22 October 2014

Australian Securities Exchange

Attention: **ASX Market Announcements**

BY ELECTRONIC LODGEMENT

Dear Sir/Madam,

Please find attached the Brickworks Ltd 2014 Annual Report which will be distributed to shareholders today.

Yours faithfully,

BRICKWORKS LIMITED

IAIN THOMPSON

COMPANY SECRETARY

Proudly supports

CHILDREN'S CANCER INSTITUTE AUSTRALIA

BRICKWORKS LIMITED

ABN 17 000 028 526

ANNUAL REPORT 2014

australbricks since 1908 australprecast australmasonry

bristileroofing auswesttimbers

BRICKWORKS LIMITED AND CONTROLLED ENTITIES

A.B.N. 17 000 028 526

FIVE YEAR SUMMARY

	2010 $000	2011 $000	2012 $000	2013 $000	2014 $000	% Growth
Total revenue	656,538	635,615	556,911	606,509	670,268	11%
Building Products revenue	580,283	604,915	547,590	568,654	636,895	12%
Earnings before interest and tax						
Building products	53,379	42,017	28,538	32,802	45,081	37%
Property	26,638	26,662	16,438	49,206	61,013	24%
Waste management	1,755	2,573	2,571	413	1,414	242%
Investments	2,434	1,713	1,081	493	262	(47%)
Associates	74,047	66,182	66,619	59,509	44,382	(25%)
Head office and other expenses	(7,729)	(7,148)	(6,796)	(7,384)	(8,945)	(21%)
Total EBIT	150,524	131,999	108,451	135,039	143,207	6%
Borrowing costs	(24,491)	(21,155)	(25,215)	(18,800)	(18,073)	4%
Income tax	(15,851)	(10,061)	(4,366)	(16,191)	(23,845)	(47%)
Net profit after income tax (exclude significant items)	110,182	100,783	78,870	100,048	101,289	1%
Significant items						
Washington H Soul Pattinson & Co.	–	88,686	756	(18,483)	4,973	
Write down of assets to recoverable value						
– Property, plant & equipment	(2,728)	(14,021)	(4,169)	(8,608)	(2,581)	
– Building products inventory	(4,750)	(1,084)	(4,192)	–	–	
Costs related to JV and business acquisition	(2,826)	(2,751)	(1,947)	729	–	
Costs on closure of manufacturing facility	(3,482)	(8,651)	(6,927)	(3,130)	(379)	
Costs on start up of manufacturing facilities	–	–	(4,147)	(593)	–	
Impairment of goodwill	–	–	(31,627)	–	–	
Costs relating to PPT / MHC proposal	–	–	(1,273)	(465)	(2,841)	
Other significant items	(577)	(2,511)	(2,612)	(3,010)	(578)	
Tax on significant items	4,283	(17,900)	7,580	5,424	1,914	
Tax benefit arising from WHSP carrying value	38,688	–	12,992	13,253	958	
Total significant items	28,608	41,768	(35,566)	(14,883)	1,466	
Net profit after income tax (incl significant items)	138,790	142,551	43,304	85,165	102,755	22%
Basic earnings per share (cents)	96.7	96.7	29.3	57.6	69.4	20%
Normalised earnings per share (cents)	76.7	68.3	53.4	67.7	68.4	1%
Dividends						
Ordinary dividends per share (cents)	40.0	40.5	40.5	40.5	42.0	4%
Ratios						
Net tangible assets per share	$9.28	$9.42	$9.44	$9.82	$10.32	5%
Return on shareholders equity	8.4%	8.5%	2.6%	5.0%	5.7%	16%
Interest cover ratio	6.5	6.4	5.2	6.6	7.3	11%
Net debt to capital employed	12.1%	13.0%	14.7%	15.7%	14.5%	(8%)

BRICKWORKS LIMITED

A.B.N. 17 000 028 526

ANNUAL REPORT 2014

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 in 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:	IAIN H. THOMPSON B.Ec; CA; Grad Dip CSP; FCIS; FCSA; GAICD Joined the Company in 1996
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) 9620 1328

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 2014.

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 (Appointed 1 July 2014)

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

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

Principal activities

The principal activities of the Brickworks Group during the year were the manufacture of building products, property realisation and investment.

Result of operations

The consolidated net profit for the year ended 31 July 2014 of the Brickworks Group after income tax expense, amounted to $102,755,000 compared with $85,165,000 for the previous year.

Dividends

The Directors recommend that the following final dividend be declared:

Ordinary shareholders – 28.0 cents per share (fully franked)

Dividends paid during the year under review were:

(a) Final ordinary of 27.0 cents per share (fully franked) out of profits for the year ended 31 July 2013 and referred to in the previous Directors' report;

(b) Interim ordinary of 14.0 cents per share (fully franked) paid 6 May 2014

REVIEW OF OPERATIONS

Highlights[1]

Record building products sales and strong property result delivers earnings growth

- Headline NPAT including significant items, up 20.7% to $102.8 million
- Brickworks' Normal NPAT before significant items up 1.2% to $101.3 million
  - Building Products EBIT up 37.4% to $45.1 million
  - Land and Development EBIT up 25.8% to $62.4 million
  - Investments EBIT down 25.6% to $44.6 million
- Net debt/capital employed of 14.5%, net debt $304.8 million
- Final dividend of 28.0 cents fully franked

Overview

Brickworks (ASX: BKW) posted a **headline** net profit after tax ('NPAT') for the year ended 31 July 2014 of $102.8 million, up 20.7% on the prior year. Brickworks' **normalised** NPAT of $101.3 million was up 1.2% from $100.0 million for the year ended 31 July 2013.

On record sales revenue of $636.9 million, **Building Products** earnings before interest, tax and significant items ('EBIT') was $45.1 million, up 37.4% on the prior year. Improved earnings were achieved on the back of strong growth in sales volume in the second half, increased pricing in some divisions, a range of operational efficiency measures and implementation of new business initiatives.

Land and Development EBIT was up 25.8% to $62.4 million, driven primarily by the sale of Rochedale North, the completion of two major Property Trust developments and a compression in capitalisation rates in the second half.

Investment EBIT, primarily from Washington H Soul Pattinson ('WHSP') was down 25.6% to $44.6 million.

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

Brickworks continues to outperform the All Ordinaries Accumulation Index in terms of Total Shareholder Return **('TSR')** over most time horizons. TSR for the year to 31 July 2014 was 20.3%, compared to the All Ordinaries Accumulation Index of 16.6%. Over 15 years, Brickworks has delivered returns of 12.5% p.a., compared to index returns of 8.7% p.a.

Basic earnings per share ('**EPS**') were 69.4 cents, up from 57.6 cents per share for the prior year.

Directors have increased the final **dividend** by 1.0 cent per share to 28.0 cents fully franked. This follows an increase in the interim dividend by 0.5 cents per share and takes the full year dividend to 42.0 cents fully franked.

The record date for the final ordinary dividend will be 6 November 2014, with payment being made on 27 November 2014.

Financial Analysis

Gearing (debt to equity) was 18.1% at 31 July 2014, down from 19.7% at 31 July 2013. Total interest bearing debt ('TIBD') was $326.0 million and Net Debt was $304.8 million at 31 July 2014, down from $319.9 million at the prior year end. Net debt to capital employed decreased to 14.5% from 15.7% the previous year.

Interest costs were down 4.1% to $19.5 million for the year. **Total borrowing costs** were $18.1 million, including the gain in mark to market valuation of interest rate swaps of $1.4 million. Interest cover increased to 7.3 times at 31 July 2014, up from 6.6 times at 31 July 2013.

Working capital, excluding assets held for resale and short term debt, was $172.7 million at 31 July 2014, a decrease of $1.0 million compared to 31 July 2013. **Finished goods inventory** decreased by $10.6 million to $128.5 million during the year, with significant reductions in Austral Bricks and Austral Masonry. Stock decreases accelerated in the second half as sales volumes increased and production levels were held relatively constant. Offsetting the reduction in inventory was an increase in trade debtors, reflecting the higher levels of trading activity. Average debtor days outstanding was 43.7 at 31 July 2014, in line with the prior year, but slightly above the Group target of 40 days.

Total net **cash flow** from operating activities was $100.5 million, more than double the previous year. This primarily reflects the rebalancing of production and sales, with the prior year being adversely affected by an increase in finished goods inventory. In addition, financial year 2014 benefitted from an increase in dividends and distributions received of $10.0 million.

Building Products **capital expenditure** was $33.2 million in the year ended 31 July 2014, up considerably from the restrained level of the prior year [2]. Stay in business capital expenditure was $17.7 million, representing 71.1% of depreciation. Growth capital expenditure was $15.5 million, including spend on alternative fuels projects, installation costs for the Wetherill Park batching plant and plant upgrades at Rochedale in Queensland and Bellevue in Western Australia.

There were no **acquisitions** during the year.

The normalised **income tax** expense increased to $23.8 million compared to $16.2 million for the prior year, due to the increased earnings from the combined Building Products and Land and Development Groups.

Net tangible assets ('NTA') per share increased 5.1% to $10.32 and Total Shareholders' Equity increased $76.6 million to $1.796 billion.

Return on equity for the twelve months to 31 July 2014 was 5.7%, up from 5.0% 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 total shareholder returns.

Significant items increased NPAT by $1.5 million for the year. The benefits associated with WHSP significant items were partially offset by $2.8 million in costs associated with the restructuring proposal by Perpetual / Carnegie, a write down of the Port Kembla property of $2.6 million and some other minor restructuring items in the Building Products Group.

Significant Items ($m)	**Gross**	**Tax**	**Net**
Costs relating to Perpetual / Carnegie proposal	(2.8)	0.9	(2.0)
Impairment of property, plant and equipment	(2.6)	0.8	(1.8)
Other Building Products significant items	(1.0)	0.3	(0.7)
Significant items relating to WHSP	5.0	1.0	5.9
TOTAL	**(1.4)**	**2.9**	**1.5**

[2] Excludes $4.8 million in plant rebuild costs covered by insurance, primarily related to Rochedale in Queensland, due to a fire in the grinding plant

Brickworks Building Products Group

Summary of FY2014 Housing Commencements

Estimated Starts[3]	Detached Houses			Other Res			Total		
	Jun 14	Jun 13	Change	Jun 14	Jun 13	Change	Jun 14	Jun 13	Change
New South Wales[4]	22,990	19,912	15.5%	30,586	24,738	23.6%	53,576	44,650	20.0%
Queensland	19,431	18,139	7.1%	16,011	11,278	42.0%	35,442	29,417	20.5%
Victoria	28,957	27,971	3.5%	21,203	22,923	(7.5%)	50,160	50,894	(1.4%)
Western Australia	22,440	18,544	21.0%	6,313	5,569	13.4%	28,753	24,113	19.2%
South Australia	7,813	6,405	22.0%	2,781	2,444	13.8%	10,594	8,849	19.7%
Tasmania	1,589	1,467	8.3%	246	373	(34.0%)	1,835	1,840	(0.3%)
Total Australia	**104,056**	**93,256**	**11.6%**	**78,219**	**68,831**	**13.6%**	**182,275**	**162,087**	**12.5%**
New Zealand[5]	20,441	16,974	20.4%	2,829	1,809	56.4%	23,270	18,783	23.9%

Total dwelling commencements for Australia were up 12.5% to 182,275 for the twelve months ended 30 June 2014. This level of residential building activity is the highest in Australia for 20 years. Detached housing commencements increased 11.6% on the prior year, emerging from the cyclical low levels of recent years. The recovery in detached housing was broad-based, with all major states experiencing improved conditions. Despite the strong growth in 2014, detached housing commencements remain below the 25 year average.

Strong momentum in other residential activity continued, with commencements up 13.6% to a new record high of 78,219 for the twelve months to 30 June 2014. Since the cyclical low point five years ago, other residential commencements in Australia have almost doubled. During the same period, detached house commencements have increased by only 12%. As a result, other residential developments now represent 42.9% of all residential commencements in Australia, up from 30.0% five years ago. The shift to other residential developments is consistent across all states, but most pronounced in New South Wales, Victoria and Queensland.

Conditions in **New South Wales** (including ACT) continue to improve, with total residential commencements up 20.0% on the prior year. Growth in this state continues to be fuelled primarily by other residential activity, up a further 23.6% to 30,586. Detached housing commencements were up 15.5%, with the growth in this market being particularly robust in the second half of the financial year.

Queensland experienced a strong increase in overall activity, with commencements up 20.5% to 35,442. Detached housing activity finally showed some signs of life, with commencements up 7.1% from the cyclical low levels of the prior year. Other residential activity sprang to life during financial year 2014, up a very strong 42.0% to 16,011.

Victoria was the only major state to experience a decline in total commencements for the year, driven by a reduction in other residential commencements of 7.5%. Detached housing commencements increased by a modest 3.5%, following three years of declines, and remains at historically low levels.

Residential building activity in **Western Australia** has rebounded sharply over the past two years and reached a new record high of 28,753 in financial year 2014. Strong growth was recorded in detached houses, up 21.0% and other residential dwellings, up 13.4%.

The resurgence in **New Zealand** continued, with building consents for the year ended 30 June 2014 increasing by 23.9% compared to the prior year.

The value of approvals in the **non residential** sector in Australia decreased by 0.4% to $34.682 billion for the twelve months to 31 July 2014, compared to the prior year. Within the non residential sector, **Commercial** building approvals increased by 1.4% to $13.931 billion for the period and **Industrial** building approvals decreased 12.5% to $4.846 billion. The **Educational** sub-sector was up 10.9% to $4.446 billion, reversing the declines in the prior year.

[3] 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.

[4] Includes ACT, to align with Brickworks' divisional regions

[5] Building Consents data sourced from Statistics New Zealand – Building Consents.

Building Products Results in Detail

Year Ended July		2014	2013	Change %	Change %
Revenue	$mill	636.9	568.7	68.2	12.0
EBITDA	$mill	70.0	58.5	11.5	19.8
EBIT	$mill	45.1	32.8	12.3	37.4
Capital Expenditure[6]	$mill	33.2	17.7	15.5	87.6
EBITDA margin	%	11.0	10.3	0.7	6.9
EBIT margin	%	7.1	5.8	1.3	22.7
Return on Capital Employed	%	5.5	4.1	1.5	35.5
Return on Net Tangible Assets	%	8.3	6.2	2.1	34.4
FTE Employees[7]		1,478	1,483	(5.0)	(0.3)
Safety (TRIFR)[8]		161.7	153.2	8.5	5.5
Safety (LTIFR)[9]		3.3	3.4	(0.1)	(3.8)

Revenue for the year ended 31 July 2014 was up 12.0% to a record $636.9 million, compared to $568.7 million for the prior year. Pleasingly, this level of growth outpaced the increase in building activity[10] during the year.

EBIT was $45.1 million, up 37.4% on the prior year, and **EBITDA** was $70.0 million. Improved earnings were achieved on the back of strong growth in sales volume in the second half, increased pricing in some divisions, a range of operational efficiency measures and implementation of new business initiatives.

Despite the improved earnings in the twelve months to 31 July 2014, Building Products' Return on Capital Employed ('**ROCE**') of 5.5% remains below internal targets. At the end of the period the Building Products Group held $269.0 million in goodwill and other intangible assets. Excluding this, the Return on Net Tangible Assets ('**RONTA**') was 8.3%, up from 6.2% in the prior year.

