

BKW

1994

Year to 30/06/94

BRICKWORKS LIMITED A.C.N. 000 028 526

ANNUAL REPORT 1994

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Events p 2

**REGISTERED
OFFICE:**

90 Longueville Road, Lane Cove, N.S.W.
Telephone: (02) 427 6555
Facsimile: (02) 427 5127

DIRECTORS:

JAMES S. MILLNER A.M.; Ph.C; MPS. (Chairman)
Director since 1969; Chairman since 1981

GEOFFREY G. TRAVIS B.Ec. (Syd); FCA.
Director since 1978

HUGH DIXSON MA (Cantab.); BA (Syd).
Director since 1981

ALBERT W. BURGIS CPA; ACIS; JP.
Joined the company 1959. Director since 1983

MAJOR GENERAL (R. L.) CEDRIC M.I. PEARSON AO; DSO; OBE; MC.
Director since 1983

SECRETARY

ALEXANDER J. PAYNE B.Comm; Dip CM; CPA; ACIS ACIM; JP.

AUDITORS

TRAVIS & TRAVIS Chartered Accountants

BANKERS

NATIONAL AUSTRALIA BANK LIMITED

**CONTROLLED
ENTITIES**

THE AUSTRAL BRICK COMPANY PTY. LIMITED A.C.N. 000 005 550
AUSTRAL PIPES AUSTRALIA PTY. LIMITED A.C.N. 000 012340
CANBERRA PIPES PTY. LIMITED A.C.N. 008 392 014
CARRINGTON BRICK COMPANY PTY. LIMITED A.C.N. 000 002 979
THE WARREN BRICK COMPANY LIMITED A.C.N. 000 006 682
ROCHEDALE TRANSPORT PTY. LIMITED A.C.N. 000 646 695

**SHARE
REGISTERS**

ERNST & YOUNG REGISTRY SERVICES PTY. LIMITED
NSW: Level 2, 321 Kent Street, Sydney NSW 2000
VICTORIA: Level 25, 120 Collins Street, Melbourne VIC 3000

BRICKWORKS LIMITED AND CONTROLLED ENTITIES

A.C.N. 000 028 526

DIRECTORS' REPORT

The directors of Brickworks Limited present their report and the financial statements of the chief entity and its controlled entities for the financial year ended 30th June, 1994.

Directors

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

J.S. MILLNER A.M.; PhC; MPS (Chairman)
G.G. TRAVIS BEc (Syd); FCA
H. DIXSON MA (Cantab.); BA (Syd)
A.W. BURGIS CPA; ACIS; JP
MAJOR GENERAL (R.L.) C.M.I. PEARSON AO; DSO; OBE; MC

Principal Activities

The principal activities of the economic entity during the year were the manufacture of clay products and investment.

Result of Operations

The consolidated net profit for the year ended 30th June, 1994 of the economic entity after income tax expense, amounted to \$17,208,505 compared with \$19,179,345 for the previous year.

Dividends

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

Ordinary shareholders — Ordinary \$6,586,180 (fully franked).
— Special \$3,293,090 (fully franked).

Dividends paid during the year under review were:

- (a) Final ordinary of \$6,586,180 (fully franked) out of profits for the year ended 30th June, 1993 and referred to in the previous directors' report;
- (b) Interim ordinary of \$6,586,180 (fully franked) paid 22nd April, 1994;
Interim special of \$3,293,090 (fully franked) paid 22nd April, 1994.

Review of Operations

Difficult trading conditions were experienced in the market for clay sewerage pipe where most government authorities in major capital cities and regional centres now accept plastic pipe, a low cost alternative in sewerage reticulation.

There is also continued price competition in bricks which the company has resisted as much as possible. This could be expected to continue as several competitors are commissioning new plant in both Sydney and south east Queensland.

Operating Profit before abnormal items and after tax increased by 1% to \$19.364 million assisted by the reduced tax rate.

As a result of the changes in the pipe industry and the commissioning of other major capital works the directors have reviewed the plant and equipment and clay pipe stock and included a "once off" write off of **\$3.9 million dollars** (net of tax) accordingly. This is in line with the directors' policy of maintaining the most efficient cost effective operations in the industry. All the recent major capital expenditure in brick plants is fully commissioned and profitable. The Abnormal Items reduced the Profit and Abnormal Items After Tax to \$17.2 million, 10% down on previous year.

Directors have recommended a Final Ordinary Dividend of 50 cents per share and an additional Special Dividend of 25 cents per share.

Significant Changes in State of Affairs

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

Likely Developments

There are no known likely developments in the operations of the economic entity.

Post Balance Date Events

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

- (i) the operations of the economic entity;
- (ii) the result of those operations; or
- (iii) the state of affairs of the economic entity.

Directors' Benefit

No director has received or become entitled to receive during or since the financial year, a benefit because of a contract made by the chief entity, controlled entity or a related body corporate with a director, a firm of which a director is a member or an entity in which a director has a substantial financial interest. This statement excludes a benefit included in the aggregate amounts of emoluments received or due and receivable by directors shown in the company's accounts, prepared in accordance with Schedule 5 of the Corporations Regulations, or the fixed salary of a full-time employee of the chief entity, controlled entity or related body corporate.

Meetings of Directors

During the financial year, 15 meetings of directors (including committees) were held. Attendances were:

	DIRECTOR'S MEETINGS		COMMITTEE MEETINGS	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
J. S. Millner	13	10	2	1
G. G. Travis	13	12	2	2
H. Dixon	13	13	2	2
A. W. Burgis	13	13	2	2
C. M. I. Pearson	13	13	2	2

As at the date of this report there is an audit committee of the Board of Directors.

