BRICKWORKS
LIMITED

26 September 2003

Australian Stock Exchange (Sydney) Limited
20 Bond Street
SYDNEY NSW 2000

Attention: **Companies Department**

Dear Sir/Madam,

Please find attached the Brickworks Ltd 2003 Annual Report.

This document was mailed on 26 September 2003 to shareholders with the Notice of Meeting for the Brickworks Ltd AGM, lodged separately with the ASX.

Yours faithfully,
BRICKWORKS LIMITED

IAIN THOMPSON
COMPANY SECRETARY

BRICKWORKS LIMITED
ABN 17 000 028 526
Wallgrove Road, Horsley Park NSW 2164; PO Box 6550, Wetherill Park NSW 1851
Telephone: 61 2 9830 7700 Fax: 61 2 9620 1328
Internet Address: http://www.brickworks.com.au E.Mail Address: info@brickworks.com.au

BRICKWORKS LIMITED

A.B.N. 17 000 028 526

ANNUAL REPORT 2003

REGISTERED OFFICE:	1/114 Longueville Road, Lane Cove N.S.W. 2066 Telephone: (02) 9427 6555 Facsimile: (02) 9427 5127
DIRECTORS:	ROBERT D. MILLNER FAICD (Chairman) Director since 1997 MICHAEL J. MILLNER (Deputy Chairman) Director since 1998 ALAN J. BENTLEY FAICD Joined the Company 1984. Director since 1995 TIMOTHY V. FAIRFAX FAICD Director since 1997 THE HON. ROBERT J. WEBSTER Director since 2001 DAVID N. GILHAM FCIT; FAIM; FAICD Appointed 1 August 2003
MANAGING DIRECTOR:	LINDSAY R. PARTRIDGE BSc. Hons.Ceramic Eng; SFCDA; Dip. CD
CHIEF FINANCIAL OFFICER:	ALEXANDER J. PAYNE B.Comm; Dip. CM; CPA; FCIS; FCIM; JP.
SECRETARY:	IAIN H. THOMPSON B.Ec; CA; ACIS
AUDITORS:	TRAVIS & TRAVIS Chartered Accountants
BANKERS:	NATIONAL AUSTRALIA BANK LIMITED
SHARE REGISTER:	COMPUTERSHARE INVESTOR SERVICES PTY. LIMITED NSW: Level 3, 60 Carrington Street, Sydney N.S.W. 2000 VICTORIA: Level 1, 565 Bourke Street, Melbourne VIC. 3000 Telephone: (02) 8234 5000
PRINCIPAL ADMINISTRATIVE OFFICE:	The Austral Brick Company Pty. Ltd. Plant 1 Wallgrove Road Horsley Park N.S.W. 2164 Telephone: (02) 9830 7700 Facsimile: (02) 9831 2383

BRICKWORKS LIMITED

A.B.N. 17 000 028 526

DIRECTORS' REPORT

The directors of Brickworks Limited present their report and the financial report of Brickworks Limited and its controlled entities (referred to as the Brickworks Group or the Group) for the financial year ended 30 June 2003.

Directors

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

Robert D. Millner FAICD (Chairman)

Michael J. Millner

Alan J. Bentley FAICD

Timothy V. Fairfax FAICD

Lindsay R. Partridge BSc. Hons. Ceramic Eng; SFCDA; Dip. CD (Managing Director)

The Hon. Robert J. Webster

David N. Gilham FCIT; FAIM; FAICD (Appointed 1 August 2003)

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

Principal Activities

The principal activities of the Brickworks Group during the year were the manufacture of clay products and investment.

Result of Operations

The consolidated net profit for the year ended 30 June 2003 of the Brickworks Group after income tax expense, amounted to $72,689,000 compared with $51,927,000 for the previous year.

Dividends

The directors recommend that the following final dividend be declared:

Ordinary shareholders – 13 cents per share (fully franked)

Dividends paid during the year under review were:

(a) Final ordinary of 9 cents per share (fully franked) out of profits for the year ended 30 June 2002 and referred to in the previous directors' report;

(b) Interim ordinary of 7 cents per share (fully franked) paid 10 April 2003;

Review of Operations

OVERVIEW

NET PROFIT AFTER TAX UP 40% TO $72.7 MILLION

EARNINGS PER SHARE UP 40% TO 55.2 CENTS PER SHARE

FINAL DIVIDEND UP 44% TO 13 CENTS FULLY FRANKED

Brickworks Limited achieved a record NPAT of $72.7 million, up 40% on last year's result of $51.9 million. Earnings per share increased to 55.2 cents compared to 39.4 cents last year.

The strong performance of the Group has enabled directors to recommend that the final ordinary dividend be increased 44% to 13 cents per share fully franked and payable on 3 November 2003.

The result was driven by strong sales revenue growth up 22% to $181.0 million (last year $148.4 million) and a strong clay products profit before tax and abnormals of $34.2 million, up 29%.

Investment income (dividends and realised gain) of $35.1 million was up 45.3%.

The total investment portfolio returned 3.8% including unrealised gains compared to a decline of 1.6% in the S&P/ASX 300 Accumulation Index over the same period.

At June 30 the value of the total investment portfolio was stable completing the year at $871.8 million compared to $880.3 million at June 2002.

A component of higher profit after tax was $6.0 million attributable to a reduction in deferred tax liabilities on entry to the Tax Consolidation regime.

CLAY PRODUCTS

The continuation of historically low interest rates, high levels of consumer confidence and increased immigration levels underpinned building commencements and created a level of domestic demand for Austral's products that could not be satisfied. Export markets continued their trend of strong growth.

Consequently in the financial year ending June 2003 the Clay Products division of Brickworks Limited enjoyed its best year ever. Sales increased 20.9% to $180.8 million while clay products EBIT increased to $34.2 million, up 29%, prior to one off adjustments.

The EBIT to sales ratio increased to 18.9% (before abnormal items), up from 17.7% in the previous period.

Bricks and Pavers (The Austral Brick Company Pty Ltd)

As previously reported in the first half, strong demand and dry weather conditions in New South Wales and Queensland allowed the Austral Group to achieve a record first half. In the second half all factories were maintained at full capacity during January, normally a maintenance period.

The market, particularly in Sydney, was restrained by the supply of land forcing up to 10,000 homes a year to be demolished to make way for new construction as only 5,000 new lots per year are currently available. A general shortage of developed land along the whole east coast has emerged.

It appears higher immigration levels have staved off a glut of medium density product in New South Wales and Queensland except for the CBD precincts. High real estate prices in Sydney compared to regional New South Wales and Queensland, are driving migration and development in these areas.

Wet weather in April and May restricted sales in these months but the year ended more strongly than was anticipated with good sales and profits in June. The ability to run all factories at maximum capacity during January (except for Eastwood), combined with steadily increasing production from the Sydney factories enabled a record brick production effort to be achieved. Reduced costs due to a series of automation and efficiency improvements enabled the year to complete with stable unit costs.

Brick and paver volumes and prices increased over the period, which, combined with the stable unit production cost, saw margins increase steadily even though irrational and sporadic discounting by our competitors continued.

At Riverview in Queensland there was some interruption to production with installation of a new screening plant. This will lead to a substantial improvement in quality and overcome a production bottleneck effective from July this year.

Also in Queensland, the Rochedale factory struggled to meet domestic demand and increased export demand to Hong Kong, Japan and New Zealand with some resulting efficiency lost. This will be improved with the installation of a new packaging plant in early 2004 alleviating a major bottleneck in this factory.

Brickworks has always been a conservative company taking the long-term perspective, positioning its operations for optimum future performance. To this end the opportunity was taken at the end of the record year to make a charge in relation to Eastwood ($2.5 million) for its imminent closure and another charge ($0.25 million) for the demolition of the vitrified clay pipe factory. Both these charges are one off.

The popularity of applied finishes, in lieu of face bricks in New South Wales and Queensland, shows no signs of abating, however some building companies are becoming aware of the reduced life expectancy and maintenance costs associated with these more expensive finishes.

An adequate supply of tradesmen is essential for the long-term health of the industry and steps are being taken to expand the successful NSW Bricklaying Training School nationally.

Floor Tiles (Eureka Tiles Australia)

Eureka Tiles has made significant progress in becoming the supplier of choice for outdoor living tiles. The progress has been made in product development and refinement of the tile merchant-based supply channel.

Over 200 independent stores nationally have been re-merchandised while 70 stores have lost their distribution rights due to a lack of support. New brochures and point of sale material have underpinned efforts while store benchmarking, and promotions have assisted in managing and motivating the network.

The stronger Australian dollar has had a minor impact to date on domestic sales.

Product development has continued strongly with the release of a 40 x 40cm unglazed range of tiles called the Boulevard range.

Terraçade is a terracotta cladding for use as a curtain wall in buildings up to 40 stories high. The first project at the redeveloped Adelaide Oval has successfully been completed. Terraçade offers an entire new market using the longevity and colour fastness features of clay for building cladding without the drawback of bricklayers on site. Enquiries have been received worldwide for Terraçade.

The Punchbowl plant continues to improve and further refinements are planned to the process and product line up. The Ballarat factories have performed well since the acquisition in May 2002. Although the tiles division is not performing to our expectations, trading results are positive while not substantial.

A majority owned South African company trading in Australia as National Ceramic Industries Australia has ambitiously commenced construction of a large new tile factory at Rutherford (near Maitland) in NSW. This development will be awaited with great anticipation. Strategies are in place to minimise impact to Eureka's operations.

Inventories

Inventories were stable in the Brick operations at approximately equal to one month's sales overall. Floor Tile stocks have been increasing at both Punchbowl and Ballarat plants in preparation for the peak selling period in an attempt to alleviate shortages experienced in the last few years.

Capital Expenditure

Capital expenditure during the year totalled $11.5 million and this compares to $11.4 million in depreciation.

Austral has been concerned for some time with the very tight supply conditions in New South Wales and Queensland. More recently, it has become obvious, the high immigration levels and direct immigration to Queensland will see it become the fastest growing state in Australia, with New South Wales not far behind. It has therefore been decided that steps are to be taken in Queensland to increase capacity and efficiency to maintain supply and Austral's market leadership in this state. The capacity increase will be completed without interruption to production and will cost substantially less than a new plant.

A project will be undertaken to increase supply of specialist dry press face bricks at Bowral equal to the production lost with the closure of Eastwood. This project will entail an upgrade of the clay preparation immediately and the upgrading of the balance of the plant in stages over a number of years. A number of small projects in Plants 1, 2 and 3 at the massive Horsley Park complex will increase extruded Common output equal to the loss of dry press Common production at Eastwood.

Export

Export growth continued strongly increasing by 78% compared to the previous year. The new paver range (Silk Road) specifically manufactured for Hong Kong and the new distribution arrangements with Carter Holt combined with a strong market in New Zealand underpinned growth. It is interesting to note in New Zealand a significant consumer backlash after failures of a polystyrene based walling product has dramatically increased the demand for face bricks.