The second half of financial year 2014 finally saw a broad-based recovery in building materials demand, with sales in all divisions exceeding the previous corresponding period. The long-awaited recovery in detached housing was particularly noticeable with significant sales momentum being achieved in Austral Bricks and a return to sales growth for Bristile Roofing in the second half. The impact of improved volumes delivered a positive EBIT impact of $9.7 million compared to the prior year. Of this $7.3 million was attributable to the strong growth in the second half.

Total cost increases totalled $24.5 million for the year, including input cost and inflationary increases of an estimated $20.7 million. In addition, production costs were adversely impacted by one-off plant impacts of $3.8 million, primarily associated with capital works at Bellevue in Western Australia and Rochedale in Queensland, and issues with log input quality at Auswest operations in Western Australia.

Offsetting these increases, a number of cost reduction initiatives across the Group delivered an estimated $6.3 million in savings compared to the prior year. These benefits arose from prior year site consolidation activities in Austral Masonry and Austral Precast and a range of other operational improvement and cost reduction projects, including the use of alternative fuels to reduce the impact of significantly higher gas prices.

These cost reduction projects follow a number of years of difficult restructuring, such as brick plant closures at Cardup in Western Australia and Riverview in Queensland. In addition, Brickworks has maintained a disciplined capital expenditure program, to establish and secure the lowest cost manufacturer position in most markets in which it operates.

Pricing outcomes were patchy across the Group, with a weighted average increase of 2.6% achieved[11], contributing an EBIT uplift of $15.1 million compared to the prior year. The combined impact of price increases and cost reduction initiatives broadly offset input cost increases over the year.

Earnings in financial year 2014 also benefitted from a number of other business growth initiatives that delivered a total EBIT uplift of $5.6 million compared to the prior year. These included resource recovery projects in conjunction with external partners (raw materials and alternative fuels), product "tolling" arrangements in both Austral Bricks and Austral Masonry, the identification of cost effective import opportunities and strong growth in export demand.

The growth in exports is particularly encouraging, with renewed interest from Japan and China and continued growth in demand from New Zealand. Going forward export growth is likely to be assisted by the lower Australian dollar and the removal of the embedded carbon tax cost.

Staff numbers decreased by 5 over the year to 1,478 full time equivalent ('FTE') **employees**. Despite the

6 Excludes plant rebuild costs covered by insurance
7 Includes casual employees
8 Total Reportable Injury Frequency Rate (TRIFR) measures the total number of reportable injuries per million hours worked
9 Lost Time Injury Frequency Rate (LTIFR) measures the number of lost time injuries per million hours worked
10 Weighted average level of building activity across residential and non residential sectors
11 Excluding product "tolling" arrangements and export volume

improved market conditions, Brickworks continues to maintain a pro-active approach to workforce sizing to ensure maximum efficiency across all functions of the business. Late in the year a significant restructure was undertaken to centralise workplace health and safety, marketing, research and development and operational support functions. Overall cost savings from the restructure are expected to be around $2 to 3 million in financial year 2015, as a result of a reduced headcount and the improved allocation of resources and activities across the Group.

Brickworks has a strong track record of investing in people across all levels of the organisation. During the year 14 new employees joined the company as part of the graduate training program, taking the total number of participants in this program to 97 over the past decade. Over the past three years, 322 operational staff have undertaken Certificate III or Certificate IV education programs in competitive manufacturing. In addition, 7 senior executives have now completed the Executive Program at Stanford University. Together with Brickworks Alignment and Retention Share Scheme, these programs have proven effective in reducing the level of staff turnover and aligning employees with the vision and goals of the company.

There were 9 Lost Time **Injuries** (‘LTIs’) during the year, in line with the previous year. This translated into a slight reduction in the Lost Time Injury Frequency Rate (‘LTIFR’) to 3.3. The Total Reportable Injury Frequency Rate (‘TRIFR’) increased to 161.7 from 153.2 in the prior year.

The Building Products Group continues to develop fashionable and market leading products to support its strategy of developing the leading style brand in the building products market, and therefore attract premium pricing and higher margins. During the year the company invested heavily in a high fashion branding campaign in conjunction with designer Camilla Franks and continued the roll-out of CBD design studios across all major capital cities.

In practice, the effectiveness of this strategy is demonstrated through successful collaboration with architects to deliver iconic projects such as the Frank Gehry designed Dr Chau Chuk School of Business at the University of Technology Sydney, the Australian Embassy in Bangkok and the Barangaroo Project in Sydney. Brickworks’ products also featured in four out of six winning projects at the recent Horbury Hunt awards that recognise excellence in the use of bricks, masonry and roofing products in architectural design.

Divisional Analysis

Austral Bricks delivered a 17.8% increase in earnings for the twelve months ended 31 July 2014. Sales revenue was up 17.4% to $333.6 million, driven primarily by an increase in volume. Total sales volume was up by around 100 million bricks, taking total sales well above 600 million units for the year.

Price increases were patchy across the states. Excluding the impact of tolling and export volumes, solid increases were achieved in New South Wales, Queensland and South Australia. There was a reduction in average prices in Western Australia and relatively flat prices in Victoria.

Finished goods inventory was down by 16.6% during the year, with production volume held relatively constant despite the significant increase in sales volume.

New South Wales recorded a solid increase in earnings on the back of improved sales margins and a range of business improvement initiatives. Excluding the impact of product “tolling” arrangements, sales volume was also higher as a result of a very strong second half to the year.

Production costs remained steady compared to the prior year, due in part to an increase in the proportion of production from the lowest cost manufacturing plant. A small increase in throughput also contributed to improved efficiencies.

This business has also benefited from a sustained focus on developing “up-market”, fashionable face bricks, with these products increasing penetration into the project home market and major commercial projects.

Queensland delivered a significantly improved result, albeit from a low base, despite a minor decrease in local sales volume. The improvement has been driven by strong selling price increases and reduced overhead costs. Manufacturing costs were lower, supported by an increase in demand from New Zealand Brick Distributors that resulted in a slight increase in production volume.

Following the sale of “Rochedale North” in the first half, a major project to compress the manufacturing footprint and improve efficiency is nearing completion. A staged upgrade of the plant will commence in December to reduce the cost of manufacture and ensure the viability of this business over the long term.

Earnings from **Victoria** were up on the prior year on the back of very strong sales growth, despite the flat market conditions. Austral Bricks market share has now returned to more historical levels, with the product range revamped successfully following the transition to the new Wollert factory. Production volume was held steady, despite the increase in sales volume, resulting in a significant reduction in stock levels during the year.

Earnings in **Western Australia** were down, despite an increase in volumes in line with the growth in residential building activity. The decrease in earnings was attributable to two key factors: a decrease in average pricing and shutdowns in two major production plants.

Market conditions in Western Australia remain difficult. In the face of uncommercial competition price increases were difficult to achieve. As a result average pricing was lower than the prior year.

Brickworks continues to make the necessary investments to ensure all plants are efficient and reliable. During 2014 this included a 4 month shutdown of the Bellevue plant to undertake a major refit. In addition the Malaga plant underwent a kiln roof repair in April. A refit of the Malaga plant will commence in financial year 2015 to reduce costs at this facility, including upgrades to the kiln, dryer and setter.

Earnings in **South Australia** were up significantly on the prior period, as a result of an increase in selling price and strong growth in export volumes. Manufacturing cost was held steady, despite a decrease in production volume.

Tasmania delivered increased earnings, due primarily to a strong increase in local sales volume. Margins were held relatively constant, with average prices increasing despite the impact of a significantly higher proportion of volume builder sales compared to the prior year.

New Zealand Brick Distributors delivered a strong uplift in earnings, with volumes benefiting from the continued momentum in residential activity in New Zealand during the year, including the Christchurch rebuild.

Austral Masonry earnings more than doubled over the prior year, supported by record sales revenue, up 32.4% to $82.6 million. Sales volume was up 27.9% to more than 400,000 tonnes, due to a range of factors. These included the impact of prior period acquisitions, an increase in sales of premium block products into the residential segment, greater sales of engineered retaining walls and industrial paving products in the civil construction sector, and product “tolling” arrangements in place in Cairns.

In addition, a number of internal restructuring initiatives were implemented. These included significant overhead reductions across many operations, the closure of the inefficient Dandenong plant in Victoria and further productivity improvements at Prospect in New South Wales, following the consolidation of operations to that site in the prior year. Strong average selling price increases were achieved, up 8.2% excluding the impact of product “tolling”.

Bristile Roofing earnings increased 12.9%, despite a reduction in sales revenue, down 4.3% to $100.4 million. This result was achieved on the back of cost reduction initiatives that resulted in improved margins, despite only modest price increases. Cost reduction initiatives included a significant overhead reduction in Caversham, where operations were restructured during the year, and benefits from the operations excellence program, particularly in Wacol.

Increased detached housing commencements across the country have been slow to translate into increased sales of roof tiles. This is due in part to a significant lag being experienced between a “recorded” commencement and the installation of tiles on site, a very competitive environment in Victoria, the nation’s largest roof tile market, and the ongoing threat of alternative roofing products in some regions.

Sales of imported La Escandella terracotta products continue to gather momentum, supplementing the locally manufactured concrete roof tile range on the East Coast.

Austral Precast earnings were also higher, with increases in New South Wales, Queensland and Western Australia partially offset by reduced earnings in Victoria. Sales revenue increased by 10.8% to $70.3 million on the back of record sales volume for the year. Although precast remains a new business for Brickworks, the potential in most states appears to be beyond existing manufacturing capacity, with the current order bank in excess of six months sales volume.

An outstanding result was achieved in Queensland, with production capacity unable to meet the high level of demand. Opportunities to expand operations in that state are currently being considered. The New South Wales business is also experiencing very strong demand; however earnings in financial year 2014 were adversely impacted by ongoing and intermittent issues since the flooding of the Wetherill Park site in the prior year. Performance in Western Australia improved dramatically in the second half following a restructure completed midway through the year. In contrast to the other states, demand in Victoria is very poor. In this state a large number of precast suppliers are competing in very subdued market conditions, with a historically low level of factory and industrial building activity.

A number of new products were commercialised during the year, supporting the strategy of offering a “whole of structure” building solution. New products include the “PermaTech” architectural range of panels that feature various applied finishes, as specified on landmark projects such as Barangaroo in Sydney.

A range of cost reduction projects were completed during the year, including the centralisation of a number of detailing and back office functions. A steel mesh plant was installed at Wetherill Park in the second half, further enhancing the efficiency of this plant.

Auswest Timbers earnings decreased, despite an increase in sales revenue, up 16.3% to $49.8 million on record sales of around 60,000m^3 for the year. Sales growth was due to a number of factors including the recommissioning of the Deanmill facility after significant disruption to operations in Western Australia during the prior year, pine batten demand on the East Coast and hardwood batten demand on the west coast, strong export demand; and increased value added sales in Victoria.

Offsetting the improved volume was the challenging operating conditions in Western Australia where electricity costs were significantly higher due to increased capacity charges. In addition, operational efficiency in this state was adversely impacted by poor quality Jarrah log feedstock, resulting in lower production yields. A new grade of log was agreed with the Forests Products Commission late in the year that will resolve this issue going forward.

In Victoria, demand for value added product out of the Bairnsdale processing plant remains strong, with the growing demand for this high value product meaning that around 60% of output from Auswest Timbers’ Orbost mill is now directed to Bairnsdale for further processing.

During the year Auswest developed new ranges of large section timbers which are utilised by domestic and international furniture manufacturers for high valued furniture. Auswest’s unique range of hardwood products is now much sought after both domestically and in export markets with export revenue growing 88.6% compared to the prior year.

The rationalisation of the hardwood industry continues with significant competitors in Western Australia exiting the industry during the year, leaving Auswest as the only major supplier of Jarrah, Karri and Marri.

Land and Development

Land and Development produced an EBIT before significant items, of $62.4 million for the year ended 31 July 2014, up 25.8% from $49.6 million for the prior year.

Land Sales contributed an EBIT of $21.0 million for the year compared to $28.2 million in the prior year. The major transaction for the year was the sale of the first stage of Rochedale ("Rochedale North") in Queensland into the Joint Venture Property Trust during the first half, providing a total profit of $14.8 million. Other property sales for the year included former quarries at New Chum in Queensland and Buninyong in Victoria. In addition, Transgrid completed a compulsory acquisition of an easement over Horsley Park Plant 3 in New South Wales.

The improved result was primarily due to growth in the industrial **Property Trust**, generating an EBIT of $43.4 million, up 78.8% from $24.3 million in the prior year.

Net property income distributed from the Trust was $13.0 million for the year, up from $10.0 million in the year ended 31 July 2013.

The revaluation profit of stabilised Property Trust assets totalled $11.5 million, up significantly from $5.9 million due to compression in capitalisation rates of between 0.3% and 0.5%.

A significant EBIT of $18.9 million was contributed through fair value adjustment and development profit following the completion of the expanded Coles cold store facility at M7 Business Hub and the fourth DHL facility at Oakdale Estate, both in New South Wales.

The total value of the Property Trust assets as at 31 July 2014 was $979.0 million, with borrowings of $381.5 million, giving a total net value of $597.5 million. Brickworks' share of the Trust's net asset value was $298.7 million up $39.8 million from $258.9 million at 31 July 2013. The change was primarily due to the sale of Rochedale North into the Trust, which increased assets by $51.8 million, together with revaluations of existing and newly completed assets. This was offset by the sale of the expanded Toll facility in October 2013, which had net value to the Trust of $16.5 million.

The royalty free period at Horsley Park Landfill ended in December 2013, enabling contributions to re-commence in January. **Waste Management** contributed a profit of $1.4 million for the year, up from $0.4 million in the prior year.

Property administration **expenses** totalled $3.4 million, up slightly from $3.3 million in the prior year. These expenses include holding costs such as rates and taxes on properties awaiting development.

Investments

The EBIT before significant items from Investments was down 25.6% to $44.6 million in the year ended 31 July 2014.

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

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

The normalised profit from this investment was $44.4 million for the year, down from $59.5 million in the year ended 31 July 2013.

The market value of Brickworks' 42.72% shareholding in WHSP was $1.530 billion at 31 July 2014, up 10.9% on the value at 31 July 2013. This investment continues to provide diversity and stability to earnings, with cash dividends of $48.1 million received during the year.

WHSP has delivered outstanding results over the long term, delivering total shareholder returns of 13.0% p.a. over fifteen years, compared to the index return of 8.7% p.a.

Perpetual / M.H. Carnegie Proposal

A general meeting to consider the proposals put forward by Perpetual and Carnegie in October 2013 has been further postponed until 17 April 2015.

Reluctantly, Brickworks regards the further postponement as necessary because shareholders are not in a position to vote on the resolutions. In particular, Brickworks considers that the information provided to shareholders by Perpetual and Carnegie was incomplete, inaccurate and misleading at the time it was despatched in late 2013. That information is now also out of date. This is particularly the case given an ATO ruling was handed down in July 2014, rendering the meeting meaningless insofar as the proposals will not deliver the benefits claimed by the proponents.

Despite repeated requests by the Independent Board Committee of Brickworks and the withdrawal of the requisition for the related WHSP meeting, Perpetual and Carnegie have not agreed to cancel the Brickworks meeting.

The proposal from Perpetual and Carnegie has caused Brickworks to incur approximately $2.8 million in costs during the twelve months to 31 July 2014. Of greater concern is the major distraction to management and staff, the full impact of which is difficult to quantify.

