BRICKWORKS
LIMITED

Brickworks Limited
ABN: 17 000 028 526

738 – 780 Wallgrove Road,
Horsley Park, NSW 2175

PO Box 6550
Wetherill Park, NSW 1851

(02) 9830 7800

info@brickworks.com.au
www.brickworks.com.au

23 March 2023

Australian Securities Exchange
Attention: **Companies Department**

BY ELECTRONIC LODGEMENT

Dear Sir / Madam

Please see attached the Brickworks Limited Appendix 4D for the half year ended 31 January 2023, incorporating the interim financial report for that period, for immediately release to the market.

This announcement has been authorised for release by the Brickworks Board of Directors.

Yours faithfully

BRICKWORKS LIMITED

Susan Leppinus

Company Secretary

BRICKWORKS LIMITED

A.B.N. 17 000 028 526

ASX Appendix 4D

Half Year ended 31 January 2023
Results for announcement to the market

	31 January 2023	31 January 2022[1]	% Change
Revenues from continuing operations ($000's)	**583,923**	**514,667**	13.46%
Net profit after tax from continuing operations before significant items ($000's)	**410,165**	**330,827**	23.98%
Profit from ordinary activities before tax attributable to members ($000's)[2]	**465,805**	**890,637**	(47.70)%
Profit from ordinary activities after tax attributable to members ($000's)[2]	**354,442**	**575,462**	(38.41)%
Net profit for the period attributable to members ($000's)[2]	**354,442**	**575,462**	(38.41)%
Basic earnings per share (cents per share) [2]	**233.0**	**379.3**	(38.56)%
Net tangible assets per share (dollars per share)[3]	**19.79**	**16.72**	18.36%
Interim dividend declared – 100% franked (cents per share) (Record date: 11 April 2023)	**23.0**	**22.0**	4.55%

There were no dividend reinvestment plans in operation at any time during the period.

- **Statutory NPAT** including significant items, down 38% to $354 million.
- **Underlying NPAT from continuing operations** before significant items, up 24% to $410 million.
- **Underlying EBITDA from continuing operations** before significant items, up 25% to $607 million (EBIT up 26% to $569 million).
  - **Property EBITDA** up 26% to $453 million.
  - **Investments EBITDA** up 37% to $100 million.
  - **Building Products Australia EBITDA** down 6% to $50 million.
  - **Building Products North America EBITDA** up 16% to $14 million.
- **Operating cash flow** down 27% to $46 million.
- **Net tangible assets per share** up 8% to $19.79 (vs 31 July 2022).
- Share of **net assets held within Property Trusts** up $484 million, to $2.238 billion.
- Share of **WHSP market value** up $285 million, to $2.708 billion.
- **Interim dividend** of 23 cents fully franked, up 1 cent or 5% (Record date 11 April 2023, payment date 2 May 2023).

Additional information supporting the Appendix 4D disclosure requirements can be found in the Directors' Report and the Financial Report for the financial half year ended 31 January 2023.
This information should be read in conjunction with the most recent annual report.
The report is based on accounts which have been subject to review. There was no dispute or qualification in relation to these accounts or report.

[1]The comparative numbers of the Group have been restated to present the discontinued operations separately from the continuing operations and reflect adjustments to the Group's share of losses from associates.
[2]Including discontinued operations.
[3]The net tangible assets calculation excludes right-of-use assets. Lease liabilities are included and reduce the net tangible assets per share.

BRICKWORKS

A.B.N. 17 000 028 526

INTERIM FINANCIAL REPORT

HALF YEAR ENDED 31 JANUARY 2023

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 half year ended 31 January 2023.

Directors

The names of the Directors in office at any time during or since the end of the half year up to the date of this report are:

- **Robert D. Millner** FAICD (Chairman)
- **Michael J. Millner** MAICD (Deputy Chairman)
- **Lindsay R. Partridge AM** BSc. Hons. Ceramic Eng; FAICD; Dip. CD (Managing Director)
- **Deborah R. Page AM** B.Ec; FCA; FAICD
- **Malcolm P. Bundey** B.Bus (Accounting), GAICD
- **Robyn N. Stubbs** B.Bus M.Sc., GAICD
- **The Hon. Robert J. Webster** MAICD (retired 22 November 2022)
- **The Hon. Joel A. Fitzgibbon** GradCertBA, GAICD (appointed 1 January 2023)

