

BKW 1987.

BZW MEARES LIMITED

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BRICKWORKS LIMITED GROUP

LOCATIONS

BRICK YARDS:

N.S.W.

BRICKWORKS LIMITED

Brookvale, Federal Parade

Eastwood, Midson Road

QUEENSLAND

Rochedale, Gardner Road

N.S.W.

THE AUSTRAL BRICK CO. PTY. LIMITED

Horsley Park, Wallgrove Road

PIPE YARD:

N.S.W.

PUNCHBOWL PIPES PTY. LIMITED

Punchbowl, Belmore Road

DISPLAY CENTRES & SALES:

SYDNEY AREA

Brookvale, Federal Parade
Eastwood, Midson Road
Horsley Park, Wallgrove Road
Punchbowl, Belmore Road
St. Peters, Princes Highway

NEWCASTLE AREA

Metford, Metford Road
Wickham, Hannell Street

QUEENSLAND

Rochedale, Gardner Road
Labrador, Crn. Ridge Road & Lensgate Drive
Ipswich, Lowery Street
Burleigh Heads, Reedy Creek Road

A.C.T.

Fyswick, Lithgow Street

BRICKWORKS LIMITED

(incorporated in New South Wales)

REGISTERED OFFICE:	62 Belmore Road, Punchbowl, N.S.W. Telephone: 534 4611 Telex: 74262
DIRECTORS:	JAMES S. MILLNER A.M., Ph.C; MPS. (Chairman) Director since 1969; Chairman since 1981 GEOFFREY G. TRAVIS BEc. (Syd) FCA. Director since 1978 HUGH DIXSON MA (Cantab.); BA (Syd). Director since 1981 ALBERT W. BURGIS AASA; ACIS; AAIM; JP. Joined the company 1959. Director since 1983. MAJOR GENERAL (R. L.) CEDRIC M.I. PEARSON AO; DSO; OBE; MC. Director since 1983
GROUP GENERAL MANAGER:	ALBERT W. BURGIS
SECRETARY:	FRANCIS ELSWORTHY FASA, CPA; JP. (Retired 28th August 1987) ALEXANDER J. PAYNE B.Comm; AASA, CPA; ACIS; JP.
SOLICITORS:	R. N. HENDERSON, TAYLOR & MITCHELL
AUDITORS:	TRAVIS & TRAVIS Chartered Accountants
BANKERS:	NATIONAL AUSTRALIA BANK LIMITED
SUBSIDIARY COMPANIES: (Incorporated in N.S.W.)	THE AUSTRAL BRICK CO. PTY. LIMITED CARRINGTON BRICK CO. PTY. LIMITED PUNCHBOWL PIPES PTY. LIMITED ROCHEDALE TRANSPORT PTY. LIMITED THE WARREN BRICK CO. LIMITED
(Incorporated in A.C.T.)	CANBERRA PIPES PTY. LIMITED
STOCK REGISTERS: Sydney:	62 Belmore Road, Punchbowl, N.S.W. Telephone: 534 4611 Telex: 74262 Facsimile: 533-2736
Canberra:	C/- DELOITTE HASKINS & SELLS 5th Floor, 10 Rudd Street Canberra City, 2601

BRICKWORKS LIMITED

NOTICE IS HEREBY given that the ANNUAL GENERAL MEETING of BRICKWORKS LIMITED, will be held at the Rhodes Room, Gold Fields House, Sydney Cove, on FRIDAY, NOVEMBER 6, 1987 at 12 noon.

ORDINARY BUSINESS

1. To receive and consider the balance sheet and profit and loss statement for the year ended 30th June, 1987 and the reports of the directors and auditors thereon.
2. To consider the declaration of dividend as recommended by the directors.
3. Election of directors:
Messrs. H. Dixson and C. M. I. Pearson retire by rotation and being eligible offer themselves for re-election.
4. To transact any other business which may be legally brought before the meeting.

BY ORDER OF THE BOARD,

A. J. PAYNE,
Secretary.

The transfer books and register of members of Brickworks Limited will be closed from 5.00 p.m. October 23, 1987 to 5.00 p.m. November 6, 1987 for the purpose of preparing and paying dividends.

A member entitled to attend and vote at the above meeting is entitled to appoint not more than two proxies; where more than one proxy is appointed each must be appointed to represent a specified proportion of the member's voting rights. A proxy need not be a member of the Company.

BRICKWORKS LIMITED

DIRECTORS' REPORT

The directors of Brickworks Limited present their report and the financial statements of the company and its subsidiaries for the financial year ended June 30, 1987.

DIRECTORS

The Directors in office at the date of this report are as follows:—

JAMES S. MILLNER A.M. (Chairman)
GEOFFREY G. TRAVIS
HUGH DIXSON
ALBERT W. BURGIS
MAJOR GENERAL (R. L.) C. M. I. PEARSON

Directors interests in contracts

No director holds an interest, whether directly or indirectly, in a contract or proposed contract with the company, or any subsidiary of the company.