In the circumstances, Brickworks must continue with litigation to seek either the cancellation of the meeting or to ensure full and proper disclosure to shareholders.

Outlook

Building Products Group

The first half of financial year 2015 is likely to be the strongest market for more than a decade, with many customers reporting order banks that extend for up to a year. These conditions are being driven by the long awaited upturn in detached housing activity (particularly in New South Wales), combined with record levels of apartment construction. The latest detached housing approvals data remains strong and is still showing signs of growth in most states.

The strong market conditions are continuing to drive sales growth momentum, with year to date sales in all divisions currently exceeding the prior corresponding period, despite the impact of poor weather in New South Wales. Tempering this optimistic outlook is the very competitive nature of some markets where some competitors appear intent on increasing market share, as opposed to increasing profit.

Despite the removal of the carbon tax, Brickworks continues to face pressure from increasing gas prices, up by more than 100% over the past 6 years [12]. With energy prices representing almost 20% of the cost of bricks, this impact has contributed to a reduction in Building Products margins to unacceptable levels. This is despite Brickworks' significant capital investment in a range of energy reduction and alternative fuels projects to minimise the impact.

To restore margins to acceptable levels all divisions will implement price increases as and when necessary during the year, with Austral Bricks having implemented a price rise effective 1 July 2014.

During financial year 2015, major capital projects are planned at Malaga in Western Australia and Rochedale in Queensland and these projects will result in a short term impact to profitability. However these plant upgrades will significantly improve the cost position of these businesses and result in a much stronger competitive position going forward.

The Building Products Group expects to deliver an improved result in the first half of financial year 2015, on the back of continued sales growth and internal business improvement initiatives.

Land and Development

The Property Trust has seen significant growth during the 2014 financial year with the completion of three new assets providing an additional 64,335m^2 of net lettable industrial space. This has already increased the value of the Property Trust and will provide greater rental returns into the future.

The development of the Oakdale Estate continues to be a major focus, with final infrastructure works complete to Oakdale Central. Approval for the Trust to upgrade the section of Old Wallgrove Road leading to the Estate is expected to be secured in the second half of calendar 2014, with construction to follow in 2015. Together with upgrade works to the main section of Old Wallgrove Road, to be completed by Roads and Maritime Services, these infrastructure projects will reinforce the status of the area as a prime location for logistics businesses and warehousing.

Development of the Rochedale North estate will commence in late calendar 2014 to ensure delivery of the first pre-committed facility, totalling 12,912m^2, to Beaumont Tiles in late 2015. Tenant enquiry for this estate is already strong and the delivery of all infrastructure by the end of 2015 will assist in securing other pre-lease opportunities.

Land sales will continue in financial year 2015 with the expected sale of the Riverview site in Queensland and the Port Kembla site in New South Wales. A number of small compulsory acquisitions, including 1.6 hectares at the rear of the Bellevue plant in Western Australia are also expected to occur.

Work continues on the rezoning of Craigieburn in Victoria and Cardup in Western Australia to residential. A draft Framework Plan on the Craigieburn site and surrounding area has been delayed but is now expected to be released by the Growth Areas Authority before the end of 2014. Significant progress has been made on the rezoning of Cardup, with the Structure Plan due to be exhibited by the end of 2014. Pending rezoning to residential, expected to take around one year, development of this site may commence in financial year 2016.

Investments

The diversified nature of WHSP's investments is expected to deliver stable earnings to Brickworks over the long term.

Brickworks Group

Building Products are expected to deliver improved earnings in the first half of the 2015 financial year. Property earnings are expected to be lower, with continued growth in net Property Trust income being offset by a reduced contribution from land sales. 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 the financial statements.

After balance date events

No 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.

Safety

[12] Average across Brickworks' operations

"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 eliminating and minimising the risks to health and safety of its employees, contractors and general public. A Brickworks core value is that "We don't want to make a profit by hurting anybody". A culture of safety is crucial to our operation's ongoing WHS performance.

Robust WHS management systems, complying with relevant Australian standards and legal obligations, have been developed. These systems are designed to meet the needs of our employees, contractors and general public, and are in a class that ably support the Workers compensation self-insurance licenses operating in New South Wales, Victoria and Western Australia. Independent audits of our WHS system audits are undertaken.

Safety performance is reviewed at all levels of the business, with a view to continuous improvement. The Group continued to consolidate its safety performance over this last year, with over half its divisions not having recorded a lost time injury.

The lost time injury frequency rate (LTIFR) was 3.30 injuries per million hours worked, with the total recordable injury frequency rate (TRIFR) of 33.6 injuries per million hours worked. These results are in alignment with the previous year. The total work injury frequency rate (TWIFR) was 162.2 injuries per million hours worked. These results reflect the sustained commitment of all Brickworks personnel to safety issues, there is still further room for improvement.

The standardisation of the WHS management systems nationally is ongoing, with a number of tools being used to identify levels of safety compliance. In addition to this a learning management program is being rolled out nationally to deliver internet based WHS educational training to all Brickworks staff.

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 has been the second year the group has been operating with a carbon tax in place. The carbon tax escalated from $23.00 per tonne of carbon dioxide equivalent to $24.15 during this period. Implementing strategies to mitigate the impact of the carbon tax and energy price increases has continued as a priority during the period. Even with the removal of the tax effective 1 July 14, Brickworks remains committed to reducing its energy usage, both to reduce our environmental impact and to try to mitigate the effect of rising gas and electricity prices, being two of our significant manufacturing costs.

Brickworks is undertaking numerous initiatives to reduce energy usage across all divisions. These include fuel-switching projects from natural gas to lower emissions intensity sources such as landfill gas, sawdust and other organic materials used as on-board "body fuels". At the same time our R&D team are introducing 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.

Austral Bricks launched what we believe to be Australia's first carbon neutral brick from its facility at Longford Tasmania under the federal governments National Carbon Offset Standard (NCOS). The bricks are fired predominantly using waste timber residues from the local timber industry which greatly reduces the bricks embodied carbon emissions. A number of other projects were undertaken to further reduce energy consumption and greenhouse gas emissions, prior to offsetting the remaining emissions with Carbon Offsets generated from both the local Tasmanian market and international projects. Accreditation under the NCOS is a stringent process and includes an independent audit and verification of emissions, giving confidence to our environmental declarations.

Last year we reported that the following projects were successful in obtaining financial assistance (funding) under the federal Governments Clean Technology Invest Program (CTIP). During the year a total of $3.6 million has been received in government funding for projects which will assist Brickworks with its drive to reduce its reliance on natural gas, and replace fossil fuels with cleaner, renewable and cheaper sources of energy. Since 1 July 2013 further projects totalling $4.6 million have been approved under the CTIP and contracts executed with the federal government. These include:

- $1,836,000 for a project at Bowral substituting natural gas with biomass and including a reduction by-pass unit; and
- $2,110,000 for a project at Rochedale substituting natural gas with biomass and incorporating a new setting machine.

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:

- Energy Efficiency Opportunities (EEO) Act 2006 – this programme encourages large energy users to implement management systems aimed at measuring and analysing energy usage within their plants and identifying and implementing energy reduction strategies. The largest Brickworks sites, covering over 90% of Brickworks' total energy consumption, have been assessed and had energy audits undertaken to Level 2 status. This program has subsequently been abolished by the federal government;

- 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;

Brickworks are a Housing Industry Australia (HIA) Green Smart Leader and support research on thermal performance and life cycle analysis of Australian housing in association with the University of Newcastle. Brickworks has been actively promoting the benefits of brick over lightweight competing products since the release of a publication based on 8 years of research and development with the University of Newcastle which concluded that houses built with brick and their inherent thermal mass properties have far superior energy efficiency performance compared to housing constructed from lighter weight materials.

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 Operations Act 1997, 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 discharges. The Environmental Planning and Assessment Act 1979 applies 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 20 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 sites every two years whilst internal environmental managers audit the sites every other year. 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. There have been no prosecutions arising as a result of these.

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.

Other directorships:

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

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 Chief Executive Officer of Brickworks Limited and Managing Director 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.

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 Bristile Ltd from 1997 until its acquisition by Brickworks in 2003, and has been involved with various timber companies. He is a member of 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
The Colonial Mutual Life Assurance Society Ltd	Appointed 2007
Commonwealth Insurance Ltd	Appointed 2007
BT Investment Management Ltd	Appointed 2014

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 2014).

Other directorships:

Allianz Australia Insurance Ltd	Appointed 1997, Resigned 2013

Information on Chief Financial Officer and Company Secretary

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

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.

Iain H. Thompson B.Ec; CA; Grad Dip CSP; FCIS; FCSA; GAICD
Company Secretary

Mr Thompson is a chartered accountant who joined The Austral Brick Company in 1996. He worked in various accounting roles within the Company before being appointed Group Company Secretary in 2003.

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 were as follows:

	Directors' meetings	Audit & Risk Committe	Remuneration Committee	Nomination Committee	Independent Board Committee
Number of meetings held:	11	2	4	2	11
Number attended:					
R.D. Millner	11	N/A	4	2	N/A
M.J. Millner	11	2	4	N/A	N/A
L.R. Partridge	11	N/A	N/A	N/A	11
B.P. Crotty	11	2	4	2	10
D.N. Gilham	11	N/A	4	N/A	10
D.R. Page	1	N/A	1	N/A	1
R.J. Webster	10	2	4	2	11

All directors were eligible to attend all director and committee meetings held, except for D. Page, who was eligible to attend one directors', one remuneration committee and one independent board committee meeting.

Directors interests

As at 25 September 2014, Directors had the following relevant interests in Brickworks shares:

	ORDINARY SHARES
R.D. Millner	5,584,100
M.J. Millner	5,558,142
L.R. Partridge	230,915
B.P. Crotty	10,209
D.N. Gilham	102,268
D.R. Page	1,500
R.J. Webster	15,922

As at 25 September 2014, 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 25 September 2014, 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 25 September 2014, 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.

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.

Following the vote on the Remuneration Report at the Company's 2013 Annual General Meeting and a review of relevant proxy advisor reports, the Board has listened to the issues raised, and made a number of changes to reflect those concerns:

- Appointed an independent non-executive director as Committee Chair (Mr B Crotty)
- Appointed an additional independent non-executive director to the Committee (Mrs D Page)
- Undertaken a thorough review of the executive remuneration policy framework
- Placed limits on the Short Term Incentive scheme (STI)
- Changed the structure of the Long Term Incentive scheme (LTI)
- Reduced termination payments
- Tightened eligibility for restraint payments
- Increased the level of disclosure contained in this report

This year's report reflects the initiatives taken by the Board and senior management 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.

Details of Key Management Personnel

Directors

The following persons were directors of Brickworks Ltd during the 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 (appointed 1 July 2014)
The Hon. R. Webster	Non-executive Director

Executives

The following persons had authority and responsibility for planning, directing and controlling the activities of the Group during the financial year:

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 – Austral Bricks East Coast
Mr P. Scott	Group General Manager WA – Brickworks Building Products
Mr D. Millington	General Manager – Bristile Roofing East Coast

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 (appointed Committee Chair 24 June 2014)
Mr D Gilham	Non-executive Director
Mr M Millner	Non-executive Director
Mr R Millner	Non-executive Director (Committee Chair until 24 June 2014)
Mrs D Page	Non-executive Director (appointed to the Committee 29 July 2014)
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 outsiders with relevant experience and expertise if it considers this necessary.

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 and other executives as part of their terms of engagement.

During the financial year, the Remuneration Committee approved the engagement of Guerdon & Associates (Guerdons) as remuneration consultants to provide remuneration information regarding salary benchmarking for senior executives. The fees paid to Guerdons for the remuneration recommendations were $14,000.

Remuneration recommendations were provided to the Committee as an input into decision making only. The Remuneration Committee considered the recommendations in conjunction with other factors in making its remuneration determinations.

In addition, Guerdons provided general advice in relation to potential incentive plan structures, and the content of remuneration reports. The fees paid to Guerdons for this general advice were $47,000.

The Committee is satisfied the advice received from Guerdons is free from undue influence from the KMP to whom the remuneration recommendations apply, as Guerdons were engaged by, and reported to, the Lead Independent Director on behalf of the Remuneration Committee.

Board Policies for determining remuneration

Policies for determining the nature and amount of remuneration for the Managing Director and senior managers ("senior executives") 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 to ensure that every senior executive's 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.

The Remuneration Committee has undertaken a thorough review of the senior executive remuneration policy framework during the 2014 financial year and has identified certain initiatives that are now being pursued. The updated senior executive 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 decided to:

1. Limit future short term incentive payments to 50% of base remuneration; and
2. Place greater emphasis on retaining senior executives 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 base salary. All shares allocated to Brickworks executives will continue to have vesting periods of 5 years.

Overview of Remuneration Components

Senior executive 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 sources, including independent remuneration data providers.

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

Short Term Incentives

Brickworks' STI has been designed to focus executives on the necessity to achieve a range of agreed targets for their respective businesses. The STI is structured around the achievement of annual performance criteria based on each executive's capacity to influence targeted outcomes. Brickworks' 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 Managing Director, Chief Financial Officer, General Managers, and various other senior managers within the Group.

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 2014 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 years and internal targets set in advance. As previously stated, from the 2015 financial year onwards the STI cash opportunity for all executives is now capped at 50% of base remuneration. Any excess STI earned above 50% base 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.

The STI performance measures will remain consistent for 2014 and 2015, and are as follows:

Performance measure	Proportion of Target
Profit generation (assessed against both prior year results and Board-approved budgets)	37.5%
Cash generation (assessed against internal targets set in advance), including working capital reduction targets	37.5%
Additional criteria (assessed against internal targets set in advance), including: • Returns on Net Tangible Assets • Lost Time Injury Rates • Performance against environmental audit targets • The extent to which the Group's Operational Excellence program has been implemented	25%
Total eligible STI	100%

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. For the Managing Director and Chief Financial Officer this is assessed based upon the combined Building Products and Property segments, and for divisional executives these relate specifically to their division.

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 headwinds 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 senior executives for taking a sustainable approach to operations by encouraging strategic decisions that generate shareholder value over the longer term.

Long Term Incentives (LTI)

Brickworks Limited has effectively had a LTI in place for many years through the Brickworks Deferred Employee Share Plan. Generally half of the performance incentives granted to executives each year have been in the form of performance shares that progressively vest at 20% on 31 July on each of the following 5 years from the grant date.

For the 2014 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 staff being entitled to shares with a value up to 37.5% of base salary. 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 access the shares to trade unless they satisfy vesting criteria. These shares will become available to the employee at 20% per annum at the end of each of the following five years, providing they continue to be employed by Brickworks. If the employee terminates their employment, they forfeit their entitlement to all of the unvested shares, except in limited circumstances, such as medical reasons or bona fide retirement.

To ensure that the Brickworks Executive Share Plan has all of the characteristics of a conventional LTI, the following modifications have been made for the financial year ending 31 July 2015:

1. as a consequence of capping STI's at 50% of base remuneration, outperformance from this year onwards will be recognised by the grant of additional performance shares. As a result, the value of performance shares granted to an executive in any year may exceed 50% of the executive's base remuneration;
2. the performance 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; and
3. in line with prior conditions, if an executive leaves the Company of his/her own volition before reaching retirement age, all unvested shares held in the name of that executive will be forfeited.

