

Annual Report

for year ended 30 June 2007



BRICKWORKS INVESTMENT COMPANY LIMITED

ABN 23 106 719 868

Brickworks Investment Company Limited

ABN: 23 106 719 868

CORPORATE DIRECTORY

Directors

Robert Dobson Millner	Non-Executive Director and Chairman
David Capp Hall	Non-Executive Director
Alexander James Payne	Non-Executive Director
Geoffrey Guild Hill	Non-Executive Director

Secretary

John de Gouveia

Registered Office

Level 2
160 Pitt Street Mall
Sydney NSW 2000
Telephone: (02) 9210 7000
Facsimile: (02) 9210 7099
Postal Address:
GPO Box 5015
Sydney 2001

Auditors

Travis & Travis
1/114 Longueville Road
Lane Cove 2066

Investment Manager

Souls Funds Management Limited
Level 14
15 Castlereagh Street
Sydney 2000

Share Registry

Computershare Investor Services Pty Limited
60 Carrington Street
Sydney 2000

Australian Stock Exchange Code

Ordinary Shares BKI

Website

<http://www.brickworksinvestments.com.au>

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FINANCIAL HIGHLIGHTS

■ Revenue Performance

		% Change	Amount of Change \$'000		\$'000
Dividend Income – Ord	Up	21.15%	2,101	to	12,036
Dividend Income - Special	Down	36.22%	(884)	to	1,556

■ Profits

		% Change	Amount of Change \$'000		\$'000
Operating profit after tax but before special dividend income and realised gains on investment portfolio	Up	23.60%	2,380	to	12,464
Realised gains on investment portfolio after tax	Up	197.38%	604	to	910
Net profit for the year attributable to shareholders	Up	16.42%	2,106	to	14,930

■ Earnings per share *

		% Change	Amount of Change \$'000		\$'000
Basic earnings per share before special dividend income and realised gains on investment portfolio	Up	12.70%	0.65	to	5.77
Basic earnings per share after special dividend income and realised gains on investment portfolio	Up	6.14%	0.40	to	6.91

* Earnings per share calculation includes the effects of the Rights Issue in May 2007

■ **Fully franked final dividend** – 2.7 cents per share. This brings the total fully franked dividends for the year to 5.3 cents per share (2006: 5.0 cents per share and 1.0 cent special dividend)

■ **Net asset backing per share** – before tax at 30 June 2007 of \$1.687 per share (2006: \$1.429 per share).

■ **Net asset backing per share** – after tax at 30 June 2007 of \$1.514 (2006: \$1.318).

■ **Total portfolio value** – as at 30 June 2007 of \$423.0 million (2006: \$294.7 million).

FINANCIAL HIGHLIGHTS (continued)

■ Share Price History

	30/06/04	30/06/05	30/06/06	30/06/07
BKI Prospectus IPO issued @ \$1.00 per share in December 2003	\$0.98	\$1.09	\$1.35	\$1.51
Annual % Growth	-	11.2%	23.9%	11.9%

■ Dividend History (cents per share)

	30/06/04	30/06/05	30/06/06	30/06/07
Interim	-*	2.1	2.5	2.6
Final	2.0	2.2	2.5	2.7
Special	-	-	1.0	-
Total	2.0	4.3	6.0	5.3

* This Company was listed on ASX 12 December 2003, no interim dividend is applicable.

COMPANY PROFILE

Brickworks Investment Company Limited is a Listed Investment Company on the Australian Stock Exchange. The Company invests in a diversified portfolio of Australian shares, trusts and interest bearing securities.

The Company was formed on 17 October 2003 to take over the investment portfolio of Brickworks Limited.

Shares in the Company were listed on the Australian Stock Exchange Limited commencing 12 December 2003.

At 30 June 2007 the market capitalisation of the Company was \$380.9 million.

Corporate Objectives

The Company aims to generate an increasing income stream for distribution to its shareholders in the form of fully franked dividends, to the extent of its available imputation tax credits, through long-term investment in a portfolio of assets that are also able to deliver long term capital growth to shareholders.

Investment Strategy

The Company is a long-term investor in companies, trusts and interest bearing securities with a focus on Australian entities. It primarily seeks to invest in well-managed businesses with a profitable history and with the expectation of sound dividend and distribution growth.

Dividend Policy

The Company will pay the maximum amount of realised profits after tax to its shareholders in the form of fully franked dividends to the extent permitted by the Corporations Act, the Income Tax Assessment Act and prudent business practices from profits obtained through interest, dividends and other income it receives from its investments.

Dividends will be declared by the Board of Directors out of realised profit after tax, excluding realised capital profit from any disposals of long-term investments.

Portfolio Management

The Company has appointed Souls Funds Management Limited to act as Portfolio Manager and provide investment advisory services to the Board of Directors and its Investment Committee, including the implementation and execution of investment decisions and the day to day administration of the investment portfolio.

The Company also engages Corporate and Administrative Services Pty Ltd to provide accounting and company secretarial services.

CHAIRMAN'S ADDRESS

Dear Shareholders,

I am pleased to enclose the fourth Annual Report of Brickworks Investment Company for the year ended 30th June 2007.

The consolidated profit for the economic entity after providing for income tax amounted to \$14,930,000 (2006 \$12,824,000).

Revenue from the investment portfolio comprising ordinary dividend income increased by 21.15% to \$12.04 million, whilst revenue from special dividend income decreased during the year by 36.22% to \$1.56 million.

At the 30th June 2007 the portfolio of investments was valued at \$423 million compared to \$294.7 million as at June 2006. The Renounceable Rights Issue was supported by 902 shareholders who acquired a total of 42,213,292 shares at \$1.35 per share. This provided Brickworks Investment Company Limited with additional funds of \$56.7 million.

Portfolio Movements

Major investment purchases during the year were Metcash Limited, Australia & New Zealand Banking Group Limited, Suncorp – Metway Limited, Onesteel Limited and Tabcorp Holdings Limited.

Net purchases amounted to \$34,205,044 excluding shares acquired on takeovers. The only sales were Emeco Holdings Limited, Gazal Corporation Limited and Australian Pharmaceutical Industries Limited for a total of \$1,120,141. There were also takeovers of B Digital Limited by SP Telemedia Limited, Rural Press Limited by Fairfax Media Limited and Sydney Roads Group by Transurban Group.

Dividends

I am pleased to report that based on the profits earned by the company during the year the directors have declared the payment of a final fully franked dividend of 2.7 cents per share which will be paid on 31st August 2007. This brings the total ordinary dividend paid for the year 30th June 2007 to 5.3 cents per share compared to 5.0 cents last year.

Earnings per Share and NTA

Following the increased capital base resulting from the Renounceable Rights Issue in May 2007, the earnings per share for the year were 6.91 cents (2006: 6.51 cents).

The Net Tangible Asset Backing (NTA) of the company at 30th June 2007 was \$1.687 before tax (2006: \$1.429) and the after tax Net Asset Backing per share was \$1.514 (2006: \$1.318).

Outlook

The full year reporting period which commenced in late July 2007 is once again expected to be quite strong with a majority of companies expected to increase their dividends. Interest rates and high fuel prices may slow the economy going forward. Your company is in a very strong position to take advantage of opportunities should they arise.

Yours sincerely,

Robert D Millner
Chairman

Sydney
7 August 2007

List of securities held and their market value at 30 June 2007 were:

Stock	No. of Shares Held	Fair Value (\$'000)	Portfolio Weight %
Automobile & Components			
Coventry Group Limited	140,000	609	0.16%
Banks			
Australia and New Zealand Banking Group Limited	115,482	3,326	0.90%
Bank of Queensland Limited	95,382	1,641	0.44%
Bendigo Bank Limited	349,942	5,288	1.42%
Commonwealth Bank of Australia	695,674	38,192	10.28%
National Australia Bank Limited	1,573,690	64,207	17.28%
St George Bank CPS	10,000	1,010	0.27%
St George Bank Limited	472,860	16,597	4.47%
Westpac Banking Corporation	123,872	3,177	0.86%
		133,438	35.92%
Capital Goods			
Alesco Corporation Limited	158,980	2,195	0.59%
Coates Hire Limited	321,354	1,851	0.50%
GWA International Limited	844,676	3,666	0.99%
Wesfarmers Limited	235,618	10,768	2.90%
		18,480	4.97%
Commercial Services & Supplies			
Brambles Limited	429,952	5,224	1.41%
Campbell Brothers Limited	296,629	8,584	2.31%
Skilled Group Limited	276,826	1,431	0.39%
		15,239	4.10%
Consumer Durables & Apparel			
Gazal Corporation Limited	211,865	487	0.13%
Consumer Services			
Tabcorp Holdings Limited	135,100	2,317	0.62%
Tattersall's Limited	54,628	256	0.07%
		2,573	0.69%
Diversified Financials			
Choiseul Investments Limited	1,082,985	6,714	1.81%
Huntley Investment Company Limited	4,902,912	4,609	1.24%
Macquarie Bank Limited	109,750	9,307	2.51%
Milton Corporation Limited	106,104	2,382	0.64%
Perpetual Limited	17,900	1,405	0.38%
		24,417	6.57%

List of securities (continued):