In Japan the DIY market has also increased substantially as have sales of brick facings. The rise in the Australian dollar is causing some pressure on pricing in Asia, however at current exchange rates, it is manageable.

Export commenced from a very low base 10 years ago, and has now grown to require the capacity of approximately half a standard factory. Following the appointment of an export manager this year, it is anticipated the existing markets will continue to grow and new markets will be developed for growth.

LAND AND PROPERTY REALISATION

Brickworks property realisation program for surplus land holdings and landfill has continued strongly during the 2002/2003 period. Profit before tax from this segment totalled $6.7 million. This was realised from the sale of the landfill area at Horsley Park landfill operations and the Brookvale site.

The Brookvale sales agreement entered into in mid 2002 was completed in February 2003. The sale produced an excellent return to the company. It also allowed Austral to withdraw completely from future involvement in the development of the site thus minimising the company's risk.

Progress continued on the development application to subdivide Mamre Road, Erskine Park, a 64-hectare site, into industrial lots, however issues arose in February 2003 when Council withdrew agreements made regarding the resolution of the biodiversity requirements on the site. Austral has now joined with several of the adjoining landowners to address the flora and fauna issues in the area as a whole, rather than on a site-by-site basis. This approach is starting to gain acceptance with Council and will be the basis of discussions with various government agencies. Adoption of the recommendations will lock in the conservation areas on the site and allow the sub-division process to continue.

The development of the Eastwood site, by Clarendon Apartments and Baulderstone Hornibrook, has progressed well over the 2002/2003 financial year. A major milestone for the project was achieved in April 2003 with the approval of the Masterplan by Parramatta Council. This has locked in the redevelopment of the property for residential with a density of not less than 260 dwellings and not more than 280 dwellings.

A development application (DA) for the remainder of the filling work was lodged with Council immediately following adoption of the Masterplan. The exhibition period is complete and the DA is being assessed by Council. Determination is expected towards the end of the year. The first stage of infrastructure for the site is expected to be approved by September 2003.

Austral's Eastern Creek SEPP 59 property, known as the Vineyard, was released for industrial development by the Planning Minister in March 2003. This was a significant achievement in the development of the property, which occurred within the proposed timetable. Work is well underway on preparing a Precinct Plan for the site and establishing agreements for the servicing of the land. The Precinct Plan is due to be lodged with Blacktown Council in August 2003.

An initiative to gain a higher use for the property known as "Oakdale", consisting of 333 hectares of land to the west of Plant #3 at Horsley Park, was commenced in March 2003. This involved making a submission to Planning NSW in response to an expression of interest for land for inclusion on an urban release program for the South-West/Bringelly area. Planning NSW has advised that it is being considered for inclusion in a study on lands adjoining the new Sydney Orbital motorway. This initiative will continue in the next financial year.

On 2nd July, the minister approved approximately 60 hectares of the Oakdale property adjacent to Plant #3 for extractive industry. This has the effect of increasing clay reserves by an additional 20 years at Horsley Park.

WASTE MANAGEMENT

The Waste Management area has developed significantly over the 2002/2003 period. The sale of land to Collex for the Horsley Park Solid Class 2 waste facility was completed in July 2002. During the 12 month period, Collex has deposited close to 300,000 tonnes of waste in the facility.

Due to the success of the Horsley Park Plant #1 facility, work has commenced on gaining approval for a Solid Class 2 landfill at the Plant #3 pit. This process if successful is expected to take approximately 2-3 years.

Negotiations are currently underway with Collex in relation to expanding the capacity of the Horsley Park facility potentially increasing profits further.

INVESTMENTS (Including Equity Accounted Investments)

Brickworks investment performance of 3.8% return compares more than favourably to the S&P/ASX 300 Accumulation Index, which declined by 1.6% during the same period.

The value of the total investment portfolio decreased 1% during the year to $871.8 million at 30 June including sale of investments.

Washington H. Soul Pattinson (WHSP) (Brickworks 42.85%)

WHSP declared a profit after tax and non-regular items for the half year ended 31 January 2003 of $45.4 million, an increase of 25% over the previous corresponding period. Profit on non-regular items was $4.4 million arising from the sale of properties and shares. Earnings per share increased 25% to 19 cents, and an interim dividend of 7 cents per share, up 17%, was paid.

The annual return from Brickworks investment in WHSP over 15 years is 15.9 per cent compared to the performance of the all ordinaries accumulation index of 8.9 per cent over the same period.

WHSP continues its strong performance in a number of areas:

- **Australian Pharmaceutical Industries (API)**

  On 10 July API announced its full year results. Despite revenue growth of 29.6% to $2.5 billion, profit after tax declined 32% to $23.6 million after significant non-recurring items of $12.3 million.

  A final dividend of 6.75 cents per share has been declared which brings total dividends for the year to 13 cents per share equal to the previous year. WHSP has a 22% interest in API.

- **Coal (New Hope Group)**

  The WHSP Group's coal operations have been a strong contributor to the increase in profit. For the six months to 31 January 2003, the Group's share of profit after tax and outside equity interest of its 69.3%

controlled entity New Hope Corporation Limited, amounted to $14.6 million, an increase of 59.1% over the previous corresponding period. The profit result was due to both increased coal production and coal sales during the six months.

- **Media (NBN Group)**

  NBN Television experienced a difficult trading period during the last six months as the advertising market showed no consistent signs of recovery and the impact of digital expenditure increased the Company's cost base.

  NBN's profit after tax for the half year was $3.0 million which was 28.6% less than for the same period last year. Revenue was relatively flat at 1.2% greater than last year.

- **SP Telecommunications Limited (SPT)**

  SPT's profit after tax for the period attributable to shareholders was $2.1 million compared to $0.6 million for the previous corresponding period. Revenue for the six months was 69% greater than the same period last year, despite SPT's share of revenue from its joint venture operations with ntl Telecommunications not being included.

- **Clover Corporation Limited (Clover)**

  Clover Corporation Limited's profit for the half year was $292,000. This positive result compared favourably with last year's loss for the same period of $2.5 million. The result for the half year to 31 December 2002 included a profit from the newly formed Joint Venture Company, Nu-Mega Ingredients Pty Ltd, as well as licence fees received from the US based company Martek Biosciences Corporation.

- **Keith Harris & Co. Ltd.**

  Group revenue for the six months to 31 January 2003 was $13.8 million, a decrease of 11.9% on the previous corresponding period. Included in last year's revenues were proceeds from the sale of the Griffith processing facility.

  Profit after tax for the period attributable to shareholders was $1.4 million, a decline of 32.3% over the same period last year. The profit comparison to last year has been distorted by the profit booked last year on the sales of the Griffith processing facility.

- **WHSP Investment Portfolio**

  The Company's investment portfolio including unrealised gains returned 3.0% for the half year, compared to the Benchmark S&P/ASX 300 Accumulation Index of negative 2.1% for the same period. Share purchases during the period included an increased holding in Milton Corporation whilst disposals included, Patrick Corporation, Permanent Trustee Co and the Trust Co of Australia Ltd. The Company continued to reduce its holding of Wattyl Limited during the period under review.

Bristile (BRS) (Brickworks 97%)

On 4 March 2003 The Austral Brick Company Pty Ltd launched a full takeover offer for Bristile Ltd. The rationale behind the offer was to rationalise the Australian Brick Industry and form Australia's largest and most profitable clay brick producer. If Austral had not been successful in the takeover, it would have been relegated to a small regional player forever. In the process, the country's third largest roof tile manufacturer was acquired.

The final offer price was $3.65 per share and Bristile was permitted to pay the final fully franked dividend of 22.5 cents per share. Austral's average purchase cost was $3.45 per share including acquisition costs at which price the acquisition is earnings per share accretive. Since 30 June Brickworks has increased its holding from 22.85% to in excess of 97% of Bristile's shares and has commenced compulsory acquisition.

The full year profit after tax for Bristile was $46.3 million before abnormal takeover costs, up 17% on the previous year and sales revenue of $310.8 million was up 12% on the previous year. Earnings per share for the year of 31 cents were an increase of 17% on the previous year's pre takeover adjustments. (Abnormal charges totalling $8.3 million were made reflecting takeover and redundancy costs).

Sales and profits rose strongly on the back of the strong market conditions and the Pioneer Roof Tile acquisition.

On 28 July the following independent directors of Bristile resigned: Messrs I.C. Kuba, A.L. Newman, R.G. Bunning, and B.G. Camarri.

Brickworks takes this opportunity to thank the Directors for their contribution to the growth and success of Bristile.

Other Investments

The return from this segment of Brickworks increased by 41% to $9.8 million compared to $7.0 million in the previous period.

The value of the balance of listed securities (excluding Washington H. Soul Pattinson and Bristile) was $152.4 million as of 30th June 2003, down slightly on 30th June 2002, which was valued at $159.3 million. During the year $6.5 million was received in dividends and $1.9 million was realised as profit on sales. Investments acquired during the period totalled $4.6 million including CBA, Lindsay Australia Ltd and Rural Press Ltd.

Disposal proceeds of $5.5 million included Australian Food & Fibre, Sims Metal, and Permanent Trustee.

The total return for the year was 2.1% again compared to the negative performance of 1.6% in the S&P/ASX 300 Accumulation Index.

FINANCE

As at 30 June 2003 total interest bearing debt was $70 million and total cash on hand was $39.9 million. The interest cover ratio was 21.9 with a net borrowing cost payment of $3.4 million for the year. The ratio of net debt to capital employed was 4.7% at 30 June 2003, down from 11% at June 2002.

PAVERS

The acquisition of Bristile was funded via borrowings from NAB, however Brickworks will quickly work to move to a lower debt structure for long-term security. To this end Brickworks intend to raise approximately $150 million via a Reset Preference Share called PAVERS, with a dividend rate (fully franked) equal to the higher of 5.85% and 65bp over the 5 year swap rate on allotment date. Brickworks shareholders on the register at 7.00pm on 28 August 2003 will be entitled to a guaranteed minimum allocation of 50 PAVERS ($5,000). The prospectus is expected to be lodged in September. Citigroup and JB Were will lead manage the raising. Anyone wishing to subscribe for securities will need to complete the application form that will accompany the prospectus.

BRICKWORKS INVESTMENT COMPANY

Brickworks proposes to create a listed investment company which will acquire the listed share portfolio with a current market value in excess of $150 million of Brickworks Limited, excluding the WHSP holding. It is proposed that a prospectus will be lodged subsequent to the lodgement of the PAVERS prospectus, to raise at least $150 million and up to $250 million. Brickworks Limited and WHSP shareholders are expected to be invited to subscribe to the float of the Brickworks Investment Company. Anyone wishing to subscribe for securities will need to complete the application form that will accompany the prospectus.