Principal activities

The principal activities of the corporations in the group during the year were brickmaking, pipemaking, cartage contracting and investment.

There were no significant changes in those activities during the year.

Result of operations

The consolidated net profit for the year ended June 30, 1987 after income tax expense and before extraordinary items, was \$2,926,045 compared with \$7,080,816 for the previous year. In addition extraordinary profits of \$1,028,475 (1986 \$10,471,660) were earned.

Dividends

The directors recommend that the following dividend be declared out of profits for the year:

ordinary shareholders	\$1,917,624
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Dividends paid during the year under review were:

- (a) Final ordinary of \$1,917,624 out of profits for the year ended June 30, 1986, and referred to in the previous directors' report and
- (b) Interim ordinary of \$1,406,258 paid April 30, 1987.

Review of operations

Brickworks Limited has, over this last year made significant improvements in the efficiency of its manufacturing operations which place the company in an excellent position to take advantage of any improvement in the building industry. Developments in Dry Press production and Paver production occurred during the year which also further enhance our potential.

The market has, however, remained severely depressed due to high interest rates and Government Tax impositions.

The gross oversupply of product continued in the two states in which this company operates.

There have been several major strikes which severely affected the second half results.

Profit has also been affected by the company's policy of taking up depreciation in order to write off assets over 5 years in accordance with allowable tax rates. The latter, of course, has had a positive effect on cash flow in the past year and will continue to do so in the immediate future.

Significant changes in activities

There were no significant changes in the state of affairs of the group during the year.

Post balance date events

Matters or circumstances have not arisen since the end of the financial year that have affected, or may significantly affect in subsequent financial years:

- (i) the operations of the group;
- (ii) the results of those operations; or
- (iii) the state of affairs of the group.

Directors' Benefit

Since the end of the previous financial year no director of the company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the accounts or group accounts, or the fixed salary of a full-time employee of the company or a related corporation) by reason of a contract made by the company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has substantial financial interest.

Dated at Wallgrove this twenty eighth day of September, 1987.

Signed in accordance with a resolution of the directors.

J. S. MILLNER, Director

A. W. BURGIS, Director.

BRICKWORKS LIMITED AND SUBSIDIARY COMPANIES

BALANCE SHEET AS AT 30TH JUNE, 1987

	NOTES	GROUP		HOLDING COMPANY	
		1987 \$000	1986 \$000	1987 \$	1986 \$
CURRENT ASSETS					
Cash		180	148	7,695	294,080
Receivables	8	5,936	6,595	1,849,975	1,353,794
Investments	11	202	396	202,104	396,625
Inventories	9	9,028	8,083	1,964,551	1,966,150
Other	10	14,534	10,545	14,369,947	10,376,418
TOTAL CURRENT ASSETS		<u>29,880</u>	<u>25,767</u>	<u>18,394,272</u>	<u>14,387,067</u>
NON CURRENT ASSETS					
Investments	11	40,477	39,275	42,507,104	42,959,526
Property, plant and equipment	12	50,394	56,667	21,757,639	25,080,562
TOTAL NON CURRENT ASSETS		<u>90,871</u>	<u>95,942</u>	<u>64,264,743</u>	<u>68,040,088</u>
TOTAL ASSETS		<u>120,751</u>	<u>121,709</u>	<u>82,659,015</u>	<u>82,427,155</u>
CURRENT LIABILITIES					
Creditors and Borrowings	13	3,985	4,981	1,221,285	1,747,770
Provisions	14a	3,997	4,671	3,024,186	2,791,375
TOTAL CURRENT LIABILITIES		<u>7,982</u>	<u>9,652</u>	<u>4,245,471</u>	<u>4,539,145</u>
NON CURRENT LIABILITIES					
Provisions	14b	194	192	47,585	51,593
Other	15	76	76	—	—
TOTAL NON CURRENT LIABILITIES		<u>270</u>	<u>268</u>	<u>47,585</u>	<u>51,593</u>
TOTAL LIABILITIES		<u>8,252</u>	<u>9,920</u>	<u>4,293,056</u>	<u>4,590,738</u>
NET ASSETS		<u>112,499</u>	<u>111,789</u>	<u>78,365,959</u>	<u>77,836,417</u>
SHAREHOLDERS EQUITY					
Share Capital	16	12,784	12,784	12,784,162	12,784,162
Reserves	17	71,604	70,574	47,366,435	46,590,018
Retained Profits		28,111	28,431	18,215,362	18,462,237
TOTAL SHAREHOLDERS EQUITY		<u>112,499</u>	<u>111,789</u>	<u>78,365,959</u>	<u>77,836,417</u>
CAPITAL COMMITMENTS	18				
CONTINGENT LIABILITIES	19				