Stock	No. of Shares Held	Fair Value (\$'000)	Portfolio Weight %
Energy			
New Hope Corporation Limited	14,060,452	30,370	8.18%
Santos Limited	70,000	965	0.26%
Woodside Petroleum Limited	211,383	9,660	2.60%
		40,995	11.04%
Food & Staples Retailing			
AWB Limited	670,000	2,841	0.76%
Metcash Limited	711,700	3,195	0.86%
Woolworths Limited	461,184	12,452	3.35%
		18,488	4.98%
Food, Beverages & Tobacco			
Coca Cola Amatil Limited	194,900	1,836	0.49%
Graincorp Limited	91,044	1,210	0.33%
Lion Nathan Limited	135,800	1,244	0.33%
		4,290	1.15%
Health Care Equipment & Services			
Clover Corporation Limited	858,000	90	0.02%
Insurance			
AMP Limited	165,000	1,666	0.45%
AXA Asia Pacific Holdings Limited	361,000	2,679	0.72%
Insurance Australia Group Limited	956,446	5,442	1.46%
Suncorp-Metway Limited	257,898	5,189	1.40%
		14,976	4.03%
Materials			
Alumina Limited	809,013	6,302	1.70%
BHP Billiton Limited	870,936	30,483	8.21%
Bluescope Steel Limited	137,568	1,422	0.38%
Consolidated Rutile Limited	1,440,000	914	0.25%
Illuka Resources Limited	340,000	2,088	0.56%
Orica Limited Step up Preference Securities	10,000	1,018	0.27%
Onesteel Limited	497,781	3,191	0.86%
Rio Tinto Limited	18,000	1,775	0.48%
Wattyl Limited	673,881	2,103	0.57%
		49,296	13.27%

List of securities (continued):

Stock	No. of Shares Held	Fair Value (\$'000)	Portfolio Weight %
Media			
Fairfax Media Limited	1,554,663	7,291	1.96%
Publishing & Broadcasting Limited	186,500	3,642	0.98%
Ten Network Holdings Limited	577,429	1,565	0.42%
West Australian Newspapers Holdings Limited	291,000	3,981	1.07%
		16,479	4.44%
Real Estate			
Westfield Group	65,501	1,302	0.35%
Software & Services			
HPAL Limited	912,562	2,373	0.64%
Telecommunications Services			
SP Telemedia Limited	3,322,223	2,890	0.78%
Telstra Corporation Limited	1,257,000	5,757	1.55%
Telstra Corporation Limited Instalment Receipts	668,000	2,078	0.56%
		10,725	2.89%
Transportation			
Lindsay Australia Limited	2,615,101	706	0.19%
Macquarie Infrastructure Group	762,329	2,722	0.73%
Qantas Airways Limited	512,500	2,834	0.76%
Transurban Group	134,581	1,078	0.29%
		7,340	1.98%
Utilities			
Alinta Limited	319,331	4,857	1.31%
AGL Energy Limited	297,200	4,509	1.21%
Babcock & Brown Infrastructure Group	307,958	528	0.14%
		9,894	2.66%
Total Investments		371,491	87.8%
Bank Deposit		51,547	12.2%
		423,038	100.0%
TOTAL PORTFOLIO			

The Company is not a substantial shareholder in any of the investee corporations in accordance with the Corporations Act 2001, as each equity investment represents less than 5% of the issued capital of the investee corporation.

DIRECTORS' REPORT

The directors of Brickworks Investment Company Limited (the Company) present the following report for the year ended 30 June 2007.

1. Directors

The following persons were directors of the Company since the start of the financial year and up to the date of this report unless otherwise stated:

Robert Dobson Millner – Non-Executive Director and Chairman

Mr Millner has over 20 years experience as a Company Director. During the past three years, Mr. Millner has also served as a director of the following other listed companies:

- Milton Corporations Limited*
- Choiseul Investments Limited*
- New Hope Corporation Limited*
- Washington H Soul Pattinson and Company Limited*
- SP Telemedia Limited*
- Brickworks Limited*
- Souls Private Equity Limited*
- Australian Pharmaceutical Industries Limited*
- Clover Corporation Limited
- KH Foods Limited

* denotes current directorship

David Capp Hall, FCA, FAICD – Independent Non-Executive Director

Mr Hall is a Chartered Accountant with experience in corporate management and finance. He holds directorships in other companies and is the Chairman of the audit committee. During the past three years, Mr. Hall also served as a director of the following listed companies:

- Undercoverwear Limited*
- Ainsworth Game Technology Limited

* denotes current directorship

Alexander James Payne, B.Comm, Dip Cm, FCPA, FCIS, FCIM - Non-Executive Director

Mr Payne is chief financial officer of Brickworks Limited and has considerable experience in finance and investment and is a member of the audit committee.

DIRECTORS' REPORT - Continued

Geoffrey Guild Hill, B.Econ., MBA, FCPA, ASIA FAICD – Non-Executive Director

A merchant banker, Mr Hill has identified and implemented mergers and takeovers and has acted for a wide range of corporate clients in Australia and overseas.

During the past three years, Mr Hill has served as a director of the following listed companies:

- Huntley Investment Company Limited*
- Heritage Gold NZ Limited*
- Hills Industries Limited*
- Souls Private Equity Limited* (alternate director)
- Enterprise Energy NL
- Biron Capital Limited
- Undercoverwear Limited*

* denotes current directorship

2. Company Secretary

John Paul de Gouveia, B. Bus, M Com, CA

Mr. de Gouveia has acted as company secretary of Brickworks Investment Company Limited since incorporation on 17 October 2003. Mr de Gouveia is a Chartered Accountant with extensive experience in public practice.

3. Principal Activities

The principal activities of the economic entity during the financial year were that of a Listed Investment Company (LIC) primarily focused on long term investment in ASX listed securities. There has been no significant changes in the nature of those activities during the year.

4. Operating Results

The consolidated profit of the economic entity after providing for income tax amounted to \$14,930,000 (2006: \$12,824,000).

5. Review of Operations

The strength of the Australian share market during the year ending 30 June 2007 allowed the company to enjoy another successful year with total income from operating activities increasing by 11.2% and overall profits after tax increasing by over 16.4%.

The investment focus during the year again concentrated on managing the existing portfolio by continuing to add on its existing holdings as well as adding new companies and investment products to its investment portfolio, such as St George Bank CPS, Skilled Group Limited, Tallersall's Limited, Lion Nathan Limited, Consolidated Rutile Limited, Telstra Corporation Limited Instalments Receipts, Transurban Group.

In addition, to further increase the investment base the company undertook a Renounceable Rights Issue in May 2007 which raised \$56.7 million and further strengthens the future earning base of the company.

DIRECTORS' REPORT - Continued

6. Financial Position

The net assets of the economic entity increased during the financial year by \$107.6 million to \$382.9 million.

This increase has largely resulted from the following factors;

- Market value increase in the investment portfolio of \$46.5 million net of tax,
- Proceeds from share issues raising \$58.9 million; and
- Retained profits.

7. Employees

The consolidated entity has nil employees as at 30 June 2007 (2006: Nil)

8. Significant changes in the state of affairs

Other than as stated above and in the accompanying Financial Report, there were no significant changes in the state of affairs of the Company during the reporting year.

9. Likely Developments and Expected Results

The operations of the Company will continue with planned investments in Australian equities and fixed interest securities. No information is included on the expected results of those operations and the strategy for particular investments, as it is the opinion of the directors that this information would prejudice the interests of the Company if included in this report.

10. Significant Events after Balance Date

The directors are not aware of any matter or circumstance that has arisen since the end of the year to the date of this report that has significantly affected or may significantly affect:

- i. the operations of the Company and the entities that it controls
- ii. the results of those operations; or
- iii. the state of affairs of the Company in subsequent years

11. Dividends

There were two dividend payments during the year ended 30 June 2007.

On 31 August 2006, a final ordinary dividend of \$5,208,120 (2.5 cents per share fully franked) was paid out of retained profits at 30 June 2006.

On 31 August 2006, a special dividend of \$2,083,248 (1.0 cents per share fully franked) was paid out of retained profits at 30 June 2006.

On 16 March 2007, an interim ordinary dividend of \$5,442,467 (2.6 cents per share fully franked) was paid out of retained profits at 31 December 2006.

In addition, the directors have declared a final ordinary dividend of \$6,810,690 (2.7 cents per share fully franked) out of retained profits at 30 June 2007 and payable on 31 August 2007.

12. Environmental Regulations

The Company's operations are not materially affected by environmental regulations.

DIRECTORS' REPORT - Continued

13. Meetings of Directors

The numbers of meetings of the Company's Board of Directors and each board committee held during the year to 30 June 2007, and the numbers of meetings attended by each Director were:

	Board		Investment		Audit	
	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend
RD Millner	7	7	14	14	2	2
AJ Payne	7	7	14	14	2	2
DC Hall	7	7	-	-	2	2
GG Hill	5	7	-	-	2	2

14. Remuneration Report

Other than the Directors acting in their capacity as directors, the Company had no employees during the year to 30 June 2007.

Payment to non-executive directors is fixed at \$150,000 until shareholders, by ordinary resolution, approve some other fixed sum amount. This amount is to be divided amongst the Directors as they may determine.

These fees exclude any additional fee for any service based agreement which may be agreed from time to time, and also excludes statutory superannuation and the reimbursement of out of pocket expenses.

