for any contingent liabilities incurred by associates.

* Note: Associated company (WHSP) figures for 2015 were not publicly available at the time of preparation of this report.

NOTE 25: JOINTLY CONTROLLED ENTITIES

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

Name	Ownership interest		Carrying value		Profit contribution	
	2015 %	2014 %	2015 \$000	2014 \$000	2015 \$000	2014 \$000
BGAI CDC Trust	50.00	50.00	68,244	44,353	25,073	11,556
BGAI Erskine Trust	50.00	50.00	75,098	66,579	17,151	13,179
BGAI TTP Trust	N/A	N/A	-	-	-	197
BGAI Capicure Trust	50.00	50.00	7,026	6,704	707	942
BGAI Heritage Trust	50.00	50.00	23,426	21,114	3,917	2,899
BGAI Oakdale Trust	50.00	50.00	58,196	50,319	9,217	7,261
BGAI Wacol Trust	50.00	50.00	5,743	5,745	548	471
BGAI Oakdale South Trust	50.00	50.00	38,651	37,958	-	-
BMGW Rochedale Trust	50.00	50.00	26,256	26,056	-	-
New Zealand Brick Distributors			6,731	7,458	1,472	1,881
Fair value adjustments					<u>1,916</u>	<u>3,455</u>
			<u>309,371</u>	<u>266,286</u>	<u>60,001</u>	<u>41,841</u>

BRICKWORKS LIMITED AND CONTROLLED ENTITIES

A.B.N. 17 000 028 526

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

NOTE 25: JOINTLY CONTROLLED ENTITIES (cont.)

The principal activity of each of the above JV's is property development, management and leasing, and they share the same risk and return characteristics, being the industrial property market in Australian Capital cities. All JV's are incorporated in Australia and have balance dates of 30 June, as the other partner in the JV has this balance date. They are accounted for using the Equity method. No JV has a quoted market price.

The profit contribution includes all fair value adjustments (including impairments) to Investment properties totalling \$31.1 million (2014 \$27.0 million). Refer note 4(b) for more detail on these profits.

During the financial year, the Group did not sell any investments in jointly controlled entities (2014 net proceeds of \$11,288,802).

The Group's share of net profits in joint ventures (Note 4(b)) includes \$12.1 million of equity accounted Group's share of profit on disposal of Coles Distribution Centre held by BGAI CDC Trust.

Summarised information below has been aggregated due to the similarity of the risk and return characteristics.

	2015 \$000	2014 \$000
(a) Summary of JV's financial information, adjusted to reflect adjustments made in using the equity method		
Cash and cash equivalents	5,037	5,254
Current assets	275,457	24,536
Non-current assets	774,405	914,499
Current financial liabilities	(20,900)	(38,480)
Current liabilities	(35,146)	(49,034)
Non-current financial liabilities	(378,585)	(357,332)
Non-current liabilities	(395,974)	(357,428)
Net assets	<u>618,742</u>	<u>532,573</u>
Brickworks' share	<u>309,371</u>	<u>266,286</u>
Revenues	89,871	87,068
Depreciation and Amortisation	162	181
Interest income	100	139
Interest expense	29,187	24,283
Income tax expense	-	-
Profit after income tax from continuing operations	<u>123,291</u>	<u>76,770</u>
Other comprehensive income	<u>(2,327)</u>	<u>(233)</u>
Total comprehensive income	<u>120,964</u>	<u>76,537</u>
Dividends received	<u>16,319</u>	<u>15,741</u>
(b) JV's expenditure commitments		
Capital commitments	<u>29,564</u>	<u>507</u>
Lease commitments	<u>-</u>	<u>-</u>
The entity has no legal liability for any expenditure commitments incurred by JV's.		
(c) Contingent liabilities of JV's		
Contingent liabilities incurred jointly with other investors	<u>-</u>	<u>-</u>
The entity has no legal liability for any contingent liabilities incurred by JV's.		