The accompanying notes form part of these financial statements

BRICKWORKS LIMITED AND SUBSIDIARY COMPANIES

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 30TH JUNE, 1987

	NOTES	GROUP		HOLDING COMPANY	
		1987 \$000	1986 \$000	1987 \$	1986 \$
Operating revenue	2	52,989	52,297	20,045,842	20,151,911
Operating profit	3	3,161	8,580	3,183,489	6,917,481
Income tax attributable to operating profit		235	1,499	106,482	—
Operating profit after income tax		2,926	7,081	3,077,007	6,917,481
Profit on extraordinary items	6	1,029	9,823	776,417	7,915,795
Profit on extraordinary items after income tax		1,029	9,823	776,417	7,915,795
Operating profit and extraordinary items after income tax		3,955	16,904	3,853,424	14,833,276
Retained profits 1st July 1986		28,431	24,538	18,462,237	14,524,172
Aggregate of amounts transferred from provision for income tax		78	649	—	344,466
TOTAL AVAILABLE FOR APPROPRIATION		32,464	42,091	22,315,661	29,701,914
Dividend paid and proposed	7	3,324	3,324	3,323,882	3,323,882
Aggregate of amounts transferred to reserves	17	1,029	10,336	776,417	7,915,795
Retained profits 30th June 1987		28,111	28,431	18,215,362	18,462,237

The accompanying notes form part of these financial statements

BRICKWORKS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO AND PART OF ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 1987

These notes form part of and should be read in conjunction with the consolidated accounts and accounts of Brickworks Limited.

1. STATEMENT OF ACCOUNTING POLICIES

The ACCOUNTS have been prepared in accordance with the provisions of applicable approved accounting standards, the requirements of Sch. 7 as stated at October 1, 1986 and applicable legislation. The accounts have also been prepared in accordance with the historical cost convention.

CONSOLIDATION. The group's subsidiary companies are all wholly owned and are included in the group consolidation.

DEPRECIATION is provided on various bases (applied consistently) so as to write off the cost over the useful life of the assets. Rates of depreciation on modern brick making plant have been increased to bring them into line with the rates allowable for income tax purposes.

STOCK AND WORK IN PROGRESS are valued at the lower of cost or net realisable value. Cost in the case of manufactured stock consists of direct material and labour costs plus an appropriate proportion of fixed and variable costs.

INCOME TAX provided has been calculated in accordance with the Income Tax Assessment Act. The amount provided for Income Tax has been affected by claims for investment allowances on new plant (\$6,805), rebate on dividends received (\$1,539,284), the non-deductibility of provision for employee entitlements (\$236,086) and other minor adjustments.

TAX EFFECT ACCOUNTING has not been adopted. This method of charging income tax is not considered appropriate for the company or its subsidiaries, as the realisation of the asset "Future Tax Benefit" and the profit are indefinite.

If tax effect accounting had been adopted

(a) The net profit from trading after providing for income tax expense would have been \$3,130,758.

(b) The balance sheet would have contained an asset "Future Tax Benefit" of \$1,338,688 and a provision for "Deferred Income Tax" of \$747,609.

INVESTMENTS in listed companies are shown at cost price. The shares are held for long term investment, and no provision has been made for variation in value due to market fluctuations.

All shares held are in first-class companies which have long term growth prospects.

ROUNDING AMOUNTS. The parent company is a company of the kind specified in Regulation 58 (6) of the Companies (New South Wales) Code and amounts have been rounded off in accordance with Section 271 of the code and this regulation.

EQUITY ACCOUNTING. Where the group has a material investment in a company outside the group and has capacity to significantly influence the policies of that company, that investment, and the results of that company, are dealt with in accordance with the equity method of accounting. Equity retained earnings are not available for appropriation by Brickworks Limited.

This information is shown by way of a supplementary note and is not included in the profit and loss statement and balance sheet prepared in accordance with the Companies (N.S.W.) Code. Refer note 23.

2. OPERATING REVENUE

	GROUP		HOLDING COMPANY	
	1987 \$000	1986 \$000	1987 \$	1986 \$
(a) Sales Revenue	47,785	48,086	15,176,118	14,438,823
(b) Other Operating Revenue				
Interest received				
Other Corporations	1,537	968	1,525,433	842,390
Dividend received				
Related Corporations	—	—	120,000	2,045,000
Other Corporations	3,141	3,030	3,030,838	2,809,425
Profit on sale of non current assets	270	98	21,721	—
Other	256	115	171,732	16,273
Total Revenue	<u>52,989</u>	<u>52,297</u>	<u>20,045,842</u>	<u>20,151,911</u>