Details of the nature and amount of each non-executive director's emoluments from the Company and controlled entities in respect of the year to 30 June 2007 were:

	Primary	Superannuation	Equity Compensation	Other Compensation	Total
	\$	\$	\$	\$	\$
RD Millner	40,000	3,600	-	-	43,600
DC Hall	30,000	2,700	-	-	32,700
AJ Payne	25,000	2,250	-	-	27,250
GG Hill	25,000	2,250	-	-	27,250
Total	120,000	10,800	-	-	130,800

There were no retirement allowances provided for the retirement of non-executive directors.

15. Beneficial and relevant interest of Directors in Shares of the Company

As at the date of this report, details of Directors who hold shares in the Company for their own benefit or who have an interest in holdings through a third party and the total number of such shares held are listed as follows:

	Number of Shares
RD Millner	2,915,293
DC Hall	209,833
AJ Payne	86,780
GG Hill	760,201

DIRECTORS' REPORT - Continued

16. Directors and Officers' Indemnity

The Constitution of the Company provides indemnity against liability and legal costs incurred by Directors and Officers to the extent permitted by Corporations Act.

During the year to 30 June 2007, the Company has paid premiums in respect of an insurance contract to insure each of the officers against all liabilities and expenses arising as a result of work performed in their respective capacities.

17. Proceedings on Behalf of 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.

18. Non-audit Services

The board of directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the board of directors prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence as set out in the Institute of Chartered Accountants in Australia and CPA Australia's Professional Statement F1: Professional Independence.

The following fees (inclusive of GST) for non-audit services were paid to the external auditor during the year ended 30 June 2007:

Due diligence investigations	\$ 2,200
Taxation services	\$ 7,865
	<hr/>
	\$10,065

19. Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2007 has been received and can be found on page 46.

This report is made in accordance with a resolution of the directors.

Robert D Millner
Director

Sydney
7 August 2007

CORPORATE GOVERNANCE

Brickworks Investment Company Limited (the Company) was incorporated on 17 October 2003 and since that date the Board have been committed to achieving and demonstrating the highest standards of corporate governance. Unless otherwise stated, the Company has followed best practice recommendations set by the ASX Corporate Governance Council during the reporting year.

The Board of directors (hereinafter referred to as the Board) are responsible for the corporate governance of the Company and its controlled entities. The directors of the Company and its controlled entities are required to act honestly, transparently, diligently, independently, and in the best interests of all shareholders in order to increase shareholder value.

The directors are responsible to the shareholders for the performance of the company in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Company as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Company is properly managed.

The Company's main corporate governance practices in place throughout the year are discussed in this section.

The Board of Directors

The Board operates in accordance with the broad principles set out in its charter.

Role of the Board

The responsibilities of the board include:

- contributing to the development of and approving the corporate strategy
- reviewing and approving business results, business plans, the annual budget and financial plans
- organisation and monitoring the investment portfolio
- ensuring regulatory compliance
- reviewing internal controls
- ensuring adequate risk management processes
- monitoring the Board composition, director selection and Board processes and performance
- overseeing and monitoring:
 - organisational performance and the achievement of the Company's strategic goals and objectives
 - compliance with the Company's code of conduct
- monitoring financial performance including approval of the annual report and half-year financial reports and liaison with the Company's auditors
- appointment and contributing to the performance assessment of the portfolio manager and other external service providers
- enhancing and protecting the reputation of the Company
- reporting to shareholders.

The terms and conditions of appointment and retirement of new directors are set out in a formal letter of appointment that includes:

- term of the appointment
- powers and duties
- determination of remuneration
- dealings in the Company securities including notification requirements
- conflicts of interest and disclosure policies
- indemnity and insurance arrangements
- access to independent professional advice
- review of appointment.

CORPORATE GOVERNANCE - Continued

Board Composition

The key elements of the Board composition include:

- ensuring, where practicable to do so, that a majority of the Board are independent directors
- the Board of the Company currently comprises 2 independent non-executive directors and 2 non-executive directors
- non-executive directors bring a fresh perspective to the board's consideration of strategic, risk and performance matters and are best placed to exercise independent judgement and review and constructively challenge the performance of management
- the Company is to maintain a mix of directors on the Board from different backgrounds with complimentary skills and experience
- the Board seeks to ensure that:
 - at any point in time, its membership represents an appropriate balance between directors with experience and knowledge of the Company and directors with an external perspective
 - the size of the Board is conducive to effective discussion and efficient decision making
- in recognition of the importance placed on the investment experience of the directors and the Board's role in supervising the activities of the portfolio manager, the majority of the Board are not independent directors. Refer discussion detailed under "Directors' Independence" on page 16.

Details of the members of the Board, their experience, expertise, qualifications and independent status are set out in the directors' report under the heading "Directors".

Term of Office

The company's Constitution specifies that all directors must retire from office no later than the third annual general meeting (AGM) following their last election. Where eligible, a director may stand for re-election in accordance with company's Constitution.

Chairman

The Chairman is a non-executive director who is responsible for leading the Board, ensuring directors are properly briefed in all matters relevant to their role and responsibilities, facilitating Board discussions and managing the Board's relationship with external service providers.

Board Meetings

Details of directors' attendance at Board meetings are set out in the Directors' Report on page 12.

The Board meets formally at least 6 times a year. In addition, it meets whenever necessary to deal with specific matters needing attention between the scheduled meetings.

Meeting agendas are established by the Chairman and Company Secretary to ensure adequate coverage of financial, strategic, compliance and other major areas throughout the year.

Copies of Board papers are circulated in advance of meetings. Directors are always encouraged to participate with a robust exchange of views and to bring their independent judgment to bear on the issues and decisions at hand. The Board highly values its relationship with the portfolio manager which is based on openness and trust.

CORPORATE GOVERNANCE - Continued

Performance Assessment

The Board undertakes an annual self assessment of its collective performance. The results and any action plans are documented together with specific performance goals which are agreed for the coming year. The self assessment:

- compares the performance of the Board with the requirements of its Charter
- sets forth the goals and objectives of the Board for the upcoming year
- effects any improvements to the Board charter deemed necessary or desirable.

The performance evaluation is conducted in such manner as the Board deems appropriate. In addition, each Board committee undertakes an annual self assessment on the performance of the committee and achievement of committee objectives.

The Chairman annually assesses the performance of individual directors, where necessary and meets privately with each director to discuss this assessment. The Chairman's performance is reviewed by the Board.

Directors' Independence

Assessing the independence of directors is undertaken in accordance with the best practice recommendations released by the Australian Stock Exchange Corporate Governance Council in March 2003.

When assessing the independence of directors and the Chairman under recommendation 2.1 and 2.2 of the best practice recommendations released by the Australian Stock Exchange Corporate Governance Council, both Mr Millner and Mr Payne, although meeting other criteria, and bringing independent judgement to bear on their respective roles, are both not defined as independent directors, primarily due to the fact that both Messrs Millner and Payne are officers of Brickworks Limited, who is a substantial shareholder of the company. The Company has not followed recommendation 2.1 and 2.2 due to the following reasons:

- The Board are of the opinion that all directors exercise and bring to bear an unfettered and independent judgement towards their duties. Brickworks Investment Company Limited listed on the Australian Stock Exchange on 12 December 2003 to take over the investment portfolio of Brickworks Limited and the Board is satisfied that both Messrs Millner and Payne play an important role in the continued success and performance of the portfolio.

In relation to director independence, materiality is determined on both quantitative and qualitative bases. An amount of over 5% of annual turnover of the Company is considered material. In addition, a transaction of any amount or a relationship is deemed material if knowledge of it impacts the shareholders' understanding of the director's performance.

Avoidance of conflicts of interests of Directors

In accordance with the Corporations Act 2001 (Cth), any director with a material personal interest in a matter being considered by the Board must not be present when the matter is being considered, and may not vote on the matter.

Independent Professional Advice

Directors and board committees have the right, in connection with their duties and responsibilities, to seek independent professional advice at the Company's expense. Prior approval of the Chairman is required, but this will not be unreasonably withheld.

CORPORATE GOVERNANCE - Continued

Corporate Reporting

The portfolio manager and the administrative and company secretarial service provider, namely Souls Funds Management Ltd and Corporate & Administrative Services Pty Ltd have made the following certifications to the Board:

- that the Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Company and its consolidated entities in accordance with all mandatory professional reporting requirements
- that the above statement is founded on a sound system of internal control and risk management which implements the policies adopted by the Board and that the Company's risk management and internal control is operating effectively and efficiently in all material respects.

The Company adopted this reporting structure for the year ended 30 June 2007.

Board Committees

The Board has established a number of committees to assist in the execution of its duties and to allow detailed consideration of complex issues. Current committees of the Board are the investment committee, nomination committee, the remuneration committee and audit committee. The committee's structure and membership is reviewed on an annual basis. All matters determined by committees are submitted to the full Board as recommendations for Board decisions.

Investment Committee

The Company has established an Investment Committee effective from 12 December 2003.

The investment committee consists of the following members:

RD Millner (Chairman)
AJ Payne

Details of these directors' qualifications, experience and attendance at investment committee meetings held during the year are set out in the Directors' Report on page 9-13.

The main responsibilities of the committee are to:

- assess the information and recommendation received by the portfolio manager regarding the present and future investment needs of the Company
- assess the performance of the portfolio manager
- evaluating investment performance.

Nomination Committee

The Company has embraced the best practice recommendations released by the Australian Stock Exchange Corporate Governance Council in March 2003 and established a Nominations Committee effective from 12 December 2003.