Funds received on disposal of the portfolio will be used to reduce the NAB debt. If successful, and combined with the issue of the Reset Preference Share, Brickworks Group debt should decrease to between $300 and $350 million.

COMPLIANCE PROGRAMS

The company is subject to substantial legislation including health and safety, environmental trade practices, discrimination and harassment. Extensive compliance programs are being undertaken to ensure the operations meet these requirements and senior staff are required to participate in a series of compulsory annual lectures and regular training.

The group safety effort has been substantially increased in response to higher standards of occupational safety and workers compensation insurance rates. Additional training and capital works are in progress to further reduce accident frequency rates.

The community and legislation are requiring higher standards of environmental performance. Austral is meeting this challenge with various environmental projects, additional training through all levels of the organisation, continued independent audits and by working closely with the Environmental Protection Authority and the local communities.

FUTURE

Clay Products

It is anticipated while the fundamentals of interest rates, employment and immigration remain stable, the building industry will continue at close to capacity. Order levels remain strong and volumes are currently expected to remain robust at least until the end of 2003. Low stock levels and a substantial order book places the company in a strong position to weather any likely downturn.

Consequently, with all brick and roof tile factories at capacity, a flat year is forecast division on division with increased costs likely to be offset by improved efficiencies and higher selling prices. It is anticipated an improved performance from the Punchbowl terracotta floor tile plant will see an improved contribution from the Eureka Tiles division.

Other

Property sales are expected to continue at a level similar to current levels as are waste management operations.

In the coming year Brickworks will concentrate on assimilating Bristile by applying both company's successful management disciplines across the expanded business.

The acquisition of Bristile and subsequent debt reduction via the capital raising and sales of the investment portfolio should see a lift in core earnings in the coming financial year for Brickworks.

GENERAL

Mr. David Gilham, previously managing director of Bristile, has been invited and has accepted to join the Brickworks board effective 1st August. Mr. Gilham brings a wealth of experience with him, including intimate knowledge of the Bristile operation. The management and board welcome Mr. Gilham to the board of Brickworks and look forward to working with him.

The compound return from investment in Brickworks over 15 years was 14.7%, a significant out performance from the all ordinaries accumulation index of 8.9% over the same period.

Significant Changes in State of Affairs

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

After Balance Date Events

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

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

other than those matters referred to in the review of operations.

Likely Developments and Expected Results of Operations

The review of operations gives an indication of likely developments and the expected results of operations in subsequent financial years. Further information as to likely developments in the operations of the Group, and the expected results of those operations in subsequent financial years, has not been included in this report because inclusion of such information would be likely to result in unreasonable prejudice to the Group.

Environmental Regulation

The Brickworks Group is subject to significant environmental regulation in respect of its clay products manufacturing activities as set out below.

The Group's main manufacturing facilities are based in Brisbane, Sydney and Ballarat. Each site holds a current licence and/or consent in consultation with the local environment protection authorities. Annual returns were completed for each licence stating compliance with site operating conditions.

New South Wales production facilities and mine areas are administered under the Protection of the Environment Operations Act 1997 which licences organisations and regulates the level of all discharges into the environment. Load based licencing fees are determined by the Environmental Protection Authority based on the level of discharges. The Environmental Planning & Assessment Act 1979 applies to the approval conditions of the groups activities.

The Queensland production facilities and mining leases operate and are licenced under the Environmental Protection Act 1994 and Regulations. Each site is regulated by Environmental Management Overview Strategy documentation or plans of operations.

The Victorian operations and mining lease operate and are licenced under the EPA Act 1970, and the Central Highlands Regional Water Authority.

Independent environment auditors complete an environmental compliance audit of all factory sites and clay mining areas on an annual basis. The purpose of the audit is to ensure compliance with all licences and regulations and to identify risks of an adverse environmental event under any other relevant legislation.

The environmental audits did not identify any material non-compliances, however they have suggested minor housekeeping issues that will assist individual locations maintain the highest levels of compliance. Ongoing environmental monitoring is an integral part of the operations at all factories.

The directors are not aware of any material breaches of environmental regulations during the financial year.

Information on Directors

Robert D. Millner FAICD

Chairman

Mr. R. Millner is the non-executive chairman of the board. He first joined the Board in 1997 and was appointed chairman in 1999. Mr. Millner is also chairman of Washington H Soul Pattinson and Company Ltd, NBN Ltd, New Hope Collieries Ltd, Keith Harris & Co Ltd, Milton Corporation Ltd and Choiseul Investments Ltd. His other directorships include Clover Corporation Ltd, SP Telecommunications Ltd, Pacific Strategic Investments Ltd, Australian Pharmaceutical Industries Ltd and Bristile Limited.

Michael J. Millner

Deputy Chairman

Mr. M. Millner was appointed to the board in 1998 and is a non-executive director. His other directorships include Washington H Soul Pattinson and Company Ltd, New Hope Collieries Ltd, NBN Ltd, Keith Harris & Co Ltd, Australian Food & Fibre Limited, SP Telecommunications Ltd and Choiseul Investments Ltd. He is also a councillor of the Royal Agricultural Society of NSW Ltd. He is a member of the Audit Committee.

Alan J. Bentley FAICD

Director

Mr. Bentley was appointed to the board in 1995. He is a non-executive director who joined the company in 1984 as General Manager. In 1988 he was appointed CEO and served in this position until 1999. Mr. Bentley has over 30 years experience in all facets of brick and tile making. Mr. Bentley is also a director of Hudson Timber Products Ltd.

Timothy V. Fairfax FAICD

Director

Mr. Fairfax was appointed to the board in 1997 and is a non-executive director. He holds numerous other directorships including Rural Press Ltd, Marinya Media Pty Ltd, Cambooya Pty Ltd and Stanbroke Pastoral Company Pty Ltd. He is a Councillor of the University of the Sunshine Coast and Deputy Chairman of Australian Rural Leadership Foundation Ltd. He is a member of the Audit Committee.

The Hon. Robert J. Webster

Director

Mr. Webster was appointed to the board in 2001 and is a non executive director. He is Vice President - Partner in Korn/Ferry International's Sydney office, Chairman of the National Science and Technology Centre and a director of Allianz Australia, Mirvac Group and Macquarie Generation. He is a member of the Audit Committee.

Lindsay R. Partridge BSc. Hons. Ceramic Eng; SFCDA; Dip CD

Managing Director

Mr. Partridge is a Ceramic Engineer who worked extensively in all facets of the industry in Australia and the United States of America before joining The Austral Brick Company in 1985. In 1987 he was appointed NSW Operations Manager and in 1989 NSW General Manager. Mr. Partridge was appointed Chief Executive Officer in 1999, and was appointed to the board in 2000. He is a director of Bristile Ltd.

David N. Gilham FCIT; FAIM; FAICD

Mr. Gilham was appointed to the board on 1 August 2003. He was appointed Managing Director of Bristile Ltd in 1997. He was previously General Manager of the Building Products Division of Futuris Corporation which consists of the companies now part of Bristile Ltd.

Meetings of Directors

During the financial year, 22 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
R.D. Millner	17	17	5	5
M.J. Millner	17	17	2	2
A.J. Bentley	17	17	2	2
T.V. Fairfax	17	16	2	1
L.R. Partridge	17	17	3	2
R.J. Webster	17	17	5	5

As at the date of this report there is an Audit Committee.

Directors Interests

As at 26 August 2003, the following directors had relevant interests in the following Brickworks shares:

R.D. Millner	3,119,841
M.J. Millner	3,106,341
A.J. Bentley	11,440
T.V. Fairfax	15,000
L.R. Partridge	55,734
R.J. Webster	4,000
D.N. Gilham	500

As at 26 August 2003, none of the directors had relevant interests in debentures of, or interests in a registered scheme made available by Brickworks or a related body corporate.

As at 26 August 2003, none of the directors had any rights or options over shares in debentures of, or interests in a registered scheme made available by Brickworks or a related body corporate.

As at 26 August 2003, there were no contracts entered into by Brickworks or a related body corporate to which any director is party, or under which any director is entitled to benefit nor were there any contracts which confer any right for any director to call for or deliver shares in, debentures of, or interests in a registered scheme made available by Brickworks or a related body corporate.

Remuneration Details of Directors and Executive Officers

	Base Salary	Director's Fees	Superannuation Contributions	Short Term Bonus	*Long Term Incentives	Non Cash Benefits	Total
Directors							
R.D. Millner	–	100,000	9,000	–	–	–	109,000
M.J. Millner	–	50,000	4,500	–	–	–	54,500
T.V. Fairfax	–	50,000	4,500	–	–	–	54,500
A.J. Bentley	–	50,000	4,500	–	–	–	54,500
L.R. Partridge	307,641	–	62,800	160,000	160,000	37,399	727,840
R.J. Webster	–	50,000	4,500	–	–	–	54,500
Executive Officers							
L.R. Partridge	307,641	–	62,800	160,000	160,000	37,399	727,840
A.J. Payne	182,394	–	28,833	100,000	100,000	35,131	446,358
P.J. Mahony	167,255	–	34,117	65,000	65,000	18,283	349,655
D.T. Fitzharris	157,120	–	24,300	65,000	65,000	34,102	345,522
R.J. Clarke	157,120	–	24,300	55,000	55,000	14,414	305,834

Non cash benefits include fringe benefits tax where applicable.

* A Long Term Incentive program has been introduced to retain key management personnel through an employee share scheme. Shares only vest in the employee at 20% per annum at the end of each succeeding year. The shares are purchased "on market" and therefore are non dilutive to existing shareholders.

Directors' and Senior Executives' Remuneration

The Constitution provides for the directors, other than executive directors, to be collectively paid as remuneration for their services a fixed sum not exceeding the aggregate maximum sum determined by the company in general meeting. Shareholders have approved an aggregate maximum sum of $400,000. The aggregate fees paid to non-executive directors during the period ended 30 June 2003 were $327,000. The fees are divided among directors as they determine.

The remuneration of non-executive directors and senior executives is reviewed annually by the Board. The policy of the Board in setting remuneration levels includes, whilst not exclusively, reference to individual performance, the trading performance of the group or relative business units and annual movements in the Consumer Price Index.

Options

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

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.

Indemnification of directors and officers

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

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

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

Dated 26 August 2003.

Director: R.D. MILLNER

Director: R.J. WEBSTER

BRICKWORKS LIMITED

A.B.N. 17 000 028 526

CORPORATE GOVERNANCE STATEMENT

A description of the company's main corporate governance practices is set out below.

Board Responsibility

The Board of Directors takes ultimate responsibility for all aspects of corporate governance including overall direction of the company's businesses and investment policy. Responsibility for day to day conduct of the company's businesses is delegated to the Managing Director and other senior executive officers.

To assist it in fulfilling its responsibilities the Board has established an audit committee which has the authority described below. Management of the investment of the Company's funds is dealt with by the full Board.

The attendance at directors' and audit committee meetings is recorded in the Directors' Report.