Indemnifying Officer or Auditor

The company has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the company or a related body corporate:

* Indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or

* paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as officer for the costs or expenses to defend legal proceedings; with the exception of the following matter.

During or since the financial year the company has paid premiums to insure the directors and officers of the company against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of officer of the company, other than conduct involving a wilful breach of duty in relation to the company. The amount of the premium was \$13,627 to cover all directors and officers.

Rounding off of Amounts to the Nearest Thousand Dollars

The company is a company of the kind referred to in Corporations Regulation 3.6.05(6) and in accordance with sec. 311 of the Corporations Law amounts in the accounts have been rounded off to the nearest thousand dollars unless specifically stated to be otherwise.

Dated this 26th day of September, 1994.

Signed in accordance with a resolution of the directors at Horsley Park.

H. DIXSON, Director

G. G. TRAVIS, Director

BRICKWORKS LIMITED AND CONTROLLED ENTITIES

A.C.N. 000 028 526

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 1994

	NOTE	ECONOMIC ENTITY		CHIEF ENTITY	
		1994 \$000	1993 \$000	1994 \$000	1993 \$000
Operating profit before income tax	3	27,062	27,508	30,853	6,183
Income tax attributable to operating profit and abnormal items	4	7,698	8,329	654	968
Operating profit before abnormal items after attributable income tax		19,364	19,179	30,199	5,215
Abnormal items	7	(3,858)	—	2,026	—
Income tax attributable to abnormal items	4	(1,703)	—	238	—
Abnormal items after attributable income tax		(2,155)	—	1,788	—
Net profit (operating profit and abnormal items) after income tax		17,209	19,179	31,987	5,215
Retained profits at the beginning of the financial year		43,110	37,103	19,906	27,863
Total available for appropriation		60,319	56,282	51,893	33,078
Dividends proposed and paid	8	19,759	13,172	19,759	13,172
Aggregate of amounts transferred to reserves	19(b)	1,788	—	1,788	—
Retained profits at the end of the financial year		38,772	43,110	30,346	19,906

The accompanying notes form part of these financial statements

BRICKWORKS LIMITED AND CONTROLLED ENTITIES

A.C.N. 000 028 526

BALANCE SHEET AS AT 30TH JUNE, 1994

	NOTE	ECONOMIC ENTITY		CHIEF ENTITY	
		1994 \$000	1993 \$000	1994 \$000	1993 \$000
CURRENT ASSETS					
Cash		253	133	37	34
Receivables	10	15,130	13,327	67	71
Investments	11(a)	4,850	-	-	-
Inventories	12	20,438	19,633	-	-
Other	13(a)	40,532	42,484	40,032	42,001
TOTAL CURRENT ASSETS		<u>81,203</u>	<u>75,577</u>	<u>40,136</u>	<u>42,106</u>
NON CURRENT ASSETS					
Investments	11(b)	39,643	40,857	195,155	196,370
Property, Plant and Equipment	14	190,105	194,499	1,000	1,000
Other	13(b)	1,687	1,368	39,512	21,338
TOTAL NON CURRENT ASSETS		<u>231,435</u>	<u>236,724</u>	<u>235,667</u>	<u>218,708</u>
TOTAL ASSETS		<u>312,638</u>	<u>312,301</u>	<u>275,803</u>	<u>260,814</u>
CURRENT LIABILITIES					
Creditors and Borrowings	15	8,943	7,300	1,097	43
Provisions	16(a)	18,496	17,757	10,772	7,585
TOTAL CURRENT LIABILITIES		<u>27,439</u>	<u>25,057</u>	<u>11,869</u>	<u>7,628</u>
NON CURRENT LIABILITIES					
Provisions	16(b)	8,514	8,009	22	23
Other	17	-	-	195	1,673
TOTAL NON CURRENT LIABILITIES		<u>8,514</u>	<u>8,009</u>	<u>217</u>	<u>1,696</u>
TOTAL LIABILITIES		<u>35,953</u>	<u>33,066</u>	<u>12,086</u>	<u>9,324</u>
NET ASSETS		<u>276,685</u>	<u>279,235</u>	<u>263,717</u>	<u>251,490</u>
SHAREHOLDERS EQUITY					
Share Capital	18	2,634	2,634	2,634	2,634
Reserves	19	235,279	233,491	230,737	228,950
Retained Profits		38,772	43,110	30,346	19,906
TOTAL SHAREHOLDERS EQUITY		<u>276,685</u>	<u>279,235</u>	<u>263,717</u>	<u>251,490</u>
CAPITAL COMMITMENTS	20				

The accompanying notes form part of these financial statements

BRICKWORKS LIMITED

AND CONTROLLED ENTITIES A.C.N. 000 028 526

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 1994

NOTE 1: STATEMENT OF ACCOUNTING POLICIES

The accounts have been prepared in accordance with applicable Accounting Standards and the Corporations Law, including the disclosure requirements of Schedule 5. The accounts have also been prepared on the basis of historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. The accounting policies have been consistently applied, unless otherwise stated.

The following is a summary of the significant accounting policies adopted by the economic entity in the preparation of the accounts.