The nomination committee consists of the following members:

RD Millner (Chairman)
DC Hall
AJ Payne
GG Hill

Details of these directors' qualifications, experience and attendance at nomination committee meetings held during the year are set out in the Directors' Report on page 9-13.

CORPORATE GOVERNANCE - Continued

Nomination Committee (continued)

The main responsibilities of the committee are to:

- assess the membership of the Board having regard to present and future needs of the Company
- assess the independence of directors to ensure the majority of the Board are independent directors
- propose candidates for Board vacancies in consideration of qualifications, experience and domicile
- oversee board succession
- evaluating Board performance.

New directors are provided with a letter of appointment setting out their responsibilities, rights and the terms and conditions of their employment.

The nominations committee charter provides guidance for the selection and appointment of new directors.

Audit Committee

The members of the audit committee at the date of this annual financial report are:

DC Hall (Chairman)

RD Millner

AJ Payne

GG Hill

Details of these directors' qualification, experience and attendance at audit committee meetings are set out in the Directors' Report on page 9-13.

The audit committee operates in accordance with a charter.

The Chairman of the audit committee is an independent, non-executive director. The Chairman of the Audit Committee is also required to have accounting or related financial expertise, which includes past employment, professional qualification or other comparable experience. The other members of the audit committee are all financially literate and have a strong understanding of the industry in which the Company operates.

The audit committee's role and responsibilities, composition, structure and membership requirements are documented in an audit committee charter, which has been approved by the Board and is reviewed annually.

The main responsibilities of the committee are to:

- review, assess and approve the annual report, half-year financial report and all other financial information published by the Company or released to the market
- reviewing the effectiveness of the organisation's internal control environment covering:
 - effectiveness and efficiency of operations
 - reliability of financial reporting
 - compliance with applicable laws and regulations
- oversee the effective operation of the risk management framework
- recommend to the Board the appointment, removal and remuneration of the external auditors, and review the terms of their engagement, the scope and quality of the audit and assess performance and consider the independence and competence of the external auditor on an ongoing basis. The Audit Committee receives certified independence assurances from the external auditors

CORPORATE GOVERNANCE - Continued

Audit Committee (continued)

- review and approve the level of non-audit services provided by the external auditors and ensure it does not adversely impact on auditor independence. The external auditor will not provide services to the Company where the auditor would have a mutual or conflicting interest with the Company; be in a position where they audit their own work; function as management of the Company; or have their independence impaired or perceived to be impaired in any way
- review and monitor related party transactions and assess their priority
- report to the Board on matters relevant to the committee's role and responsibilities.

In accordance with the audit committee charter, the Company requires that the external audit engagement partner and review partner be rotated every five years.

In fulfilling its responsibilities, the audit committee requires the portfolio manager and the administrative and company secretarial service provider, namely Souls Funds Management Ltd and Corporate & Administrative Services Pty Ltd to state in writing to the Board that the Company's financial reports presents a true and fair view, in all material respects, of the Company's and its consolidated entities financial condition, operational results and are in accordance with the relevant accounting standards.

The external auditors, the portfolio manager and the administrative and company secretarial service provider, namely Souls Funds Management Ltd and Corporate & Administrative Services Pty Ltd are invited to attend meetings at the discretion of the audit committee.

Remuneration Committee & Policies

The Company has embraced the best practice recommendations released by the Australian Stock Exchange Corporate Governance Council in March 2003 and established a Remuneration Committee effective from 12 December 2003.

The remuneration committee consists of the following members:

RD Millner (Chairman)

DC Hall

AJ Payne

GG Hill

Details of these directors' qualifications, experience and attendance at remuneration committee meetings are set out in the Directors' Report on page 9-13.

The Remuneration Committee oversees and reviews remuneration packages and other terms of employment for executive management (if any). In undertaking their roles the Committee members consider reports from external remuneration experts on recent developments on remuneration and related matters.

The Company does not have any employees due to the nature of its business and the use of external service providers. If the use of external service providers was to change in the future, any person engaged in an executive capacity would be required sign a formal employment contract at the time of their appointment covering a range of matters including their duties, rights, responsibilities, and any entitlements on termination. In such circumstances, executive remuneration and other terms of employment would also be reviewed annually by the committee having regard to personal and corporate performance, contribution to long term growth, relevant comparative information and independent expert advice. As well as a base salary, remuneration in such circumstances could be expected to include superannuation, performance-related bonuses and fringe benefits.

Fees for non-executive directors reflect the demands on and responsibilities of our directors. Non-executive directors are remunerated by way of base fees and statutory superannuation contributions and do not participate in schemes designed for the remuneration of executives. Non-executive directors do not receive any options, bonus payments nor are they provided with retirement benefits other than statutory superannuation.

CORPORATE GOVERNANCE - Continued

Remuneration Committee & Policies (continued)

Further information on directors' and executives' remuneration is set out in the directors' report and note 19 to the financial statements.

The Remuneration Committee's terms of reference include responsibility for reviewing any transactions between the organisation and the directors, or any interest associated with the directors, to ensure the structure and terms of the transaction are in compliance with the Corporations Act 2001 and are appropriately disclosed.

The remuneration committee operates in accordance with a charter.

Corporate Governance Framework

The Board is committed to the highest standards of corporate governance, which it considers as fundamental to all its activities.

External service providers are required to provide a Corporate Governance Declaration (the Declaration) to the Board on an annual basis.

External service providers are required to confirm in the annual Statements that to the best of their knowledge and belief and having made appropriate inquiries of their own staff and consultants regarding the Company and its controlled entities (the Group) that, in the interests of directors, shareholders and other key stakeholders the service provider has applied corporate governance practices mandated by the Board at all times.

The Declaration covers the following:

- disclosure of the Groups' operations in the Board meeting papers
- satisfaction of all matters arising from prior Board meetings
- the maintenance of financial records that correctly record and explain the Group's transactions and financial position and performance to enable true and fair financial statements to be prepared and audited or reviewed in accordance with all applicable Accounting Standards and other mandatory professional reporting requirements
- compliance with statutory and prudential obligations and details of all lodgments in accordance with these obligations
- maintenance of ethical conduct by execution of duties with the utmost integrity, objectivity and professionalism at all times
- notification to the Company Secretary of all purchases and sales of Company securities, directly and indirectly and disclosure in the Board papers.

Risk Management

The Board is committed to the identification and quantification of risk throughout the Company's operations.

Considerable importance is placed on maintaining a strong control environment. There is an organisational structure with clearly drawn lines of accountability. Adherence to the code of conduct is required at all times and the Board actively promotes a culture of quality and integrity.

Management of investment risk is fundamental to the business of the Company being an investor in Australian listed securities. Details of investment risk management policies are held by the portfolio manager.

The Board operates to minimise its exposure to investment risk, in part, by the appointment of an external portfolio manager who has proprietary systems, processes and procedures in place to effectively manage investment risk.

CORPORATE GOVERNANCE - Continued

Code of Conduct

The company has developed a Code of Conduct (the Code) which has been fully endorsed by the Board and applies to all directors and external service providers and their employees. The code is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Company's integrity.

In summary, the Code requires that at all times all company personnel act with the utmost integrity, objectivity and in compliance with the letter and the spirit of the law and company policies.

Share Trading Policy

The company has developed a Share Trading Policy which has been fully endorsed by the Board and applies to all directors and employees.

Directors, executives and employees may deal in Company securities, however they may not do so if in possession of information which is price sensitive or likely to be price sensitive to the security's market price. Changes in a Director's interest is required to be advised to the Company within 3 days for notification to the ASX.

Continuous Disclosure and Shareholder Communication

The Chairman and Company Secretary have been nominated as being the persons responsible for communications with the Australian Stock Exchange (ASX). This role includes the responsibility for ensuring compliance with the continuous disclosure requirements in the ASX listing rules and overseeing and co-ordinating information disclosure to ASX. The Chairman is responsible for disclosure to analysts, brokers and shareholders, the media and the public.

The company has written policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the Company that a reasonable person would expect to have a material effect on the price of the Company's securities.

All information disclosed to the ASX is available on the ASX's website within 24 hours of the release to the ASX. Procedures have been established for reviewing whether price sensitive information has been inadvertently disclosed, and if so, this information is also immediately released to the market.

All shareholders receive a copy of the Company's full annual report. Shareholders also are updated with the Company's operations via monthly ASX announcements of the net tangible asset (NTA) backing of the portfolio and other disclosure information. All recent ASX announcements and annual reports are available on the ASX website, or alternatively, by request via email, facsimile or post.