Brickwork's senior executives 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.

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 under immediate termination, 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.

In October 2011 Mr Finney was allocated $250,000 in Brickworks shares under his sign on agreement. These shares are subject to a progressive clawback condition if Mr Finney was to terminate within five years from his commencement date (9 May 2011).

If the Managing Director or any executive 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.

In most circumstances, the provisions contained in the new contracts reduce the Termination Benefits available to senior managers and may slightly increase the LTI and Retirement Benefits to achieve higher rates of retention.

Executive Restraint

All senior executives 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.

Employment contracts

The Company has legacy contracts with its senior executives which reflect the conditions outlined in relation to the 2014 financial year. To reflect the changes noted above, senior executives will be asked to enter into new employment contracts with the Group during the 2015 financial year. At the date of this report, the Managing Director and Chief Financial Officer have both signed the new employment contracts.

Group performance, shareholder wealth and remuneration

Brickworks' remuneration policy has been tailored to help align executive interests with those of shareholders. The main method for this is through the use of the variable remuneration component and the use of the Brickworks Deferred Employee Share Plan. The Board believes this policy 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, from 2015, the introduction of a new relative TSR long term incentive plan for new executive appointments will enhance the alignment of executive interests with those of shareholders.

The Board and senior management accept that a number of factors have contributed to recent share price performance, and 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, less interest and tax expenses, 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.

	2010	**2011**	**2012**	**2013**	**2014**
Total revenue (millions)	$656.5	$635.6	$556.9	$606.5	$670.3
Combined Building Products & Property EBIT before significant items (millions)	$81.8	$71.3	$47.5	$82.4	$107.5
Net profit before significant items after tax (millions)	$110.2	$100.8	$78.9	$100.0	$101.3
Net profit after tax (millions)	$138.8	$142.6	$43.3	$85.2	$102.8
Net Tangible Assets (millions)	$1,366.0	$1,390.1	$1,393.1	$1,450.9	$1,516.8
Share price at year end	$11.81	$9.90	$10.08	$12.20	$14.30
Dividends – ordinary shares (cents)	40.0	40.5	40.5	40.5	42.0

In line with historical performance, senior executives have not received STI payments each year. Messrs Partridge and Payne did not receive STI payments in relation to the 2009, 2011 and 2012 financial years, with no KMP receiving an STI payment in 2012. Over that 6 year period, the highest STI paid to a KMP (as a percentage of base salary in that year) was 62%, with Mr Partridge receiving a maximum of 52% and Mr Payne receiving a maximum of 55% (both in 2010).

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.

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 $800,000, and was approved by shareholders at the Annual General Meeting on 31 October 2003. As foreshadowed at the 2013 Annual General Meeting, shareholders will be asked to approve an increase to the maximum aggregate fee pool to $1,000,000 at the 2014 Annual General Meeting as a consequence of the appointment of an additional independent non-executive director, and to ensure that there will not be a requirement to seek further shareholder approval to increases in the maximum aggregate level of fees paid to non-executive directors for an extended period.

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

Remuneration of individual key management personnel

The fees paid to directors and Key Management Personnel during the financial year ending 31 July 2014 are disclosed in the following table.

Directors	Year	Short term employee benefits: Base salary / fees	Short term employee benefits: Short term bonus (1)	Short term employee benefits: Non-monetary benefits	Post employment (Super)	Share based payment (Long term incentive) (2)	Termination benefits	Total	Proportion of remuneration performance related
R. Millner	2014	206,288	–	–	19,125	–	–	225,413	N/A
	2013	200,000	–	–	18,042	–	–	218,042	N/A
M. Millner	2014	103,144	–	–	9,562	–	–	112,706	N/A
	2013	100,000	–	–	9,021	–	–	109,021	N/A
B. Crotty	2014	103,144	–	–	9,562	–	–	112.706	N/A
	2013	100,000	–	–	9,021	–	–	109,021	N/A
D. Gilham	2014	103,144	–	–	9,562	–	–	112,706	N/A
	2013	100,000	–	–	9,021	–	–	109,021	N/A
D. Page	2014	8,577	–	–	815	–	–	9,392	N/A
	2013	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
R. Webster	2014	110,000	–	–	9,923	–	–	119,923	N/A
	2013	110,000	–	–	9,923	–	–	119,923	N/A
L. Partridge	2014	1,198,952	590,000	73,582	17,859	386,500	–	2,266,893	43.1%
	2013	1,168,694	570,000	62,813	16,579	272,500	–	2,090,586	40.3%
Totals	**2014**	**1,833,249**	**590,000**	**73,582**	**76,408**	**386,500**	**–**	**2,959,739**	
	2013	**1,778,694**	**570,000**	**62,813**	**71,607**	**272,500**	**–**	**2,755,614**	

Other Key Management Personal	Year	Short term employee benefits			Post employment (Super)	Share based payment (Long term incentive) (2)	Termination benefits	Total	Proportion of remuneration performance related
		Base salary / fees	Short term bonus (1)	Non-monetary benefits					
A. Payne	2014	592,182	279,000	4,856	17,859	188,950	–	1,082,847	43.2%
	2013	583,377	269,500	4,803	16,579	135,050	–	1,009,309	40.1%
M. Kublins	2014	415,256	258,847	16,597	17,859	127,874	–	836,433	46.2%
	2013	392,459	225,000	38,492	16,579	82,874	–	755,404	40.8%
D. Fitzharris	2014	537,045	185,087	42,875	17,859	110,749	–	893,615	33.1%
	2013	476,495	130,000	39,497	16,579	84,749	–	747,320	28.7%
M. Finney	2014	564,318	212,625	24,239	17,859	95,000	–	914,041	33.7%
	2013	558,184	150,000	22,212	16,579	65,000	–	811,975	26.5%
P. Scott	2014	455,087	31,767	4,421	17,859	97,874	–	607,008	21.4%
	2013	436,021	–	23,322	16,579	82,874	–	558,796	14.8%
D. Millington	2014	298,062	79,044	24,391	17,859	70,687	–	490,043	30.6%
	2013	296,012	50,000	19,725	16,579	59,437	–	441,753	24.8%
Totals	2014	2,861,950	1,046,370	117,379	107,154	691,134	–	4,823,987	
	2013	2,742,548	824,500	148,051	99,474	509,984	–	4,324,557	

Notes

(1) The short term bonus amounts disclosed were approved by the Remuneration Committee on 29 July 2014 and 26 August 2014, in relation to performance during the 2014 financial year (2013 granted on 30 July 2013). The short term bonus payments were made during the September following approval.

(2) Share rights are valued at their grant date and the values are allocated evenly over the period from grant date to vesting date. The amounts disclosed above relate to that portion of the period from grant date to vesting date that fall within the current financial period in accordance with AASB 2. On the same date as the Remuneration Committee approved the short term bonus, they also approved various long term incentive amounts for each of the employees listed above, to be granted as shares in the Deferred Employee Share Plan which will vest over the following five financial years at 20% per annum, assuming relevant performance criteria are met.

Brickworks Employee 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.

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 2014, there were 654 employees participating in the share plans, holding 1,296,803 shares (0.88% 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.

Director and Key management personnel shareholdings

Directors	Held 31 July 2013	Granted as Remuneration	Purchases	Shares Disposed of	Held 31 July 2014
Mr R. Millner	5,397,401	–	186,699	–	5,584,100
Mr M. Millner	5,371,443	–	186,699	–	5,558,142
Mr L. Partridge	267,189	43,846	–	107,120	203,915
Mr B. Crotty	10,209	–	–	–	10,209
Mr D. Gilham	102,268	–	–	–	102,268
Mrs D. Page	N/A	–	–	–	1,500(3)
The Hon. R. Webster	15,922	–	–	–	15,922
Other Key Management Personnel					
Mr A. Payne	193,200	20,730	–	–	213,930
Ms M. Kublins	46,257	17,307	–	7,222	56,342
Mr D. Fitzharris	90,978	10,000	–	–	100,978
Mr P. Scott	60,447	5,769	–	7,100	59,116
Mr D. Millington	19,290	4,326	–	6,957	16,659
Mr M. Finney	31,628	11,538	–	24,181	18,985

Note

(3) Shares held by Mrs D. Page were acquired prior to her becoming a Director of the Company.

Shareholdings shown above reflect all direct, indirect and beneficial holdings by key management personnel, and includes 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.

Options

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.

Auditor's independence declaration

The Directors received an independence declaration from the auditor, Ernst & Young. A copy has been included on page 22 of the report.

Provision of non-audit services by external auditor

During the year the external auditors, Ernst & Young, provided non-audit services to the Group, totalling $156,140. The Directors through the Audit and Risk Committee are of the opinion that the provision of non-audit services has not compromised the independence of the auditors.

The non-audit services were for: the provision of taxation advice relating to the potential application of specific sections of Income Tax laws; the provision of accounting advice which was general in nature, relating to the interpretation and potential application of accounting standards; and other assurance services requested by the company. Brickworks management has been responsible for selecting, applying and calculating all impacts of accounting standards on the Group's financial statements.

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 auditor's rotation period as auditor has been extended for 2 years to 30 June 2016, subject to an annual performance assessment by the Chair of the Audit Committee.

The board is satisfied that the extension will maintain the quality of the audit and will not give rise to any conflicts of interest for the reasons set out below:

1. A new director appointed to the Brickworks Board on 1 July 2014 is now chairing the Audit and Risk Committee and the extension will assist the orderly handover from the previous Committee Chair;
2. The extension will also facilitate the subsequent orderly handover to the incoming signing partner;
3. A new independent review partner was appointed in 2013. Extending the time period of the Lead Partner allows the preservation of knowledge on the engagement; and
4. The existing independence and service metrics in place are sufficient to ensure that auditor independence would not be diminished by such an extension.

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 25 September 2014.

R.D. MILLNER	L.R. PARTRIDGE AM
Director	Director

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Building a better working world

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 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

RRobinson

Renay Robinson
Partner

25 September 2014

BRICKWORKS LIMITED

A.B.N. 17 000 028 526

CORPORATE GOVERNANCE STATEMENT

The Brickworks Board is committed to developing and maintaining good corporate governance within the Company, and recognise that this is best achieved through its people and their actions. Brickworks' long term future is best served by ensuring that its employees have the highest levels of honesty and integrity and that these employees are retained and developed through fair remuneration, appropriate long term incentives and equity participation in the Company. It is also critical to the success of the Company that an appropriate culture is nurtured and developed, starting from the Board itself.

This Corporate Governance statement has been summarised into sections in line with the 8 essential corporate governance principles as specified in the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations (2nd Edition)", as issued in June 2010. The board has performed a review of its corporate governance structures during the year following the release of the 3rd Edition Principles and Recommendations, and implemented changes to reflect a number of the new recommendations for the following year.

A summary of corporate governance information can be found on the Brickworks website at www.brickworks.com.au.

Lay solid foundations for management and oversight

The Board is ultimately responsible for all matters relating to the running of the Company, however that role is achieved mainly through governing the Company. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board, and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

Brickworks' Board has the final responsibility for the successful operations of the Company. In general, it is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body.

The principal functions and responsibilities of the Board include the following:

- Providing leadership to the Company and its employees;
- Overseeing the development and implementation of appropriate corporate strategies;
- Ensuring corporate accountability to shareholders;
- Overseeing the control and accountability systems within the Company;
- Ensuring robust and effective risk management, compliance and control systems are in place and operating effectively;
- Monitoring the performance and conduct of the Company;
- Monitoring the performance and conduct of senior management, and ensuring adequate succession plans are in place; and
- Ensuring the Company continually builds an honest and ethical culture.

All matters that are not specifically reserved for the board and are necessary for the daily management of the Company are delegated to senior executives and management, through the Managing Director.

In monitoring the performance and conduct of senior management, the Remuneration Committee formally reviews the performance of the Managing Director and senior executive staff at least annually. In addition to the formal evaluation procedures, senior executive performance is continually monitored by the Managing Director on behalf of the Board, and the Managing Director's performance is subject to continuous monitoring by the full Board. During the current year, the performance evaluations referred to above took place in accordance with the process as outlined.

Structure the Board to add value

It is Board policy that the majority of the Board should be non-executive Directors and the Chairman should be a non-executive Director. At the date of this report, the Board consists of six non-executive Directors listed in the Directors' Report and the Managing Director, Mr Lindsay Partridge. Specific details concerning each Director are contained in the Directors' Report.

Noting that the ASX Principles have recently been updated by the ASX Corporate Governance Council, including in relation to director independence, the Board considered it appropriate to carefully reconsider the independence of the Directors prior to the release of this corporate governance statement.

Having regard to the guidance provided by the ASX Principles, the Board considers that Mrs Deborah Page and Messrs Brendan Crotty, David Gilham and Robert Webster are independent. Notwithstanding their length of service on the Board, the Board considers Mr Webster and Mr Gilham to be independent directors. The Board notes that Mr Gilham had not previously been considered independent due to his historic senior executive roles with Bristile Ltd. However as that ceased in 2003, the Board considers that Mr Gilham is free from any business or other relationship which could materially interfere, or give the appearance of interference, with his ability to exercise independent judgement when acting as a director of Brickworks.

Messrs Robert Millner and Michael Millner are not considered by the board to be independent due to their directorial relationships with Washington H. Soul Pattinson, a major shareholder in Brickworks. The board has appointed The Hon. Robert Webster as the Lead Independent Director, to act as Chair of the board in matters in which both Robert and Michael Millner are conflicted. This includes all matters to do with the Perpetual / Carnegie proposal and shareholder meeting.

In addition to comprising a majority of independent directors, the Board feels that there is an appropriate blend of skills and experience covering all aspects of the Company's operations, particularly the core businesses of building products manufacturing and property development.

Brickworks' Nomination Committee was established in November 2013 with Robert Webster as the Chair. At the date of this report all non-executive directors were members of this committee, with members excluded from the meeting while their nomination for re-election is being considered. This Committee is responsible for reviewing the composition of the Board to ensure that it comprises Directors with an appropriate mix of experience and expertise. Where a vacancy exists on the Board or where the Committee consider that the Board would benefit from the appointment of additional Directors with particular expertise or experience, the Committee, in conjunction with external advisors if appropriate, will select suitable candidates. Any Director appointed by the Board in this manner must be elected by shareholders at the next Annual General Meeting.

In June 2014, Mr Brendan Crotty was appointed Chair of the Remuneration Committee, with Mr Robert Millner stepping down from this role. Mr Millner remains a member of the Remuneration Committee, along with all non-executive directors of the Company.

Mrs Deborah Page AM was appointed to the board on 1 July 2014 as an independent non-executive director, following an extensive search process by the Nomination Committee, assisted by an external recruitment advisor. Mrs Page brings extensive experience gained as a senior executive and company Director, and brings complementary skills to the Brickworks board, particularly in the areas of accounting and finance, and property. Mrs Page was appointed Chair of the Audit and Risk Committee on 29 July 2014. She will be standing for re-election by shareholders at the 2014 Annual General Meeting, as required by the Brickworks constitution.

These changes ensure that all Board Committees are chaired by independent directors.

Non-executive Director performance is reviewed by the Chairman. If the performance of any non-executive Director is considered unsatisfactory, the matter is referred to the remainder of the Board. The efficiency, effectiveness and operations of the Board are continuously subject to informal monitoring by the Chairman and the Board as a whole. In July 2014 the Board committed to a more structured approach to board assessment, incorporating feedback from each director in relation to a number of areas of performance.