BRICKWORKS LIMITED AND CONTROLLED ENTITIES

A.B.N. 17 000 028 526

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

NOTE 26: SEGMENT INFORMATION

	Building Products		Property		Investments		Consolidated	
	31 JUL 15	31 JUL 14	31 JUL 15	31 JUL 14	31 JUL 15	31 JUL 14	31 JUL 15	31 JUL 14
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
REVENUE								
Segment revenue from sales to external customers	<u>700,871</u>	<u>636,895</u>	<u>22,460</u>	<u>33,082</u>	<u>280</u>	<u>291</u>	<u>723,611</u>	<u>670,268</u>
RESULT								
Segment EBITDA	81,594	70,006	64,384	62,427	54,854	44,644	200,832	177,077
Less depreciation and amortisation	<u>(25,230)</u>	<u>(24,925)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,230)</u>	<u>(24,925)</u>
Segment EBIT (before significant items)	<u>56,364</u>	<u>45,081</u>	<u>64,384</u>	<u>62,427</u>	<u>54,854</u>	<u>44,644</u>	<u>175,602</u>	<u>152,152</u>
(Less) / add significant items	<u>(22,855)</u>	<u>(938)</u>	<u>-</u>	<u>(2,581)</u>	<u>(25,140)</u>	<u>4,973</u>	<u>(47,995)</u>	<u>1,454</u>
Segment result	<u>33,509</u>	<u>44,143</u>	<u>64,384</u>	<u>59,846</u>	<u>29,714</u>	<u>49,617</u>	<u>127,607</u>	<u>153,606</u>
Unallocated expenses								
Borrowing costs							(19,482)	(18,073)
Significant items							(1,556)	(2,860)
Other unallocated expenses							<u>(9,699)</u>	<u>(8,945)</u>
Profit before income tax							96,870	123,728
Income tax benefit / (expense)							<u>(18,780)</u>	<u>(20,973)</u>
Profit after income tax							<u><u>78,090</u></u>	<u><u>102,755</u></u>
ASSETS								
Segment assets	<u>1,055,109</u>	<u>1,020,013</u>	<u>316,552</u>	<u>291,174</u>	<u>1,146,856</u>	<u>1,157,413</u>	<u>2,518,517</u>	<u>2,468,600</u>
Unallocated assets							<u>-</u>	<u>-</u>
Total assets							<u><u>2,518,517</u></u>	<u><u>2,468,600</u></u>
LIABILITIES								
Segment liabilities	<u>139,160</u>	<u>132,115</u>	<u>4,998</u>	<u>7,510</u>	<u>176,922</u>	<u>182,071</u>	<u>321,080</u>	<u>321,696</u>
Unallocated liabilities								
Borrowings							323,684	325,540
Other							<u>49,503</u>	<u>24,868</u>
Total unallocated liabilities							<u>373,187</u>	<u>350,408</u>
Total liabilities							<u><u>694,267</u></u>	<u><u>672,104</u></u>
OTHER								
Aggregate share of the profit of investments accounted for using the equity method	1,472	1,879	58,529	39,962	29,434	49,355	89,435	91,196
Aggregate carrying amount of investments accounted for using the equity method	6,731	7,458	302,640	258,828	1,146,302	1,157,013	1,455,673	1,423,299
Acquisition of non-current segment assets	66,181	43,043	892	204	-	-	67,073	43,247
Non-cash expenses other than depreciation & amortisation	33,290	30,862	-	-	-	-	33,290	30,862

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

NOTE 26: SEGMENT INFORMATION (cont.)

The economic entity has the following business segments:

Building products division manufactures vitrified clay, concrete and timber products used in the building industry. Major product lines include bricks, blocks, pavers, roof tiles, floor tiles, precast walling and flooring panels 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. Limited.

The Group has a large number of customers to which it provides products. There are no individual customers that account for more than 10% of external revenues.

The Group operates predominantly within Australia, with some product manufactured by the clay products division exported to other countries, particularly New Zealand. Total revenue from sales outside of Australia in the 12 months ended 31 July 2015 was \$18.0 million (2014 \$14.7 million). The carrying value of non-current assets held outside of Australia at 31 July 2015 was \$7.0 million (2014 \$6.9 million).

NOTE 27: FINANCIAL INSTRUMENTS

(a) Capital Management

The Brickworks Group manages its capital to ensure that all entities in the Group can continue as going concerns, while striving to maximise returns to shareholders through an appropriate balance of net debt and total equity. The balance of capital can be influenced by the level of dividends paid, the issuance of new shares, returns of capital to shareholders, or adjustments in the level of borrowings through the acquisition or sale of assets.

Brickworks capital structure is regularly measured using net debt to capital employed, calculated as net debt divided by (net debt plus total equity). Net debt is calculated as total borrowings (note 17) less cash and cash equivalents (note 9), and total equity of the parent entity includes issued capital (note 21), reserves (note 22) and retained earnings.

The Group's strategy during the year was to maintain the total debt to capital employed (at the consolidated level) below a banking covenant limit of 40% imposed per the variable interest rate facility agreement disclosed in Note 17 (2014 40%).

	CONSOLIDATED	
	31 JULY 15	31 JULY 14
	\$000	\$000
Net debt to capital employed		
Net debt	301,949	304,792
Total equity	1,824,250	1,796,496
Net debt to capital employed	14.2%	14.5%

The Group is not subject to any other externally imposed capital requirements.

(b) Financial Risk Management

The Group's activities expose it to a variety of financial risks, primarily to the risk of changes in interest rates, but also, to a lesser extent, credit risk of third parties with which the Group trades and fluctuations in foreign currency exchange rates. The Group's overall risk management program seeks to minimise any significant potential adverse effects on the financial performance of the Group. Where approved by the Board, certain derivative financial instruments such as interest rate swaps or foreign exchange contracts may be used to hedge certain risk exposures. The Brickworks Group derivative policy prohibits the use of derivative financial instruments for speculative purposes.

(c) Terms, conditions and accounting policies

Details of the accounting policies adopted in relation to financial instruments are included in the summary of significant accounting policies to the accounts. Information regarding the significant terms and conditions of each significant category of financial instruments are included within the relevant note for that category.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

NOTE 27: FINANCIAL INSTRUMENTS (cont.)