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2007

	Note	Consolidated		Company	
		30/06/07 \$'000	30/06/06 \$'000	30/06/07 \$'000	30/06/06 \$'000
Revenue from investment portfolio		14,276	13,289	14,276	12,797
Revenue from bank deposits		1,505	904	1,421	414
Other income		14	5	-	5
Income from operating activities before net gains on investment portfolio	2	15,795	14,198	15,697	13,216
Administration expenses	3	(1,671)	(1,537)	(1,670)	(1,423)
Operating profit before income tax expense and net gains on investment portfolio		14,124	12,661	14,027	11,793
Income tax expense	4	(104)	(137)	(75)	12
Net operating profit before net gains on investment portfolio		14,020	12,524	13,952	11,805
Net gains/(losses) on investment portfolio		1,300	384	1,300	384
Tax expense relating to net realised gains on investment portfolio	4	(390)	(78)	(390)	(78)
Net gains on investment portfolio		910	306	910	306
Profit for the year		14,930	12,830	14,862	12,111
Profit attributable to minority interest		-	(6)	-	-
Profit for the year attributable to members of the Company		14,930	12,824	14,862	12,111
		2007	2006		
		Cents	Cents		
Basic earnings per share	17	6.91	6.51		
Diluted earnings per share	17	6.91	6.51		

This Income Statement should be read in conjunction with the accompanying notes

CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2007

	Note	Consolidated		Company	
		30/06/07 \$'000	30/06/06 \$'000	30/06/07 \$'000	30/06/06 \$'000
CURRENT ASSETS					
Cash assets	6	51,547	22,670	51,543	19,445
Receivables	7	2,782	3,244	2,896	2,501
Prepayments		17	20	17	20
TOTAL CURRENT ASSETS		54,346	25,934	54,456	21,966
NON-CURRENT ASSETS					
Investment portfolio	8	371,491	272,067	466,877	367,453
Deferred tax assets	9	1,050	693	1,074	803
TOTAL NON-CURRENT ASSETS		372,541	272,760	467,951	368,256
TOTAL ASSETS		426,887	298,694	522,407	390,222
CURRENT LIABILITIES					
Payables	10	170	220	170	210
TOTAL CURRENT LIABILITIES		170	220	170	210
NON-CURRENT LIABILITIES					
Payables	10	-	-	96,600	92,550
Deferred tax liabilities	11	43,777	23,141	43,777	23,141
TOTAL NON-CURRENT LIABILITIES		43,777	23,141	140,377	115,691
TOTAL LIABILITIES		43,947	23,361	140,547	115,901
NET ASSETS		382,940	275,333	381,860	274,321
EQUITY					
Share capital	12	268,834	209,964	268,834	209,964
Revaluation reserve	13	100,128	53,588	102,080	55,540
Realised capital gains reserve	14	2,660	1,750	2,660	1,750
Retained profits	15	11,318	10,031	8,286	7,067
TOTAL EQUITY		382,940	275,333	381,860	274,321

This Balance Sheet should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2007

	Note	Consolidated		Company	
		30/06/07 \$'000	30/06/06 \$'000	30/06/07 \$'000	30/06/06 \$'000
Total equity at the beginning of the year		275,333	233,841	274,321	229,718
Dividends paid	5(a)	(12,733)	(9,154)	(12,733)	(9,154)
Shares issued					
– Dividend Reinvestment Plan	12(b)	2,256	1,690	2,256	1,690
– Share Purchase Plan	12(b)	-	16,708	-	16,708
– Rights Issue	12(b)	56,988	-	56,988	-
– Transaction costs	12(b)	(374)	(48)	(374)	(48)
Total transactions with equity holders in their capacity as equity holders		46,137	9,196	46,137	9,196
Direct equity adjustments:					
Adjustment on adoption of AASB 132 and AASB 139:					
Decrease in value of investment portfolio		-	(459)	-	(403)
Tax effect @30%		-	138	-	121
		-	(321)	-	(282)
Revaluation of investment portfolio		66,486	27,863	66,486	33,224
Provision for tax on unrealised gains		(19,946)	(7,842)	(19,946)	(9,646)
Net unrealised gains recognised directly in equity	13	46,540	20,021	46,540	23,578
Profit for the year		14,930	12,824	14,862	12,111
Total recognised income (including unrealised gains) and expense for the year		61,470	32,845	61,402	35,689
Other adjustments:					
Increase/(decrease) in outside equity interest		-	(228)	-	-
Total equity at the end of the year		382,940	275,333	381,860	274,321

This Statement of Changes in Equity should be read in conjunction with the accompanying notes

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2007

	Note	Consolidated		Company	
		30/06/07 \$'000	30/06/06 \$'000	30/06/07 \$'000	30/06/06 \$'000
Cash flows from operating activities					
Payments to suppliers and employees		(1,797)	(1,511)	(1,785)	(1,376)
Other receipts in the course of operations		60	54	60	52
Dividends and distributions received		13,919	12,922	13,919	12,328
Interest received		1,333	915	1,249	414
Other Income		14	-	-	-
Income tax refund/(paid)		884	(987)	141	(105)
Net cash inflow from operating activities	16(a)	14,413	11,393	13,584	11,313
Cash flows from investing activities					
Payment for subsidiary, net of cash acquired	16(b)	-	(1,211)	-	(1,211)
Payment for non current investments		(34,219)	(14,953)	(34,219)	(14,473)
Proceeds from sale of non current investments		2,697	864	2,697	864
Net cash (outflow) from investing activities		(31,522)	(15,300)	(31,522)	(14,820)
Cash flows from financing activities					
Proceeds from issues of ordinary shares		56,463	16,640	56,463	16,640
Proceeds from borrowings		-	-	4,050	8,237
Dividends paid	5(a)	(10,477)	(7,464)	(10,477)	(7,464)
Repayment from subsidiary entities		-	-	-	-
Net cash inflow from financing activities		45,986	9,176	50,036	17,413
Net increase in cash held		28,877	5,269	32,098	13,906
Cash at the beginning of the year		22,670	17,401	19,445	5,539
Cash at the end of the year	6	51,547	22,670	51,543	19,445

This Cash Flow Statement should be read in conjunction with the accompanying notes

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers the economic entity of Brickworks Investment Company Limited and controlled entities, and Brickworks Investment Company Limited as an individual parent entity. Brickworks Investment Company Limited is a listed public company, incorporated and domiciled in Australia.

The financial report of Brickworks Investment Company Limited and controlled entities, and Brickworks Investment Company Limited as an individual parent entity comply with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

The accounting policies set out below have been consistently applied to all years presented.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Accounting Policies

a. Principles of Consolidation

A controlled entity is any entity Brickworks Investment Company Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 21 to the financial statements. All controlled entities have a June financial year-end.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

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

Minority equity interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

b. Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

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. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007 (continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Income Tax (continued)

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.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

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.

Brickworks Investment Company Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. Each entity in the group recognises its own current and deferred tax liabilities, except for any deferred tax liabilities resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The current tax liability of each group entity is then subsequently assumed by the parent entity. The group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 12 December 2003. The tax consolidated group has entered a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

c. Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through income

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the group's intention to hold these investments to maturity. Any held-to-maturity investments held by the group are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Fair value

Fair value is determined based on current bid prices for all quoted investments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007 (continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Impairment of Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

e. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 12 months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

f. Revenue

Sale of investments occur when the control of the right to equity has passed to the buyer.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

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

g. 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 balance sheet 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.

h. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

i. Rounding of Amounts

The parent entity 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.

Critical Accounting Estimates and Judgments

The preparation of this financial report requires the use of certain critical estimates based on historical knowledge and best available current information. This requires the directors and management to exercise their judgement in the process of applying the Company's accounting policies.

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. In accordance of AASB 112: Income Taxes deferred tax liabilities have been recognised for Capital Gains Tax on unrealised gains in the investment portfolio at the current tax rate of 30%.

As the Company does not intend to dispose of the portfolio, this tax liability may not be crystallised at the amount disclosed in Note 11. In addition, the tax liability that arises on disposal of those securities may be impacted by changes in tax legislation relating to treatment of capital gains and the rate of taxation applicable to such gains at the time of disposal.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007 (continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Critical Accounting Estimates and Judgments (continued)

Apart from this, there are no other key assumptions or sources of estimation uncertainty that have a risk of causing a material adjustment to the carrying amount of certain assets and liabilities within the next reporting period.

Australian Accounting Standards not yet effective

The Company has not yet applied any Australian Accounting Standards or Australian Accounting Interpretations that have been issued as at balance date but are not yet operative for the year ended 30 June 2007 ("the inoperative standards"). The impact of the inoperative standards has been assessed and the impact has been identified as not being material. The Company only intends to adopt inoperative standards at the date which their adoption becomes mandatory.