Highlights

- **Statutory NPAT** including significant items, down 38% to $354 million.
- **Underlying NPAT from continuing operations** before significant items, up 24% to $410 million.
- **Underlying EBITDA from continuing operationsw** before significant items, up 25% to $607 million (EBIT up 26% to $569 million).
  - **Property EBITDA** up 26% to $453 million.
  - **Investments EBITDA** up 37% to $100 million.
  - **Building Products Australia EBITDA** down 6% to $50 million.
  - **Building Products North America EBITDA** up 16% to $14 million.
- **Operating cash flow** down 27% to $46 million.
- **Net tangible assets per share** up 8% to $19.79 (vs 31 July 2022).
- Share of **net assets held within Property Trusts** up $484 million, to $2.238 billion.
- Share of **WHSP market value** up $285 million, to $2.708 billion.
- **Interim dividend** of 23 cents fully franked, up 1 cent or 5% (Record date 11 April 2023, payment date 2 May 2023).

Earnings

Brickworks Group (ASX: BKW, the '**Company'**) posted a Statutory Net Profit After Tax (**'NPAT'**) of $354 million for the half year ended 31 January 2023, down 38% on the previous corresponding period (with the prior period boosted by a significant one-off profit in relation to the deemed disposal of Washington H Soul Pattinson (ASX: SOL, "WHSP") shares upon its merger with Milton).

Underlying NPAT from continuing operations was a record $410 million, up 24% on the prior period.

Property Earnings Before Interest, Tax, Depreciation and Amortisation from continuing operations ('EBITDA') was a half year record, up 26% to $453 million, driven by the sale of Oakdale East Stage 2 into the Industrial JV Trust[1]. In addition, earnings were supported by revaluation profits, development profits and net rental income. During the period, Brickworks' share of the net asset value within its Property Trusts increased by a further $484 million, and now stands at $2,238 million. This includes the Company's 50.1% interest in the Brickworks Manufacturing Trust[2].

Investments EBITDA was $100 million, up 37%, with WHSP earnings benefitting from an increase in the contribution from New Hope Corporation. The market value of Brickworks' shareholding in WHSP was $2.708 billion at 31 January 2023, up by $285 million compared to 31 July 2022. During the half, Brickworks increased its investment in FBR Limited (ASX: FBR), and held approximately 19% of shares on issue, with a market value of $24 million at the end of the period.

On sales revenue of $364 million (up 11%), **Building Products Australia** EBITDA was $50 million, down 6% on the previous corresponding period. The decrease in earnings was primarily due to a decline in Bristile Roofing and Austral Bricks Western Australia, with most other business units recording improved earnings.

Building Products North America delivered an 18% increase in revenue, to $220 million, driven by increased sales to the multi-residential market and the continued growth of retail operations. EBITDA was up 16% to $14 million, despite the ongoing impact of cost inflation and labour shortages across many operations.

The underlying **income tax** expense from continuing operations was $136 million, up from $111 million in the prior corresponding period, due primarily to the higher earnings from Property.

Net borrowing costs increased to $23 million, with underlying interest cover finishing the half at a conservative 23 times.

[1] The Industrial JV Trust is a 50/50% partnership between Brickworks and Goodman.

[2] The Brickworks Manufacturing Trust is a 50.1/49.9% partnership between Brickworks and Goodman and comprises operational properties tenanted by Building Products Australia.

Significant items decreased NPAT by $48 million for the period. This comprised:

- A non-cash impairment in Austral Bricks Western Australia of $32 million (post-tax), in accordance with AASB 136. This primarily comprises impairments to plant and equipment and right-of-use assets and is based on management's re-assessment of the outlook for the business following failed attempts to improve margins and lost market share over the past 6 months.
- Plant relocation and commissioning costs of $9 million (net of tax), including the new Oakdale East masonry plant and costs associated with the new Horsley Park brick plant
- Restructuring and site closure costs of $3 million (net of tax), primarily relating to the closure of the Bellevue brick plant in Western Australia.
- A $2 million benefit arising from the net impact of the income tax expense in respect of the equity accounted WHSP profit, offset by the impact of fully franked WHSP dividend income, adjusted for the movements in the franking account and the circular dividend impact.
- A $4 million cost in relation to significant items from Investments (SOL and FBR).
- Other costs of $2 million (net of tax), primarily in relation to acquisition, legal and IT costs.