(d) Financial assets and liabilities by category

Details of financial assets and liabilities as contained in the annual report are as follows:

		CONSOLIDATED	
		31 JULY 15	31 JULY 14
		\$000	\$000
Financial assets and liabilities by category			
Financial Assets			
Cash and cash equivalents	9	23,051	21,208
Loans and receivables – current	10(a)	103,104	98,273
Total Loans and receivables		<u>103,104</u>	<u>98,273</u>
Total financial assets		<u>126,155</u>	<u>119,481</u>
Financial Liabilities			
Other financial liabilities			
Payables – current	16	88,335	82,011
Interest bearing liabilities – current	17(a)	25,000	26,000
Derivative financial instruments – current	18(a)	234	428
Interest bearing liabilities – non-current	17(b)	300,000	300,000
Derivative financial instruments – non-current	18(b)	5,152	2,588
Total other financial liabilities		<u>418,721</u>	<u>411,027</u>
Total financial liabilities		<u>418,721</u>	<u>411,027</u>

Fair values of financial assets and liabilities are disclosed in the notes to the accounts where those items are listed.

(e) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties. The credit risk on liquid funds and derivative financial instruments is considered low because these assets are held with banks with high credit ratings assigned by international credit-rating agencies.

The maximum exposure to trade credit risk at balance date to recognised financial assets is the carrying amount net of provision for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements. The Brickworks Group debtors are based in the building and construction industry, however the Group minimises its concentration of credit risk by undertaking transactions with a large number of customers. The Group ensures there is not a material credit risk exposure to any single debtor.

The Group holds no significant collateral as security, and there are no other significant credit enhancements in respect of these financial assets. The credit quality of financial assets that are neither past due nor impaired is appropriate, and is reviewed regularly to identify any potential deterioration in the credit quality. There are no significant financial assets that would otherwise be past due or impaired whose terms have been renegotiated.

(f) Liquidity risk

The Brickworks Group manages liquidity risk by maintaining a combination of adequate cash reserves, bank facilities and reserve borrowing facilities, continuously monitored through forecast and actual cash flows, and matching the maturity profiles of financial assets and liabilities.

Details of credit facilities available to the Group, and the amounts utilised under those facilities are as follows:

Unused credit facilities		
Credit facilities	450,000	400,000
Amount utilised	<u>325,000</u>	<u>326,000</u>
Unused credit facility	<u>125,000</u>	<u>74,000</u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

NOTE 27: FINANCIAL INSTRUMENTS (cont.)

(f) Liquidity risk (cont.)

In December 2014 the Group entered into a new \$350.0 million unsecured variable interest rate facility with a syndicate of Australian and overseas banks. The funds drawn on this facility were used to repay the \$300.0 million facility disclosed in the financial statements as at 31 July 2014, which was subsequently cancelled.

As at 31 July 2015 the unsecured variable interest rate facility was drawn to \$325.0 million (2014 \$300.0 million). The facility is in three tranches as outlined below

Tranche	Amount (\$m)	Drawn (\$m)	Expiry
A	\$150.0	\$125.0	Dec 2017
B	\$100.0	\$100.0	Dec 2018
C	\$100.0	\$100.0	Dec 2019

Included in current liabilities was \$25.0 million from Tranche A which as at 31 July 2015 the Group expected to settle within 12 months from the balance date. The amount was subsequently repaid in September 2015.

In addition, the Group has a \$100 million 364 day working capital facility with an Australian Bank, which was not drawn at balance date (2014 \$26.0 million). This facility expires in August 2016.

These facilities are subject to various terms and conditions, including various negative pledges regarding the operations of the Group, and covenants that must be satisfied at specific measurement dates. A critical judgement is that the Group will continue to meet its criteria under these banking covenants to ensure that there is no right for the banking syndicate to require settlement of the facility in the next 12 months.

An analysis of the maturity profiles of the Group's undiscounted financial liabilities, based on contractual maturity and obligated payments, is as follows:

		CONSOLIDATED	
		31 JULY 15	31 JULY 14
		\$000	\$000
Liquidity risk maturity analysis			
1 year or less			
Trade and other payables	16	88,335	82,011
Commercial bills		25,928	26,712
Derivatives	18(a)	234	428
Total 1 year or less		114,497	109,151
1 to 5 years			
Commercial bills		340,623	341,100
Derivatives	18(b)	5,152	2,588
Total 1 to 5 years		345,775	343,688

(g) Currency risk

The Brickworks Group does not have any material exposure to unhedged foreign currency receivables. Export sales are all made through Australian agents or direct to overseas customers using Australian Dollars or letters of credit denominated in Australian Dollars. The trading of the Group's foreign subsidiary, which is in New Zealand dollars (NZD) is not material to the Group as a whole. Accordingly, any reasonably foreseeable fluctuation in the exchange rate of the NZD would not have a material impact on either profit after tax or equity of the Brickworks Group.