2. REVENUE

	Consolidated		Company	
	30/06/07 \$'000	30/06/06 \$'000	30/06/07 \$'000	30/06/06 \$'000
Investment portfolio				
Rebateable dividends:				
- other corporations	12,036	9,935	12,036	9,487
Rebateable dividends – special:				
- other corporations	1,556	2,440	1,556	2,421
Non – rebateable dividends:				
- other corporations	418	591	418	566
Distributions				
- other corporations	177	323	177	323
Interest received - notes	89	-	89	-
	14,276	13,289	14,276	12,797
Interest received – bank deposits	1,505	904	1,421	414
Other income				
- Other income	14	5	-	5
	14	5	-	5
Income from operating activities	15,795	14,198	15,697	13,216

3. EXPENSES

Administration expenses				
Directors fees and related expenses	131	136	131	117
Management expenses	1,132	967	1,132	932
Professional costs	153	184	153	150
General expenses	255	234	254	224
Acquisition costs not capitalised	-	16	-	-
	1,671	1,537	1,670	1,423

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007 (continued)

4. TAX EXPENSE

a. The aggregate amount of income tax expense attributable to the year differs from the amount prima facie payable on profits from ordinary activities. The difference is reconciled as follows:

	Consolidated		Company	
	30/06/07 \$'000	30/06/06 \$'000	30/06/07 \$'000	30/06/06 \$'000
Operating profit before income tax expense and net gains on investment portfolio	14,124	12,661	14,027	11,793
Tax calculated at 30% (2006: 30%)	4,237	3,798	4,208	3,537
Tax effect of amounts which are not deductible (taxable) in calculating taxable income				
- Acquisition costs not capitalised	-	5	-	-
- Franked dividends and distributions received	(4,078)	(3,749)	(4,078)	(3,603)
- (Over)/Under provision in prior year	(55)	83	(55)	54
Income tax expense on operating profit before net gains on investments	104	137	75	(12)
Net gains on investments	1,300	384	1,300	384
Tax calculated at 30% (2006: 30%)	390	115	390	115
Tax effect of amounts which are not deductible (taxable) in calculating taxable income				
- Difference between accounting and tax cost bases for capital gains purposes	-	(37)	-	(37)
Tax expense on net gains on investment portfolio	390	78	390	78
Total tax expense	494	215	465	66
Applicable weighted average effective tax rates	3.5%	1.7%	3.3%	0.6%
b. The components of tax expense comprise:				
Current tax	-	-	-	-
Deferred tax	549	132	520	12
(Over)/Under provision in respect of prior years	(55)	83	(55)	54
	494	215	465	66

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007 (continued)

5. DIVIDENDS

(a) Dividends paid during the year	Consolidated		Company	
	30/06/07 \$'000	30/06/06 \$'000	30/06/07 \$'000	30/06/06 \$'000
Final dividend for the year ended 30 June 2006 of 2.5 cents per share (2005: 2.2 cents per share) fully franked at the tax rate of 30%, paid on 31 August 2006	5,208	4,277	5,208	4,277
Special dividend for the year ended 30 June 2006 of 1.0 cents per share (2005: nil) fully franked at the tax rate of 30%, paid on 31 August 2006	2,083	-	2,083	-
Interim dividend for the year ended 30 June 2007 of 2.6 cents per share (2006: 2.5 cents per share) fully franked at the tax rate of 30%, paid on 16 March 2007	5,442	4,877	5,442	4,877
Total	12,733	9,154	12,733	9,154
Dividends paid in cash or reinvested in shares under the dividend reinvestment plan ("DRP")				
Paid in cash	10,477	7,464	10,477	7,464
Reinvested in shares via DRP	2,256	1,690	2,256	1,690
Total	12,733	9,154	12,733	9,154
Franking Account Balance				
Balance on the franking account after allowing for tax payable in respect of the current year's profits and the receipt of dividends recognised as receivables	5,764	5,416	5,764	5,416
Impact on the franking account of dividends declared but not recognised as a liability at the end of the financial year (b) below	(2,919)	(3,125)	(2,919)	(3,125)
Net available	2,845	2,291	2,845	2,291

(b) Dividends declared after balance date

Since the end of the financial year the directors have declared a final dividend for the year ended 30 June 2007 of 2.7 cents per share (2006: final 2.5 cents per share, special dividend 1.0 cents per share) fully franked at the tax rate of 30%, payable on 31 August 2007, but not recognised as a liability at the end of the financial year

6. CASH ASSETS

Cash at bank	17,547	12,670	17,543	9,445
Short-term bank deposit	34,000	10,000	34,000	10,000
	51,547	22,670	51,543	19,445

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007 (continued)

7. RECEIVABLES

	Consolidated		Company	
	30/06/07 \$'000	30/06/06 \$'000	30/06/07 \$'000	30/06/06 \$'000
Dividends receivable	2,370	2,094	2,370	2,094
Distributions receivable	110	104	110	104
Interest receivable	261	-	261	-
Amounts receivable from controlled entities	-	-	114	-
Outstanding settlements	-	131	-	131
Sundry debtors	41	915	41	172
	2,782	3,244	2,896	2,501

8. INVESTMENT PORTFOLIO

Listed securities at fair value:				
- Shares in other corporations	371,491	272,067	371,491	272,067
Shares in controlled entities at cost	-	-	95,386	95,386
	371,491	272,067	466,877	367,453

9. DEFERRED TAX ASSETS

The deferred tax asset balance comprises the following timing differences and unused tax losses:

Transaction costs on equity issues	417	567	416	566
Accrued expenses	9	6	9	6
Tax losses	624	120	649	231
	1,050	693	1,074	803

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007 (continued)

9. DEFERRED TAX ASSETS (continued)

Movements in deferred assets

Company	Opening Balance \$'000	Credited/ (Charged) to Income Statement \$'000	Credited/ (Charged) to Equity \$'000	Tax Balances Transferred In \$'000	Over Provision \$'000	Closing Balance \$'000
Transaction costs on equity issues	825	(279)	20	-	-	566
Accrued expenses	6	-	-	-	-	6
Tax losses	-	231	-	-	-	231
Balance as at 30 June 2006	831	(48)	20	-	-	803
Transaction costs on equity issues	566	(310)	160	-	-	416
Accrued expenses	6	3	-	-	-	9
Tax losses	231	477	-	(114)	55	649
Balance as at 30 June 2007	803	170	160	(114)	55	1,074
Consolidated						
Transaction costs on equity issues	825	(278)	20	-	-	567
Accrued expenses	19	(13)	-	-	-	6
Tax losses	-	120	-	-	-	120
Balance as at 30 June 2006	844	(171)	20	-	-	693
Transaction costs on equity issues	567	(310)	160	-	-	417
Accrued expenses	6	3	-	-	-	9
Tax losses	120	449	-	-	55	624
Balance as at 30 June 2007	693	142	160	-	55	1,050

10. PAYABLES

	Consolidated		Company	
	30/06/07	30/06/06	30/06/07	30/06/06
	\$'000	\$'000	\$'000	\$'000
Current liabilities				
Creditors and accruals	170	220	170	210
Non current liabilities				
Amount due to controlled entities	-	-	96,600	92,550

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007 (continued)

11. DEFERRED TAX LIABILITIES

	Consolidated		Company	
	30/06/07	30/06/06	30/06/07	30/06/06
	\$'000	\$'000	\$'000	\$'000
The deferred tax liability balance comprises the following timing differences:				
Revaluation of investments held	43,617	23,063	43,617	23,063
Non rebateable dividend receivable and interest receivable	160	78	160	78
	43,777	23,141	43,777	23,141

Movements in deferred tax liabilities

	Opening Balance	Credited/ (Charged) to Income Statement	Credited/ (Charged) to Equity	Tax Balances Transferred In	Under Provision	Closing Balance
Company	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revaluation of investments held	13,819	-	9,244	-	-	23,063
Non rebateable dividend receivable and interest receivable	114	(36)	-	-	-	78
Balance as at 30 June 2006	13,933	(36)	9,244	-	-	23,141
Revaluation of investments held	23,063	608	19,946	-	-	43,617
Non rebateable dividend receivable and interest receivable	78	82	-	-	-	160
Balance as at 30 June 2007	23,141	690	19,946	-	-	43,777
Consolidated						
Revaluation of investments held	16,110	-	6,953	-	-	23,063
Non rebateable dividend receivable and interest receivable	117	(39)	-	-	-	78
Balance as at 30 June 2006	16,227	(39)	6,953	-	-	23,141
Revaluation of investments held	23,063	608	19,946	-	-	43,617
Non rebateable dividend receivable and interest receivable	78	82	-	-	-	160
Balance as at 30 June 2007	23,141	690	19,946	-	-	43,777

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007 (continued)

12. SHARE CAPITAL

The Company does not have an authorised share capital and the ordinary shares on issue have no par value.

(a) Issued and paid-up capital

	Consolidated		Company	
	30/06/07 \$'000	30/06/06 \$'000	30/06/07 \$'000	30/06/06 \$'000
252,247,770 ordinary shares fully paid (2006: 208,324,328)	268,834	209,964	268,834	209,964

(b) Movement in ordinary shares

	2007		2006	
	Number of Shares	\$'000	Number of Shares	\$'000
Beginning of the financial year	208,324,328	209,964	194,392,926	191,614
Issued during the year:				
- rights issue	42,213,292	56,988	-	-
- dividend reinvestment plan	1,710,150	2,256	1,369,190	1,690
- share purchase plan	-	-	12,562,212	16,708
- less net transaction costs	-	(374)	-	(48)
End of the financial year	252,247,770	268,834	208,324,328	209,964

In May 2007, the Company issued 42,213,292 fully paid ordinary shares at \$1.35 a share pursuant to 1 for 5 renounceable rights issue to raise additional funds to expand its investment portfolio.

Holders of ordinary shares participate in dividends and the proceeds on a winding up of the parent entity in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

13. REVALUATION RESERVE

The Revaluation reserve is used to record increments and decrements on the revaluation of the investment portfolio.

	Consolidated		Company	
	30/06/07 \$'000	30/06/06 \$'000	30/06/07 \$'000	30/06/06 \$'000
Balance at the beginning of the year	53,588	33,888	55,540	32,244
Adjustment on adoption of AASB 132 and AASB 139:				
Decrease in value of investment portfolio, net of tax	-	(321)	-	(282)
Revaluation of investment portfolio	46,540	20,021	46,540	23,578
Balance at the end of the year	100,128	53,588	102,080	55,540

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007 (continued)

14. REALISED CAPITAL GAINS RESERVE

The Realised capital gains reserve records gains or losses after applicable taxation arising from the disposal of securities in the investment portfolio.