Board Composition

At the date of this report, the Board consists of six non-executive directors listed in the Directors' Report and the Managing Director, Mr. Lindsay R. Partridge.

It is Board policy that the majority of the Board should be non-executive Directors and the Chairman should be a non-executive director.

The non-executive directors are responsible for reviewing the composition of the Board to ensure that it comprises directors with an appropriate mix of experience and expertise. Where a vacancy exists on the Board or where the non-executive directors consider that the Board would benefit from the appointment of additional directors with particular expertise or experience, the non-executive directors, in conjunction with external advisors (if appropriate), will select suitable candidates. Any director so appointed must be re-elected at the next Annual General Meeting.

Term of Appointment

The term of appointment of executive directors is linked to their executive office. The performance of executive directors and the chief executive officer is reviewed by the non-executive directors.

The performance of non-executive directors is reviewed by the Chairman. The performance of the Chairman is reviewed by the other non-executive directors. If the performance of any non-executive director is considered unsatisfactory, the matter is referred to the remainder of the Board.

Independent Professional Advice

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

Remuneration

The remuneration and employment terms of executive directors and other senior executive officers are set by the non-executive directors.

The remuneration of non-executive directors is determined by the full Board after consideration of company performance and market rates for directors' remuneration. Individual fee levels are set to reflect the level of responsibilities of the individual non-executive directors. The aggregate level of fees which may be paid to non-executive directors is required to be approved by shareholders in general meeting. This figure is currently $400,000.

Further information on directors' and executives' remuneration is set out in the Directors' Report and Note 5 to the financial statements.

Audit Committee

The audit committee comprises The Hon. Robert Webster (Chairman), Mr. Timothy Fairfax and Mr. Michael Millner, and meets at least bi-annually . The other board members, the chief executive officer and the company secretary may attend by invitation to discuss issues on audit and internal control matters.

The main responsibilities of the audit committee are to:

- recommend to the Board the appointment, removal and remuneration of the external auditors, review the terms of their engagement, and the scope and quality of the audit;
- review and report to the Board on the annual report and financial statements;
- provide assurance to the Board that it is receiving adequate, up to date and reliable financial information; and
- assist the Board in reviewing the effectiveness of the organisation's internal control procedures and to ensure that remedial action is taken if any deficiencies arise.

In fulfilling its responsibilities the committee receives regular reports from management and the external auditors. The external auditors have a clear line of communication at any time to the Chairman of the audit committee and attend audit committee meetings to report with respect to the conduct and outcome of the audit.

The committee has authority, within the scope of its responsibilities to:

- seek any information it requires from any employee or external party; and
- obtain external legal or other independent professional advice.

The committee reports to the full Board after each committee meeting and relevant papers and minutes are provided to all directors.

Risk Management and Ethical Standards

The company has a comprehensive policy and procedures manual which sets out the standards expected of directors, management and staff in the conduct of the company's business at all levels and establishes procedures designed to assist the Board in the management of risks in areas such as health and safety, environmental issues, industrial relations, insurance and legal matters.

All directors and employees are required to be familiar with and to abide by these policies and procedures. The specific issues referred to above are subject to regular reporting to the Board.

The Board also requires:

- submission of detailed monthly budgets and monthly reporting of financial performance against those budgets;
- that the acquisition or disposal of the Company's investments be reviewed by the full Board; and
- monitoring by senior management and reporting to the Board in relation to the Company's compliance with its continuous disclosure obligations.

Certain risk management techniques, including insurance and foreign currency hedging may only be undertaken where approved by the full Board of directors.

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

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2003

	NOTE	CONSOLIDATED 2003 $000	CONSOLIDATED 2002 $000	PARENT ENTITY 2003 $000	PARENT ENTITY 2002 $000
Sales revenue	2	181,013	148,437	–	–
Cost of sales		(107,447)	(88,741)	–	–
Gross profit		73,566	59,696	–	–
Other revenues from ordinary activities	2	30,684	18,145	150,984	42,051
Distribution expenses		(22,179)	(19,289)	–	–
Administration expenses		(10,273)	(7,827)	(1,256)	(647)
Selling expenses		(10,605)	(9,143)	–	–
Borrowing costs expense		(5,009)	(3,674)	(5,009)	(3,667)
Other expenses from ordinary activities	3	(16,161)	(8,197)	(88,752)	(4,406)
Share of net profits of associates accounted for using the equity method		35,264	30,942	–	–
Profit from ordinary activities before income tax expenses	3	75,287	60,653	55,967	33,331
Income tax attributable to profit from ordinary activities	4	(2,598)	(8,726)	3,331	(70)
Profit from ordinary activities after related income tax expenses		72,689	51,927	59,298	33,261
Net exchange difference on translation of financial report of self-sustaining foreign operations		3	(3)	–	–
Share of net (increase) decrease in reserves of associates accounted for using the equity method		(4,885)	(1,697)	–	–
Total changes in equity other than those resulting from transactions with owners as owners		67,807	50,227	59,298	33,261
Basic earnings per share (cents per share)	8	55.2	39.4		
Diluted earnings per share (cents per share)	8	55.2	39.4		

The accompanying notes form part of these financial statements

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

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2003

	NOTE	CONSOLIDATED 2003 $000	CONSOLIDATED 2002 $000	PARENT ENTITY 2003 $000	PARENT ENTITY 2002 $000
CURRENT ASSETS					
Cash assets	9	39,924	11,775	37,336	10,251
Receivables	10(a)	24,204	24,346	2,100	1,755
Other financial assets	11(a)	984	1,057	–	–
Inventories	12(a)	28,202	26,135	–	–
Other	13	3,673	1,441	1,703	657
TOTAL CURRENT ASSETS		96,987	64,754	41,139	12,663
NON-CURRENT ASSETS					
Receivables	10(b)	–	–	136,676	52,151
Other financial assets	11(b)	65,406	66,592	249,989	335,568
Inventories	12(b)	1,574	806	–	–
Investments accounted for using the equity method	14	320,424	309,825	–	–
Property, plant and equipment	15	217,838	226,132	645	645
Deferred tax assets	16	5,000	4,595	5,000	68
TOTAL NON-CURRENT ASSETS		610,242	607,950	392,310	388,432
TOTAL ASSETS		707,229	672,704	433,449	401,095
CURRENT LIABILITIES					
Payables	17(a)	13,545	15,033	415	45
Current interest bearing liabilities	18	70,000	80,262	70,000	80,000
Current tax liabilities	19	1,504	2,787	1,531	(158)
Provisions	20(a)	10,402	18,921	–	11,855
TOTAL CURRENT LIABILITIES		95,451	117,003	71,946	91,742
NON-CURRENT LIABILITIES					
Payables	17(b)	–	–	993	195
Provisions	20(b)	4,076	3,358	900	226
Deferred tax liabilities	21	601	8,188	601	–
TOTAL NON-CURRENT LIABILITIES		4,677	11,546	2,494	421
TOTAL LIABILITIES		100,128	128,549	74,440	92,163
NET ASSETS		607,101	544,155	359,009	308,932
EQUITY					
Contributed equity	22	139,409	139,409	139,409	139,409
Reserves	23	258,220	263,306	96,124	96,124
Retained profits	24	209,472	141,440	123,476	73,399
TOTAL EQUITY		607,101	544,155	359,009	308,932

The accompanying notes form part of these financial statements

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2003

	NOTE	CONSOLIDATED 2003 $000	CONSOLIDATED 2002 $000	PARENT ENTITY 2003 $000	PARENT ENTITY 2002 $000
Cash flows from operating activities					
Cash receipts in the course of operations		198,221	162,836	68	92
Cash payments in the course of operations		(154,885)	(129,500)	(398)	(727)
Interest received		1,481	707	2,258	4,141
Borrowing costs		(5,870)	(4,331)	(5,869)	(4,324)
Dividends received		32,652	22,432	57,627	32,314
Income tax paid		(11,872)	(10,101)	689	(821)
Net cash provided by operating activities	28(a)	59,727	42,043	54,375	30,675
Cash flows from investing activities					
Proceeds from the sale of investments		5,482	5,299	90,685	5,299
Purchases of investments		(4,576)	(88,929)	(3,171)	(88,929)
Payment for subsidiary net of cash acquired		–	(5,631)	–	–
Proceeds from sale of property, plant & equipment		16,348	5,382	–	–
Purchases of property, plant & equipment		(13,882)	(20,680)	–	–
Net cash provided by (used in) investing activities		3,372	(104,559)	87,514	(83,630)
Cash flows from financing activities					
Proceeds from borrowings		–	89,000	–	89,000
Repayment of borrowings		(10,000)	(16,605)	(10,000)	(9,000)
Loan (to) from controlled entity		–	–	(83,728)	(10,885)
Loan (to) from other entities		(3,600)	5,650	–	–
Dividends paid		(21,076)	(19,100)	(21,076)	(19,100)
Net cash provided by (used in) financing activities		(34,676)	58,945	(114,804)	50,015
Net increase (decrease) in cash and cash equivalents		28,423	(3,571)	27,085	(2,940)
Cash & cash equivalents at beginning of financial year		11,513	15,084	10,251	13,191
Effect of exchange rates on cash holdings in foreign currencies		(12)	–	–	–
Cash & cash equivalents at end of financial year	9	39,924	11,513	37,336	10,251

The accompanying notes form part of these financial statements

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the significant accounting policies adopted by the Brickworks Group in the preparation of the financial report.

The accounting policies have been consistently applied, unless otherwise stated.

PRINCIPLES OF CONSOLIDATION

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 33 to the financial statements. All inter-company balances and transactions between entities in the Brickworks Group, including any unrealised profits or losses, have been eliminated on consolidation.

Where controlled entities have entered or left the group during the year, their operating results have been included from the date control was obtained or ceased.

NON-CURRENT INVESTMENTS

Investments held as non-current investments, other than controlled entities and associates in the consolidated financial statements, 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.

Investments in associates are accounted for in the consolidated financial statements using the equity method. Under this method, the Brickworks Group's share of the profits or losses of associates is recognised as revenue in the consolidated statement of financial performance, and its share of movements in reserves is recognised in consolidated reserves. Associates are those entities over which the Brickworks Group exercises significant influence, but not control.

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. The gains or losses, whether realised or unrealised, are included in profit from ordinary activities before income tax.

PROPERTY PLANT AND EQUIPMENT

Freehold land is carried at cost or deemed cost. Deemed cost is the carrying value of each item of land at 30 June 2000. This carrying value was derived from independent valuations carried out in 1999, based on estimated market values at that time. The valuations took into account potential capital gains tax.

Plant and equipment (including buildings) are measured on the cost basis.

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

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

Class	Rate
Buildings	2.5% PC
Plant and Equipment	4% – 33% PC, 8% – 22 ½% DV

The gain or loss on disposal of all fixed assets is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds of disposal, and is included in the profit from ordinary activities before income tax of the Brickworks Group in the year of disposal.