The Group has a limited exposure to foreign currency fluctuations due to its importation of goods. The main exposure is to US dollars (USD) and Euros (EUR). It is the policy of the Group to enter into forward foreign exchange contracts to cover specific currency payments, as well as covering anticipated purchases for up to 12 months in advance. The overall level of exposure to foreign currency purchases is not material to the Group. Accordingly, any reasonably foreseeable fluctuation in the exchange rate of the USD or EUR would not have a material impact on either profit after tax or equity of the Brickworks Group.

(h) Interest rate risk

Brickworks' significant interest rate risk arises from fluctuations in the BBSY bid rate relating to Brickworks long and short term borrowings. Primarily, the exposure to interest rate risk is on the variable interest rate facility referred to in note 27(f) above.

The Brickworks Group manages its exposure to interest rate risk within the Group's derivative policy. The Group uses interest rate derivatives, where appropriate, to eliminate some of the risk of movements in interest rates on borrowings, and increase certainty around the cost of borrowed funds. The policy has target ranges for fixed interest rate borrowings.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

NOTE 27: FINANCIAL INSTRUMENTS (cont.)

(h) Interest rate risk (cont.)

At 31 July 2015, if interest rates had been +/- 1% per annum throughout the year, with all other variables being held constant, the operating profit after income tax for the year would have been \$1.25 million higher or lower respectively (2014 \$1.34 million higher / lower). There would not have been any other significant impacts on equity.

Interest rate swaps

The Brickworks Group has entered into interest rate swaps contracts which allow the Group to raise borrowings at floating rates and effectively swap them into a fixed rate (average rate 3.87%, 2014 4.64%). The contracts require settlement of net interest receivable or payable usually around 90 days. The settlement dates coincide with the dates on which interest is payable on the underlying long term debt and are brought to account as an adjustment to borrowing costs.

The notional principal amounts reduce from \$150.0 million over the next three years (2014 \$175.0 million over three years) as detailed below:

Settlement	2015 Avg %	2014 Avg %	2015 \$000	2014 \$000
Less than 1 year	5.96	6.24	25,000	50,000
1 to 3 years	-	5.96	-	25,000
3 to 5 years	3.45	3.52	125,000	100,000
Total notional principal at balance date			150,000	175,000

Financial Assets

Interest rates on money market instruments (deposits) vary with current short term bank bill rate movements. At balance date, the effective weighted interest rates on these financial assets was 1.85% (2014 2.35%).

There are no other financial assets with exposure to interest rate risk.

(i) Other price risk

The Brickworks Group does not have material direct exposure to equity price risk, as the value of the share trading portfolio is insignificant, and hence any fluctuation in equity prices would not be material to either profit after tax or equity of the Brickworks Group.

Brickworks has significant indirect exposure to equity price risk through its investment in WHSP. Although this investment is accounted for as an equity accounted investment, WHSP has a significant listed investment portfolio which is accounted for at fair value through equity, and contribute to the profit on subsequent disposal. As a result, fluctuations in equity prices would potentially impact on both net profit after tax (where portions of the portfolios are traded) and equity (for balances held at the end of the period) which would result in adjustments to Brickworks net profit after tax and equity.

At the time of preparing this report, there was no publicly available information regarding the effects of any reasonably foreseeable fluctuations in equity values on net profit or equity of WHSP at 31 July 2015.

NOTE 28: CONTROLLED ENTITIES AND BUSINESS ACQUISITIONS

(a) List of significant controlled entities

Details of the significant wholly owned entities within the Brickworks Group of companies are as follows. There are other wholly owned subsidiaries not included in this list as they are individually insignificant to the Group. All wholly owned entities within the Group have been consolidated into these financial statements.

Controlled entities incorporated in Australia	ABN	Group's Interest	
		2015 %	2014 %
A.C.N. 000 012 340 Pty Ltd	38 000 012 340	100.0	100.0
A.C.N. 074 202 592 Pty Ltd	82 074 202 592	100.0	100.0
AP Installations (NSW) Pty Ltd	19 165 402 602	100.0	100.0
AP Installations (Qld) Pty Ltd	21 165 402 611	100.0	100.0
Austral Bricks (NSW) Pty Ltd	60 125 934 849	100.0	100.0
Austral Bricks (Qld) Pty Ltd	62 125 934 858	100.0	100.0
Austral Bricks (SA) Pty Ltd	66 125 934 876	100.0	100.0
Austral Bricks (Tas) Pty Ltd	83 125 934 947	100.0	100.0
Austral Bricks (Tasmania) Pty Ltd	14 009 501 053	100.0	100.0
Austral Bricks (Vic) Pty Ltd	64 125 934 867	100.0	100.0

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

NOTE 28: CONTROLLED ENTITIES AND BUSINESS ACQUISITIONS (cont.)

(a) List of significant controlled entities (cont.)