	Notes	GROUP		HOLDING COMPANY	
		1987 \$000	1986 \$000	1987 \$	1986 \$
3. OPERATING PROFIT BEFORE INCOME TAX HAS BEEN DETERMINED AFTER:					
(a) Charging as Expenses:					
Interest paid or payable to:					
Other persons		47	65	41,676	64,754
Depreciation of fixed assets		8,082	4,324	3,740,197	782,321
Directors' emoluments	4	50	50	45,000	45,000
Auditors' remuneration	5	99	92	40,100	35,000
Bad debts		201	281	55,058	161,576
Loss on sale of fixed assets		4	111	3,906	78,497
Transfers to provision for:					
Employee entitlements		236	1,015	630,579	383,871
(b) Crediting as Income:					
Dividend received from:					
Related Corporations		—	—	120,000	204,500
Other Corporations		3,141	3,030	3,030,838	2,809,425
Interest received from:					
Other persons		1,537	968	1,525,433	842,390
Profit on sale of fixed assets		270	108	21,721	—
4. DIRECTORS' EMOLUMENTS					
Non Executive Directors					
Holding Company		45	45	45	45
Subsidiaries		5	5	—	—
		<u>50</u>	<u>50</u>	<u>45</u>	<u>45</u>
5. AUDITORS' REMUNERATION					
Amount receivable by the auditors for:					
Auditing the accounts		99	92	40,100	35,000
		<u>99</u>	<u>92</u>	<u>40,100</u>	<u>35,000</u>
6. EXTRAORDINARY ITEMS					
Capital profit on sale of freehold property (no income tax expense applicable)		511	10,336	259,759	—
Capital profit on sale of investments (no income tax expense applicable)		518	—	516,658	7,915,795
		<u>1,029</u>	<u>10,336</u>	<u>776,417</u>	<u>7,915,795</u>
7. DIVIDEND PAID AND PROPOSED					
Interim ordinary dividend of 22 cents per share paid		1,406	1,406	1,406,256	1,406,258
Proposed ordinary dividend of 30 cents per share		1,918	1,918	1,917,626	1,917,624
		<u>3,324</u>	<u>3,324</u>	<u>3,323,882</u>	<u>3,323,882</u>
8. RECEIVABLES					
Current					
Trade debtors		6,153	6,866	1,125,242	1,149,560
Less: provision for doubtful debts		598	598	75,000	75,000
		<u>5,555</u>	<u>6,268</u>	<u>1,050,242</u>	<u>1,074,560</u>
Other debtors		960	703	824,812	309,314
		<u>6,515</u>	<u>6,971</u>	<u>1,875,054</u>	<u>1,383,874</u>
Less: Advance payments by customers		579	376	25,079	30,080
		<u>5,936</u>	<u>6,595</u>	<u>1,849,975</u>	<u>1,353,794</u>

	GROUP		HOLDING COMPANY	
	1987 \$000	1986 \$000	1987 \$	1986 \$
9. INVENTORIES				
Current				
Raw materials and stores	1,363	1,399	108,888	—
Work in progress	754	771	272,622	299,698
Finished goods	6,911	5,913	1,583,041	1,666,452
	<u>9,028</u>	<u>8,083</u>	<u>1,964,551</u>	<u>1,966,150</u>
10. OTHER ASSETS				
Current				
Short Term Deposits & Loans	14,228	10,330	14,228,340	10,329,845
Prepayments	306	215	141,607	46,573
	<u>14,534</u>	<u>10,545</u>	<u>14,369,947</u>	<u>10,376,418</u>
11. INVESTMENTS				
(a) Current Investment At Cost				
Semi-government bonds listed on a prescribed stock exchange	202	396	202,104	396,625
At Market Value	<u>226</u>	<u>384</u>	<u>226,134</u>	<u>384,155</u>
(b) Non Current Investments comprise:				
Shares in subsidiaries not listed, at cost	—	—	17,020,365	17,020,365
Less: Amounts owing to subsidiaries	—	—	(13,255,611)	(11,623,511)
	—	—	3,764,754	5,396,854
Investments in other corporations at cost				
listed on a prescribed stock exchange	29,977	30,275	28,242,350	28,562,672
not listed on a prescribed stock exchange	10,500	9,000	10,500,000	9,000,000
	<u>40,477</u>	<u>39,275</u>	<u>42,507,104</u>	<u>42,959,526</u>
At Market value	<u>94,136</u>	<u>79,310</u>	<u>86,983,662</u>	<u>74,723,605</u>
12. FIXED ASSETS				
(a) Freehold land, buildings, kilns etc.				
At officer's valuation 1961	398	898	336,428	336,428
At independent valuation 1966	—	106	—	—
At independent valuation 1967	305	602	114,652	114,652
At independent valuation 1972	2,272	2,709	505,063	505,063
At valuer generals valuation 1974	5,514	5,514	860,360	860,360
At cost	38,775	38,198	16,538,639	16,521,033
	<u>47,264</u>	<u>48,027</u>	<u>18,355,142</u>	<u>18,337,536</u>
Less: depreciation	13,699	10,318	4,202,562	2,292,524
	<u>33,565</u>	<u>37,709</u>	<u>14,152,580</u>	<u>16,045,012</u>
(b) Plant and equipment				
At officers valuation 1961	581	581	579,130	579,130
At cost	37,952	35,805	14,032,882	13,821,103
	<u>38,533</u>	<u>36,386</u>	<u>14,612,012</u>	<u>14,400,233</u>
Less: depreciation	21,721	17,428	7,006,953	5,364,683
	<u>16,812</u>	<u>18,958</u>	<u>7,605,059</u>	<u>9,035,550</u>
Add: work in progress — at cost	17	—	—	—
	<u>16,829</u>	<u>18,958</u>	<u>7,605,059</u>	<u>9,035,550</u>