	Consolidated		Company	
	30/06/07 \$'000	30/06/06 \$'000	30/06/07 \$'000	30/06/06 \$'000
Balance at the beginning of the year	1,750	1,444	1,750	1,444
Net gains on investment portfolio transferred from retained profits	910	306	910	306
Balance at the end of the year	2,660	1,750	2,660	1,750

15. RETAINED PROFITS

Retained profits at the beginning of the year	10,031	6,667	7,067	4,416
Net profit attributable to members of the company	14,930	12,824	14,862	12,111
Net gains on investment portfolio transferred to realised capital gains reserve	(910)	(306)	(910)	(306)
Dividends provided for or paid	(12,733)	(9,154)	(12,733)	(9,154)
Retained profits at the end of the year	11,318	10,031	8,286	7,067

16. CASH FLOW RECONCILIATION

(a) Reconciliation of cash flow from operations with profits from ordinary activities after income tax

Net profit for the year	14,930	12,830	14,862	12,111
Non cash item – Net gains on investment portfolio	(910)	(306)	(910)	(306)
– distribution reclassification	-	(167)	-	(167)
– acquisition costs not capitalised	-	16	-	-
Change in assets and liabilities, net of the effects of purchase of subsidiaries				
(Increase) / Decrease in receivables and prepayments	348	(923)	(509)	(307)
Increase / (Decrease) in creditors and accruals	(59)	62	(49)	101
Increase / (Decrease) in deferred tax liabilities	82	(39)	82	(36)
Increase / (Decrease) in provision for tax	-	(173)	-	(53)
(Increase) / Decrease in deferred tax assets	22	93	108	(30)
Net cash (outflow) / inflow from operating activities	14,413	11,393	13,584	11,313

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007 (continued)

16. CASH FLOW RECONCILIATION (continued)**(b) Acquisition of subsidiary entities**

The Company did not make any acquisitions in 2007. During the year to 30 June 2006, the Company acquired the remaining 0.84% of the controlled entity, Pacific Strategic Investments Pty Limited ("PSI") (previously Pacific Strategic Investments Limited).

Details of the transaction are:

	Consolidated		Company	
	30/06/07 \$'000	30/06/06 \$'000	30/06/07 \$'000	30/06/06 \$'000
Purchase consideration				
Acquisition	PSI	PSI	PSI	PSI
% Holdings	-	0.84%	-	0.84%
Shares issued				
Share issuing costs	-	-	-	-
Cash consideration	-	251	-	251
Total consideration	-	251	-	251
Fair value of identifiable assets of controlled entities acquired				
Cash	-	34		
Receivables	-	-		
Prepayments	-	-		
Deferred tax assets	-	-		
Fixed assets	-	-		
Listed securities	-	223		
Creditors	-	-		
Current tax liabilities	-	(1)		
Deferred tax liabilities	-	(21)		
Discount on acquisition	-	-		
Acquisition costs	-	16		
Total consideration	-	251		
Net cash effect				
Cash paid for current year acquisition	-	(251)	-	(251)
Cash paid for prior year acquisition	-	(960)	-	(960)
Share issuing costs	-	-	-	-
Cash balance acquired	-	-	-	-
Total cash outflows on acquisition of controlled entities	-	(1,211)	-	(1,211)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007 (continued)

16. CASH FLOW RECONCILIATION (continued)

(c) Non-cash financing and investing activities

(i) Dividend reinvestment plan

Under the terms of the dividend reinvestment plan, \$2,256,182 (2006: \$1,689,772) of dividends were paid via the issue of 1,710,150 shares (2006: 1,369,190)

(ii) Transfer of investment portfolio to parent entity

There was no share transfer between the parent and controlled entities in 2007. However in 2006, the Company transferred all of the investment portfolio held by its wholly owned subsidiary entity, now Pacific Strategic Investments Pty Limited at carrying value. The transfer consideration was \$20,745,529 and was settled against the balance due via an inter-company loan.

17. EARNINGS PER SHARE

	Consolidated	
	30/06/07 \$'000	30/06/06 \$'000
The following reflects the income and share data used in the calculation of basic and diluted earnings per share:		
Profit for the year	14,930	12,824
Earnings used in calculating basic and diluted earnings per share	14,930	12,824
	No. ('000)	No. ('000)
Weighted average number of ordinary shares used in the calculation of basic & diluted earnings per share	216,074	196,965
Basic earnings per share (cents)	6.91	6.51
Diluted earnings per share (cents)	6.91	6.51

18. AUDITORS' REMUNERATION

	Consolidated		Company	
	30/06/07 \$'000	30/06/06 \$'000	30/06/07 \$'000	30/06/06 \$'000
Remuneration of the auditor of the parent entity for:				
(a) Auditing the financial report of the Company and the controlled entities	29	29	29	29
(b) Taxation services	7	3	7	3
(c) Due diligence investigations	2	-	2	-
	38	32	38	32
Remuneration of other auditors of subsidiaries for:				
Auditing the financial report of the controlled entities	-	20	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007 (continued)

19. DIRECTORS REMUNERATION

Payment to non-executive directors is fixed at \$150,000 until shareholders, by ordinary resolution, approve some other fixed sum amount. This amount is to be divided amongst the Directors as they may determine.

These fees exclude any additional fee for any service based agreement which may be agreed from time to time, and also excludes statutory superannuation and the reimbursement of out of pocket expenses.

Details of the nature and amount of each non-executive director's emoluments from the Company and controlled entities in respect of the year to 30 June 2007 were:

	Primary \$	Superannuation \$	Equity Compensation \$	Other Compensation \$	Total \$
RD Millner	40,000	3,600	-	-	43,600
DC Hall	30,000	2,700	-	-	32,700
AJ Payne	25,000	2,250	-	-	27,250
GG Hill	25,000	2,250	-	-	27,250
Total	120,000	10,800	-	-	130,800

There were no retirement allowances provided for the retirement of non-executive directors.

	2007	2006
Income paid or payable, or otherwise made available to Non-Executive Directors of the consolidated entity in connection with managing the affairs of the Company and controlled entities	\$	\$
Fees	120,000	125,000
Superannuation Guarantee amounts	10,800	11,250
	130,800	136,250

Other than the Directors acting in their capacity as directors, the Company had no employees during the year to 30 June 2007.

20. SUPERANNUATION COMMITMENTS

The Company contributes superannuation payments on behalf of directors of the consolidated entity in accordance with relevant legislation. Superannuation funds are nominated by the individual directors and are independent of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007 (continued)

21. RELATED PARTY TRANSACTIONS

Related parties of the Company fall into the following categories:

(i) **Controlled Entities**

(a) **Acquisition of controlled entities**

During 2007, the Company did not acquire any controlled entities. However, in 2006 the Company acquired the remaining voting shares in a controlled entity, now Pacific Strategic Investments Pty Limited. The operating results of all controlled entities from the date of acquisition have been included in the Consolidated Income Statement. Assets and liabilities of all controlled entities have been included in the Consolidated Balance Sheet.

At 30 June 2007, subsidiaries of the Company were:

	Country of Incorporation	Percentage Owned (%)	
		2007	2006
Brickworks Securities Pty Limited	Australia	100	100
Pacific Strategic Investments Pty Limited	Australia	100	100
PSI Unit Trust	Australia	100	100

Transactions between the Company and its controlled entities consist of loan balance from the Company to its controlled entities. No interest is charged on the loan balance to the controlled entities and no repayment period is fixed for the loan.

(b) **Disposal of controlled entities**

On 16 June 2007, controlled entity A.C.N 007 336 094 (previously PSI Securities Ltd) was deregistered. The contribution to operating profit from ordinary activities by A.C.N. 007 336 094 Pty Ltd to the company for the year was \$440.

(c) **Transfer of investment portfolio to parent entity**

There was no share transfer between the parent and controlled entities in 2007. However in 2006, the Company transferred all of the investment portfolio held by its wholly owned subsidiary entity, now Pacific Strategic Investments Pty Limited at carrying value. The transfer consideration was \$20,745,529 and was settled against the balance due via an inter-company loan.

(ii) **Directors/Officers Related Entities**

Persons who were Directors/Officers of Brickworks Investment Company Limited for part or all of the year ended 30 June 2007 were:

Directors: RD Millner
 DC Hall
 AJ Payne
 GG Hill

Company Secretary: JP de Gouveia

Pitt Capital Partners Limited

The Company appointed Pitt Capital Partners Limited, an entity in which Mr. RD Millner has an indirect interest, to act as Issue Manager in respect of the Renounceable Rights Issue in April 2007. Fees paid to Pitt Capital Partners Limited were \$125,000 (2006: nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007 (continued)

(ii) Directors/Officers Related Entities (continued)

Souls Funds Management Limited

The Company has appointed Souls Funds Management Limited, an entity in which Messrs. RD Millner and GG Hill have an indirect interest, to act as investment manager for a period of 5 years from 24 October 2003. Under the agreement between the two parties, the Company agrees to pay Souls Funds Management Limited a monthly management fee equal to one-twelfth of 0.35% of the assets of the Company in the preceding month under their management.

Management fees paid or payable for the year ending 30 June 2007 were \$1,132,182 (2006: \$944,148); and the management fee owed by the Company to Souls Funds Management Limited at 30 June 2007 was \$119,187 (2006: \$172,279).