PRINCIPLES OF CONSOLIDATION. The consolidated accounts comprise the accounts of Brickworks Limited and all of its controlled entities. A controlled entity is any entity controlled by Brickworks Limited. Control exists where Brickworks Limited has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Brickworks Limited to achieve the objectives of Brickworks Limited.

A list of controlled entities is contained in Note 23 to the accounts. All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation.

NON-CURRENT INVESTMENTS. Investments held as non-current assets are brought to account at cost. The carrying amount of investments is reviewed annually by directors to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the shares' current market value. The expected net cash flows from investments have not been discounted to their present value in determining the recoverable amounts.

Dividends are brought to account in the profit and loss account when received.

Equity accounting information for investments in associated companies are shown in Note 27 to the accounts. An associated company is a company over which the economic entity is able to exercise significant influence.

CURRENT INVESTMENTS. Shares in listed companies held as current assets are held as a trading portfolio, and are valued at the lower of cost or net realisable value.

PROPERTY PLANT AND EQUIPMENT. Property, plant and equipment are brought to account at cost or at independent valuation, less, where applicable, any accumulated depreciation or amortisation. The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and/or on subsequent disposal of the assets. The expected net cash flows have, where appropriate, been discounted to their present values in determining recoverable amounts.

The depreciable amount of all fixed assets including buildings but excluding freehold land, is depreciated over their useful lives commencing from the time the asset is held ready for use.

The gain or loss on disposal of all fixed assets, including revalued assets, is determined as the difference between the carrying amount of the assets at the time of disposal and the proceeds of disposal, and is included in operating profit before income tax of the economic entity in the year of disposal.

The revaluations of freehold land and buildings have not taken account of the potential capital gains tax on assets acquired after the introduction of capital gains tax.

INCOME TAX. The economic entity adopts the liability method of tax-effect accounting whereby the income tax expense shown in the profit and loss account is based on the operating profit before income tax adjusted for any permanent differences.

Timing differences, which arise due to the different accounting periods in which items of revenue and expense are included in the determination of operating profit before income tax and taxable income are brought to account as either provision for deferred income tax or an asset described as future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

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, 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.

INVENTORIES. Finished goods, raw materials and work in progress are valued at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour, and an appropriate portion of variable and fixed overhead, the latter is applied on the basis of normal operating capacity.

EMPLOYEE ENTITLEMENTS. The amounts expected to be paid to employees for their pro-rata entitlements to long service, annual and sick leave are accrued annually at current wage rates.

COMPARATIVE FIGURES. Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

	NOTE	ECONOMIC ENTITY		CHIEF ENTITY	
		1994 \$000	1993 \$000	1994 \$000	1993 \$000
NOTE 2: OPERATING REVENUE					
(a) Sales revenue		105,429	104,033	-	-
(b) Other operating revenue					
Interest received					
Other corporations		1,922	2,555	1,922	2,555
Dividends received					
Controlled entities		-	-	25,116	111
Other corporations		3,978	3,736	3,780	3,625
Proceeds on sale of:					
— non-current investments		6,021	-	6,021	-
— property, plant and equipment		529	311	-	-
Other		318	232	222	116
Total revenue		118,197	110,867	37,061	6,407

NOTE 3: OPERATING PROFIT BEFORE ABNORMAL ITEMS AND INCOME TAX HAS BEEN DETERMINED AFTER:

(a) Charging as expenses:					
Depreciation of property, plant and equipment					
Buildings		551	527	-	-
Plant and equipment		7,611	7,085	-	-
		<u>8,162</u>	<u>7,612</u>	-	-
Directors' remuneration	5	96	96	96	96
Auditors' remuneration	6	189	188	65	62
Loss on sale of non-current assets		142	28	-	-
Transfers to provision for:					
Employee entitlements		2,361	2,467	-	-
Doubtful debts — Trade debtors		253	340	-	-
Product claims		59	57	-	-
Other		149	447	-	-
(b) Crediting as income:					
Dividends received from:					
Controlled entities		-	-	25,116	111
Other corporations		3,978	3,736	3,780	3,625
Interest received from:					
Other corporations		1,922	2,555	1,922	2,555
Profit on sale of non-current assets		250	28	58	-

ECONOMIC ENTITY		CHIEF ENTITY	
1994	1993	1994	1993
\$000	\$000	\$000	\$000

NOTE 4: INCOME TAX EXPENSE

The prima facie tax on operating profit is reconciled to the income tax provided in the accounts as follows:

Prima facie tax payable on operating profit and abnormal items before income tax at 33% (1993 39%)

(a) **Add:** Tax effect of:

Fringe benefits tax

7,657	10,728	10,850	2,411
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Other non-allowable items and adjustments

44	38	-	-
26	217	7	18

7,727	10,983	10,857	2,429
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Less: Tax effect of:

Capital profits not subject to income tax

430	-	430	-
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Rebateable dividends

1,311	1,457	9,535	1,457
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Overprovision for income tax in prior year

(9)	69	-	-
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Adjustment to future income tax benefit and provision for deferred income tax for change in company tax rate to 33%

-	1,128	-	4
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Income tax expense attributable to operating profit

5,995	8,329	892	968
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(b) Income tax expense attributable to:

Operating profit before income tax

7,698	8,329	654	968
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Abnormal items

(1,703)	-	238	-
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5,995	8,329	892	968
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(c) The income tax expense comprises amounts set aside as:

Provision for income tax attributable to current year

- Income tax payable on operating profit

6,189	8,361	655	999
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- Income tax payable on abnormal items