Discontinued operations contributed an after-tax loss of $7 million for the period. This is primarily related to non-cash impairment of assets and closure costs within Austral Precast.

Statutory Earnings Per Share ('**EPS**') was 233 cents, down 39% on the previous corresponding period. Underlying EPS from continuing operations was 269 cents, up 24%.

Significant Items ($m)	Gross	Tax	Net
Impairment of Austral Bricks Western Australia	(46)	14	(32)
Plant relocation and commissioning costs	(12)	4	(9)
Restructuring and site closure costs	(4)	1	(3)
Income tax from the carrying value of SOL		2	2
Significant items relating to Investments (SOL and FBR)	(4)	-	(4)
Other costs	(3)	1	(2)
Total (Continuing Operations)	**(70)**	**21**	**(48)**

Cash Flow

Total **cash flow from operating activities** was $46 million, down from $63 million in the previous corresponding period, with cash generation impacted by plant commissioning costs and increased inventory within Building Products, together with higher Group interest costs.

Capital expenditure was $56 million during the period, with the Company nearing the end of a significant investment program. The majority of major project spend was the construction of a new brick plant at Horsley Park in New South Wales.

Balance Sheet

During the half **total shareholders' equity** was up $271 million to $3.531 billion, primarily reflecting the increased statutory profit, offset by dividends paid to shareholders.

Net tangible assets ('NTA') per share was $19.79 at 31 January 2023, up from $18.34 at 31 July 2022.

Total interest-bearing debt was $658 million at the end of the period. After including cash on hand, **net debt** was $595 million, an increase of $102 million during the half. **Gearing** (net debt to equity) increased slightly to 17%, with the higher debt level partially offset by the increased asset base.

Brickworks has $1,001 million in committed debt facilities, with significant headroom across all banking **covenants.** At the end of the period, bank gearing[3] as defined for covenant calculations was 14% (vs. a covenant of <40%), interest cover was 13.2x (vs. a covenant of >3.5x) and the leverage ratio was 1.5x (vs. a covenant of <3.5x).

Net working capital was $288 million at 31 January 2023, including **finished goods inventory** of $277 million. Finished goods inventory was up $10 million during the half, due primarily to Building Products North America inventory increasing over the winter period (corresponding to the end of the reporting period).

Dividends

Directors have declared a fully franked interim **dividend** of 23 cents per share for the half year ended 31 January 2023, up 5% from 22 cents. The record date for the interim dividend will be 11 April 2023, with payment on 2 May 2023.

[3] Gearing, interest cover and leverage ratio outlined here are based on the Group's banking covenant calculation (and differ from standard calculations used for these metrics, as quoted elsewhere in this report). Interest cover and leverage ratio covenants only apply if gearing exceeds 22.5%.

Sustainability

Our People

Full-time equivalent **employee** numbers were 2,193 at 31 January 2023, comprising 1,151 based in Australia and 1,042 in North America.

Brickworks continues to focus on inclusion and diversity. At the end of the period, female employees made up approximately 23% of the workforce. At the Senior Executive level, female representation has increased significantly in recent years, and was 31% at the end of the period. This compares to 7% in 2015.

Brickworks is also active in the community and has a long-standing partnership with the Children's Cancer Institute, having made direct and indirect contributions of over $4.4 million since 2002.

Safety

The Company continues to make steady progress on improving workplace safety. The total recordable injury rate (injuries per million hours worked) decreased to a record low 10.3 in the first half, down from 11.7 in the prior year. At the same time the lost time injury frequency rate decreased to 0.9, from 1.1 in the previous year.

Across our operations there were three lost time injuries during the half – one in Australia and two in North America.

A sustained decrease in injuries has been achieved over the past decade, through disciplined implementation of safety management systems and procedures, together with behavioural leadership and safety training programs.

Environmental

Sustainability is at the heart of Brickworks' purpose: to make beautiful products that last forever. Products that stand the test of time.

Bricks are a sustainable product, made from clay and shale that is naturally abundant and often recycled. They are guaranteed for 100 years, and many installed 100 years ago remain in service today. Their longevity also allows bricks to be recycled and re-used, unlike many competing building products.

Currently 17% of raw materials used to manufacture building products in Australia are recycled, including clay from local infrastructure projects, fly ash and other by-products.

Clay bricks are a naturally energy efficient material, absorbing heat energy, storing this energy and releasing it later into the environment. This thermal lag from thermal mass saves lifetime carbon emissions by reducing demand for artificial heating and cooling in homes.