Controlled entities incorporated in Australia	ABN	Group's Interest	
		2015	2014
		%	%
Austral Bricks (WA) Pty Ltd	34 079 711 603	100.0	100.0
Austral Bricks Holdings Pty Ltd	55 120 364 365	100.0	100.0
Austral Facades Pty Ltd	63 144 804 553	100.0	100.0
Austral Masonry (NSW) Pty Ltd	45 141 647 092	100.0	100.0
Austral Masonry (Qld) Pty Ltd	30 000 646 695	100.0	100.0
Austral Masonry (Vic) Pty Ltd	53 120 364 356	100.0	100.0
Austral Masonry Holdings Pty Ltd	97 141 629 996	100.0	100.0
Austral Panels Pty Ltd	61 144 804 544	100.0	100.0
Austral Precast (NSW) Pty Ltd	81 125 934 938	100.0	100.0
Austral Precast (Qld) Pty Ltd	20 145 070 855	100.0	100.0
Austral Precast (Vic) Pty Ltd	16 145 070 837	100.0	100.0
Austral Precast (WA) Pty Ltd	22 145 070 884	100.0	100.0
Austral Precast Holdings Pty Ltd	88 140 573 646	100.0	100.0
Austral Roof Tiles Pty Ltd	67 144 804 571	100.0	100.0
Auswest Timbers (ACT) Pty Ltd	34 087 808 811	100.0	100.0
Auswest Timbers Holdings Pty Ltd	51 120 364 347	100.0	100.0
Auswest Timbers Pty Ltd	28 071 093 591	100.0	100.0
Bowral Brickworks Pty Ltd	39 000 165 579	100.0	100.0
Brickworks Building Products Pty Ltd	63 119 059 513	100.0	100.0
Brickworks Building Products (NZ) Pty Ltd	64 076 976 880	100.0	100.0
Brickworks Head Holding Co Pty Ltd	95 120 360 036	100.0	100.0
Brickworks Industrial Developments Pty Ltd	47 120 364 329	100.0	100.0
Brickworks Properties Pty Ltd	12 094 905 996	100.0	100.0
Brickworks Property Finance Co Pty Ltd	28 158 536 353	100.0	100.0
Brickworks Sub Holding Co No. 1 Pty Ltd	89 120 360 009	100.0	100.0
Brickworks Sub Holding Co No. 2 Pty Ltd	61 120 364 392	100.0	100.0
Brickworks Sub Holding Co No. 3 Pty Ltd	59 120 364 383	100.0	100.0
Brickworks Sub Holding Co No. 4 Pty Ltd	57 120 364 374	100.0	100.0
Brickworks Sub Holding Co No. 5 Pty Ltd	16 125 922 821	100.0	100.0
Brickworks Sub Holding Co No. 6 Pty Ltd	18 125 922 830	100.0	100.0
Brickworks Sub Holding Co No. 7 Pty Ltd	97 125 922 849	100.0	100.0
Brickworks Sub Holding Co No. 8 Pty Ltd	99 125 922 858	100.0	100.0
Bristile Guardians Pty Ltd	40 079 711 630	100.0	100.0
Bristile Holdings Pty Ltd	32 008 668 540	100.0	100.0
Bristile Pty Ltd	19 056 541 096	100.0	100.0
Bristile Roofing (East Coast) Pty Ltd	77 090 775 634	100.0	100.0
Bristile Roofing Holdings Pty Ltd	49 120 364 338	100.0	100.0
Christies Sands Pty Ltd	63 007 635 529	100.0	100.0
Clifton Brick Holdings Pty Ltd	83 004 493 181	100.0	100.0
Clifton Brick Manufacturers Pty Ltd	63 004 529 104	100.0	100.0
Daniel Robertson Australia Pty Ltd	53 087 575 611	100.0	100.0
Davman Builders Pty Ltd	66 004 434 342	100.0	100.0
Dry Press Publishing Pty Ltd	93 000 002 979	100.0	100.0
Hallett Brick Pty Ltd	20 007 622 317	100.0	100.0
Hallett Roofing Services Pty Ltd	93 007 880 220	100.0	100.0
Horsley Park Holdings Pty Ltd	65 008 392 014	100.0	100.0
International Brick & Tile Pty Ltd	31 003 281 123	100.0	100.0
J. Hallett & Son Pty Ltd	40 007 870 779	100.0	100.0

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

NOTE 28: CONTROLLED ENTITIES AND BUSINESS ACQUISITIONS (cont.)

(a) List of significant controlled entities (cont.)

Controlled entities incorporated in Australia	ABN	Group's Interest	
		2015 %	2014 %
Metropolitan Brick Company Pty Ltd	13 008 666 840	100.0	100.0
Nubrik Concrete Masonry Pty Ltd	29 004 767 113	100.0	100.0
Nubrik Pty Ltd	59 004 028 559	100.0	100.0
Pilsley Investments Pty Ltd	70 008 768 330	100.0	100.0
Prestige Brick Pty Ltd	24 009 266 273	100.0	100.0
Prestige Equipment Pty Ltd	68 006 727 920	100.0	100.0
Southern Bricks Pty Ltd	83 007 749 840	100.0	100.0
Terra Timbers Pty Ltd	93 091 183 050	100.0	100.0
The Austral Brick Co Pty Ltd	52 000 005 550	100.0	100.0
The Warren Brick Co Pty Ltd	24 000 006 682	100.0	100.0
Visigoth Pty Ltd	72 076 286 710	100.0	100.0

(b) Business acquisitions

On 12 December 2014 the Group acquired the business and assets of Capricornia Rockblock Pty Limited located in Rockhampton in Central Queensland for \$5.5 million. The acquisition of this business delivered Austral Masonry the leading position in a region where it previously did not have a significant market presence. Details of the net assets acquired under this transaction are set out below.