(375)	-	238	-
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- Over provision for income tax in prior year

9	(69)	-	-
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Provision for income tax attributable to future years

- Provision for deferred income tax

491	(126)	(1)	(31)
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- Future income tax benefit

(319)	163	-	-
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5,995	8,329	892	968
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ECONOMIC ENTITY		CHIEF ENTITY	
1994	1993	1994	1993
\$000	\$000	\$000	\$000

NOTE 5: REMUNERATION OF DIRECTORS AND EXECUTIVES

(a) Directors' Remuneration

Amount received, or due and receivable, by directors of the economic entity	96	96	96	96
<hr/>				
The number of directors whose total income fell within the following bands:			No.	No.
\$10,000 to \$19,999			4	4
\$20,000 to \$29,999			-	-
\$30,000 to \$39,999			1	1

The names of chief entity directors who have held office during the financial year are:

- James S. Millner
- Geoffrey G. Travis
- Hugh Dixon
- Albert W. Burgis
- Cedric M. I. Pearson

The directors received no benefits other than those disclosed in the notes to the accounts.

(b) Executive Officers' Remuneration

Income received or due and receivable by executive officers of the economic entity, from all entities in the economic entity and any related entities, whose income is \$100,000 or more	614	380	-	-
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The number of executive officers whose income was within the following bands:	No.	No.	No.	No.
\$100,000-\$109,999	2	2	-	-
\$110,000-\$119,999	2	-	-	-
\$170,000-\$179,999	1	1	-	-

(c) Retirement and Superannuation Payments

Amounts paid on retirement from office or to prescribed superannuation funds for the provision of retirement benefits for:

Senior Executives	110	94	-	-
Directors	-	2	-	2
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NOTE 6: AUDITORS' REMUNERATION

Amount received or due and receivable for:

Auditing the accounts	140	135	26	24
Other services	49	53	39	38
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	189	188	65	62
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	ECONOMIC ENTITY		CHIEF ENTITY	
	1994	1993	1994	1993
	\$000	\$000	\$000	\$000
NOTE 7: ABNORMAL ITEMS				
Income				
(a) Capital profit on sale of non-current investment	2,026	-	2,026	-
Less: Income tax applicable	(238)	-	(238)	-
Total abnormal income after tax	<u>1,788</u>	<u>-</u>	<u>1,788</u>	<u>-</u>
Expense				
(b) Write off plant & equipment	(5,464)	-	-	-
Less: Income tax benefit applicable	1,803	-	-	-
	<u>(3,661)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Write off of obsolete stock	(420)	-	-	-
Less: Income tax benefit applicable	139	-	-	-
	<u>(281)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total abnormal expenses after tax	<u>(3,942)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total abnormal items before income tax	<u>(3,858)</u>	<u>-</u>	<u>2,026</u>	<u>-</u>
NOTE 8: DIVIDEND PAID AND PROPOSED				
Interim ordinary dividend paid of 50 cents per share, fully franked. (1993 50 cents, fully franked)	6,586	6,586	6,586	6,586
Special dividend paid of 25 cents per share, fully franked. (1993 Nil)	3,293	-	3,293	-
Proposed final ordinary dividend of 50 cents per share, fully franked	6,586	6,586	6,586	6,586
Proposed special dividend of 25 cents per share, fully franked.	3,294	-	3,294	-
	<u>19,759</u>	<u>13,172</u>	<u>19,759</u>	<u>13,172</u>
NOTE 9: EARNINGS PER SHARE				
Basic earnings per share (cents per share)	130.6 ¹	145.6 ¹		
Diluted earnings per share (cents per share)	130.6 ¹	145.6 ¹		
(a) Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	13,172	13,172		
NOTE 10: RECEIVABLES				
Current				
Trade debtors	16,077	14,365	-	-
Less: provision for doubtful debts	637	639	-	-
	<u>15,440</u>	<u>13,726</u>	<u>-</u>	<u>-</u>
Other debtors	417	178	67	71
	<u>15,857</u>	<u>13,904</u>	<u>67</u>	<u>71</u>
<u>Less:</u> Advance payments by customers	727	577	-	-
	<u>15,130</u>	<u>13,327</u>	<u>67</u>	<u>71</u>

ECONOMIC ENTITY		CHIEF ENTITY	
1994	1993	1994	1993
\$000	\$000	\$000	\$000

NOTE 11: INVESTMENTS

(a) Current

Share trading portfolio

— at lower of cost and net realisable value

4,850	-	-	-
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(b) Non-Current

Non-current investments comprise:

Shares in controlled entities not listed, at cost

-	-	156,323	156,323
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Shares in other corporations: listed on a prescribed stock exchange, at cost

39,643	40,857	38,832	40,047
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39,643	40,857	195,155	196,370
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At market value — listed

205,040	219,285	198,124	211,765
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NOTE 12: INVENTORIES

Current

Raw materials and stores

5,670	6,080	-	-
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Work in progress

1,289	1,313	-	-
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Finished goods

13,479	12,240	-	-
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20,438	19,633	-	-
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NOTE 13: OTHER ASSETS

(a) Current

Short term deposits and loans

40,028	41,994	40,028	41,994
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Prepayments

504	490	4	7
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40,532	42,484	40,032	42,001
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(b) Non-Current

Future income tax benefit

1,687	1,368	-	-
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Amount owing by controlled entities

-	-	39,512	21,338
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1,687	1,368	39,512	21,338
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ECONOMIC ENTITY		CHIEF ENTITY	
1994	1993	1994	1993
\$000	\$000	\$000	\$000