Brickworks also recognise the need to minimise carbon emissions in the manufacturing process and have long understood the step change reductions possible through kiln refurbishment and upgrade programs.

Across its Australian operations, Brickworks has achieved a reduction in carbon emissions of 42% (scope 1 and 2) since FY2006, through manufacturing rationalisation, capital investments into modern, fuel-efficient production processes, as well as product redesign, use of recycled material and firing our kilns with green fuels such as landfill gas.

At Horsley Park, the Company is currently building the most energy efficient brick plant in the country. Once complete, it will replace two plants that are both more than 45 years old. Investigations are ongoing into the feasibility of developing a biogas facility at the new brick plant. The study, being completed in collaboration with Delorean (ASX: DEL) is progressing well and has advanced to the development application stage, following an initial concept study.

Within Property, Brickworks together with its joint venture partner Goodman (ASX: GMG), aim to be world leaders in sustainable industrial property design and development.

At the latest development at Oakdale West, all buildings have sustainable design initiatives incorporated, including drought-resistant landscaping, rainwater harvesting, electric vehicle charging stations, LED lighting and recycling facilities. In addition, all properties will have solar installed, with 11.6 MW already committed. This is equivalent to the environmental saving of taking around 7,500 cars off the road.

Property

$million	1H2022	1H2023	Change
Net Trust Income	17	25	47%
Revaluations	228	113	(50%)
Development Profit	115	54	(53%)
Property Trusts	**360**	**192**	**(47%)**
Property Sales	-	263	NA
Admin and Other	(2)	(2)	-
Total	**358**	**453**	**26%**

Overview of Property Result

Property delivered EBIT of $453 million for the first half, up 26% on the prior corresponding period.

The highlight of the first half was the sale of **Oakdale East Stage 2** into the Industrial JV Trust, for $301 million. The 75-hectare site, located in Western Sydney, has an estimated 50 hectares of net development area and currently comprises a brick plant and associated quarry (operated by Austral Bricks). The brick making operations will be consolidated at the nearby Horsley Park site, following the completion of a new plant in the coming months.

The sale delivered a profit of $263 million after taking into account the book value, rehabilitation provisions and transaction costs.

The **Property Trusts**, comprising the Industrial JV Trust and the Brickworks Manufacturing Trust, delivered an EBIT contribution of $192 million, down 47%.

Rent during the period was $74 million (100% share). After including interest costs and management fees, net trust income was $50 million. Brickworks 50% share of this income was $25 million, up 47% on the prior corresponding period. This includes a $5 million contribution from the Brickworks Manufacturing Trust, launched in July 2022. Excluding this impact, net trust income from the Industrial JV Trust was up 18% to $20 million for the half.

The Industrial JV Trust completed an independent revaluation process in December, resulting in a revaluation profit of $113 million attributable to Brickworks. Although the revaluation process resulted in capitalisation rate expansion, this was more than offset by a 19% increase in the assessed average market rent for the leased assets within the Trust.

During the first half, development activity within the Industrial JV Trust was focussed on the Oakdale West Estate. Construction of the 66,000m2 Coles Distribution facility reached practical completion in January 2023. Other facilities for Australia Post, Telstra and Woolworths were also completed, resulting in a development profit of $54 million for the period. This is in addition to development profits of $178 million recognised in relation to these facilities in FY2022.

Property administration expenses totalled $2 million, in line with the prior half. These expenses include holding costs, such as rates and taxes on properties awaiting development.

Property Trust Assets

Estate	Currently Leased				
	Asset Value ($m)	Rent ($m p.a.)	WALE[4] (yrs)	Cap. Rate	GLA[5] (m^2)
M7 Hub (NSW)	270	10	2.5	4.0%	64,200
Interlink Park (NSW)	642	26	3.9	3.9%	192,200
Oakdale Central (NSW)	920	32	3.4	4.0%	245,200
Oakdale East 1 (NSW)	176	6	9.9	3.8%	35,900
Oakdale South (NSW)	674	23	6.4	3.6%	177,200
Rochedale (QLD)	382	16	9.5	4.1%	126,000
Oakdale West (NSW)	1,407	47	15.5	3.5%	235,000
Industrial JV Trust Total	**4,471**	**160**	**8.3**	**3.8%**	**1,075,700**
BKW Manufacturing Trust	436	18	15.6	5.0%	NA
Total	**4,907**	**178**	**9.0**	**3.9%**	

[4] Weighted average lease expiry (by income).
[5] Gross Lettable Area.