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.

CHANGE IN ACCOUNTING POLICY

The Brickworks Group changed its accounting policy in the financial year ended 30 June 2003 relating to providing for dividends in order to comply with Accounting Standard AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets". Retained earnings were adjusted by $11,855,124.

INCOME TAX

The Brickworks Group adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities 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 accounting profit and taxable income, are brought to account as either a provision for deferred income tax or as a future 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 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 Brickworks Group 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 Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the Tax Consolidation Regime from 1 July 2002. Brickworks Limited is responsible for recognising the current and deferred tax assets and liabilities for the tax consolidated group. The tax consolidated group has entered a tax sharing agreement whereby each company in the group contributes to the income tax payable based on the current income tax rate, applied to the profit from ordinary activities adjusted for any permanent differences. The adoption of the tax consolidation system has not been formally notified to the Australian Taxation Office.

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 overheads. Overheads are applied on the basis of normal operating capacity.

EMPLOYEE BENEFITS

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled, plus related on costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the company to employee superannuation funds and are charged as expenses when incurred.

RESTORATION AND REHABILITATION

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

REVENUE

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

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. Dividends received from associates are accounted for in accordance with the equity method of accounting.

GOODS AND SERVICES TAX

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

(i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

(ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

FOREIGN CURRENCY TRANSACTIONS AND BALANCES

The financial statements of the overseas controlled entity, which are integrated, are translated using the temporal method, whereby non-monetary assets are translated using historical rates of exchange, and monetary assets are translated using the rates of exchange current at that date. Transactions during the year are converted to Australian currency at the exchange rates applicable at the dates of the transactions.

Any gains or losses arising from the conversion of assets and liabilities, whether realised or unrealised, are included in profit from ordinary activities as they arise.

ROUNDING OF AMOUNTS

The parent entity has applied the relief available 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.

COMPARATIVE FIGURES

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

	CONSOLIDATED		PARENT ENTITY	
	2003	**2002**	**2003**	**2002**
	$000	$000	$000	$000

NOTE 2: OPERATING REVENUE

Trading revenue				
Sale of goods	179,561	147,277	–	–
Sale of current investments	91	1,101	–	–
Sales other	1,361	59	–	–
Other revenue				
Interest received				
– wholly owned subsidiaries	–	–	834	3,482
– other corporations	1,588	681	1,531	635
Dividends received:				
– wholly owned subsidiaries	–	–	25,517	10,497
– associated companies	–	–	25,961	16,279
– other corporations	6,477	5,895	6,452	5,859
Proceeds on sale of:				
– non-current investments	5,482	5,299	90,685	5,299
– property, plant & equipment	16,348	5,135	–	–
Rental revenue	284	251	–	–
Other	505	884	4	–
Share of net profits of associates	35,264	30,942	–	–
Total revenue	246,961	197,524	150,984	42,051

NOTE 3: PROFIT FROM ORDINARY ACTIVITIES

Profit from ordinary activities before income tax has been determined after:

(a) Charging as expenses:				
Depreciation of property, plant & equipment				
– Buildings	1,048	812	–	–
– Plant and equipment	10,319	9,081	–	–
	11,367	9,893	–	–
Borrowing costs				
– other corporations	5,009	3,674	5,009	3,667
Rental expenses on operating leases	425	268	–	–
Net loss on disposal of property, plant & equipment	1,240	292	–	–
Unrealised loss on carrying value of current investments	–	203	–	–
Charge to provision for:				
– employee benefits	10,301	5,133	674	37
– doubtful debts – trade debtors	193	210	–	–
– product claims	872	(96)	–	–
– restructuring costs	1,171	–	–	–
Write down of inventories to net realisable value	28	29	–	–

	CONSOLIDATED 2003 $000	CONSOLIDATED 2002 $000	PARENT ENTITY 2003 $000	PARENT ENTITY 2002 $000
NOTE 3: PROFIT FROM ORDINARY ACTIVITIES (cont.)				
(b) Crediting as income:				
Dividends received from:				
– controlled entities	–	–	25,517	10,497
– associated companies	–	–	25,961	16,279
– other corporations	6,477	5,895	6,452	5,859
Interest received from:				
– other corporations	1,588	681	1,531	635
Net gain on disposal of:				
– property, plant & equipment	6,780	2,086	–	–
– current investments	18	335	–	–
– non-current investments	1,934	893	1,934	893
Unrealised gain on carrying value of current investments	122	–	–	–
(c) Significant revenues and expenses The following significant expense items are included in the total of other expenses from ordinary activities				
Written down value of property, plant & equipment disposed of during the year	10,809	3,341	–	–
Book value of non-current investments disposed of during the year	3,548	4,406	88,751	4,406
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 before income tax at 30%	22,586	18,196	16,790	9,999
Add tax effect of:				
– non-allowable items and adjustments	381	445	(1)	(3)
– (over) under provision for income tax in prior year	489	(16)	(22)	12
– overstatement of deferred tax items in prior year	84	1,292	–	–
	23,540	19,917	16,767	10,008
Less tax effect of:				
– capital profits not subject to income tax	2,534	221	580	221
– share of net profits of associates	2,636	4,250	–	–
– rebateable dividends	9,822	6,720	17,317	9,717
– tax effect of entry into tax consolidation regime	5,950	–	2,201	–
Income tax expense attributable to operating profit	2,598	8,726	(3,331)	70

	CONSOLIDATED 2003 $000	CONSOLIDATED 2002 $000	PARENT ENTITY 2003 $000	PARENT ENTITY 2002 $000
NOTE 5: REMUNERATION OF DIRECTORS AND EXECUTIVES				
(a) Directors' remuneration.				
Amount paid, and payable to directors of the Brickworks Group from the parent entity and any related entities	1,055	1,011	1,055	1,011
The number of directors whose total income fell within the following bands:			No.	No.
$40,000 – $49,999			–	3
$50,000 – $59,999			4	1
$90,000 – $99,999			–	1
$100,000 – $109,999			1	–
$110,000 – $119,999			–	1
$600,000 – $609,999			–	1
$720,000 – $729,999			1	–

The names of parent entity directors who have held office during the financial year are:
Robert D. Millner
Michael J. Millner
Alan J. Bentley
Timothy V. Fairfax
The Hon Robert J. Webster
Lindsay R. Partridge (Managing Director)

Directors remuneration includes all non cash benefits received as disclosed in the Directors Report.

The amounts above include any retirement gratuity paid during the year to retiring directors.

(b) Executive officers' remuneration.
An executive is a person who is directly accountable and responsible to the board or the Managing Director.

	CONSOLIDATED 2003 $000	CONSOLIDATED 2002 $000	PARENT ENTITY 2003 $000	PARENT ENTITY 2002 $000
Income paid or payable to executive officers (including executive directors) of the Brickworks Group from all entities in the group and any related entities, whose income is $100,000 or more	2,684	2,002	–	–
The number of executive officers whose income was within the following bands:	No.	No.	No.	No.
$130,000 – $139,999	–	1	–	–
$250,000 – $259,999	2	–	–	–
$290,000 – $299,999	–	1	–	–
$300,000 – $309,999	1	1	–	–
$310,000 – $319,999	–	1	–	–
$330,000 – $339,999	–	1	–	–
$340,000 – $349,999	2	–	–	–
$440,000 – $449,999	1	–	–	–
$600,000 – $609,999	–	1	–	–
$720,000 – $729,999	1	–	–	–

Remuneration includes all salary and bonuses, superannuation contributions, fringe benefits and fringe benefits tax.

On 1 July 2002 the group implemented an employee share scheme that operates through on-market purchases, and as such are non-dilutive to existing shareholders.

	CONSOLIDATED		PARENT ENTITY	
	2003	**2002**	**2003**	**2002**
	$000	$000	$000	$000
NOTE 6: AUDITORS' REMUNERATION				
Amount receivable by the auditors for:				
– auditing the financial report	289	202	80	59
– other services	51	67	30	45
	340	269	110	104
Other services include taxation services and accounting advice.				
NOTE 7: DIVIDENDS				
Interim ordinary dividend paid of 7.0 cents per share, fully franked at the tax rate of 30% and paid on 10 April 2003 (2002 – 6.5 cents fully franked paid 11 April 2002)	9,221	8,562	9,221	8,562
Final dividend of 9.0 cents per share, fully franked at the tax rate of 30% and paid on 4 November 2002, recognised as a liability at 30 June 2002 but adjusted against retained profits at the beginning of the financial year on the change in accounting policy for providing for dividends	11,855	11,855	11,855	11,855
Group's share of dividend received by associated company	(4,360)	(5,064)	–	–
	16,716	15,353	21,076	20,417
Proposed final ordinary dividend of 13.0 cents per share fully franked at the tax rate of 30% but not recognised as a liability at year end	17,124	–	17,124	–
Balance of franking account at year end adjusted for franking credits arising from payment of income tax payable and dividends recognised as receivables, and franking debits arising from payment of proposed dividends	60,876	45,288	60,876	31,874
NOTE 8: EARNINGS PER SHARE				
Basic earnings per share (cents per share)	55.2	39.4		
Diluted earnings per share (cents per share)	55.2	39.4		
Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	131,723,600	131,723,600		

	NOTE	CONSOLIDATED 2003 $000	CONSOLIDATED 2002 $000	PARENT ENTITY 2003 $000	PARENT ENTITY 2002 $000
NOTE 9: CASH ASSETS					
Cash on hand		2,769	1,640	181	116
Deposits at call		37,155	10,135	37,155	10,135
		39,924	11,775	37,336	10,251
Reconciliation of cash					
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:					
Cash		39,924	11,775	37,336	10,251
Bank overdraft	18	–	(262)	–	–
		39,924	11,513	37,336	10,251
NOTE 10: RECEIVABLES					
(a) Current					
Trade debtors		23,515	23,619	–	–
Less: provision for doubtful debts		822	750	–	–
		22,693	22,869	–	–
Less: advance payments by customers		926	848	–	–
		21,767	22,021	–	–
Add: other debtors		2,437	2,325	2,100	1,755
		24,204	24,346	2,100	1,755
(b) Non-current					
Amount receivable from wholly owned subsidiaries		–	–	136,676	52,151
NOTE 11: OTHER FINANCIAL ASSETS					
(a) Current					
Share trading portfolio at lower of cost and net realisable value		984	1,057	–	–
Share trading portfolio at market value		1,136	1,089	–	–
(b) Non-Current					
Unlisted investments, at cost					
– Shares in controlled entities		–	–	156,323	156,323
Listed investments, at cost					
– Shares in associated companies	27	–	–	28,260	112,653
– Shares in other corporations		65,406	66,592	65,406	66,592
		65,406	66,592	249,989	335,568
Market values of listed investments					
– Shares in associated companies		719,406	721,047	598,208	696,385
– Shares in other corporations		151,247	158,184	151,247	158,184
		870,653	879,231	749,455	854,569

NOTE 11: OTHER FINANCIAL ASSETS (cont.)