NOTE 14: PROPERTY, PLANT AND EQUIPMENT

(a) Freehold land			
At cost	1,009	-	-
At independent valuation 1993	94,219	94,219	1,000
	<u>95,228</u>	<u>94,219</u>	<u>1,000</u>
(b) Buildings			
At cost	19,373	19,062	-
Less: depreciation	2,465	1,914	-
	<u>16,908</u>	<u>17,148</u>	-
(c) Plant and equipment			
At cost	117,991	108,625	-
Less: depreciation	42,736	44,362	-
	75,255	64,263	-
Add: work in progress — at cost	2,714	18,869	-
	<u>77,969</u>	<u>83,132</u>	-
Total property, plant and equipment	<u>190,105</u>	<u>194,499</u>	<u>1,000</u>

The independent valuations of freehold land and buildings in 1993 were carried out by Mr. P. Poinkin B App Sc (Land Econ) (Hons), AVLE (Val & Econ), based on estimated current market values. The revaluations take no account of potential capital gains tax and were not made in accordance with a policy of regular annual revaluations.

NOTE 15: CREDITORS AND BORROWINGS

Current			
Trade creditors	8,943	7,300	1,097
	<u>8,943</u>	<u>7,300</u>	<u>1,097</u>

NOTE 16: PROVISIONS

(a) Current			
Dividends	9,879	6,586	9,879
Taxation	5,814	8,361	893
Employee entitlements	2,738	2,700	-
Product claims	65	110	-
	<u>18,496</u>	<u>17,757</u>	<u>10,772</u>
(b) Non-Current			
Deferred income tax	8,064	7,573	22
Employee entitlements	450	436	-
	<u>8,514</u>	<u>8,009</u>	<u>22</u>

NOTE 17: OTHER LIABILITIES

Non-Current			
Amounts owing to controlled entities	-	-	195
	<u>-</u>	<u>-</u>	<u>195</u>

ECONOMIC ENTITY		CHIEF ENTITY	
1994	1993	1994	1993
\$000	\$000	\$000	\$000

NOTE 18: SHARE CAPITAL

(a) Authorised capital				
125,000,000 ordinary shares of 20 cents each	25,000	25,000	25,000	25,000
(b) Issued capital				
13,172,360 ordinary shares of 20 cents each fully paid	2,634	2,634	2,634	2,634

NOTE 19: RESERVES

(a) Composition of reserves				
Capital reserves —				
Capital profits	85,734	83,946	82,011	80,224
Capital redemption	1,500	1,500	1,500	1,500
Asset revaluation	1,155	1,155	952	952
Share premium	135,274	135,274	135,274	135,274
Revenue reserve —				
General	11,616	11,616	11,000	11,000
	<u>235,219</u>	<u>233,491</u>	<u>230,737</u>	<u>228,950</u>
(b) Movements in reserves				
Capital profits reserve				
Balance 1st July, 1993	83,946	83,946	80,224	80,224
Transfer from retained earnings	1,788	-	1,788	-
Balance 30th June, 1994	<u>85,734</u>	<u>83,946</u>	<u>82,011</u>	<u>80,224</u>
Asset revaluation reserve				
Balance 1st July, 1993	1,155	930	952	930
Revaluation of freehold land and buildings	-	225	-	22
Balance 30th June, 1994	<u>1,155</u>	<u>1,155</u>	<u>952</u>	<u>952</u>

NOTE 20: CAPITAL EXPENDITURE COMMITMENTS

Capital expenditure projects	<u>5,536</u>	<u>4,469</u>	<u>-</u>	<u>-</u>
Payable				
— Not later than one year	<u>5,536</u>	<u>4,469</u>	<u>-</u>	<u>-</u>

ECONOMIC ENTITY		CHIEF ENTITY	
1994	1993	1994	1993
\$000	\$000	\$000	\$000

NOTE 21: RELATED PARTY TRANSACTIONS

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

(a) Ownership interest in related parties				
Washington H. Soul Pattinson and Company Limited	42.85%	42.85%	41.18%	41.18%
(b) Dividend revenue derived from related parties				
Washington H. Soul Pattinson and Company Limited	2,979	2,852	2,863	2,741
(c) Ownership interest of related parties in Brickworks Limited				
Washington H. Soul Pattinson and Company Limited	49.84%	49.84%	49.84%	49.84%
(d) Dividend paid to related parties				
Washington H. Soul Pattinson and Company Limited	8,206	6,565	8,206	6,565
(e) Shares of Directors and their Director-related entities				

	Held 30 June 1993	Shares Acquired	Shares Disposed of	Held 30 June 1994
James S. Millner	207,476	21,000	-	228,476
Geoffrey G. Travis	1,664	-	-	1,664
Hugh Dixson	40,816	10,850	-	51,666
Albert W. Burgis	1,668	850	-	2,518
Cedric M. I. Pearson	1,386	-	-	1,386
	<u>253,010</u>	<u>32,700</u>	<u>-</u>	<u>285,710</u>

All share transactions by Directors were on normal terms and conditions.