Individual Directors of Brickworks are entitled to seek independent professional advice in relation to their role as a Director, at the cost of Brickworks. Directors are required to advise the Chairman or full Board prior to engaging parties to provide this advice.

Promote ethical and responsible decision-making

Brickworks has an established code of conduct under which all Directors and employees are expected to operate. This code is centred on having the Company and its employees achieving the highest integrity in all its business dealings at all levels of the organisation. The code covers a number of areas, including ethical standards, conflicts of interest, excellence in performance, confidentiality, trading in Company securities, continuous disclosure and equal opportunity, anti-discrimination and harassment. All Directors and employees of Brickworks and its subsidiaries are expected to abide by the code of conduct and the comprehensive policy manual which covers a number of items in more detail.

The Company is committed to generating an environment whereby its employees are encouraged to advise senior management of breaches to its code of conduct and policy manual. To assist employees in this process, Brickworks has established a confidential whistleblower service utilising external consultants to facilitate the reporting and investigating of breaches to the code of conduct.

A summary of the main principles of the Brickworks share trading policy are outlined below:

- Brickworks' Directors and employees are prohibited from trading in shares of Brickworks when in possession of price sensitive information about Brickworks Limited or its business and this information is not available to the public.
- Directors and employees are also prohibited from encouraging another person (for example, family members or business colleagues) to deal in Brickworks Shares when they have "inside information".
- Brickworks has established share trading windows during which employees or Directors of the Company may trade shares in the Company. These windows are each for a period of six (6) weeks duration commencing at:
    1. the announcement of the Yearly result to the ASX;
    2. the AGM date;
    3. the announcement of the half yearly result to the ASX; and
    4. the lodgement of a prospectus.
- Directors and employees are restricted from trading in Brickworks shares during these trading windows if they are in possession of price sensitive information.
- There is an absolute prohibition on the trading of shares between the end of a financial period and the release of results to the ASX relating to that period.
- In exceptional circumstances, senior management and Directors may trade outside these windows, providing they obtain written approval from the Managing Director or Chairman respectively prior to trading. Exceptional circumstances can include severe financial hardship and the requirement to comply with a legal or regulatory requirement.

- This restriction does not apply to a limited number of scenarios, including where there is a no change in the beneficial interest; where the trading is done through a fund or scheme where investment decisions are at the discretion of a third party; participation in an offer made to all or most Brickworks shareholders (such as a rights issue or dividend reinvestment plan); or monthly share purchases made by the Brickworks Employee Share Plans.

Brickworks' Equal Employment Opportunity policy can be summarised in the following extracts from the full policy:

"Brickworks is committed to a policy of equal employment opportunity (EEO) which aims to prevent the existence of discriminatory practices or measures which may hinder equitable selection, progress or access to benefits of all employees."

"Specifically, Brickworks aims to... objectively select people on merit, encompassing assessment of individual skills, qualifications, abilities and aptitudes" and to "not discriminate on the basis of characteristics which may include race, age, colour, national origin, sex, marital status, pregnancy, religion, political conviction, physical impairment or sexual preference".

The Group recognises it has legal and moral obligations not to discriminate on any basis, and is conscious of ensuring that its workforce reflects the diverse nature of the locations it operates in. Over time the company has improved its facilities in a number of its locations to promote opportunities for female operators and employees with physical disabilities. Brickworks is also committed to increasing the number of indigenous employees in the workforce. The company strives to improve shareholder value by ensuring the best candidate for any position is appointed.

As part of its ongoing obligations to comply with federal requirements, Brickworks reports annually under the Equal Opportunity for Women in the Workplace Act. Brickworks has also lodged its 2014 Workplace Gender Equality report with the Workplace Gender Equality Agency, which is compliant with the Workplace Gender Equality Act 2012 (Act) and can be viewed on our website: www.brickworks.com.au. The EEO policy does not specifically require the Board to establish measurable objectives toward gender diversity, however the Board considers the following objectives to be appropriate:

Board membership: At the point at which a board vacancy arises, the nomination committee will ensure that the male and female candidates with the best skills and experience as required for the vacant position will be assessed for the role. Brickworks is committed to having the best director in the role, having regard to the skills and experience required. On 1 July 2014, Mrs Deborah Page AM was appointed to the board, meaning female non-executive director representation at the date of this report is 17%. Due to the low number and turnover of directors, Brickworks has not set a defined target for female board representation.

Executive group: At the point at which a position on the Executive Group becomes available, the best internal candidates (male and female) will be assessed, along with (where applicable) the best male and female external candidates for the role (noting that Brickworks has a policy of promoting from within where possible). Brickworks' goal is to have increased female executive representation to 25% by the year 2020. As a means of achieving this objective, all management positions should be advertised internally, with the best male and female candidates being assessed for the role. At balance date, female executive representation was 11%

Whole of organisation: Nearly 50% of Brickworks employees are in shop floor manufacturing roles, where it has traditionally been very difficult to attract and retain female employees. Women currently comprise 5% of shop floor roles (an increase from 3% last year), which has achieved the original target for 2015 in this area. As a result, a revised target of 7% female representation in shop floor roles by the year 2015 has been set. In less 'traditional' male areas such as sales and administration, Brickworks currently has a majority of female employees, with 59% representation in these areas, including a number in roles structured to suit flexible working hours, which is consistent with the prior year. Overall, women currently comprise 18% (2013 18%) of Brickworks' total workforce. Brickworks' goal is to increase this representation to 25% by the year 2020.

Each year the Board will report on these objectives and progress towards them as part of the Corporate Governance statement.

Safeguard integrity in financial reporting

Brickworks has an established Audit and Risk Committee, which has its own charter outlining the committee's function, composition, authority, responsibilities and reporting. A summary of the charter is available on the Brickworks website. The composition required under the charter is consistent with the best practice guidelines specified by the ASX.

Current members of the Committee are Mrs Deborah Page (Chair since July 2014), Mr Brendan Crotty and The Hon. Robert Webster (Chair until July 2014). Mr Michael Millner resigned from the Audit and Risk Committee in July 2014. Details of these Directors' qualifications and experience are available in the Directors' Report. The other Board members have a right of attendance, however the Managing Director, along with the Chief Financial Officer, the Company Secretary, and other senior managers may attend by invitation only, to discuss issues on audit and internal control matters.

The committee also requests that representatives from the external auditors attend the Committee meetings to report on the results of their work in the period under review. Representatives from both external and internal auditors have direct access to the Committee if required.

Audit and Risk Committee attendance details are included in the Directors' report.

The function of the Committee is to assist the Board in fulfilling its statutory and fiduciary responsibilities relating to:

- The external reporting of financial information, including the selection and application of accounting policies;
- The independence and effectiveness of the external auditors;
- The effectiveness of internal control processes and management information systems;
- Compliance with the Corporations Act, ASX Listing Rules and any other statutory requirements applicable to Brickworks; and
- The application and adequacy of risk management systems within Brickworks.

Make timely and balanced disclosure

As noted previously, the Company has a written policy dealing with its requirements under the Continuous Disclosure rules contained in ASX listing rule 3.1. Generally, this policy states that all employees have a responsibility to advise senior management of any information about Brickworks or its subsidiaries which could be considered price sensitive for Brickworks shares. Senior management will then consider, in consultation with the Directors, which information will be released to the ASX and what form this release will take. Senior Management are accountable to the Board for compliance with these policies.

Respect the rights of shareholders

Brickworks is committed to keeping its shareholders and other interested parties informed about the Company's activities, and to allow shareholders to effectively exercise those rights. This is achieved in a number of ways, including through information releases to the market via the ASX, through the Brickworks website, through shareholder mailings, and at any general meetings of the Company.

Shareholders are able to make enquiries of the Company via phone, fax, email or post, details of which can be found on the Brickworks website. Time is specifically allocated at general meetings for questions to be put to the Board of Directors.

In addition, the partner or delegate responsible for signing the audit report is expected to be at the annual general meeting of the Company to answer any questions raised in relation to the audit and the auditor's report. Attendees at that meeting are given an opportunity to ask questions of the auditors.

Recognise and manage risk

The Group is committed to the management of risks throughout its operations to protect its employees, shareholders, the environment, our assets, earnings, markets and reputation. Board responsibility for oversight of risk management resides with the Audit and Risk Committee.

A risk management framework has been implemented, consistent with each element of the Australian Risk Management Standard AS/NZS31000:2009. Key Elements of the comprehensive framework covered material Commercial, Business Process, Financial, Human Resources, Information, Property, Environmental, Health and Safety and Insurable Risks.

This risk initiative complements previous actions including the specific risk management policies contained within the Brickworks group policy manual, which are aimed at assisting the Board in the management of risk and legal matters. Certain risk management techniques, including foreign currency and interest rate hedging, may only be undertaken where approved by the full Board of Directors.

It is a requirement of the Board that the Managing Director and Chief Financial Officer sign off to the Board, via the Audit and Risk Committee, on the risk management and internal compliance and control systems implemented by the Board, and that these compliance and control systems are operating efficiently and effectively in all material respects. Deployment of the risk management framework further facilitates the sign off process.

It is a requirement of the Board that the Managing Director and Chief Financial Officer sign off to the Board, via the Audit and Risk Committee, on the content of the financial statements, and that these statements represent a true and fair view of the Company's operations and the financial position of the Company.

Remunerate fairly and responsibly

Brickworks has a Remuneration Committee with a membership of all non-executive Directors. The committee operates under the delegated authority of the Board, and has its own charter, a summary of which is available on the Brickworks website.

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

- Ensuring remuneration policies and practices are consistent with Brickworks' strategic goals and human resources objectives and which enable Brickworks to attract and retain executives and Directors who will create value for shareholders;
- Equitably, consistently and responsibly rewarding executives having regard to the performance of Brickworks, the performance of the executive and the general pay environment; and
- Ensuring executive succession planning is adequate and appropriate.

Remuneration Committee attendance details are included in the Directors' report.

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

The Remuneration Report contains detailed information relating to Director and Senior Executive remuneration, including the policy for determining remuneration, the use of fixed and variable remuneration, and the relationship between executive remuneration and Company performance.

STATEMENT OF PROFIT & LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JULY 2014

	NOTE	CONSOLIDATED 31 JULY 14 $000	31 JULY 13 $000
Revenue	3	670,268	606,509
Cost of sales		(464,793)	(419,075)
Gross profit		205,475	187,434
Other income	3	3,981	7,833
Distribution expenses		(57,387)	(51,050)
Administration expenses		(22,258)	(21,084)
Selling expenses		(60,713)	(59,417)
Borrowing costs expense	4	(18,073)	(18,800)
Other expenses		(18,493)	(27,952)
Share of net profits of associates and joint ventures accounted for using the equity method	25, 26	91,196	65,715
Profit before income tax expense		123,728	82,679
Income tax (expense)/benefit attributable to profit	5	(20,973)	2,486
Profit after income tax expense		**102,755**	**85,165**
Other comprehensive income			
Items that may subsequently be reclassified to net profit			
Foreign currency translation		254	641
Share of increments in reserves attributable to associates and joint ventures		29,406	26,156
Income tax on items of other comprehensive income		(8,794)	(7,462)
Other comprehensive income for the period, net of tax		**20,866**	**19,335**
Total comprehensive income for the period		**123,621**	**104,500**
Net profit attributable to members of the parent entity		102,755	85,165
Total comprehensive income for the period attributable to members of the parent entity		123,621	104,500
Basic earnings per share (cents per share)	8	69.4	57.6
Diluted earnings per share (cents per share)	8	69.4	57.6

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

BRICKWORKS LIMITED
AND CONTROLLED ENTITIES A.B.N. 17 000 028 526
STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2014

		CONSOLIDATED	
	NOTE	31 JULY 14 $000	31 JULY 13 $000
CURRENT ASSETS			
Cash and cash equivalents	9	21,208	19,117
Receivables	10(a)	98,273	88,938
Held for trading financial assets	11	–	29
Inventories	12(a)	176,484	184,606
Land held for resale	13(a)	13,079	5,939
Tax receivable		–	–
Prepayments		8,320	8,611
TOTAL CURRENT ASSETS		317,364	307,240
NON-CURRENT ASSETS			
Inventories	12(b)	8,134	8,233
Land held for resale	13(b)	18,991	18,991
Investments accounted for using the equity method	14	1,423,299	1,339,751
Property, plant and equipment	15	431,842	429,860
Intangible assets	16	268,970	269,028
TOTAL NON-CURRENT ASSETS		2,151,236	2,065,863
TOTAL ASSETS		2,468,600	2,373,103
CURRENT LIABILITIES			
Payables	17	82,011	76,115
Interest-bearing liabilities	18(a)	25,541	38,505
Derivative financial instruments	19(a)	428	395
Income tax provision		97	109
Provisions	20(a)	49,468	51,467
TOTAL CURRENT LIABILITIES		157,545	166,591
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	18(b)	299,999	299,566
Derivative financial instruments	19(b)	2,588	4,038
Provisions	20(b)	12,093	11,788
Deferred taxes	21	199,879	171,221
TOTAL NON-CURRENT LIABILITIES		514,559	486,613
TOTAL LIABILITIES		672,104	653,204
NET ASSETS		1,796,496	1,719,899
EQUITY			
Contributed equity	22	331,420	328,720
Reserves	23	323,558	302,841
Retained profits		1,141,518	1,088,338
TOTAL EQUITY		1,796,496	1,719,899

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

BRICKWORKS LIMITED
AND CONTROLLED ENTITIES A.B.N. 17 000 028 526
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2014

	NOTE	Ordinary Shares $000	Treasury Stock $000	Capital Profits Reserve $000	Equity Adjustments Reserve $000	General Reserve $000	Foreign Currency Reserve $000	Share Based Payments Reserve $000	Associates & JV's Reserve $000	Retained Earnings $000	Total $000
Total equity as at 31 July 2012		332,816	(7,014)	88,102	(9,251)	36,125	(2,409)	3,388	168,471	1,052,380	1,662,608
Net profit for the year		–	–	–	–	–	–	–	–	85,165	85,165
Other comprehensive income for the year		–	–	–	(8,012)	–	641	–	26,706	–	19,335
Total comprehensive income for the year		–	–	–	(8,012)	–	641	–	26,706	85,165	104,500
Transactions with owners in their capacity as owners											
Net Dividends provided or paid during the year	7	–	–	–	–	–	–	–	–	(48,508)	(48,508)
Issue of shares	22(a)	2,525	–	–	–	–	–	–	–	–	2,525
Purchase of shares through employee share plan	22(b)	–	(2,801)	–	–	–	–	–	–	–	(2,801)
Shares vested to employees	22(b)	–	3,194	–	–	–	–	–	–	–	3,194
Share of associates transfer to outside equity interests		–	–	–	–	–	–	–	–	(1,316)	(1,316)
Share of associates transfer from / (to) retained earnings		–	–	–	–	–	–	–	(617)	617	–
Share based payments		–	–	–	–	–	–	(303)	–	–	(303)
		2,525	393	–	–	–	–	(303)	(617)	(49,207)	(47,209)
Total equity as at 31 July 2013		335,341	(6,621)	88,102	(17,263)	36,125	(1,768)	3,085	194,560	1,088,338	1,719,899
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	22(a)	2,863	–	–	–	–	–	–	–	–	2,863
Purchase of shares through employee share plan	22(b)	–	(3,441)	–	–	–	–	–	–	–	(3,441)
Shares vested to employees	22(b)	–	3,278	–	–	–	–	–	–	–	3,278
Share of associates transfer to outside equity interests		–	–	–	–	–	–	–	–	(509)	(509)
Share of associates transfer from / (to) retained earnings		–	–	–	–	–	–	–	(132)	132	–
Share based payments		–	–	–	–	–	–	(17)	–	–	(17)
		2,863	(163)	–	–	–	–	(17)	(132)	(49,575)	(47,024)
Total equity as at 31 July 2014		338,204	(6,784)	88,102	(26,057)	36,125	(1,514)	3,068	223,834	1,141,518	1,796,496

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 JULY 2014

	NOTE	CONSOLIDATED 31 JULY 14 $000	31 JULY 13 $000
Cash flows from operating activities			
Receipts from customers		687,941	618,324
Payments to suppliers and employees		(631,148)	(609,570)
Interest received		252	475
Borrowing costs		(19,427)	(18,373)
Dividends and distributions received		63,804	53,809
Income tax (paid) / refund		(940)	1,358
Net cash flows from operating activities	24(a)	100,482	46,023
Cash flows from investing activities			
Purchases of investments		(204)	(1,649)
Proceeds from the sale or return of investments		11,321	–
Purchases of intangible assets		(114)	
Payment for business net of cash acquired	29(b)	–	(3,955)
Proceeds from sale of property, plant and equipment		6,904	12,216
Purchases of property, plant and equipment		(43,042)	(26,490)
Net cash flows from / (used in) investing activities		(25,135)	(19,878)
Cash flows from financing activities			
Proceeds from borrowings		125,000	137,000
Repayment of borrowings		(138,000)	(98,000)
Net proceeds from issue / (repayment) of shares		–	(275)
Loan (to) / from other entity		440	(440)
Dividends paid		(60,696)	(59,866)
Net cash flows used in financing activities		(73,256)	(21,581)
Net increase in cash held		2,091	4,564
Cash at beginning of year		19,117	14,553
Cash at end of year	9	21,208	19,117

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

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 25 September 2014.