(c) Top 20 largest other investments

Investment	Holding (No. Shares)	Market Value 30 June 2003 $000's
National Australia Bank Ltd	1,773,690	59,419
Commonwealth Bank Ltd	658,874	19,470
St George Bank Ltd	447,750	9,671
B.H.P. Billiton Ltd	687,836	5,943
Choiseul Investments Ltd	216,049	3,900
Woolworths Ltd	282,700	3,539
Wesfarmers Ltd	139,518	3,530
Macquarie Bank Ltd	99,977	2,879
Macquarie Infrastructure Group Ltd	761,038	2,732
Alumina Ltd	661,313	2,692
Sabre Group Ltd	1,233,821	2,603
Wattyl Ltd	673,881	2,345
W.M.C. Resources Ltd	661,313	2,321
SP Telecommunications Ltd	2,250,000	2,228
Westpac Banking Corporation Ltd	123,872	2,013
Bendigo Bank Ltd (8% Notes)	250,000	2,000
Suncorp-Metway Ltd	153,028	1,775
Woodside Petroleum Ltd	110,000	1,362
Milton Corp Ltd	105,203	1,352
Publishing & Broadcasting Ltd	115,000	1,136
		132,910
Total value of portfolio (excluding associates)		152,383
Percentage of total investment portfolio		87.22%

	Note	CONSOLIDATED 2003 $000	CONSOLIDATED 2002 $000	PARENT ENTITY 2003 $000	PARENT ENTITY 2002 $000
NOTE 12: INVENTORIES					
(a) Current					
Raw materials and stores at cost		6,845	6,694	–	–
Work in progress at cost		1,542	1,451	–	–
Finished goods at cost		19,815	17,562	–	–
		28,202	25,707	–	–
Finished goods at net realisable value		–	428	–	–
		28,202	26,135	–	–
(b) Non-current					
Raw materials and stores at cost		1,574	806	–	–
NOTE 13: OTHER ASSETS					
Prepayments		3,673	1,441	1,703	657
NOTE 14: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD					
Investment in associated companies	27	320,424	309,825	–	–
At market value		719,406	721,047	–	–

NOTE 15: PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED 2003 $000	CONSOLIDATED 2002 $000	PARENT ENTITY 2003 $000	PARENT ENTITY 2002 $000
(a) Freehold land				
At cost	118,601	125,642	645	645
	118,601	125,642	645	645
(b) Leasehold land				
At cost	235	235	–	–
	235	235	–	–
(c) Buildings				
At cost	37,170	35,341	–	–
Less: depreciation	8,699	7,579	–	–
	28,471	27,762	–	–
(d) Plant and equipment				
At cost	174,313	176,769	–	–
Less: depreciation	110,240	107,114	–	–
	64,073	69,655	–	–
Add: capital works in progress at cost	6,458	2,838	–	–
	70,531	72,493	–	–
	217,838	226,132	645	645

All property, plant and equipment is being carried at cost in accordance with AASB 1041: "Revaluation of Non-Current Assets". Where the carrying value of assets (land) had previously been adjusted on the basis of a market valuation, these assets are now taken to be at "deemed cost" as at 30 June 2000, in accordance with the requirements of that Accounting Standard.

Independent valuations were undertaken during the 2003 financial year to establish the current valuations of freehold land and buildings. The valuations were based on fair market values and amounted to $160,912,490 for land and $33,557,550 for buildings for the consolidated group (parent entity $687,540 and NIL).

Reconciliations

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

	CONSOLIDATED 2003 $000	CONSOLIDATED 2002 $000	PARENT ENTITY 2003 $000	PARENT ENTITY 2002 $000
Freehold land				
Carrying amount at beginning of financial year	125,642	125,656	645	645
Additions	170	1,955	–	–
Assets acquired by purchase of subsidiary	–	873	–	–
Disposals	(7,211)	(2,842)	–	–
Carrying amount at end of financial year	118,601	125,642	645	645

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	2003	2002
	$000	$000	$000	$000
NOTE 15: PROPERTY, PLANT AND EQUIPMENT (cont.)				
Reconciliations (cont.)				
Leasehold land				
Carrying amount at beginning of financial year	235	235	–	–
Additions	–	–	–	–
Assets acquired by purchase of subsidiary	–	–	–	–
Disposals	–	–	–	–
Carrying amount at end of financial year	235	235	–	–
Buildings				
Carrying amount at beginning of financial year	27,762	22,424	–	–
Additions	1,775	2,763	–	–
Assets acquired by purchase of subsidiary	–	3,425	–	–
Disposals	(18)	(38)	–	–
Depreciation / amortisation expense	(1,048)	(812)	–	–
Carrying amount at end of financial year	28,471	27,762	–	–
Plant and equipment				
Carrying amount at beginning of financial year	69,655	51,656	–	–
Additions	8,317	21,725	–	–
Assets acquired by purchase of subsidiary	–	5,843	–	–
Disposals	(3,580)	(488)	–	–
Depreciation expense	(10,319)	(9,081)	–	–
Carrying amount at end of financial year	64,073	69,655	–	–
Capital works in progress				
Carrying amount at beginning of financial year	2,838	8,601	–	–
Additions	8,262	15,356	–	–
Assets acquired by purchase of subsidiary	–	–	–	–
Transfer to Plant and equipment	(4,642)	(21,119)	–	–
Disposals	–	–	–	–
Depreciation expense	–	–	–	–
Carrying amount at end of financial year	6,458	2,838	–	–

NOTE 16: DEFERRED TAX ASSETS

Future income tax benefit	5,000	4,595	5,000	68

The future income tax benefit is made up of the estimated tax benefits relating to timing differences only, and does not include any benefit relating to tax losses.

The company has capital losses with a tax value of $1,861,560 (2002 $1,048,120) which have not been brought to account as a future income tax benefit because there is no virtual certainty that the benefit of these losses can be realised. The benefit of these losses will only be obtained if the company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss to be realised, the company continues to comply with the conditions for deductibility imposed by tax legislation, and no changes in tax legislation adversely affect the company in realising the benefit from the deductions for the loss.

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	2003	2002
	$000	$000	$000	$000
NOTE 17: PAYABLES				
(a) Current				
Unsecured Liabilities				
Trade creditors & accruals	11,495	9,383	415	45
Deposits received on land sale agreements	2,050	5,650	–	–
	13,545	15,033	415	45
(b) Non-Current				
Unsecured Liabilities				
Amounts owing to wholly owned subsidiaries	–	–	993	195
NOTE 18: CURRENT INTEREST BEARING LIABILITIES				
(a) Secured liabilities				
Bank Overdraft	–	262	–	–
(b) Unsecured Liabilities				
Commercial bills	70,000	80,000	70,000	80,000
	70,000	80,262	70,000	80,000

(c) Bank overdraft
The bank overdraft was secured by registered mortgages over certain properties of the controlled entities.

NOTE 19: CURRENT TAX LIABILITIES				
Provision for income tax	1,504	2,787	1,531	(158)
NOTE 20: PROVISIONS				
(a) Current				
Dividends	–	11,855	–	11,855
Employee benefits	8,616	6,980	–	–
Product claims	615	86	–	–
Restructuring costs	1,171	–	–	–
	10,402	18,921	–	11,855
(b) Non-current				
Employee benefits	4,076	3,358	900	226
(c) Aggregate employee benefits liability	12,692	10,338	900	226
	No.	No.	No.	No.
(d) Number of employees at year end	626	639	5	5

(e) Provision for product claims
A provision has been recognised for estimated claims in respect of products sold. The provision has been based upon product rectification or replacement requests made known to the group as at the end of the financial year.

Provision for product claims at 1 July 2002	86
Claims settled during the year	(343)
Claims incurred during the year	872
Provision for product claims at 30 June 2003	615

	CONSOLIDATED		PARENT ENTITY	
	2003	**2002**	**2003**	**2002**
	$000	$000	$000	$000

NOTE 20: PROVISIONS (cont.)

(f) Provision for restructuring costs
A provision has been recognised for restructuring costs relating to the closure of the Eastwood, NSW manufacturing facility, which is owned by The Austral Brick Company Pty Ltd, a wholly owned subsidiary of Brickworks Ltd. This closure is to take place within the 2003/04 financial year. The company has entered into contracts in relation to the property, and has generated a formal plan for the restructure.

The costs included in this provision do not include employee termination benefits, which are included as part of the provision for employee benefits under the requirements of Accounting Standard AASB 1028: Employee Benefits.

Provision for restructuring costs at 1 July 2002	–			
Provision recognised during the year	1,171			
Amounts paid for restructuring costs during the year	–			
Provision for restructuring costs at 30 June 2003	1,171			

(g) Employee share scheme
On 1 July 2002 Brickworks Ltd implemented an employee share ownership plan, which allows all employees who have achieved 3 months service with the group to purchase shares in Brickworks Ltd, using their own funds plus a small contribution from the company. All shares are purchased on-market under an independent trust deed, thereby not causing any dilution to existing shareholders. At 30 June 2003, the employee share schemes had 285 staff members taking part, who owned a combined 162,339 shares (0.12% of issued capital) in Brickworks Ltd.

NOTE 21: DEFERRED TAX LIABILITIES

Provision for deferred income tax	601	8,188	601	–

NOTE 22: CONTRIBUTED EQUITY

131,723,600 fully paid ordinary shares	139,409	139,409	139,409	139,409

There were no transactions during the year in relation to the number or value of shares on issue.

Ordinary shares participate in dividends and the proceeds on 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.

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

NOTE 23: RESERVES

(a) Composition of reserves

Capital reserves				
– capital profits	92,209	92,401	84,479	84,479
– asset revaluation	25,192	25,197	645	645
Revenue reserves				
– general	139,402	139,397	11,000	11,000
– foreign currency	1,417	6,311	–	–
	258,220	263,306	96,124	96,124

	CONSOLIDATED		PARENT ENTITY	
	2003	**2002**	**2003**	**2002**
	$000	$000	$000	$000

NOTE 23: RESERVES (cont.)

(b) Movements in reserves

Capital profits reserve				
Balance at beginning of financial year	92,401	150,659	84,479	84,479
Share of associates transfer from retained earnings	(192)	204	–	–
Share of associates increment in reserve	–	(58,462)	–	–
Balance at end of financial year	92,209	92,401	84,479	84,479

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

Asset revaluation reserve				
Balance at beginning of financial year	25,197	29,161	645	645
Share of associates increment in reserve	(5)	(3,964)	–	–
Balance at end of financial year	25,192	25,197	645	645

The Asset revaluation reserve includes net revaluation increments and decrements arising from the revaluation of non-current assets.