NOTE 22: STATEMENT OF OPERATIONS BY SEGMENTS

(a) Industry Classification

	CLAY PRODUCTS		INVESTMENT		CONSOLIDATED	
	1994 \$000	1993 \$000	1994 \$000	1993 \$000	1994 \$000	1993 \$000
Sales to customers outside the economic entity	104,826	104,460	13,371	6,407	118,197	110,867
Segment result	15,925	21,325	7,279	6,183	23,204	27,508
Consolidated operating profit before income tax					23,204	27,508
Segment assets	<u>226,816</u>	<u>228,338</u>	<u>85,822</u>	<u>83,963</u>	<u>312,638</u>	<u>312,301</u>

(b) Geographical classification

The economic entity operates predominantly within Australia.

NOTE 23: CONTROLLED ENTITIES

(a) Controlled entities and contribution to consolidated profit.

	PLACE OF INCORPORATION	CLASS OF SHARES	% OWNED		INVESTMENT AT COST		CONTRIBUTION TO CONSOLIDATED OPERATING PROFIT AFTER INCOME TAX	
			1994	1993	1994 \$000	1993 \$000	1994 \$000	1993 \$000
Brickworks Limited	NSW						6,771	5,104
Controlled entities of Brickworks Limited								
The Austral Brick Company Pty. Limited	NSW	Ordinary	100	100	152,602	152,602	14,361	13,680
- Austral Pipes Australia Pty. Limited	NSW	Ordinary	100	100	-	-	(3,776)	265
- Canberra Pipes Pty. Limited	ACT	Ordinary	100	100	-	-	(1)	-
- Rochedale Transport Pty. Limited	NSW	Ordinary	100	100	-	-	46	19
The Warren Brick Co. Limited	NSW	Ordinary	100	100	621	621	(308)	-
Carrington Brick Co. Pty. Limited	NSW	Ordinary	100	100	3,100	3,100	116	111
							<u>17,209</u>	<u>19,179</u>

NOTE 24: SUPERANNUATION COMMITMENTS

Superannuation plans have been established for the provision of benefits to employees of entities in the economic entity on retirement, death or disability. All benefits provided under the plans are based on contributions for each employee. Employees contribute various percentages of their gross income and the company contributes at various percentages of the employees contribution. There is a legally enforceable obligation on the economic entity to contribute to a superannuation plan. All the plans provide benefits on a cash accumulation basis and as such are Defined Contribution Plans (accumulation plans). As all benefits are determined by accumulated contributions and earnings derived from those contributions the funds will be adequate to satisfy all benefits payable in the event of termination of the plans and voluntary termination of employment of each employee. The economic entity does not have any Defined Benefits Plans.

NOTE 25: STANDBY ARRANGEMENTS AND UNUSED CREDIT FACILITIES

Banking Overdrafts:

The economic entity has a set off facility with its Bankers for its normal trading operations. The total net overdraft facility is \$250,000 the terms and conditions of which are set and agreed to from time to time.

	ECONOMIC ENTITY		CHIEF ENTITY	
	1994 \$000	1993 \$000	1994 \$000	1993 \$000
NOTE 26: STATEMENT OF CASH FLOWS				
Cash flows from operating activities				
Cash receipts in the course of operations	103,698	104,225	222	116
Cash payments in the course of operations	(82,566)	(73,332)	(250)	(212)
Interest received	1,925	2,648	1,926	2,648
Dividends received	3,978	3,736	28,896	3,736
Income tax paid	(8,372)	(8,949)	(1,001)	(1,381)
Net cash provided by/(used in) operating activities	<u>18,663</u>	<u>28,328</u>	<u>29,793</u>	<u>4,907</u>
Cash flows from investing activities				
Proceeds from the sale of investments	6,021	-	6,021	-
Purchases of investments	(1,660)	(2,507)	(1,660)	(2,507)
Proceeds from sale of property, plant & equipment	529	311	-	-
Purchases of property, plant & equipment	(8,934)	(22,624)	-	(14)
Net cash provided by/(used in) investing activities	<u>(4,044)</u>	<u>(24,820)</u>	<u>4,361</u>	<u>(2,521)</u>
Cash flows from financing activities				
Loan from/(to) controlled entity	-	-	(19,652)	964
Dividends paid	(16,465)	(13,172)	(16,465)	(13,172)
Net cash provided by/(used in) financing activities	<u>(16,465)</u>	<u>(13,172)</u>	<u>(36,117)</u>	<u>(12,208)</u>
Net increase (decrease) in cash and cash equivalents	(1,846)	(9,664)	(1,963)	(9,822)
Cash and cash equivalents at beginning of year	42,127	51,791	42,028	51,850
Cash and cash equivalents at end of year	<u>40,281</u>	<u>42,127</u>	<u>40,065</u>	<u>42,028</u>

NOTE 26: STATEMENT OF CASH FLOWS (cont'd)

ECONOMIC ENTITY		CHIEF ENTITY	
1994	1993	1994	1993
\$000	\$000	\$000	\$000

Notes to the Statement of Cash Flows

(a) Reconciliation of cash

For the purposes of this statement of cash flows, cash includes:

- (i) cash on hand and in at call deposits with banks or financial institutions, net of bank overdrafts; and
- (ii) investments in money market instruments with less than 30 days to maturity.