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 10: Consolidated Financial Statements (effective application for Brickworks 1 August 2013);
AASB 11: Joint Arrangements (effective application for Brickworks 1 August 2013);
AASB 12: Disclosures of Interests in Other Entities (effective application for Brickworks 1 August 2013);
AASB 13: Fair Value Measurement (effective application for Brickworks 1 August 2013);
AASB 119: Employee Benefits (effective application for Brickworks 1 August 2013);
AASB 2011-4: Amendments to Australian Accounting Standards to remove Individual Key Management Personnel Disclosure; and
Annual improvements 2009-2011 cycle (IFRS amendment yet to be adopted by AASB) (effective application for Brickworks 1 August 2013).

The Group also early adopted accounting standard AASB 2013-3: Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets.

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 Ltd (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.

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

(d) Revenue (cont.)

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.

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 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 is shown as being equal to basic earnings per share if potential ordinary shares are non-dilutive to existing ordinary shares.

(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.

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

(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.

(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.

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

(n) Financial assets (cont.)

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 marked 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.

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.

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

(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.

(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 national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash flows.

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

(w) Employee benefits (cont.)

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 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.

(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.

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

(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.

(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.

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 entity 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 2014.

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

IFRS 15: Revenue from Contracts with Customers (effective for Brickworks 1 August 2017)

(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 groups financial result and do not have any significant impact on the Group’s balance sheet.

NOTE 2: PARENT ENTITY INFORMATION

	31 JULY 14 $000	31 JULY 13 $000
Information relating to Brickworks Ltd		
Current assets	379	523
Total assets	1,059,148	1,046,327
Current liabilities	29,371	44,967
Total liabilities	541,740	508,124
Issued capital	331,420	328,721
Reserves		
– capital profits	84,479	84,479
– general	11,645	11,645
– share based payments	3,068	3,085
Total reserves	99,192	99,209
Retained earnings	86,796	110,273
Total shareholders' equity	517,408	538,203
Net profit after income tax	37,219	33,714
Total comprehensive income	37,219	33,714

Information regarding guarantees entered into by the parent entity in relation to the debts of its subsidiaries are contained in note 29(d).

NOTE 3: REVENUE

	CONSOLIDATED	
Trading revenue		
Sale of goods	631,980	562,686
Sale of current investments	37	–
Sale of land held for resale	25,930	35,800
	657,947	598,486
Other operating revenue		
Interest received – other corporations	252	475
Dividends received – other corporations	2	1
Rental revenue	1,781	1,587
Other	10,286	5,960
Total operating revenue	670,268	606,509
Other income		
Net gain on sale of property, plant and equipment	3,013	4,543
Net gain on sale of non current investments	40	–
Other items	928	3,290
Total other income	3,981	7,833

NOTE 4: INCOME AND EXPENSES

	NOTE	CONSOLIDATED 31 JULY 14 $000	CONSOLIDATED 31 JULY 13 $000
(a) Specific expense disclosures			
Depreciation and amortisation			
– Buildings		3,733	3,806
– Plant and equipment		21,020	21,391
Total depreciation		24,753	25,197
– Intangible assets		172	459
Total amortisation		172	459
Total depreciation and amortisation expense		24,925	25,656
Borrowing costs			
– Paid to other corporations		19,490	20,325
– Mark to market swap valuation		(1,417)	(1,525)
Total borrowing costs expensed		18,073	18,800
Rental expense on operating leases			
– Minimum lease payments		24,752	24,653
Unrealised loss / (gain) on carrying value of held for trading financial assets		–	17
Employee benefit expense		98,496	86,927
Defined contribution superannuation expense		8,160	7,275
Research and development expenditure		1,814	5,035
Bad and doubtful debts – trade debtors		1,070	927
Write down of inventories to net realisable value		986	2,743

(b) Property related revenues

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

	NOTE	31 JULY 14 $000	31 JULY 13 $000
Profit from sale of land held for resale		17,327	26,562
Development profits from joint ventures		928	–
Fair value adjustment on recognition as investment property		535	8,399
Fair value adjustment of properties		28,949	5,893
Property Trust rental profits		12,976	9,994
Total profits / (loss) from Property Trusts	26	42,460	24,286

	CONSOLIDATED	
	31 JULY 14	31 JULY 13
	$000	$000

NOTE 4: INCOME AND EXPENSES (cont.)

(c) Significant items		
Significant one-off transactions of associate [1]	4,973	(18,483)
Costs relating to Perpetual/Carnegie proposal [2]	(2,841)	(465)
Write down of assets to recoverable value		
– Land held for resale [2]	(2,581)	–
– Property, plant & equipment [2]	–	(8,608)
Costs on closure of manufacturing facilities [2]	(379)	(3,130)
Costs on start up of manufacturing facilities [3]	–	(593)
(Costs)/benefit related to JV and business acquisition [4]	–	729
Other significant items [2]	(578)	(3,010)
Significant items before income tax	(1,406)	(33,560)
Income tax benefit arising from WHSP carrying value [5]	958	13,253
Income tax benefit / (expense) on significant items [5]	1,914	5,424
	1,466	(14,883)

[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	6,571	669
Deferred Tax	15,645	(2,588)
Under / (over) provided in prior years	(1,243)	(567)
	20,973	(2,486)
(b) Reconciliation of income tax expense to prima facie tax payable		
Prima facie tax payable on profit / (loss) before income tax at 30%	37,119	24,804
Adjust for tax effect of:		
difference in foreign tax rates	(42)	–
rebateable dividends	(14,418)	(13,805)
capital losses recognised during year	(34)	–
deferred tax items (recognised)/derecognised	–	1,076
share of net profits of associates	(1,346)	(11,756)
other non-allowable items	937	(2,238)
overprovision for income tax in prior year	(1,243)	(567)
Income tax expense/(benefit) attributable to profit/(loss)	20,973	(2,486)
(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	8,822	7,462
Deferred tax – debited / (credited) directly to equity	8,822	7,462
	8,822	7,462

	CONSOLIDATED	
	31 JULY 14	31 JULY 13
	$000	$000
NOTE 6: AUDITORS' REMUNERATION		
Audit of the financial report	464	493
Other regulatory audits	8	8
Taxation services	68	105
Other assurance services	80	65
	620	671

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.

NOTE 7: DIVIDENDS

	31 JULY 14 $000	31 JULY 13 $000
Final ordinary dividend (prior year) of 27.0 cents per share paid 28/11/13 (2012 – 27.0c paid 29/11/12)	39,971	39,911
Interim ordinary dividend of 14.0 cents per share paid 06/05/14 (2013 – 13.5c paid 07/05/13)	20,725	19,955
Group's share of dividend received by associated company	(11,498)	(11,358)
	49,198	48,508
Proposed final ordinary dividend of 28 cents per share not recognised as a liability at year end (2013 – 27.0c)	41,451	39,911

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

	31 JULY 14 $000	31 JULY 13 $000
Balance of franking account at year end adjusted for franking credits arising from payment of income tax payable and dividends recognised as receivables	138,678	144,093
Impact on franking account balance of dividends not recognised	(17,765)	(17,105)

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

	31 JULY 14 $000	31 JULY 13 $000
(a) Reconciliation of earnings		
Net profit attributed to members of the parent entity	102,755	85,165
Earnings used in the calculation of basic EPS	102,755	85,165
Earnings used in the calculation of diluted EPS	102,755	85,165
	No.	**No.**
(b) Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	148,003,900	147,774,156
Weighted average number of ordinary shares outstanding during the year used in calculation of diluted EPS	148,003,900	147,774,156
	cents	**cents**
Basic earnings per share	69.4	57.6
Diluted earnings per share	69.4	57.6

	CONSOLIDATED	
	31 JULY 14	**31 JULY 13**
	$000	**$000**

NOTE 9: CASH & CASH EQUIVALENTS

Cash on hand	20,981	18,629
Deposits at call	227	488
	21,208	19,117

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.

NOTE 10: RECEIVABLES

(a) Current		
Trade receivables	94,080	80,230
Less: provision for doubtful debts	(1,643)	(958)
Net trade receivables	92,437	79,272
Add: other debtors	5,836	9,666
	98,273	88,938
(b) Movement in provision for doubtful debts		
Balance at the beginning of the year	958	668
Additional provisions recognised	1,487	1,204
Trade debts written off	(385)	(637)
Reversals of provisions not required	(417)	(277)
Balance at the end of the year	1,643	958
(c) Receivables past due		
Receivables past due but not impaired		
Past due 0 – 30 days	2,843	3,219
Past due 30+ days	1,661	1,650
	4,504	4,869

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: HELD FOR TRADING FINANCIAL ASSETS

Share trading portfolio at fair value	–	29

The share trading portfolio represents ordinary shares listed on the ASX, and hence have no maturity date.

	Note	CONSOLIDATED 31 JULY 14 $000	CONSOLIDATED 31 JULY 13 $000

NOTE 12: INVENTORIES

		31 JULY 14 $000	31 JULY 13 $000
(a) Current			
Raw materials and stores at cost		30,672	31,803
Work in progress at cost		17,357	13,773
Finished goods at cost		127,888	138,531
		175,917	184,107
Finished goods at net realisable value		567	499
		176,484	184,606
(b) Non-Current			
Raw materials and stores at cost		8,134	8,233

NOTE 13: LAND HELD FOR RESALE

		31 JULY 14 $000	31 JULY 13 $000
(a) Current		13,079	5,939
(b) Non-Current		18,991	18,991

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 27.

Immediately upon reclassification of some land during the year to held for resale a write down of the carrying amount by $2.6m was recognised to reflect the lower of cost and fair value less costs to sell being $6.3m. The fair value of this land is calculated using comparable sales data for blocks of land in the same geographical region. These are categorised as level 2 in the fair value hierarchy.

NOTE 14: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Note	31 JULY 14 $000	31 JULY 13 $000
Investment in associated entities – listed	25	1,157,013	1,115,834
Investment in jointly controlled entities	26	266,286	223,917
		1,423,299	1,339,751

NOTE 15: PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED 31 JULY 14 $000	CONSOLIDATED 31 JULY 13 $000
Land		
Freehold land at cost	156,903	165,398
Leasehold land at cost	235	235
	157,138	165,633
Buildings		
At cost	143,617	145,022
Accum depreciation and impairment writedowns	(46,414)	(43,176)
	97,203	101,846
Plant and equipment		
At cost	420,423	402,049
Accum depreciation and impairment writedowns	(275,324)	(256,011)
	145,099	146,038
Add: capital works in progress	32,402	16,343
Total plant and equipment	177,501	162,381
	431,842	429,860

(a) Impairment write-downs

During the period impairment losses totalling $3.7 million (2013 $8.6 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 27).

Significant impairment loss was recognised on the Port Kembla (NSW) following the closure of this site as part of manufacturing consolidation for the Masonry business.

The recoverable value of non-current assets has been assessed after considering the economic benefits to be derived over the remaining useful life, under a value in use assumption. The discount rates used in the estimate of value in use are consistent with those rates used for goodwill impairment testing as disclosed in note 16(b).

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

	31 JULY 14 $000	31 JULY 13 $000
Buildings		
Assets subject to write-downs	–	–
Assets not subject to write-downs	97,203	101,846
	97,203	101,846
Plant and equipment		
Assets subject to write-downs	–	–
Assets not subject to write-downs	177,501	162,381
	177,501	162,381

The carrying amount of temporarily idle buildings, plant and equipment at 31 July 2014 was Nil (2013 Nil).

NOTE 15: 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 2012				
Cost	174,840	161,169	420,810	756,819
Accumulated depreciation	–	(52,754)	(253,864)	(306,618)
Balance at 1 August 2012	174,840	108,415	166,946	450,201
Year ended 31 July 2013				
Additions	167	4,005	20,221	24,393
Assets acquired by purchase of subsidiary	–	–	5,150	5,150
Assets transferred to land held for resale	(5,690)	(4,196)	–	(9,886)
Disposals	(3,684)	(1,428)	(1,073)	(6,185)
Impairment losses	–	(1,144)	(7,472)	(8,616)
Depreciation expense	–	(3,806)	(21,391)	(25,197)
Balance at 31 July 2013	165,633	101,846	162,381	429,860
Year ended 31 July 2014				
Additions	719	1,502	40,424	42,645
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	157,138	97,203	177,501	431,842

NOTE 16: INTANGIBLE ASSETS

	CONSOLIDATED 31 JULY 14 $000	**31 JULY 13 $000**
Goodwill		
At cost	284,574	284,574
Less: impairment write-downs	(31,913)	(31,913)
	252,661	252,661
Timber access rights		
At cost	8,655	8,541
Less: accumulated amortisation	(1,865)	(1,717)
	6,790	6,824
Brand names		
At cost	14,300	14,300
Less: accumulated amortisation	(5,300)	(5,300)
	9,000	9,000
Other intangibles		
At cost	646	646
Less: accumulated amortisation	(127)	(103)
	519	543
	268,970	269,028

NOTE 16: INTANGIBLE ASSETS (cont.)

(a) Intangible assets with indefinite useful lives

Timber access rights with a carrying value of $6.2 million (2013 $6.2 million) have been assessed as having an indefinite useful life. The main reason for this assessment is that although licences are subject to periodic renewal, the cost of the licence renewal is not significant compared to the future economic benefits obtainable under the licence, there is a history of renewals which are arranged by management as part of the normal operations of the business, there is a realistic expectation that all conditions for renewal will be successfully achieved, and if the licence was not renewed or substantially varied, the issuing authority would be liable to pay compensation to the Group.