	Notes	GROUP		HOLDING COMPANY	
		1987 \$000	1986 \$000	1987 \$	1986 \$
13. CREDITORS AND BORROWINGS					
Current					
Bank Balances		149	—	149,631	—
Trade Creditors		3,836	4,264	1,071,654	1,030,770
Secured Liabilities:					
Debentures		—	717	—	717,000
		<u>3,985</u>	<u>4,981</u>	<u>1,221,285</u>	<u>1,747,770</u>
14. PROVISIONS					
(a) Current					
Dividends	7	1,918	1,918	1,917,626	1,917,624
Taxation		235	1,143	106,482	—
Employee Entitlements		1,844	1,610	1,000,078	873,751
		<u>3,997</u>	<u>4,671</u>	<u>3,024,186</u>	<u>2,791,375</u>
(b) Non Current					
Employee Entitlements		194	192	47,585	51,593
		<u>194</u>	<u>192</u>	<u>47,585</u>	<u>51,593</u>
15. OTHER					
Non Current					
Lands — Conditional Purchase		76	76	—	—
		<u>76</u>	<u>76</u>	<u>—</u>	<u>—</u>
16. SHARE CAPITAL					
(a) Authorised Capital					
11,446,085 ordinary shares of \$2 each		22,892	22,892	22,892,170	22,892,170
750,000 cumulative non-participating 10% redeemable preference shares of \$2 each		1,500	1,500	1,500,000	1,500,000
303,945 shares of \$2 each (unclassified)		608	608	607,830	607,830
		<u>25,000</u>	<u>25,000</u>	<u>25,000,000</u>	<u>25,000,000</u>
(b) Issued Capital					
6,392,081 ordinary shares of \$2 each fully paid		12,784	12,784	12,784,162	12,784,162
		<u>12,784</u>	<u>12,784</u>	<u>12,784,162</u>	<u>12,784,162</u>
17. RESERVES					
Capital Reserves					
Share premium		14,813	14,813	14,812,681	14,812,681
Capital profits		18,436	17,407	12,743,098	11,966,681
Asset revaluation		4,087	4,087	1,089,242	1,089,242
Capital redemption		1,500	1,500	1,500,000	1,500,000
Surplus on consolidation		10,300	10,300	—	—
Revenue Reserves					
General		22,468	22,467	17,221,414	17,221,414
		<u>71,604</u>	<u>70,574</u>	<u>47,366,435</u>	<u>46,590,018</u>
18. CAPITAL EXPENDITURE COMMITMENTS					
Capital expenditure projects		863	514	—	—
		<u>863</u>	<u>514</u>	<u>—</u>	<u>—</u>
19. CONTINGENT LIABILITY					
A contingent liability exists for a service agreement with a full time executive officer		20	20	20,000	20,000
		<u>20</u>	<u>20</u>	<u>20,000</u>	<u>20,000</u>

20. STATEMENT OF OPERATIONS BY SEGMENTS

	AUSTRALIA BRICKS		AUSTRALIA PIPES		S.E. ASIA PIPES		CONSOLIDATED GROUP	
	\$000		\$000		\$000		\$000	
	1987	1986	1987	1986	1987	1986	1987	1986
Sales to customer outside the group	40,749	39,998	6,759	7,731	277	357	47,785	48,086
Intersegment sales	—	—	—	—	—	—	—	—
Total Revenue	<u>40,749</u>	<u>39,998</u>	<u>6,759</u>	<u>7,731</u>	<u>277</u>	<u>357</u>	<u>47,785</u>	<u>48,086</u>
Segment result	3,675	8,436	1,453	3,056	60	141	5,188	11,633
Unallocated expenses							(7,229)	(7,264)
Other revenue							5,202	4,211
Group operating profit							<u>3,161</u>	<u>8,580</u>
Segment assets	<u>108,861</u>	<u>108,901</u>	<u>11,890</u>	<u>12,808</u>	<u>—</u>	<u>—</u>	<u>120,751</u>	<u>121,709</u>