	2015 \$000
Cost of acquisition	
Cash paid	5,495
Net assets acquired:	
Inventory	354
Property, plant & equipment	5,127
Deferred tax assets	61
Other assets	3
Employee entitlements assumed	(50)
Fair value of net assets acquired	5,495
Direct costs relating to the acquisition	(577)

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.

There were no business acquisitions during the year ended 31 July 2014.

(c) Controlled entities disposed of

There were no controlled entities within the Group that were disposed of during the current or prior period.

(d) Closed group

A deed of cross-guarantee between Brickworks Ltd and a number of its subsidiaries (the "closed group") was enacted during the 2010 financial year and relief was obtained from preparing a financial statement for those subsidiaries under an ASIC instrument of relief under subsection 340(i) of the Corporations Act 2001. Under the deed, Brickworks guarantees to support the liabilities and obligations of those subsidiaries. The controlled entities have also given a similar guarantee. For details of those entities covered under the deed, refer to note 28 (a). The members of the closed group and the parties to the deed of cross guarantee are identical. The following are the aggregate totals, for each category, relieved under the deed.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

NOTE 28: CONTROLLED ENTITIES AND BUSINESS ACQUISITIONS (cont.)

(d) Closed group (cont'd)

	CLOSED GROUP	
	31 JULY 15	31 JULY 14
	\$000	\$000
CONSOLIDATED INCOME STATEMENT		
Profit before income tax expense	35,340	83,115
Income tax (benefit) / expense	(555)	8,620
Profit after income tax expense	<u>35,895</u>	<u>74,495</u>
RETAINED PROFITS		
Retained profits at the beginning of the year	1,090,558	1,065,771
Profit after income tax expense	35,895	74,495
Dividends paid	(51,754)	(49,198)
Share of associate's transfer to outside equity interests	(215)	(511)
Retained profits at the end of the year	<u>1,074,484</u>	<u>1,090,557</u>
CONSOLIDATED BALANCE SHEET		
CURRENT ASSETS		
Cash assets	23,052	21,208
Receivables	100,880	96,290
Held for trading financial assets	-	-
Inventories	171,829	169,191
Land held for resale	5,455	13,079
Current tax assets	-	-
Prepayments	5,935	7,848
TOTAL CURRENT ASSETS	<u>307,151</u>	<u>307,616</u>
NON-CURRENT ASSETS		
Receivables	165,915	159,365
Other financial assets	10,000	10,000
Inventories	8,129	8,134
Land held for resale	8,182	18,991
Investments accounted for using the equity method	1,153,033	1,164,469
Property, plant and equipment	469,676	424,977
Intangibles	252,111	268,970
TOTAL NON-CURRENT ASSETS	<u>2,067,046</u>	<u>2,054,906</u>
TOTAL ASSETS	<u>2,374,197</u>	<u>2,362,522</u>
CURRENT LIABILITIES		
Payables	85,795	79,957
Interest-bearing liabilities	24,679	25,969
Income tax provision	16,488	6,735
Provisions	53,858	49,311
TOTAL CURRENT LIABILITIES	<u>180,820</u>	<u>161,972</u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

NOTE 28: CONTROLLED ENTITIES AND BUSINESS ACQUISITIONS (cont.)

(d) Closed group (cont'd)

	CLOSED GROUP	
	31 JULY 15	31 JULY 14
	\$000	\$000
NON-CURRENT LIABILITIES		
Payables	(10,597)	(34,053)
Interest-bearing liabilities	304,392	302,587
Derivative financial instruments	-	-
Provisions	5,410	12,093
Deferred tax liabilities	158,987	170,777
TOTAL NON-CURRENT LIABILITIES	<u>458,192</u>	<u>451,404</u>
TOTAL LIABILITIES	<u>639,012</u>	<u>613,376</u>
NET ASSETS	<u>1,735,185</u>	<u>1,749,146</u>
EQUITY		
Contributed equity	334,165	331,420
Reserves	326,536	327,168
Retained profits	1,074,484	1,090,558
TOTAL EQUITY	<u>1,735,185</u>	<u>1,749,146</u>

CONSOLIDATED

31 JULY 15	31 JULY 14
\$000	\$000

NOTE 29: CONTINGENT LIABILITIES

Contingent liabilities at balance date not provided for in these financial statements:

Bank guarantees issued in the ordinary course of business	<u>26,543</u>	<u>27,901</u>
---	---------------	---------------

The Directors do not anticipate that any of the bank guarantees issued on behalf of the Group will be called upon.

Members of the economic entity are parties to various legal actions against them that are not provided for in the financial statements. These actions are being defended and the directors do not anticipate that any of these actions will result in material adverse consequences for the Company or the Consolidated Entity.