The remaining timber access rights with an initial cost of $2.3 million (2013 $2.3 million) are amortised over the life of the supply agreement, which expires in 2017.

The timber access rights have been allocated to the timber products Cash Generating Unit (CGU), which forms part of the building products segment.

Brand names with a carrying value of $9.0 million (2013 $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 Vic Bricks CGU, 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 16(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 foreseeable movement in the WACC or LTGR would result in an impairment to these assets.

(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 2014 the following CGUs have significant allocations of goodwill: Austral Bricks NSW $67.5 million, Austral Bricks WA $47.3 million, Austral Bricks Vic $75.2 million, Bristile Roofing East Coast $25.9 million and 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.

The remainder of goodwill within the business ($18.0 million) is allocated across multiple CGU's, with no other individual CGU having an allocation that is significant compared to the total value of goodwill carried in the business. The carrying value of goodwill assessed in all these divisions is based on value in use, unless there is evidence to support a higher fair value less cost to sell.

(ii) Impairment Charges

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).

There were no impairment charges made to goodwill or other intangible assets during the year ended 31 July 2014 (2013 Nil).

(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 to sell.

The valuations used to support the carrying amounts of intangible assets (above) and property, plant and equipment (note 15) 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 Company has based its projections when determining the recoverable value of each CGU, are set out below.

VIU calculations use pre-tax 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, and adopted a more conservative opinion overall than these independent forecasts
- 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 average 10 year historical growth rates for the 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 2.12% (2013: 2.15%), Austral Bricks WA 3.00% (2013: 3.50%), Austral Bricks Vic 2.73% (2013: 2.88%), Bristile Roofing East Coast 2.62% (2013: 2.84%) and Austral Masonry 2.62% (2013: 2.84%)
- Management uses an independent external advisor to calculate the appropriate discount rate, based on the pre tax WACC. For 2014, the discount rate was 12.48% (2013: 14.65%) and is applied consistently across all CGU's.

NOTE 16: INTANGIBLE ASSETS (cont.)

(b) Impairment of Goodwill (cont.)

(iv) Sensitivity to changes in assumptions

A number of 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 changes in assumptions which are 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. The CGU's referred to above are Austral Bricks (Vic), Austral Bricks (WA), Austral Masonry, Austral Precast, Bristile Roofing (East Coast) and Auswest Timbers.

There are no other CGU's where a reasonably foreseeable change in assumptions would result in a material impairment to the carrying value of goodwill or other indefinite useful life intangibles.

(c) Reconciliations

Consolidated	**Goodwill**	**Timber Access Rights**	**Brand Names**	**Other Intangibles**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**
At 1 August 2012					
Cost	284,574	8,541	14,300	646	308,061
Accumulated amortisation / impairment	(31,627)	(1,570)	(5,300)	(77)	(38,574)
Balance at 1 August 2012	252,947	6,971	9,000	569	269,487
Year ended 31 July 2013					
Amortisation / impairment charge	(286)	(147)	–	(26)	(459)
Balance at 31 July 2013	252,661	6,824	9,000	543	269,028
Year ended 31 July 2014					
Additions	–	114	–	–	114
Amortisation / disposal	–	(148)	–	(24)	(172)
Balance at 31 July 2014	252,661	6,790	9,000	519	268,970

NOTE 17: PAYABLES

	CONSOLIDATED 31 JULY 14 $000	**CONSOLIDATED 31 JULY 13 $000**
Current		
Trade payables and accruals	82,011	76,115

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

	NOTE	CONSOLIDATED 31 JULY 14 $000	31 JULY 13 $000

NOTE 18: INTEREST BEARING LIABILITIES

	NOTE	31 JULY 14 $000	31 JULY 13 $000
(a) Current			
Commercial bills	28	26,000	39,000
Unamortised transaction costs		(459)	(495)
		25,541	38,505
(b) Non-current			
Commercial bills	28	300,000	300,000
Unamortised transaction costs		(1)	(434)
		299,999	299,566

(c) Commercial bills

Commercial bills are drawn under either a 364 day facility expiring in August 2014 or a 4 year facility, expiring in August 2015. More information on the Group's borrowing facilities can be found in note 28.

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

The fair value of commercial bills is approximately $314.9 million (2013 $312.1 million), and are calculated using discounted cash flows and market observable inputs, including projected forward interest rates that match the term of the borrowings. These are categorised as "Level 2" in the fair value hierarchy.

A portion of the borrowings are hedged using a fixed interest rate swap contract, details of which can be found in notes 19 and 28.

NOTE 19: DERIVATIVE FINANCIAL INSTRUMENTS

	NOTE	31 JULY 14 $000	31 JULY 13 $000
(a) Current liability			
Interest rate swap contract	28	428	395
(b) Non-Current liability			
Interest rate swap contract	28	2,588	4,038

The interest rate swap is being used to hedge the exposure to changes in the interest rate payable on its commercial bills (refer note 18). The hedges in place at 31 July 2014 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.

NOTE 20: PROVISIONS

	NOTE	31 JULY 14 $000	31 JULY 13 $000
(a) Current			
Employee benefits		34,124	33,565
Remediation		150	1,399
Infrastructure costs		5,064	1,265
Workers compensation		5,056	5,196
Contractual payments		875	6,132
Other		4,199	3,910
		49,468	51,467
(b) Non-current			
Employee benefits		2,153	2,909
Remediation		9,940	8,879
		12,093	11,788

NOTE 20: PROVISIONS (cont.)

(c) Reconciliations

Consolidated	Remediation $000	Infrastructure Costs $000	Workers Compensation $000	Contractual Payments $000	Other $000
Year ended 31 July 2014					
Balance at the beginning of the year	10,278	1,265	5,196	6,132	3,910
Additional provisions recognised	296	5,448	5,713	–	754
Amounts used	(484)	(1,649)	(3,860)	–	(353)
Reversals of provisions	–	–	(1,993)	(5,257)	(112)
Balance at the end of the year	10,090	5,064	5,056	875	4,199
Current	150	5,064	5,056	875	4,199
Non-current	9,940	–	–	–	–
	10,090	5,064	5,056	875	4,199

(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 dependant 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.

NOTE 21: NET DEFERRED TAXES

	CONSOLIDATED		CONSOLIDATED	
	31 JULY 14 $000	31 JULY 13 $000	31 JULY 14 $000	31 JULY 13 $000
	Statement of Financial Position		Movement through Profit or Loss	
Deferred taxes relate to the following:				
Equity accounted associates	212,450	184,972	16,829	2,367
Property, plant and equipment	13,679	15,017	(429)	1,689
Provisions	(17,563)	(18,085)	528	(2,989)
Tax losses and rebates	(8,759)	(13,132)	–	(3,246)
Intangibles	1,973	1,985	(12)	4
Other sundry items	(1,901)	464	(1,271)	(405)
Net deferred taxes	199,879	171,221	15,645	(2,588)

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

NOTE 22: CONTRIBUTED EQUITY

	CONSOLIDATED 31 JULY 14 $000	CONSOLIDATED 31 JULY 13 $000
Fully paid ordinary shares	338,204	335,341
Treasury stock	(6,784)	(6,621)
	331,420	328,720

	2014 No. of Shares	2014 Value $000	2013 No. of Shares	2013 Value $000
(a) Ordinary shares				
Opening balance	147,818,132	335,341	147,567,333	332,816
Shares issued during the year	220,864	2,871	250,799	2,525
Costs associated with shares issued	–	(8)	–	–
Balance at end of year	148,038,996	338,204	147,818,132	335,341

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.

	2014 No. of Shares	2014 Value $000	2013 No. of Shares	2013 Value $000
(b) Treasury stock				
Opening balance	613,891	(6,621)	615,631	(7,014)
add: bonus shares purchased by share plan	264,710	(3,441)	278,107	(2,801)
less: bonus shares vested during period	(290,530)	3,278	(279,847)	3,194
Balance at end of period	588,071	(6,784)	613,891	(6,621)

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 32 of these financial statements.

NOTE 23: RESERVES

	CONSOLIDATED 31 JULY 14 $000	CONSOLIDATED 31 JULY 13 $000
(a) Composition of reserves		
– capital profits	88,102	88,102
– equity adjustment	(26,057)	(17,263)
– general	36,125	36,125
– foreign currency translation	(1,514)	(1,768)
– share based payments	3,068	3,085
– associates & JV's	223,834	194,560
	323,558	302,841

NOTE 23: 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	CONSOLIDATED 31 JULY 14 $000	CONSOLIDATED 31 JULY 13 $000
NOTE 24: CASH FLOW INFORMATION			
(a) Reconciliation of net profit after tax to cash flow from operations			
Net profit after tax		102,755	85,165
Non-cash flows in net profit			
Amortisation and impairment of intangible assets		172	459
Amortisation of borrowing costs		469	497
Depreciation of non-current assets		24,753	25,197
Mark to market interest rate swaps		(1,417)	(1,525)
Discount on acquisition		–	(3,245)
Write down of property, plant & equipment to recoverable value		28	7,373
Write down of land held for resale to recoverable value		2,581	–
(Profits) / losses on disposal of property, plant & equipment		(3,013)	(4,543)
(Profits) / losses on sale of investments		(40)	–
Non cash profit on sale of land held for resale		(17,327)	(34,443)
Share of profits of associates not received as dividends		(29,627)	(11,908)
Changes in assets and liabilities net of the effects of acquisitions of businesses			
(Increase) / decrease in trade and sundry debtors		(11,219)	(6,841)
(Increase) / decrease in inventories		8,713	(21,224)
(Increase) / decrease in land held for resale		(840)	–
(Increase) / decrease in prepayments		291	(1,167)
(Increase) / decrease in share trading portfolio		(4)	(17)
(Increase) / decrease in treasury stock		2,699	3,194
Increase / (decrease) in creditors and accruals		3,562	9,046
Increase / (decrease) in taxes payable		(970)	1,479
Increase / (decrease) in other current provisions		(2,391)	(139)
Increase / (decrease) in other non-current provisions		305	1,271
Increase / (decrease) in deferred tax liabilities		21,002	(2,606)
Net cash flows from / (used in) operating activities		100,482	46,023

(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:

	NOTE	31 JULY 14 $000	31 JULY 13 $000
Cash & cash equivalents	9	21,208	19,117

NOTE 25: ASSOCIATED COMPANIES

Information relating to significant associates:

Name	Ownership interest 2014 %	Ownership interest 2013 %	Carrying value 2014 $000	Carrying value 2013 $000	Profit contribution 2014 $000	Profit contribution 2013 $000
Washington H Soul Pattinson & Co Ltd	42.72	42.72	1,157,013	1,115,834	49,355	41,026
Market value of shares at balance date			1,529,777	1,375,368		

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 2014 WHSP owned 44.34% (2013 44.41%) of issued ordinary shares of Brickworks Ltd. WHSP is incorporated in Australia.

	CONSOLIDATED 31 JULY 14 $000	CONSOLIDATED 31 JULY 13 $000
(a) Summary of associates financial information, adjusted to reflect adjustments made in using the equity method		
Current assets	1,542,546	1,714,194
Non-current assets	2,445,419	2,134,559
Current liabilities	(156,644)	(195,754)
Non-current liabilities	(326,216)	(227,129)
Outside equity interest (OEI)	(796,741)	(813,898)
Equity excluding interests (OEI)	2,708,364	2,611,972
Brickworks' share	1,157,013	1,115,834
Revenue	658,116	791,315
Profit after income tax from continuing operations	155,588	105,421
Other comprehensive income	44,956	58,416
Total comprehensive income	200,544	163,837
Dividends received	48,061	46,016
(b) Associates' expenditure commitments		
Capital commitments	–*	82,983
Lease commitments	–*	71,269

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

* Note: Associated company (WHSP) figures for 2014 were not publicly available at the time of preparation of this report.

(c) Contingent liabilities of associates		
Contingent liabilities incurred jointly with other investors	–*	29,245

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

* Note: Associated company (WHSP) figures for 2014 were not publicly available at the time of preparation of this report.

NOTE 26: JOINTLY CONTROLLED ENTITIES

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

Name	Ownership interest 2014 %	Ownership interest 2013 %	Carrying value 2014 $000	Carrying value 2013 $000	Profit contribution 2014 $000	Profit contribution 2013 $000
BGAI CDC Trust	50.00	50.00	44,353	36,013	11,556	3,640
BGAI Erskine Trust	50.00	50.00	66,579	60,511	13,179	6,432
BGAI TTP Trust	N/A	50.00	–	10,895	197	827
BGAI Capicure Trust	50.00	50.00	6,704	6,555	942	779
BGAI Heritage Trust	50.00	50.00	21,114	19,424	2,899	2,008
BGAI Oakdale Trust	50.00	50.00	50,319	39,647	7,261	1,734
BGAI Wacol Trust	50.00	50.00	5,745	5,962	471	469
BGAI Oakdale South Trust	50.00	50.00	37,958	40,380	–	–
BMGW Rochedale Trust	50.00	N/A	26,056	–	–	–
Other jointly controlled entities			7,458	4,530	1,881	401
Fair value adjustments					5,955	8,399
			266,286	223,917	44,341	24,689

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 $28.9 million (2013 $5.9 million). Refer note 4(b) for more detail on these profits.

During the period the Group sold its investment in the BGAI TTP Trust for net proceeds of $11,288,802.

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

	2014 $000	2013 $000
(a) Summary of JV's financial information, adjusted to reflect adjustments made in using the equity method		
Cash and cash equivalents	5,254	18,992
Current assets	24,536	41,526
Non-current assets	914,499	784,493
Current financial liabilities	(38,480)	(21,690)
Current liabilities	(49,034)	(114,640)
Non-current financial liabilities	(357,332)	(263,545)
Non-current liabilities	(357,428)	(263,545)
Net assets	532,573	447,834
Brickworks' share	266,286	223,917
Revenues	87,068	57,189
Depreciation and Amortisation	181,090	46,016
Interest income	139	229
Interest expense	24,283	23,281
Income tax expense	–	–
Profit after income tax from continuing operations	76,770	16,290
Other comprehensive income	(233)	1,834
Total comprehensive income	76,537	18,124
Dividends received	15,741	7,791

NOTE 26: JOINTLY CONTROLLED ENTITIES (cont.)

Information relating to significant jointly controlled entities (JV's):

	2014 $000	2013 $000
(b) JV's expenditure commitments		
Capital commitments	507	31,012
Lease commitments	–	–

The entity has no legal liability for any contingent liabilities incurred by JV's.

	2014 $000	2013 $000
(c) Contingent liabilities of JV's		
Share of contingent liabilities incurred jointly with other investors	–	–

The entity has no legal liability for any contingent liabilities incurred by JV's.