Following the completion of developments during the period, the Industrial JV Trust has reached the significant milestone of over 1 million square metres of leased gross lettable area.

As at 31 January 2023, the total value of leased assets held within the two Property Trusts was $4.9 billion. The annualised rent generated from these assets is $178 million and the weighted average lease expiry is 9.0 years (8.3 years for the Industrial JV Trust). The average capitalisation rate across the portfolio is 3.9%, and there are currently no vacancies in the portfolio.

Including $772 million worth of land to be developed, the total value of assets held within both Property Trusts was $5.7 billion at the end of the period. Borrowings of $1.2 billion are held within the Industrial JV Trust, giving a total net asset value of $4.5 billion. Brickworks' 50% share of net asset value is $2.2 billion, up by $484 million during the half.

Gearing within the trusts was 21% at the end of the period, down from 24% at 31 July 2022. This comprises gearing of 23% within the Industrial JV Trust (well below the covenant of 60%), and no debt within the Brickworks Manufacturing Trust. At the end of the period the Interest Cover Ratio (ICR) for leased assets within the Industrial Property Trust was 3.7 (vs a covenant of 1.5).

$million	July 2022	Jan 2023	Change
Leased properties	3,763	4,907	30%
Land under development	867	772	(11%)
Total Property Trust assets	**4,630**	**5,679**	**23%**
Borrowings	(1,123)	(1,204)	(7%)
Net Property Trust assets	**3,507**	**4,476**	**28%**
Brickworks 50% share	**1,754**	**2,238**	**28%**
Gearing on leased assets[6]	24%	21%	(13%)

[6] Borrowings / total trust assets.

Investments

Investments consists of Brickworks shareholdings in WHSP (ASX: SOL) and FBR (ASX: FBR), in addition to interest income on cash holdings. The EBIT from Investments was $100 million in the half year ended 31 January 2023, up 37% on the prior corresponding period.

Washington H. Soul Pattinson Limited ('WHSP')

Brickworks holds 94.3 million shares in WHSP (representing a 26.1% ownership stake), with the initial investment dating back to 1968. This shareholding is an important source of earnings and cash flow diversification for the Company and has been a key contributor to Brickworks' success for more than five decades.

WHSP holds a diversified investment portfolio of investments, and significant stakes in a number of listed companies including Brickworks, TPG Telecom and New Hope Corporation.

The market value of Brickworks shareholding in WHSP was $2.708 billion at 31 January 2023, up $285 million for the half.

WHSP has delivered strong returns to Brickworks, with 20-year total shareholder return of 12.3% per annum (to 31 January 2023), 3.0% per annum ahead of the All-Ordinaries Accumulation Index. Shareholder returns comfortably exceed the benchmark over five, ten and fifteen years periods.

The investment in WHSP returned an underlying contribution of $101 million for the half year ended 31 January 2023, up from $73 million in the previous corresponding period.

During the period cash dividends of $55 million were received from WHSP (including a special dividend of $14 million), up 61% on the prior period.

FBR Limited ('FBR')

Brickworks made an initial seed investment in FBR Limited in 2006. During the first half of the current financial year, Brickworks significantly increased its stake, and now holds 655.4 million shares. At the end of the period this represented a 19.1% shareholding. Subsequently, FBR completed a share placement, diluting Brickworks' shareholding to approximately 18%.

FBR recently commenced the commercialisation process for a bricklaying robot that has the potential to build walls faster than traditional methods, and with much reduced labour. With an ongoing shortage of bricklayers, exacerbated by the current tight labour market, there is a strong market opportunity for this technology. As the largest brick maker in the country, Brickworks has much to benefit from the success of FBR.

Due to the increased shareholding, the investment in FBR is now equity accounted. For the six-month period to 31 January 2023, the stake in FBR contributed a loss of $1 million to Brickworks.

At the end of the period, the market value of Brickworks stake in FBR was $24 million.