Cash at the end of the year is shown in the balance sheet as:

Cash on hand	253	133	37	34
Bank overdrafts				
— unsecured	-	-	-	-
At call deposits with financial institutions	7,054	3,756	7,054	3,756
Money market instruments with less than 30 days to maturity				
	32,974	38,238	32,974	38,238
	<u>40,281</u>	<u>42,127</u>	<u>40,065</u>	<u>42,028</u>

(b) Reconciliation of cash flow from operations with operating profit after income tax

Operating profit and abnormal items after income tax

	17,209	19,179	31,987	5,215
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Non-cash flows in operating profit

Depreciation	8,162	7,612	-	-
Charges to provisions	420	117	-	-
(Profits) Losses on sale of property, plant and equipment	5,434	-	-	-
Profits on sale of investments	(2,084)	-	(2,084)	-
Increase/(decrease) in taxes payable	(2,547)	(879)	(106)	(373)
Increase/(decrease) in deferred taxes payable	172	259	(1)	(41)

Changes in assets and liabilities,

(Increase)/decrease in trade and sundry debtors	(1,801)	(1,018)	4	93
(Increase)/decrease in prepayments	(14)	(33)	3	5
(Increase)/decrease in share trading portfolio	(4,850)			
(Increase)/decrease in inventories	(1,221)	2,675	-	-
Increase/(decrease) in trade creditors and accruals	(217)	416	(10)	8

Cash flows from operations

	<u>18,663</u>	<u>28,328</u>	<u>29,793</u>	<u>4,907</u>
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**NOTE 27: MATERIAL INTEREST IN CORPORATIONS NOT BEING CONTROLLED ENTITIES
— ASSOCIATED COMPANIES**

	CONSOLIDATED		SHARE OF ASSOCIATED COMPANIES		CONSOLIDATED AND SHARE OF ASSOCIATED COMPANIES	
	1994 \$000	1993 \$000	1994 \$000	1993 \$000	1994 \$000	1993 \$000
(a) Profit and loss statement information						
Operating profit and abnormal items before income tax after eliminating associated company dividends	20,225	24,656	12,388	14,002	32,613	38,658
Income tax expense	5,995	8,329	4,347	4,464	10,342	12,793
Operating profit after income tax	<u>14,230</u>	<u>16,327</u>	<u>8,041</u>	<u>9,538</u>	<u>22,271</u>	<u>25,865</u>
Profit retained at beginning of period	43,110	37,103	14,875	12,658	57,985	49,761
Net profit and extraordinary items	14,230	16,327	8,041	9,538	22,271	25,865
Other adjustments	-	-	-	(173)	-	(173)
Transfer to reserves	(1,788)	-	(6,400)	(7,109)	(8,188)	(7,109)
Dividend paid and proposed	(19,759)	(13,172)	-	-	(19,759)	(13,172)
Adjustments for dividends received from associated companies	2,979	2,852	(39)	(39)	2,940	2,813
	<u>38,772</u>	<u>43,110</u>	<u>16,477</u>	<u>14,875</u>	<u>55,249</u>	<u>57,985</u>
(b) Balance sheet information						
Issued capital	2,634	2,634	-	-	2,634	2,634
Retained earnings	38,772	43,110	16,477	14,875	55,249	57,985
Other reserves	235,279	233,491	85,691	79,155	320,970	312,646
	<u>276,685</u>	<u>279,235</u>	<u>102,168</u>	<u>94,030</u>	<u>378,853</u>	<u>373,265</u>
Investment in associated companies — at cost	28,260	28,260	-	-	28,260	28,260
Retained earnings	-	-	16,477	14,875	16,477	14,875
Post acquisition reserve	-	-	85,691	79,155	85,691	79,155
Aggregate carrying amount	28,260	28,260	102,168	94,030	130,428	122,290
Other investments	11,382	12,597	-	-	11,382	12,597
Other assets	272,996	271,444	-	-	272,996	271,444
	<u>312,638</u>	<u>312,301</u>	<u>102,168</u>	<u>94,030</u>	<u>414,806</u>	<u>406,331</u>
Total liabilities	35,953	33,066	-	-	35,953	33,066
Net assets	<u>276,685</u>	<u>279,235</u>	<u>102,168</u>	<u>94,030</u>	<u>318,853</u>	<u>373,265</u>

The Economic Entity's share of the unappropriated profits of associated companies is not available for distribution to shareholders of the company except to the extent that those profits are later received as dividends from the Associated Companies.

NOTE 27: MATERIAL INTEREST IN CORPORATIONS NOT BEING CONTROLLED ENTITIES
— ASSOCIATED COMPANIES (cont'd)

(c) Associated Companies Accounted for under the Equity method

	ASSOCIATE'S YEAR END	GROUP		CONTRIBUTION OF ASSOCIATED COMPANIES TO OPERATING PROFIT AND ABNORMAL ITEMS AFTER INCOME TAX	
		INVESTMENT	EQUITY	1994	1993
		\$000	%	\$000	\$000
Washington H. Soul Pattinson and Company Limited Pharmaceutical, Coal and Investment	31 July, 1993	28,260	42.85	8,041	9,538

The equity accounts are based on the published accounts of the associated company as stated above. The economic entity 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.