General reserve				
Balance at beginning of financial year	139,397	74,633	11,000	11,000
Share of associates transfer from retained earnings	–	6,429	–	–
Share of associates increment in reserve	5	58,335	–	–
Balance at end of financial year	139,402	139,397	11,000	11,000

The General reserve represents amounts allocated from Retained Profits as reserved for the future general needs of the operations of the entity.

Foreign currency reserve				
Balance at beginning of financial year	6,311	3,908	–	–
Translation of foreign operations	3	(3)	–	–
Share of associates transfer from retained earnings	(12)	12	–	–
Share of associates increment in reserve	(4,885)	2,394	–	–
Balance at end of financial year	1,417	6,311	–	–

The foreign currency reserve records the foreign currency differences arising from the translation of the financial statements of self-sustaining foreign operations.

	NOTE	CONSOLIDATED 2003 $000	CONSOLIDATED 2002 $000	PARENT ENTITY 2003 $000	PARENT ENTITY 2002 $000

NOTE 24: RETAINED PROFITS

	NOTE	CONSOLIDATED 2003 $000	CONSOLIDATED 2002 $000	PARENT ENTITY 2003 $000	PARENT ENTITY 2002 $000
Retained profits at the beginning of the financial year		141,440	111,510	73,399	60,555
Adjustment resulting from change in accounting policy for providing for dividends		11,855	–	11,855	–
Net profit from ordinary activities after related income tax expenses		72,689	51,927	59,298	33,261
Dividends paid	7	(16,716)	(15,353)	(21,076)	(20,417)
Aggregate of amounts transferred to reserves		204	(6,644)	–	–
Retained profits at the end of the financial year		209,472	141,440	123,476	73,399

NOTE 25: CAPITAL AND LEASING EXPENDITURE COMMITMENTS

	CONSOLIDATED 2003 $000	CONSOLIDATED 2002 $000	PARENT ENTITY 2003 $000	PARENT ENTITY 2002 $000
(a) Capital expenditure projects Payable not later than one year	11,163	1,464	–	–
Share of associated company's capital expenditure commitments	15,023	1,805		
(b) Operating lease commitments Non-cancellable operating leases contracted for but not capitalised in the financial statements	962	921	–	–
Payable				
– not later than one year	442	449	–	–
– later than one year but not later than five years	520	472	–	–
	962	921	–	–

Operating leases are for the rental of equipment and motor vehicles. The leases are non-cancellable with rent payable monthly in advance.

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

	CONSOLIDATED 2003 $000	CONSOLIDATED 2002 $000
Share of associated company's lease commitments		
– operating leases	7,158	6,866
– finance leases	–	1,462

NOTE 26: CONTINGENT LIABILITIES

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

	CONSOLIDATED 2003 $000	CONSOLIDATED 2002 $000	PARENT ENTITY 2003 $000	PARENT ENTITY 2002 $000
Bank guarantees issued in the ordinary course of business	822	903	–	–
Share of associated company's contingent liabilities	11,580	12,626		

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

NOTE 27: INVESTMENTS IN ASSOCIATED COMPANIES

An interest is held in the following associated companies

Name	Principal Activities	Ownership interest 2003 %	Ownership interest 2002 %	Carrying amount 2003 $000	Carrying amount 2002 $000
Washington H Soul Pattinson & Company Ltd	Pharmaceutical, coal, television, investment, food	42.85	42.85	229,838	222,776
Bristile Ltd	Manufacturing building products	22.85	22.33	90,586	87,049
				320,424	309,825

Ownership interest in Washington H Soul Pattinson & Company Ltd at that company's balance date was 42.85% of ordinary shares. The reporting date of the company is 31 July annually. In applying the equity method of accounting the most recent information of the associate made available to the shareholders has been used – the half yearly report to 31 January 2003. The equity accounted result is based on the full year's results of the associate calculated for the 12 months to 31 January 2003.

Washington H Soul Pattinson & Company Ltd owns 49.84% of issued ordinary shares of Brickworks Limited.

	2003 $000	2002 $000
(a) Movements during the year in equity accounted investments in associated companies		
Balance at the beginning of the financial year	309,825	207,088
New investments during the period	2,337	85,204
Share of associated company's profit from ordinary activities after income tax and outside equity interests	35,265	30,942
Share of associated company's reserve increments arising during the year	(4,885)	(1,697)
Dividend revenue from associated companies	(26,478)	(16,776)
Group's share of dividend received by associated company	4,360	5,064
	320,424	309,825
(b) Retained earnings attributable to associate		
Share of associated company's profit from ordinary activities before income tax	54,033	47,309
Share of associated company's income tax expense	(11,733)	(9,407)
Share of associated company's outside equity interests	(7,035)	(6,960)
Share of associated company's profit from ordinary activities after income tax and outside equity interests	35,265	30,942
Share of retained profits at beginning of the financial year	57,279	44,694
Dividend revenue from associated companies	(26,478)	(16,776)
Group's share of dividend received by associated company	4,360	5,064
Share of associated company's amounts transferred to reserves	204	(6,645)
	70,630	57,279

NOTE 27: INVESTMENTS IN ASSOCIATED COMPANIES (cont.)

	2003 $000	2002 $000
(c) Reserves attributable to associates		
Capital profits reserve		
Balance at beginning of financial year	4,299	62,557
Share of associates transfer from retained earnings	(192)	204
Share of associates increment in reserve	–	(58,462)
Balance at end of financial year	4,107	4,299
Asset revaluation reserve		
Balance at beginning of financial year	687	4,651
Share of associates increment in reserve	(5)	(3,964)
Balance at end of financial year	682	687
General reserve		
Balance at beginning of financial year	127,781	63,018
Share of associates transfer from retained earnings	–	6,428
Share of associates increment in reserve	5	58,335
Balance at end of financial year	127,786	127,781
Foreign currency reserve		
Balance at beginning of financial year	6,314	3,908
Share of associates transfer from retained earnings	(12)	12
Share of associates increment in reserve	(4,885)	2,394
Balance at end of financial year	1,417	6,314
(d) Summarised presentation of aggregate assets, liabilities and performance of associates		
Share of associated company's total assets	486,580	479,528
Share of associated company's total liabilities	166,168	164,420
Share of associated company's net assets	320,412	315,108
Share of associated company's outside equity in controlled entities	44,278	40,859
Equity attributable to members of the parent entity of the associated companies	276,134	274,249
Share of associated company's profit from ordinary activities after income tax and outside equity interests	35,265	30,942

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	2003	2002
	$000	$000	$000	$000

NOTE 28: CASH FLOW INFORMATION

(a) Reconciliation of cash flow from operations with operating profit after income tax				
Operating profit and abnormal items after income tax	72,689	51,927	59,298	33,261
Non-cash flows in operating profit				
Depreciation	11,367	9,893	–	–
Losses (profits) on sale of property, plant and equipment	(5,540)	(1,794)	–	–
Losses (profits) on sale of investments	(1,934)	(893)	(1,934)	(893)
Share of profits of associates not received as dividends	(8,786)	(14,165)	–	–
Unrealised exchange gain on intercompany loan	15	(9)	–	–
Changes in assets and liabilities net of the effects of purchase of subsidiaries				
(Increase) decrease in trade & sundry debtors	142	(3,549)	(345)	(205)
(Increase) decrease in inventories	(2,835)	2,294	–	–
(Increase) decrease in prepayments	(2,232)	(692)	(1,046)	(657)
(Increase) decrease in future income tax benefit	(405)	1,344	(4,932)	20
(Increase) decrease in share trading portfolio	(50)	2,390	–	–
Increase (decrease) in creditors and accruals	2,112	(1,886)	370	(14)
Increase (decrease) in taxes payable	(1,283)	(1,457)	1,689	(767)
Increase (decrease) in other current provisions	3,336	(1,386)	–	(98)
Increase (decrease) in other non-current provisions	718	1,289	674	32
Increase (decrease) in deferred taxes payable	(7,587)	(1,263)	601	(4)
Cash flows from operations	59,727	42,043	54,375	30,675
(b) Credit standby arrangements with banks				
Credit facility	475,000	87,120	475,000	85,000
Amount utilised	70,000	80,262	70,000	80,000
Unused credit facility	405,000	6,858	405,000	5,000

The major facilities are summarised as follows:

Banking overdrafts
Bank overdraft facilities are arranged with a number of Australian banks with the general terms and conditions being set and agreed to annually. Interest rates are variable and subject to adjustment.

Bank bill acceptance discount facility
$85,000,000 12 monthly revolving variable interest rate bill facility provided by various Australian banks, currently drawn to $70,000,000.

Debenture subscription agreement
$475,000,000 variable interest rate facility available for drawing until 4 November 2003. This facility is secured by way of three deeds of charge between Brickworks Ltd, various subsidiary guarantor companies and the bank which provide for fixed and floating charges over all present and future assets of the consolidated group. Subsequent to balance date the terms of the facility were amended to increase the limit to $490,000,000, and provide for a termination date of 31 March 2004. The facility was entered into in relation to the acquisition of all the issued capital of Bristile Ltd by The Austral Brick Company Pty Ltd, a wholly owned subsidiary of Brickworks Ltd. It is a requirement under this facility that part of this facility must be used to pay down the balance outstanding under the Bank bill acceptance discount facility.

As at balance date no amounts had been drawn under this facility.

The carrying amount of non-current assets pledged as security for this facility at 30 June 2003 was $610,242,000.

	CONSOLIDATED 2003 $000	CONSOLIDATED 2002 $000	PARENT ENTITY 2003 $000	PARENT ENTITY 2002 $000

NOTE 29: RELATED PARTY TRANSACTIONS

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

	CONSOLIDATED 2003 $000	CONSOLIDATED 2002 $000	PARENT ENTITY 2003 $000	PARENT ENTITY 2002 $000
(a) Ownership Interest in related parties				
Washington H Soul Pattinson and Company Limited	42.85%	42.85%	42.85%	41.18%
Bristile Limited	22.85%	22.33%	0.00%	22.33%
(b) Dividend revenue derived from related parties				
Washington H Soul Pattinson and Company Limited	20,452	12,782	19,935	12,285
Bristile Limited	6,026	3,994	6,026	3,994
(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	10,503	9,519	10,503	9,519
(e) Transactions with related parties				
Purchase of telecommunications services from SP Telecommunications Ltd, an associated entity of Washington H Soul Pattinson and Company Ltd, on terms no more favourable than to unrelated parties. Mr R.D. Millner and Mr M.J. Millner are directors of SP Telecommunications Ltd.	107	335	–	–
Purchase of investment advice in relation to the acquisition of Bristile Ltd shares by The Austral Brick Company Pty Ltd, a wholly owned subsidiary of Brickworks Ltd, from Pitt Capital Partners Ltd, an associated entity of Washington H Soul Pattinson and Company Ltd, on terms no more favourable than to unrelated parties. Mr R.D. Millner is a director of Pitt Capital Partners Ltd.	285	–	–	–

(f) Shares of Directors and their director-related entities

	Held 30 June 2002	Shares Acquired	Shares Disposed of	Held 30 June 2003
Robert D. Millner	2,914,841	205,000	–	3,119,841
Michael J. Millner	2,901,341	205,000	–	3,106,341
Alan J. Bentley	11,440	–	–	11,440
Timothy V. Fairfax	15,000	–	–	15,000
The Hon Robert J. Webster	4,000	–	–	4,000
Lindsay R. Partridge	35,500	20,234	–	55,734

All share transactions by directors were on normal terms and conditions on the Australian Stock Exchange.