Corporate & Administrative Services Pty Limited

The Company has appointed Corporate & Administrative Services Pty Limited, an entity in which Mr. RD Millner has an indirect interest and Mr JP de Gouveia has a direct interest, to provide the Company with administration, company secretarial services and preparation of all financial accounts.

Administration and secretarial fees paid for services provided to the company and its controlled entities for the year ending 30 June 2007 were \$111,540 (2006: \$128,260, including GST) and are at standard market rates.

No administration fees were owed by the Company to Corporate & Administrative Services Pty Limited as at 30 June 2007.

(iii) Transactions in securities of the Company

Aggregate number of securities of the Company acquired or disposed of by Directors or their Director-related entities:

	2007 No. of Shares	2006 No. of Shares
Acquisition - Shares	1,876,434	828,910
Disposal - Shares	-	-

During the year ended 30 June 2007, entities related to Directors acquired, under normal commercial terms, shares in the Company as follows:

- (i) Entities related to Mr RD Millner: 1,046,365 shares (2006: 808,168 shares)
- (ii) Entities related to Mr DC Hall: 47,231 shares (2006: 15,027 shares)
- (iii) Entities related to Mr AJ Payne: 25,304 shares (2006: 5,715 shares)
- (iv) Entities related to Mr. GG Hill: 757,534 shares (2006: nil shares)

Directors acquired shares through dividend reinvestment plan, share purchase plan, rights issue or on-market purchase.

There has been no other change to Directors' shareholdings in the Company during the year ended 30 June 2007.

Messrs RD Millner, DC Hall, AJ Payne and GG Hill, or their associated entities, being shareholders of the Company are entitled to receive dividends from the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007 (continued)

22. FINANCIAL REPORTING BY SEGMENTS

The Company operates predominately in the securities industry in Australia.

23. FINANCIAL INSTRUMENTS

a) Interest Rate Risk

The economic entity's exposure to interest rate risk as at the reporting date is as follows:

	Weighted Average Interest Rate %		Variable Interest Rate \$'000		Non-Interest Bearing \$'000		Total \$'000	
	2007	2006	2007	2006	2007	2006	2007	2006
Financial Assets								
Cash and short term deposits	5.55	5.21	51,547	22,670	-	-	51,547	22,670
Listed securities	7.82	-	1,018	-	370,473	272,067	371,491	272,067
Receivables and prepayments	-	-	-	-	2,799	3,264	2,799	3,264
			52,565	22,670	373,272	275,331	425,837	298,001
Financial Liabilities								
Payables	-	-	-	-	170	220	170	220

b) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The economic entity has adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group measures credit risk on a fair value basis. The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007 (continued)

23. FINANCIAL INSTRUMENTS (continued)

c) Concentration of Investment Risk

The economic entity minimises concentration of risk in relation to investments by spreading across different sectors.

Spread of investments in the following sectors:

Sector	Percentage of total investment		Amount	
	2007 %	2006 %	2007 \$'000	2006 \$'000
Banks	35.9	37.1	133,438	109,212
Capital goods	5.0	3.7	18,480	10,706
Diversified financials	6.6	7.8	24,417	22,939
Energy	11.0	3.1	40,995	9,214
Food & staples retailing	5.0	3.9	18,488	11,590
Materials	13.3	20.3	49,296	59,643
Media	4.4	3.8	16,479	11,483
Telecommunication services	2.9	2.6	10,725	7,496
Other non concentrated	3.7	10.0	59,173	29,784
Bank deposits	12.2	7.7	51,547	22,670
	100.0	100.0	423,038	294,737

The Company traded all investment transactions through a number of major broking firms with trades evenly placed amongst those firms.

d) Net Fair Value

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in note 1 to the accounts.

24. CONTINGENT LIABILITIES

The economic entity has no contingent liabilities at 30 June 2007.

25. AUTHORISATION

The financial report was authorised for issue on 7 August 2007 by the Board of Directors.

DIRECTORS' DECLARATION

The directors of Brickworks Investment Company Limited declare that:

1. The financial statements and notes, as set out on pages 22 to 43, are in accordance with the Corporations Act 2001 and:
 - a. comply with Accounting Standards and the Corporations Regulations 2001; and
 - b. give a true and fair view of the financial position as at 30 June 2007 and of the performance for the year ended on that date of the company and economic entity.
2. In the director's opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
3. This declaration has been made after receiving the declaration required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2007.

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

Robert D Millner
Director

Sydney
7 August 2007

AUDITORS' REPORT

TRAVIS & TRAVIS CHARTERED ACCOUNTANTS

P.O. BOX 429
LANE COVE, AUSTRALIA
TELEPHONE: +61 2 9427 6555
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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
BRICKWORKS INVESTMENT COMPANY LIMITED**

Report on the Financial Report

We have audited the accompanying financial report of Brickworks Investment Company Limited (the company) and Controlled Entities (the consolidated entity), which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes 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.

Director's Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

Audit 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 control 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 control. 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.

Auditor's Opinion

In our opinion:

- (a) The financial report of Brickworks Investment Company Limited and Controlled Entities is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

TRAVIS & TRAVIS

A.J. FAIRALL
Partner
Dated: 7 August 2007

1/114 Longueville Road
LANE COVE NSW 2066

Liability limited by a scheme approved under Professional Standards legislation.

AUDITORS' INDEPENDENCE DECLARATION

TRAVIS & TRAVIS CHARTERED ACCOUNTANTS

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Auditors' Independence Declaration to the Directors of Brickworks Investment Company Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2007 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

TRAVIS & TRAVIS

A.J. FAIRALL
Partner

Dated: 7 August 2007

1/114 Longueville Road, Lane Cove NSW

Liability limited by a scheme approved under Professional Standards legislation.

ASX Additional Information

1) Equity Holders

At 31 August 2007, there were 7,661 holders of ordinary shares in the capital of the company. These holders were distributed as follow:

No. of Shares held	No. of Shareholders
1 – 1,000	233
1,001 – 5,000	1,591
5,001 – 10,000	1,512
10,001 – 100,000	4,097
100,001 and over	228
Total	7,661
Holding less than a marketable parcel of 343 shares	81

Votes of Members

Article 5.12 of the Company's Constitution provides:

- a) Subject to this Constitution and any rights or restrictions attached to a class of Shares, on a show of hands at a meeting of Members, every Eligible Member present has one vote.
- b) Subject to this Constitution and any rights or restrictions attached to a class of Shares, on a poll at a meeting of Members, every Eligible Member present has:
 - (i) one vote for each fully paid up Share (whether the issue price of the Share was paid up or credited or both) that the Eligible Member holds; and
 - (ii) a fraction of one vote for each partly paid up Share that the Eligible Member holds. The fraction is equal to the proportion which the amount paid up on that Share (excluding amounts credited) is to the total amounts paid up and payable (excluding amounts credited on that Share).

ASX Additional Information (continued)

The 20 largest holdings of the Company's share as at 31 August 2007 are listed below:

Name	Shares Held	%
Brickworks Limited	51,721,775	20.43
Washington H Soul Pattinson & Co Ltd	7,667,221	3.03
Bougainville Copper Limited	7,297,357	2.88
Argo Investments Limited	5,110,996	2.02
Aust Executor Trustees Ltd <LIC Fund A/C>	2,571,548	1.02
J S Millner Holdings Pty Limited	1,684,357	0.67
Palmerston Pty Ltd	1,372,092	0.54
UBS Wealth Management Australia Nominees Pty Ltd	1,091,886	0.43
T G Millner Holdings Pty Limited	1,086,565	0.43
Trehant Pty Ltd	840,000	0.33
Mr David McKee & Mrs Pamela Forbes McKee <D McKee Super Fund A/C>	822,275	0.32
Patjen Pty Limited	811,591	0.32
Mr Victor John Plummer	773,060	0.31
RBC Dexia Investor Services Australia Nominees Pty Limited <MLCI A/C>	723,020	0.29
Janivan Investments Pty Ltd	700,000	0.28
K C Perks Investments Pty Ltd <Kym C Perks Super Fund A/C>	692,813	0.27
Australia Republic Investment Pty Ltd	620,000	0.24
Mr Robert Dobson Millner & Mr Michael Millner <Est James S Millner A/C>	549,077	0.22
Malolo Pty Ltd <R Mc Donald Co P/L S/F A/C>	544,361	0.22
Milton Corporation Limited	511,523	0.20
Total top 20 security holders	87,191,517	34.45
Total number of shares on Issue	253,167,068	

2) Substantial Shareholders

As at 31 August 2007 the name and holding of substantial shareholder as disclosed in a notice received by the company is:

Substantial Shareholders	No. of Shares	% of Total
Brickworks Limited	51,721,775	20.43

3) Other Information

- There is no current on-market buy-back in place.
- There were 187 (2006: 143) transactions in securities undertaken by the Company and the total brokerage paid or accrued during the year was \$104,002 (2006: \$61,720).

ASX Additional Information (continued)

4) Management Fees

Management fees paid and accrued during the year ended 30 June 2007 to Souls Funds Management Limited was \$1,132,182 (2005: \$966,924).

5) Management Expense Ratio

The Management Expense Ratio ("MER") is the total expenses of the company for the financial year, as shown in the income statement, expressed as a percentage of the average total asset of the company for the financial year.

30/06/04	30/06/05	30/06/06	30/06/07
0.69%	0.71%	0.56%	0.46%