	NUMBER OF SHARES HELD	
	1994	1993
(d) Reciprocal Shareholding		
Shareholdings by associated company in Brickworks Limited:		
Washington H. Soul Pattinson & Company Limited	6,564,514	6,564,514
	1994	1993
	\$000	\$000
Dividends declared by Brickworks Limited during the year	19,759	13,172
Deduct:		
Brickworks share of dividend attributable to associated company	4,220	2,813
	<u>15,539</u>	<u>10,359</u>
(e) Dividend Revenue from associated company brought to account during the financial year	<u>2,979</u>	<u>2,852</u>

NOTE 28: DIRECTORS' SHAREHOLDING AND BENEFICIAL INTEREST AT 26TH SEPTEMBER, 1994

In compliance with Australian Stock Exchange Listing Rule 3C(3) the following statement shows the interest of directors in the share capital of the company as at **26th** September, 1994:

Director	Company Ordinary 20 cent shares	Beneficially Held	Total
J.S. Millner	7,084	221,392	228,476
G.G. Travis	1,664		1,664
H. Dixson	1,386	50,280	51,666
A.W. Burgis	2,518		2,518
C.M.I. Pearson	1,386		1,386

NOTE 29: STATEMENT OF SHAREHOLDERS AT 8TH SEPTEMBER, 1994
(A.S.X. LISTING RULE 3C(3))

	20 Cent Fully Paid Ordinary Shares
Number of holders	934
% of total holdings by or on behalf of twenty largest shareholders	87.97%
Distribution of Shareholdings	
1 - 1,000	615
1,001 - 5,000	233
5,001 - 10,000	39
10,001 and over	47
	<hr/>
	934
	<hr/>
Holdings of less than marketable parcel of 50 shares	37

The Names of the substantial shareholders listed in the holding company's register as at 8th September, 1994:

Shareholder	Ordinary
1. Washington H. Soul Pattinson & Co. Ltd.	6,564,514
2. State Authorities Superannuation Board	1,275,526
3. N.R.M.A. Investments Pty. Limited	1,062,402
4. Australian Mutual Provident Society	714,786
	<hr/>
	9,617,228
	<hr/>

A statement containing the names of the 20 largest shareholders as at 8th September, 1994 has been lodged with the Australian Stock Exchange.

STATEMENT BY DIRECTORS

In the opinion of the directors of the company:

- (1) (a) the accompanying Profit and Loss Account gives a true and fair view of the Company's profit 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, and
 - (c) at the date of this statement, there are reasonable grounds to believe the company can meet its debts as and when they fall due.
- (2) The accompanying consolidated accounts:
 - (a) have been made out in accordance with Divisions **4A** and **4B** of Part **3.6** of the Corporations Law; and
 - (b) give a true and fair view of the matters dealt with by those Divisions.

Signed in accordance with a resolution of the directors at Horsley Park.

Dated this 26th day of September, **1994**.

H. DIXSON, Director

G. G. TRAVIS, Director

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
BRICKWORKS LIMITED AND CONTROLLED ENTITIES
A.C.N. 000 028 526**

SCOPE

We have audited the financial statements, set out on pages 4 to 21 of Brickworks Limited and of the economic entity for the year ended 30 June, 1994. The company's directors are responsible for the preparation and presentation of the financial statements and the information they contain. We have conducted an independent audit of these financial statements in order to express an opinion on them to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Australian accounting standards and statutory requirements so as to present a view of the company and of the economic entity which is consistent with our understanding of their financial position and the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

AUDIT OPINION

In our opinion the financial statements of Brickworks Limited and the economic entity are properly drawn up;

- (a) so as to give a true and fair view of:
 - (i) the state of affairs of Brickworks Limited and of the economic entity as at 30 June, 1994 and of the profit and cash flows of Brickworks Limited and of the economic entity for the year ended on that date; and
 - (ii) the other matters required by Division 4, 4A and 4B of Part 3.6 of the Corporations Law to be dealt with in the financial statements;
- (b) in accordance with the provisions of the Corporations Law; and
- (c) in accordance with applicable Accounting Standards.

TRAVIS & TRAVIS
Chartered Accountants

A.J. FAIRALL
Partner

26th September, 1994
Lane Cove

BRICKWORKS LIMITED

A.C.N. 000 028 526

90 LONGUEVILLE ROAD
LANE COVE N.S.W. 2066

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 Annual General Meeting of BRICKWORKS LIMITED to be held on Friday, 4th November, 1994 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 1994.

.....
Signature of Shareholder

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 shareholder entitled to attend and vote is entitled to appoint not more than two proxies to stand and vote in his stead: where more than one proxy is appointed each must be appointed to represent a specified porportion of the shareholder's voting rights. A proxy holder need not be a shareholder 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 directors:
 - (i) Mr. J.S. Millner (by special resolution)
 - (ii) Mr. C.M.I. Pearson (by special resolution)
 - (4) Approve increase in Directors' remuneration
 - (5) Adoption of altered Memorandum of Association
 - (6) Adoption of revised Articles of Association

BRICKWORKS LIMITED AND CONTROLLED ENTITIES

A.C.N. 000 028 526

FIVE YEAR SUMMARY

	1990 \$000	1991 \$000	1992 \$000	1993 \$000	1994 \$000
Consolidated net profit before tax	20,501	45,479	38,325	27,508	23,204
Taxation	3,081	10,995	10,113	8,329	5,995
	<u>17,420</u>	<u>34,484</u>	<u>28,212</u>	<u>19,179</u>	<u>17,209</u>
Net Profit as a % of:—					
Shareholder's funds	16.67	13.37	10.33	6.87	6.22
Ordinary capital	1,325.72	1,309.19	1,071.07	728.13	653.34
Capital:					
Ordinary	1,314	2,634	2,634	2,634	2,634
Dividend Rate: %					
Ordinary stock	450	500	500	500	500
Special dividend	-	-	-	-	250
Total Assets	111,769	289,278	306,180	312,301	312,638
Total Liabilities	7,270	31,315	33,177	33,066	35,953
Total Shareholders' Equity	104,499	257,963	273,003	279,235	276,685