NOTE 30: CAPITAL AND LEASING EXPENDITURE COMMITMENTS

(a) Capital projects contracted for but not provided for at balance date

Payable not later than one year	<u>10,929</u>	<u>10,359</u>
---------------------------------	---------------	---------------

The capital commitments relate to contracts to supply or construct buildings or various items of plant and equipment for use in the building products segment of the business.

(b) Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

	<u>97,059</u>	<u>117,702</u>
Payable		
- not later than one year	24,947	26,017
- later than one year but not later than five years	58,668	70,435
- later than five years	13,444	21,250
	<u>97,059</u>	<u>117,702</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

NOTE 30: CAPITAL AND LEASING EXPENDITURE COMMITMENTS (CONT'D)

(a) Capital projects contracted for but not provided for at balance date

Operating leases are for the rental of land (used for sales and display centres), manufacturing equipment and motor vehicles. The leases are non-cancellable with rent payable monthly in advance.

Leases for properties are on terms of between 3 and 10 years, with renewal options of similar lengths.

NOTE 31: EMPLOYEE SHARE PLANS

(a) Salary sacrifice arrangements

Brickworks Limited has an employee share ownership plan, which allows all employees who have achieved 3 months service with the Group to purchase Brickworks Limited shares, using their own funds plus a contribution of up to \$156 per annum from the Company. All shares acquired under salary sacrifice arrangements are fully paid ordinary shares, purchased on-market under an independent trust deed.

At 31 July 2015, the Brickworks Employee Share Plans had 739 members taking part who owned a combined 1,413,008 shares or 0.95% of issued ordinary capital (2014 654 members, 1,296,803 shares, 0.88%). These figures exclude shares held by employees outside the Brickworks Employee Share Plans. This represented shares purchased under the salary sacrifice arrangements described above, as well as shares held as part of the Brickworks equity based compensation plans shown below. The reduction in employee shareholder numbers reflects an overall reduction in eligible employee numbers during the financial year.

(b) Equity-based compensation plans

The following table shows the number of fully paid ordinary shares held by the Brickworks Deferred Employee Share Plan that had been granted as remuneration. This table does not include any shares held in the plan that were purchased by the employee under the salary sacrifice arrangements described above.

	Opening Balance	Granted	Vested	Forfeited / Withdrawn	Closing Balance
Unvested					
Granted Sept 10	67,363	-	(62,758)	(4,605)	-
Granted Sept 11	96,881	-	(40,184)	(11,192)	45,505
Granted Sept 12	160,415	-	(49,641)	(11,073)	99,701
Granted Sept 13	239,990	-	(57,071)	(11,365)	171,554
Granted Sept 14	-	433,073	(85,236)	(7,415)	340,422
Total Unvested	564,649	433,073	(294,890)	(45,650)	657,182
Vested	612,799	-	294,890	(277,990)	629,699
Total	1,177,448	433,073	-	(323,640)	1,286,881

The amount recognised in the statement of comprehensive income in relation to equity based compensation arrangements for the year ended 31 July 2015 was \$4,415,505 (2014 \$3,261,361).

The unvested shares vest to employees at 20% per year for each of the following 5 years, provided ongoing employment is maintained. Unvested shares are unavailable for trading by the employee.

The fair value of vested shares held by the share plan at 31 July 2015 was \$9,777,529 (2014 \$9,251,156), based on the closing share price at 31 July 2015 (\$14.90 per share) (2014 (\$14.30 per share)). The fair value of shares granted during the period was \$5,953,285 (2014 \$3,941,553), based on the price paid for these shares when they were acquired on market.

All shares granted by the Company provide dividend and voting rights to the employee.

More information regarding the Brickworks Employee Share Plans is outlined in the Remuneration Report included in the Directors' Report.

NOTE 32: RELATED PARTIES

During the year material transactions took place with the following related parties:

Various intercompany loans are in existence between the Parent entity and some of its wholly owned subsidiaries. The loans are unsecured, interest free and have no fixed terms for repayment. The loans are a net asset to the Parent entity of \$617.3 million (2014 \$636.0 million).

Property transactions with various trusts (listed in note 25) which are jointly owned by the Brickworks Group and Goodman Australia Industrial Fund, an unlisted property trust. During the year there was no sale of land held for resale by the

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

NOTE 32: RELATED PARTIES (CONT'D)

Brickworks Group to these trusts (2014 \$25.9 million revenue and \$14.8 million profit). All transactions with the property trusts are at arm's length values.

During the year the Group engaged Korn/Ferry International, an entity which employs The Hon. Robert Webster, to provide consulting services regarding executive evaluation and development. The total value of services provided was \$417,000 (2014 \$260,000) and were on arm's length terms.

Directors and their director-related entities are able, with all staff members, to purchase goods produced by the Brickworks group on terms and conditions no more favourable than those available to other customers.

There were no other transactions with key management personnel during the period.