21. PAYMENTS TO PRESCRIBED SUPERANNUATION FUNDS AND SUPERANNUATION COMMITMENTS

	GROUP		HOLDING COMPANY	
	1987 \$000	1986 \$000	1987 \$	1986 \$
A superannuation plan has been established by the company for the provision of superannuation benefits to employees. These employees contribute on a percentage of gross income basis which in turn is at least matched by the company	149	52	95,116	3,919
	<u>149</u>	<u>52</u>	<u>95,116</u>	<u>3,919</u>

22. PARTICULARS RELATING TO SUBSIDIARY COMPANIES

Name of Company	Place of Incor- poration	Class of Shares	Investment of Parent Company at Cost		Brickworks Limited Beneficial Interest		Contribution to Consolidated Profits	
			1987	1986	1987	1986	1987	1986
			\$000's	\$000's	%	%	\$000's	\$000's
Brickworks Ltd. (Parent Company)	N.S.W.						3,734	12,789
The Austral Brick Co. Pty. Ltd.	N.S.W.	Ordinary	13,645	13,645	100	100	98	3,150
The Warren Brick Co. Ltd.	N.S.W.	Ordinary	45	45	100	100	—	5
Carrington Brick Co. Pty. Ltd.	N.S.W.	Ordinary	2	2	100	100	61	50
Rochedale Transport Pty. Ltd.	N.S.W.	Ordinary	1	1	100	100	12	(48)
Punchbowl Pipes Pty. Ltd.	N.S.W.	Ordinary	3,327	3,327	100	100	50	953
Subsidiary of Punchbowl Pipes Pty. Ltd.								
Canberra Pipes Pty. Ltd.	A.C.T.	Ordinary	—	—	100	100	—	5
			<u>\$17,020</u>	<u>\$17,020</u>			<u>\$3,955</u>	<u>\$16,904</u>

DIVIDENDS RECEIVED FROM SUBSIDIARY COMPANIES:

The Austral Brick Co. Pty. Ltd.	—	1,245
Punchbowl Pipes Pty. Ltd.	120	800
	<u>120</u>	<u>2,045</u>

23. EQUITY ACCOUNTING INFORMATION

	Consolidated		Share of Associated Companies		Consolidated and Share of Associated Companies	
	1987 \$000	1986 \$000	1987 \$000	1986 \$000	1987 \$000	1986 \$000
PROFIT AND LOSS STATEMENT INFORMATION						
Operating profit before income tax	3,161	8,580	7,717	6,653	9,726	14,229
Income tax expense	235	1,499	2,861	2,760	3,096	11,259
Operating profit after income tax	2,926	7,081	4,856	3,893	6,630	9,970
Extraordinary items — net of income tax	1,029	9,823	6,441	776	7,470	10,599
Income tax over provided	78	649	—	—	78	649
Net profit	4,033	17,553	11,297	4,669	14,178	21,218
Profit retained at beginning of period	28,431	24,538	15,416	11,737	43,847	36,275
Net profit and extraordinary items	4,033	17,533	11,297	4,669	15,330	21,218
Other adjustments	(1,029)	(10,336)	—	14	(1,029)	(10,332)
Dividend paid and proposed	(3,324)	(3,324)	—	—	(3,324)	(3,324)
Adjustments for dividends received from associated companies	—	—	(1,152)	(1,004)	—	—
Profits retained at end of year	28,111	28,431	25,561	15,416	54,824	43,847
BALANCE SHEET INFORMATION						
Issued capital	12,784	12,784	—	—	12,784	12,784
Retained earnings	28,111	28,431	25,561	15,416	53,672	43,847
Other reserves	71,604	70,574	1,530	3,720	73,134	74,294
	112,499	111,789	27,091	19,136	139,590	130,925
Investment in associated company at cost	24,803	24,803	—	—	24,803	24,803
Retained earnings	—	—	25,561	15,416	25,561	15,416
Post acquisition reserve	—	—	1,530	3,720	1,530	3,720
Aggregate carrying amount	24,803	24,803	27,091	19,136	51,894	113,939
other investments	15,876	14,868	—	—	15,876	14,868
other assets	80,072	82,038	—	—	80,072	82,038
	120,751	121,709	27,091	19,136	147,842	140,845
Total liabilities	8,252	9,920	—	—	8,252	9,920
	112,499	111,789	27,091	19,136	139,590	130,925

Equity accounting information

Associate company — Washington H. Soul Pattinson & Co. Ltd.

Associate company's year end July 31, 1986

Group equity at June 30, 1987 — 42.91%; 1986 — 42.91%.