Mr David Gilham was appointed director on 1 August 2003.

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

NOTE 30: FINANCIAL INSTRUMENTS

(a) Net fair values

Cash, short term money market instruments, receivables, trade creditors and interest bearing liabilities are included in the financial statements at the carrying value which approximates their net fair values because of their short maturity. Current investments represent the share trading portfolio, which is carried at the lower of cost or net realisable value. Non-current investments are held at cost as these are not expected to be traded in the foreseeable future.

The market values of current and non-current investments are disclosed at Note 11.

(b) Interest rate risk

Interest rates on money market instruments (deposits) vary with current short term bank bill rate movements. At balance date, the effective weighted interest rates on these financial assets was 4.60% (2002 4.59%).

The group maintains a set off facility with its bankers. The set off interest rate at balance date is 2.25% (2002 2.25%).

The Brickworks Group bill acceptance discount facility currently drawn to $70,000,000 is a floating rate facility determined with reference to the BBSY bid rate at each 90 day maturity. The rate current on the facility at balance date is 4.81% (2002 5.81%).

The Brickworks Group has entered into an interest rate swap contract that allows the Brickworks Group to raise borrowings at floating rates and effectively swap them into a fixed rate (5.18%). The contracts require settlement of net interest receivable or payable usually around 90 days. The settlement dates coincide with the dates on which interest is payable on the underlying debt and are brought to account as an adjustment to borrowing costs.

The notional principal amounts reduce from $45,000,000 over the next four years (2002 $60,000,000 over five years) as detailed below.

At balance date, the details of the interest rate swap contracts are:

	Effective Interest Rate Payable		Reduction in Notional Principal	
Settlement	2003	2002	2003	2002
	%	%	$000	$000
Less than 1 year	5.18	5.18	15,000	15,000
1 to 2 years	5.18	5.18	10,000	15,000
2 to 3 years	5.18	5.18	10,000	10,000
3 to 4 years	5.18	5.18	10,000	10,000
4 to 5 years	–	5.18	–	10,000
Total notional principal at balance date			45,000	60,000

The value of the interest rate swap not recognised in the statement of financial position, reflecting the estimated amount which the Group would expect to pay to terminate the contract, is $351,468 (2002 expect to receive $922,026).

(c) Credit risk

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

(d) Exchange rate risk

The Brickworks Group does not have any material exposure to unhedged foreign currency receivables. Export sales are all made through Australian agents or direct to overseas customers using Australian Dollars or letters of credit denominated in Australian Dollars.

NOTE 31: SUPERANNUATION COMMITMENTS

Superannuation plans have been established for the provision of benefits to employees of entities in the Brickworks Group 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 Brickworks Group contributes at various percentages of the employees contributions. There is a legally enforceable obligation on the Brickworks Group 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 Brickworks Group does not have any Defined Benefits Plans.

NOTE 32: EVENTS OCCURING AFTER BALANCE DATE

On 4 March 2003, The Austral Brick Company Pty Ltd (Austral), a wholly owned subsidiary of Brickworks Ltd, made an offer for all the ordinary shares of Bristile Ltd. On 30 June 2003 the independent directors of Bristile Ltd recommended that shareholders accept the Austral offer of $3.65 per share. As at 8 August 2003, when the offer closed, Austral was entitled to 97.74% of the ordinary shares of Bristile Ltd, and had moved to compulsory acquisition of the remaining shares. The acquisition is being funded by borrowings.

The financial effect of this transaction has not been brought to account in the 2003 financial statements.

NOTE 33: PARTICULARS RELATING TO CONTROLLED ENTITIES

	Country of Incorporation	Parent Entity's Interest	
		2003	2002
		%	%
Parent Entity			
Brickworks Limited	Australia		
Controlled entities of Brickworks Limited			
The Austral Brick Company Pty Limited	Australia	100	100
– The Austral Tile Company Pty Limited	Australia	100	100
– The Austral Export Company Pty Limited	Australia	100	100
– Horsley Park Holdings Pty Limited	Australia	100	100
– Bowral Brickworks Pty Limited	Australia	100	100
– Eureka Tiles Pty Limited	Australia	100	100
– Visigoth Pty Limited	Australia	100	100
– TSA Distributors Pty Limited	Australia	100	100
– Eureka Tiles (NZ) Pty Limited	Australia	100	100
The Warren Brick Company Limited	Australia	100	100
Carrington Brick Company Pty Limited	Australia	100	100
Horsley Park Operations Pty Limited	Australia	100	100

NOTE 34: STATEMENT OF OPERATIONS BY SEGMENTS

(a) Business segments

	Clay Products		Property		Investment (excl. associates)		Equity Accounted Associates		Consolidated	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
REVENUE										
Sales to customers outside the group	180,793	149,709	17,311	3,934	13,593	12,939	35,264	30,942	246,961	197,524
Total revenue from ordinary activities									246,961	197,524
RESULT										
Segment result	31,560	26,463	6,711	1,510	9,823	6,988	35,264	30,942	83,358	65,903
Unallocated expenses									8,071	5,250
Profit from ordinary activities before income tax expense									75,287	60,653
Income tax expense									(2,598)	(8,726)
Profit from ordinary activities after income tax expense									72,689	51,927
ASSETS										
Segment assets	244,474	245,096	29,158	36,293	113,173	81,490	320,424	309,825	707,229	672,704
Total assets									707,229	672,704
LIABILITIES										
Segment liabilities	26,680	36,591	–	–	3,448	11,958	–	–	30,128	48,549
Unallocated liabilities									70,000	80,000
Total liabilities									100,128	128,549
OTHER										
Acquisition of non-current segment assets	11,852	24,345	2,030	–	2,239	3,725	2,337	85,204	18,458	113,274
Depreciation and amortisation	11,367	9,893	–	–	–	–	–	–	11,367	9,893
Non-cash expenses other than depreciation and amortisation	11,960	5,560	–	–	674	240	–	–	12,634	5,800

(b) Geographical Segments
The Brickworks Group's business segments are located in Australia, with some product manufactured by the clay products division exported to countries within South-East Asia. Total revenue from sales outside of Australia in the year ended 30 June 2003 was $7.949 million (2002 $3.477 million).

(c) Business Segments
The Brickworks Group has the following four business segments:

Clay products division manufactures vitrified clay products used in the building industry. Major product lines include clay bricks, blocks, pavers, terracotta floor tiles and ceramic bathroom fittings.

Property division considers further opportunities to better utilise land owned by the Brickworks Group.

Investment division invests in the Australian share market, both for dividend income and capital growth.

Equity accounted associates includes the entity's investment in Washington H Soul Pattinson and Company Ltd and Bristile Ltd.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 14 to 37 are in accordance with the Corporations Act 2001:

    (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 2003 and of the performance for the year ended on that date of the company and the Brickworks Group;

2. in the directors' 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.

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

Dated 26 August 2003

Director : R.D. MILLNER   Director: R.J. WEBSTER

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF BRICKWORKS LIMITED

Scope

We have audited the financial report of Brickworks Limited, as set out on pages 14 to 38 for the year ended 30 June 2003.

The financial report includes the consolidated financial statements of the Brickworks Group comprising Brickworks Limited and the entities it controlled at the year's end or from time to time during the financial year. The company's directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the company's and of the Brickworks Group's financial position, and performance as represented by 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 report of Brickworks Limited is in accordance with:

(a) the Corporations Act 2001, including:

- (i) giving a true and fair view of Brickworks Limited's, and the Brickworks Group's financial position as at 30 June 2003 and of their performance for the year ended on that date; and

- (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements in Australia.

TRAVIS & TRAVIS
Chartered Accountants

26 August 2003
1/114 Longueville Road
Lane Cove NSW 2066

A.J. FAIRALL
Partner

SHAREHOLDER INFORMATION

STATEMENT OF SHAREHOLDERS AT 18 AUGUST 2003

	Fully paid ordinary shares
Number of holders	3,017
Voting entitlement is one vote per fully paid ordinary share	
% of total holdings by or on behalf of twenty largest shareholders	81.93%
Distribution of Shareholdings	
1 - 1,000	938
1,001 - 5,000	1,305
5,001 - 10,000	356
10,001 - 100,000	367
100001 and over	51
	3,017
Holdings of less than marketable parcel of 61 shares	9

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

	Shareholder	**Number of Shares**
1.	Washington H Soul Pattinson & Co. Ltd	65,645,140
2.	Perpetual Trustees Australia Ltd	16,216,577
3.	Permanent Trustee Company Ltd	7,111,550
4.	Perennial Value Management Ltd	6,787,210

20 LARGEST SHAREHOLDERS AS DISCLOSED ON THE SHARE REGISTER AS AT 18 AUGUST 2003

		Number of Shares	**%**
1.	Washington H. Soul Pattinson & Co. Ltd	65,645,140	49.84
2.	RBC Global Services Australia Nominees Pty Ltd <PIPOOLED A/C>	12,160,329	9.23
3.	J P Morgan Nominees Australia Ltd	4,014,152	3.05
4.	Westpac Custodian Nominees Ltd	3,568,854	2.71
5.	RBC Global Services Australia Nominees Pty Ltd <BKCUST A/C>	2,530,413	1.92
6.	National Nominees Ltd	2,115,087	1.61
7.	RBC Global Services Australia Nominees Pty Ltd <PIIC A/C>	2,085,757	1.58
8.	J S Millner Holdings Pty Ltd	1,845,755	1.40
9.	IOOF Investment Management Ltd	1,840,716	1.40
10.	AMP Life Ltd	1,658,424	1.26
11.	Mr K. S. Baker & Mrs M. I. Baker	1,626,766	1.23
12.	Australian Foundation Investment Co. Ltd <Investment Portfolio A/C>	1,477,970	1.12
13.	Milton Corporation Ltd	1,389,580	1.05
14.	Mr J. S. Millner	1,251,903	0.95
15.	Queensland Investment Corporation	1,094,419	0.83
16.	Choiseul Investments Ltd	1,014,360	0.77
17.	Cogent Nominees Pty Ltd	972,599	0.74
18.	Citicorp Nominees Pty Ltd	679,454	0.52
19.	Permanent Trustee Australia Ltd <PAR0002 A/C>	484,717	0.37
20.	Fijolin Pty Ltd	470,000	0.36
		107,926,395	81.93