NOTE 33: EVENTS OCCURRING AFTER BALANCE DATE

The Group's share of net profits in joint ventures (Note 4(b)) includes \$12.1 million of equity accounted Group's share of profit on disposal of Coles Distribution Centre held by BGAI CDC Trust. The settlement of the transaction occurred on 28 August 2015, resulting in sale proceeds of \$253.0 million to the trust. These funds were used to payout interest rate swaps and reduce debt within the trust. In addition a \$60.0 million distribution was paid to the Group, resulting in the Group's net debt decreasing to \$256.3 million as at 31 August 2015.

On 31 August 2015 the Group acquired the assets and the business of CJM Roof & Building Services Pty Limited for the total consideration of \$388,000.

There have been no other events subsequent to balance date that could materially affect the financial position and performance of Brickworks Limited or any of its controlled entities.

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

DIRECTORS' DECLARATION

In the opinion of the Directors:

1. the complete set of the financial statements and notes of the consolidated entity, as set out on pages 29 to 66, and the additional disclosures included in the Remuneration Report section of the Directors' Report designated as audited, are in accordance with the Corporations Act 2001:
 - (a) comply with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 31 July 2015 and of the performance for the year ended on that date of the consolidated entity;
2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board;
3. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
4. as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 28(a) will be able to meet any obligations or liabilities to which they are or may become subject to, by virtue of the Deed of Cross Guarantee.

This declaration is made after receiving the declaration required to be made to the Directors in accordance with s295A of the Corporations Act 2001 for the financial year ended 31 July 2015.

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

Dated 24 September 2015



R.D. MILLNER
Director



L.R. PARTRIDGE AM
Director

Independent auditor's report to the members of Brickworks Limited

Report on the financial report

We have audited the accompanying financial report of Brickworks Limited, which comprises the consolidated statement of financial position as at 31 July 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, 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 year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the 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 financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit 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.

Opinion

In our opinion:

- a. the financial report of Brickworks Limited is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 31 July 2015 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 31 July 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Brickworks Limited for the year ended 31 July 2015, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young
Ernst & Young

Robinson
Renay Robinson
Partner
Sydney
24 September 2015

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

STATEMENT OF SHAREHOLDERS

ORDINARY SHARES AT 31 AUGUST 2015

Number of holders	8,477
Voting entitlement is one vote per fully paid ordinary share	
% of total holdings by or on behalf of twenty largest shareholders	81.36%
Distribution of shareholdings:	
1 - 1,000	4,313
1,001 - 5,000	3,232
5,001 - 10,000	481
10,000 - 100,000	408
100,001 and over	43
	8,477
Holdings of less than marketable parcel of 34 shares	606

The names of the substantial shareholders as disclosed in substantial shareholder notices received by the Company:

Shareholder	Number of Shares
Washington H Soul Pattinson & Co. Ltd	65,645,140
Perpetual Ltd and subsidiaries	15,774,358
Permanent Trustee Company Ltd	7,111,550

**20 LARGEST SHAREHOLDERS AS DISCLOSED ON THE SHARE REGISTER
AS AT 31 AUGUST 2015**

	Number of Shares	%
1. WASHINGTON H SOUL PATTINSON & COMPANY LIMITED	65,645,140	44.23
2. CITICORP NOMINEES PTY LIMITED	8,423,019	5.68
3. RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <PI POOLED A/C>	7,732,628	5.21
4. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	7,397,395	4.98
5. J P MORGAN NOMINEES AUSTRALIA LIMITED	5,761,801	3.88
6. NATIONAL NOMINEES LIMITED	4,034,395	2.72
7. MILTON CORPORATION LIMITED	3,234,567	2.18
8. J S MILLNER HOLDINGS PTY LIMITED	2,918,836	1.97
9. BNP PARIBAS NOMS PTY LTD <DRP>	2,746,729	1.85
10. MR KENNETH BAKER	1,868,370	1.26
11. UBS NOMINEES PTY LTD	1,553,680	1.05
12. AUSTRALIAN FOUNDATION INVESTMENT COMPANY LIMITED	1,502,970	1.01
13. MR ROBERT DOBSON MILLNER + MR MICHAEL JOHN MILLNER <EST JAMES S MILLNER A/C>	1,361,292	0.92
14. CPU SHARE PLANS PTY LTD	1,301,758	0.88
15. RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <PIIC A/C>	1,274,989	0.86
16. CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	1,209,726	0.82
17. RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <MBA A/C>	1,032,502	0.70
18. T G MILLNER HOLDINGS PTY LIMITED	653,509	0.44
19. ARGO INVESTMENTS LIMITED	584,009	0.39
20. DIVERSIFIED UNITED INVESTMENT LIMITED	500,000	0.34
	120,737,315	81.36

TABLE OF IMPORTANT DATES

2015 annual result released	24 September 2015
Record date for final ordinary dividend	5 November 2015
Annual General Meeting	24 November 2015
Payment date for final ordinary dividend	25 November 2015
2016 half-year end	31 January 2016
2016 half-year result announced	24 March 2016
Record date for interim ordinary dividend	12 April 2016
Payment date for interim ordinary dividend	3 May 2016
2016 financial year end	31 July 2016
2016 annual result released	29 September 2016

The above dates are indicative only and are subject to change