Book value of investment — \$24,803.

Brickwork's share of associate's profit and extraordinary items after tax — \$11,297.

Dividends received by Brickworks Limited from associated company; 1987 — \$1,152; 1986 — \$1,004.

The equity accounts are based on the published accounts of the associated company for the years ended July 31, 1986 and 1985 respectively. The group is not aware of any significant events or transactions which have occurred after the year end of the associated company which could materially affect the financial position or operating performance of that company.

25. DIRECTORS' SHAREHOLDING AND BENEFICIAL INTEREST AT SEPTEMBER 28, 1987

In compliance with Section 3C(3) of the official list requirements of the Australian Associated Stock Exchanges, the following statement shows the interest of directors in the share capital of the company as at September 28, 1987

Director	Company Ordinary	Beneficially	Total
	\$2 Shares	Held	
J. S. Millner	810	76,515	77,325
G. G. Travis	810	—	810
H. Dixon	675	17,698	18,373
A. W. Burgis	812	—	812
C. M. I. Pearson	675	—	675

26. STATEMENT OF SHAREHOLDERS AT 28th SEPTEMBER, 1987

(A.A.S.E. Listing Requirements 3C(11))

	\$2 Fully Paid Ordinary Shares
No. of holders	921
Voting rights	(See Article 59 page 15)
% of total holdings by or on behalf of twenty largest shareholders	86.70%
Distribution of schedule of holdings	
1 — 1,000	705
1,001 — 5,000	164
5,001 — 10,000	17
10,000 and over	35

Subject to any rights or restriction, for the time being attached to any class or classes of shares —

- (1) At meetings of members or classes of members each member entitled to vote may vote in person or by proxy or attorney or by a representative; and
- (2) On a show of hands every member present in person or by proxy or representative shall have one vote and upon a poll every member present in person or by proxy or by representative shall have one vote for every share registered in his name PROVIDED THAT if at any time there is in issue any share which has not been fully paid as to both par value and premium (if any) and which was not part of an issue of shares which was offered to all members in proportion to the numbers of shares held by them such share shall upon a poll confer only that fraction of one vote which the amount paid up on that share on account of par value and premium bears to the total issue price thereof.

The names of the substantial shareholders listed in the holding company's register as at September 28, 1987

Shareholder	Ordinary
Washington H. Soul Pattinson & Co. Ltd.	3,193,607
Australian Mutual Provident Society	713,634
	<u>3,907,241</u>

BRICKWORKS LIMITED AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF SOURCES AND APPLICATIONS OF FUNDS

FOR THE YEAR ENDED 30TH JUNE 1987

	1987 \$000's		1986 \$000's	
SOURCES OF FUNDS				
Funds from operations				
Inflows of funds from operations	52,719		52,512	
Outflows of funds from operations	40,216		38,590	
		<u>12,503</u>		<u>13,922</u>
Operating profit before income tax	3,161		8,580	
Add non fund items:				
Depreciation	8,082		4,324	
(Profit) loss on disposal etc. non-current assets	(260)		3	
Provision for employee entitlements	1,520		1,015	
	<u>12,503</u>	<u>12,503</u>	<u>13,922</u>	<u>13,922</u>
Reduction in Assets				
Current Assets				
Receivables	659		—	
Investments	194		—	
Other	—	853	1,260	1,260
Increase in Liabilities				
Current Liabilities				
Creditors and borrowings		—		1,227
Non Current Liabilities				
Other		—		76
Proceeds from sales of:				
Non Current Assets				
Investments	4,374		15,178	
Property, plant and equipment	1,838	6,212	455	15,633
		<u>19,568</u>		<u>32,118</u>
APPLICATIONS OF FUNDS				
Increase in assets				
Current assets				
Cash	32		131	
Receivables	—		1,678	
Inventories	945		1,479	
Other	3,989	4,966	—	3,288
Non Current Assets				
Investments	5,057		3,852	
Property, plant and equipment	2,876	7,933	18,421	22,273
Decrease in Liabilities				
Current Liabilities				
Creditors and borrowings		996		1,280
Dividends paid		3,324		3,324
Income tax paid		1,065		1,529
Employee entitlements paid		1,284		424
		<u>19,568</u>		<u>32,118</u>

STATEMENT BY DIRECTORS

In the opinion of the directors:

- (a) the accompanying profit and loss statement is drawn up so as to give a true and fair view of the profit of the company for the financial year;
- (b) the accompanying balance sheet is drawn up so as to give a true and fair view of the state of affairs of the company as at the end of the financial year;
- (c) as at the date of this statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due; and
- (d) the accompanying group accounts are drawn up so as to give a true and fair view of the profit of the company and its subsidiaries for the financial year and the state of affairs of the company and its subsidiaries as at the end of the financial year so far as they concern the members of the holding company.