NOTE 27: SEGMENT INFORMATION

	Building Products		Property		Investments		Consolidated	
	31 JULY 14 $000	31 JULY 13 $000	31 JULY 14 $000	31 JULY 13 $000	31 JULY 14 $000	31 JULY 13 $000	31 JULY 14 $000	31 JULY 13 $000
REVENUE								
Segment revenue from sales to external customers	636,895	568,654	33,082	37,379	291	476	670,268	606,509
RESULT								
Segment EBITDA	70,006	58,458	62,427	49,619	44,644	60,002	177,077	168,079
Less depreciation and amortisation	(24,925)	(25,656)	–	–	–	–	(24,925)	(25,656)
Segment EBIT (before significant items)	**45,081**	**32,802**	**62,427**	**49,619**	**44,644**	**60,002**	**152,152**	**142,423**
(Less) / add significant items	(938)	(15,077)	(2,581)	–	4,973	(18,483)	1,454	(33,560)
Segment result	**44,143**	**17,725**	**59,846**	**49,619**	**49,617**	**41,519**	**153,606**	**108,863**
Unallocated expenses								
Finance costs							(18,073)	(18,800)
Significant items							(2,860)	–
Other unallocated expenses							(8,945)	(7,384)
Profit before income tax							123,728	82,679
Income tax benefit / (expense)							(20,973)	2,486
Profit after income tax							102,755	85,165
ASSETS								
Segment assets	1,020,013	1,012,379	291,174	244,318	1,157,413	1,116,406	2,468,600	2,373,103
Unallocated assets							–	–
Total assets							2,468,600	2,373,103
LIABILITIES								
Segment liabilities	132,115	126,618	7,510	8,619	182,071	174,513	321,696	309,750
Unallocated liabilities								
Borrowings							325,540	338,071
Other							24,868	5,383
Total unallocated liabilities							350,408	343,454
Total liabilities							672,104	653,204

NOTE 27: SEGMENT INFORMATION (cont.)

	Building Products		Property		Investments		Consolidated	
	31 JULY 14	31 JULY 13	31 JULY 14	31 JULY 13	31 JULY 14	31 JULY 13	31 JULY 14	31 JULY 13
	$000	$000	$000	$000	$000	$000	$000	$000
OTHER								
Aggregate share of the profit of investments accounted for using the equity method	1,879	401	42,462	24,288	49,355	41,026	93,696	65,715
Aggregate carrying amount of investments accounted for using the equity method	7,458	4,530	258,828	219,387	1,157,013	1,115,834	1,423,299	1,339,751
Acquisition of non-current segment assets	43,043	28,957	204	3,137	–	–	43,247	32,094
Non-cash expenses other than depreciation & amortisation	30,862	47,800	–	–	–	–	30,862	47,800

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.

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

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 2014 was $11.6 million (2013 $12.1 million). The carrying value of non-current assets held outside of Australia at 31 July 2014 was $6.9 million (2013 $4.5 million).

NOTE 28: 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 18) less cash and cash equivalents (note 9), and total equity of the parent entity includes issued capital (note 22), reserves (note 23) and retained earnings.

The Group's strategy during the year was to maintain the net debt to capital employed (at the consolidated level) below a target limit of 45% which is consistent with prior years.

	CONSOLIDATED	
	31 JULY 14	31 JULY 13
	$000	$000
Net debt to capital employed		
Net debt	304,792	319,883
Total equity	1,796,496	1,719,899
Net debt to capital employed	14.5%	15.7%

The Group is not subject to any 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.

(d) Financial assets and liabilities by category

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

Financial assets and liabilities by category			
Financial Assets			
Cash and cash equivalents	9	21,208	19,117
Loans and receivables – current	10(a)	98,273	88,938
Total Loans and receivables		98,273	88,938
Held for trading assets at fair value through profit and loss	11	–	29
Total financial assets		119,481	108,084
Financial Liabilities			
Other financial liabilities			
Payables – current	17	82,011	76,115
Interest bearing liabilities – current	18(a)	26,000	39,000
Derivative financial instruments – current	19(a)	428	395
Interest bearing liabilities – non-current	18(b)	300,000	300,000
Derivative financial instruments – non-current	19(b)	2,588	4,038
Total other financial liabilities		411,027	419,548
Total financial liabilities		411,027	419,548

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.

NOTE 28: FINANCIAL INSTRUMENTS (cont.)

(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:

	NOTE	CONSOLIDATED 31 JULY 14 $000	31 JULY 13 $000
Unused credit facilities			
Credit facilities		400,000	400,000
Amount utilised		326,000	339,000
Unused credit facility		74,000	61,000

The Group has a $300.0 million (2013 $300 million) unsecured variable interest rate facility (fully drawn) in place with a syndicate of Australian and overseas banks. The facility is in a single tranche which expires in August 2015.

In addition, the Group has a $100 million 364 day working capital facility with an Australian Bank, which was drawn to $26.0 million at balance date (2013 $39.0 million). Subsequent to balance date this facility was extended for a further 12 months to August 2015.

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:

	NOTE	31 JULY 14 $000	31 JULY 13 $000
Liquidity risk maturity analysis			
1 year or less			
Trade and other payables	17	82,011	46,115
Commercial bills		26,712	40,108
Derivatives	19(a)	428	395
Total 1 year or less		109,151	116,618
1 to 5 years			
Commercial bills		341,100	342,600
Derivatives	19(b)	2,588	4,038
Total 1 to 5 years		343,688	346,638

(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.

NOTE 28: FINANCIAL INSTRUMENTS (cont.)

(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 28 (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.

At balance date, Brickworks had $151.0 million of bank borrowings unhedged (2013 $214.0 million).

The Brickworks Group variable interest rate facility currently drawn to $300.0 million (2013 $300.0 million) is a floating rate facility determined with reference to the BBSY bid rate at each bill maturity date. The effective weighted interest rate current on the bills borrowed under this facility at balance date is 5.50% (2013 5.66%).

At 31 July 2014, 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 $1.34 million higher or lower respectively (2013 $1.45 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 4.64%, 2013 5.41%). 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 $175.0 million over the next three years (2013 $125.0 million over three years) as detailed below:

Settlement	2014 Avg %	2013 Avg %	2014 $000	2013 $000
Less than 1 year	6.24	4.30	50,000	50,000
1 to 3 years	5.96	6.10	25,000	75,000
3 to 5 years	3.52	–	100,000	–
Total notional principal at balance date			175,000	125,000

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 2.35% (2013 2.31%)..

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 2014.

NOTE 29: 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 2014 %	Group's Interest 2013 %
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	N/A
AP Installations (Qld) Pty Ltd	21 165 402 611	100.0	N/A
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
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 Precast (NSW) Pty Ltd	81 125 934 938	100.0	100.0
Austral Panels Pty Ltd	61 144 804 544	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
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

NOTE 29: CONTROLLED ENTITIES AND BUSINESS ACQUISITIONS (cont.)

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

Controlled entities incorporated in Australia	ABN	Group's Interest 2014 %	Group's Interest 2013 %
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

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

All acquisitions disclosed in the prior period which had been provisionally accounted for at 31 July 2013 were finalised during the current year with no change to the acquisition values.

(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 29 (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.

	CLOSED GROUP 31 JULY 14 $000	CLOSED GROUP 31 JULY 13 $000
CONSOLIDATED INCOME STATEMENT		
Profit before income tax expense	83,115	85,740
Income tax (benefit) / expense	8,620	(2,534)
Profit after income tax expense	74,495	88,274
RETAINED PROFITS		
Retained profits at the beginning of the year	1,065,771	1,027,322
Profit after income tax expense	74,495	88,274
Dividends paid	(49,198)	(48,508)
Share of associate's transfer to outside equity interests	(511)	(1,317)
Retained profits at the end of the year	1,090,557	1,065,771

NOTE 29: CONTROLLED ENTITIES AND BUSINESS ACQUISITIONS (cont.)

(d) Closed group (cont.)

	CLOSED GROUP	
	31 JULY 14	**31 JULY 13**
	$000	**$000**
CONSOLIDATED BALANCE SHEET		
CURRENT ASSETS		
Cash assets	21,208	19,117
Receivables	96,290	85,371
Held for trading financial assets	–	29
Inventories	169,191	177,926
Land held for resale	13,079	5,939
Prepayments	7,848	8,049
TOTAL CURRENT ASSETS	307,616	296,431
NON-CURRENT ASSETS		
Receivables	159,365	157,593
Other financial assets	10,000	10,000
Inventories	8,134	8,233
Land held for resale	18,991	18,991
Investments accounted for using the equity method	1,164,469	1,120,364
Property, plant and equipment	424,977	423,193
Intangibles	268,970	269,028
TOTAL NON-CURRENT ASSETS	2,054,906	2,007,402
TOTAL ASSETS	2,362,522	2,303,833
CURRENT LIABILITIES		
Payables	79,957	71,513
Interest-bearing liabilities	25,969	38,900
Income tax provision	6,735	(137)
Provisions	49,311	38,878
TOTAL CURRENT LIABILITIES	161,972	149,154
NON-CURRENT LIABILITIES		
Payables	(34,053)	(37,813)
Interest-bearing liabilities	302,587	303,604
Provisions	12,093	24,244
Deferred tax liabilities	170,777	163,603
TOTAL NON-CURRENT LIABILITIES	451,404	453,638
TOTAL LIABILITIES	613,376	602,792
NET ASSETS	1,749,146	1,701,041
EQUITY		
Contributed equity	331,420	328,721
Reserves	327,168	306,549
Retained profits	1,090,558	1,065,771
TOTAL EQUITY	1,749,146	1,701,041

	CONSOLIDATED	
	31 JULY 14 $000	31 JULY 13 $000

NOTE 30: CONTINGENT LIABILITIES

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

	31 JULY 14 $000	31 JULY 13 $000
Bank guarantees issued in the ordinary course of business	27,901	22,223

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 31: CAPITAL AND LEASING EXPENDITURE COMMITMENTS

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

	31 JULY 14 $000	31 JULY 13 $000
Payable not later than one year	14,286	15,554

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

	31 JULY 14 $000	31 JULY 13 $000
Non-cancellable operating leases contracted for but not capitalised in the financial statements	117,702	115,392
Payable		
– not later than one year	26,017	21,836
– later than one year but not later than five years	70,435	52,194
– later than five years	21,250	41,362
	117,702	115,392

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. Some of the operating leases contain contingent rental provisions that state the minimum lease payments shall be increased by the higher of CPI or a given percentage per annum. The highest such percentage increase is 5%.

NOTE 32: EMPLOYEE SHARE PLANS

(a) Salary sacrifice arrangements

Brickworks Ltd has an employee share ownership plan, which allows all employees who have achieved 3 months service with the Group to purchase Brickworks Ltd 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 2014, the Brickworks Employee Share Plans had 654 members taking part who owned a combined 1,296,803 shares or 0.88% of issued ordinary capital (2013 714 members, 1,320,543 shares, 0.89%). 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.

Unvested	Opening Balance	Granted	Vested	Forfeited / Withdrawn	Closing Balance
Granted Sept 09	47,456	–	(44,440)	(3,016)	–
Granted Sept 10	141,832	–	(66,702)	(7,767)	67,363
Granted Sept 11	152,794	–	(48,059)	(7,854)	96,881
Granted Sept 12	226,717	–	(53,093)	(13,209)	160,415
Granted Sept 13	–	311,036	(59,734)	(11,312)	239,990
Total Unvested	568,799	311,036	(272,028)	(43,158)	564,649
Vested	612,430	–	272,028	(271,659)	612,799
Total	1,181,229	311,036	–	(314,817)	1,177,448

NOTE 32: EMPLOYEE SHARE PLANS (cont.)

(b) Equity-based compensation plans (cont.)

The amount recognised in the statement of comprehensive income in relation to equity based compensation arrangements for the year ended 31 July 2014 was $3,261,361 (2013 $2,890,959).

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 2014 was $9,251,156 (2013 $8,103,142), based on the closing share price at 31 July 2014 ($14.30 per share) (2013 $12.20 per share). The fair value of shares granted during the period was $3,941,553 (2013 $3,098,118), 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 33: 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 $636.0 million.

Property transactions with various trusts (listed in note 26) which are jointly owned by the Brickworks Group and Goodman Australia Industrial Fund, an unlisted property trust. The sale of land held for resale by the Brickworks Group to these trusts resulted in revenue of $25.9 million and profit of $14.8 million. 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 $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 34: EVENTS OCCURING AFTER BALANCE DATE

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

DIRECTOR'S 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 27 to 64, 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 2014 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 29(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 2014.

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

Dated 25 September 2014

R.D. MILLNER
Director

L.R. PARTRIDGE AM
Director

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Sydney NSW 2000 Australia
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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 2014, 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.

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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 2014 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 2014. 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 2014, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

R Robinson

Renay Robinson
Partner
Sydney
25 September 2014

STATEMENT OF SHAREHOLDERS

ORDINARY SHARES AT 31 AUGUST 2014

Number of holders	8,469
Voting entitlement is one vote per fully paid ordinary share	
% of total holdings by or on behalf of twenty largest shareholders	80.82%

Distribution of shareholdings:

1 – 1,000	4,125
1,001 – 5,000	3,380
5,001 – 10,000	483
10,000 – 100,000	439
100,001 and over	42
	8,469

Holdings of less than marketable parcel of 41 shares	627

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
Carnegie Group	18,703,079
Perpetual Ltd and subsidiaries	17,710,519
Permanent Trustee Company Ltd	7,111,550

20 LARGEST SHAREHOLDERS AS DISCLOSED ON THE SHARE REGISTER AS AT 31 AUGUST 2014

		Number of Shares	**%**
1.	Washington H Soul Pattinson & Co. Limited	65,645,140	44.34
2.	RBC Investor Services Australia Nominees Pty Limited <PIPOOLED A/C>	10,554,005	7.13
3.	Citicorp Nominees Pty Limited	6,576,416	4.44
4.	J P Morgan Nominees Australia Limited	5,444,943	3.68
5.	HSBC Custody Nominees (Australia) Limited	4,870,517	3.29
6.	National Nominees Limited	4,572,860	3.09
7.	BNP Paribas Noms Pty Ltd <DRP>	3,260,859	2.20
8.	Milton Corporation Limited	3,234,567	2.18
9.	J S Millner Holdings Pty Limited	2,868,836	1.94
10.	RBC Investor Services Australia Nominees Pty Limited <MBA A/C>	2,014,743	1.36
11.	Mr Kenneth Baker	1,868,370	1.26
12.	RBC Investor Services Australia Nominees Pty Limited <PIIC A/C>	1,850,338	1.25
13.	Australian Foundation Investment Company Limited	1,502,970	1.02
14.	Mr Robert Dobson Millner + Mr Michael John Millner <Est James S Millner A/C>	1,361,292	0.92
15.	CPU Share Plans Pty Ltd	1,195,192	0.81
16.	T G Millner Holdings Pty Limited	633,509	0.43
17.	Citicorp Nominees Pty Limited <Colonial First State Inv A/C	576,910	0.39
18.	Argo Investments Limited	574,960	0.39
19.	HSBC Custody Nominees (Australia) Limited <NT-Comnwlth Super Corp A/C>	539,263	0.36
20.	Diversified United Investment Limited	500,000	0.34
		119,645,690	80.82

TABLE OF IMPORTANT DATES

2014 annual result released	25 September 2014
Record date for final ordinary dividend	6 November 2014
Annual General Meeting	25 November 2014
Payment date for final ordinary dividend	27 November 2014
2015 half-year end	31 January 2015
2015 half-year result announced	26 March 2015
Record date for interim ordinary dividend	14 April 2015
Payment date for interim ordinary dividend	5 May 2015
2015 financial year end	31 July 2015
2015 annual result released	24 September 2015

The above dates are indicative only and are subject to change