The accounts of the company and the group accounts have been prepared in accordance with applicable approved accounting standards.

Signed in accordance with a resolution of the directors.

Dated at Wallgrove this twenty-eighth day of September 1987.

J. S. MILLNER, Director

A. W. BURGIS, Director

AUDITOR'S REPORT

To the members of Brickworks Limited.

We have audited the attached accounts, set out on pages 4 to 16, in accordance with Australian Auditing Standards.

As reported in previous years, the company and the group have not adopted Tax Effect Accounting as required by Australian Accounting Standard AAS3. If the Standard had been adopted:—

- (i) the net profit from trading, after providing for Income Tax Expense, would have been \$3,136,160 for the company and \$3,130,758 for the group; and
- (ii) the balance sheet would have contained an asset termed "Future Tax Benefit" of \$550,105 for the company and \$1,338,688 for the group, and a liability termed "Provision for Deferred Income Tax" of \$356,314 for the company and \$747,609 for the group.

In our opinion:

- (a) the accounts of Brickworks Limited, and group accounts of the company and its subsidiaries, which have been prepared under the historical cost convention as stated in note 1, are properly drawn up in accordance with the provisions of the Companies (New South Wales) Code and so as to give a true and fair view of:
 - (i) the state of affairs of the company and of the group as at 30th June, 1987 and of the profit of the company and of the group for the year ended on that date so far as they concern members of the holding company; and
 - (ii) the other matters required by section 269 of that Code to be dealt with in the accounts and in the group accounts;and are in accordance with Australian Accounting Standards and applicable approved accounting standards.
- (b) the accounting records and other records, and the registers required by that Code to be kept by the company and by its subsidiaries have been properly kept in accordance with the provisions of that Code or, in the case of the subsidiary incorporated in the Australian Capital Territory, in accordance with the provisions of the Act of that Territory.

We are satisfied that the accounts of the subsidiaries that have been consolidated with the company's accounts are in a form and content appropriate and proper for the purposes of the preparation of the consolidated accounts and we have received satisfactory information and explanations required by us for that purpose.

No auditor's report on the accounts of the subsidiaries was made subject to any qualification, or included any comment made under subsection (4) of section 285 of the Code.

TRAVIS & TRAVIS,
Chartered Accountants
A. R. PIERCE
A Member of the Firm

29th September 1987

BRICKWORKS LIMITED

FIVE YEAR SUMMARY

	1983 \$000	1984 \$000	1985 \$000	1986 \$000	1987 \$000
Consolidated net profit before tax	8,754	8,413	7,656	8,580	3,161
Taxation	3,111	2,095	2,140	1,499	235
Net Profit after tax	<u>5,643</u>	<u>6,318</u>	<u>5,516</u>	<u>7,081</u>	<u>2,926</u>
Net Profit as a % of:—					
Shareholder's funds	6.0	6.50	5.65	6.33	2.60
Ordinary capital	49.66	55.59	43.15	55.39	22.89
Capital:					
Ordinary	11,364	11,364	12,784	12,784	12,784
Dividend Rate: %					
Ordinary Stock	26	26	26	26	26
Total Assets	102,346	105,059	107,977	121,709	120,751
Total Liabilities	8,142	7,944	10,418	9,920	8,252
Total Stockholders' Funds	94,204	97,115	97,559	111,789	112,499

BRICKWORKS LIMITED

62 BELMORE ROAD,
PUNCHBOWL, N.S.W. 2196

PROXY

I,
of
being a member of BRICKWORKS LIMITED and entitled to vote hereby appoint

.....
or failing him the chairman of the meeting as my proxy to vote for me and on my behalf at the Ordinary General Meeting of BRICKWORKS LIMITED to be held on Friday November 6, 1987, and at any adjournment thereof.

If two proxies are being appointed, the proportion of member's rights this proxy is appointed to represent is

DATED this day of 1987.

.....
Signature of Stockholder

1. The proxy need not be a member of the company.
2. Where proxies are appointed by a member's attorney, the Power of Attorney, together with evidence of non-revocation must be lodged with this proxy form.
3. Proxies for a corporation must be appointed under the seal of the Corporation.
4. Proxies must be received at the office of the company, not less than 48 hours prior to the time appointed for holding the meeting.
5. Any stockholder entitled to attend and vote is entitled to appoint not more than two proxies to attend and vote in his stead: where more than one proxy is appointed each must be appointed to represent a specified proportion of the stockholder's voting rights. A proxy holder need not be a stockholder of the company.
6. Should the member wish to direct how the votes are to be cast, insert "FOR" or "AGAINST" in the space appearing against each resolution hereunder:—

(1) Adoption of reports and accounts

(2) Declaration of dividend

(3) To re-elect as a director:

Mr. H. Dixon

Mr. C. M. I. Pearson