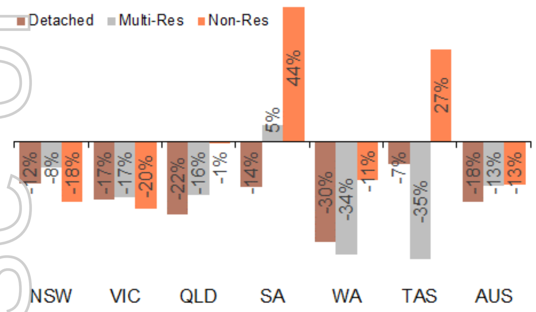
Building Products

Australia

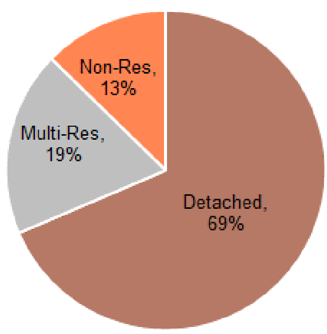
Market Conditions

Building Activity by State[7]

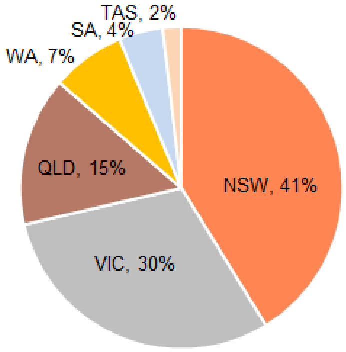
6 months to Dec 22 vs 6 months to Dec 21



Sales by Segment



Sales by Region



Residential commencements declined significantly in the first half of the 2023 financial year, in response to rising interest rates and a reducing backlog of work from the HomeBuilder program.

Nationally, detached house commencements were down 18%, with relatively consistent declines across all states. Although the decline in commencements has been significant, there remains a healthy pipeline of projects under construction. Over the past two years, building timelines have been extended due to supply chain delays and labour constraints. As a result, the usage of bricks and roof tiles on-site is now typically lagging commencements by 6 months or more.

Multi-residential commencements were also lower during the period, with supply constraints delaying many new projects. Current activity levels in this sector are around the weakest since 2012.

Looking across the states, residential housing activity has been weakest in Western Australia, with detached house and multi residential commencements down 30% and 34% respectively. The major east coast states have typically seen declines in the range 10-20%.

Non-residential building is also weaker across major states, with New South Wales down 18% and Victoria down 20%. Activity in Queensland, the other key non-residential market for Brickworks, was relatively steady compared to the prior corresponding period.

Overview of Result

$million	1H2022	1H2023	Change
Revenue	**328**	**364**	11%
EBITDA	**53**	**50**	(6%)
EBIT	**28**	**25**	(10%)
EBITDA margin	**16%**	**14%**	(15%)

Revenue for the half year to 31 January 2023 was $364 million, up 11% on the prior corresponding period. Increases in Austral Bricks and Concrete Products were partially offset by a decline in Bristile Roofing.

EBIT from continuing operations was down 10% on the prior corresponding period to $25 million.

The launch of the Brickworks Manufacturing Trust resulted in an adverse impact of $2 million to EBIT, compared to the prior period. This relates to the additional right-of-use asset depreciation in respect of the new property leases.

EBITDA was down 6% to $50 million, resulting in an EBITDA margin of 14%. The weakness was primarily due to a decline in Bristile Roofing and Austral Bricks Western Australia earnings, with most other business units delivering an improved result.

[7] Detached House and Multi-residential Commencements. Non-residential value of work done. Source: BIS Oxford Economics Australian Building Forecasts, Dec 2022. Figures shown are for the 6 months ended in December. Data shown for NSW also includes ACT, to align with Brickworks sales regions.

Nationally, **Austral Bricks** earnings increased by 5% on the prior period, with sales revenue up 12% to $244 million. Sales volume continues to be supported by the large number of detached housing projects already started and steadily moving through the construction process.

Higher earnings across New South Wales and Victoria were partially offset by the decline in Western Australia. Performance in South Australia was impacted by an unplanned shut down at the Golden Grove plant, to undertake critical kiln repairs.

The construction of the new brick plant at Horsley Park in Sydney is now expected to be completed in the second half of the current financial year. Construction activity has been impacted by wet weather, shipping delays, a lack of critical parts and significant cost increases of steel and other materials.

The completion of the project will allow Plant 3, at Oakdale East, to be permanently closed in the second half, with brick operations in Western Sydney to be consolidated on the Horsley Park site. Plant 3 has been operational since 1975, and over its life has produced in excess of 4 billion bricks, enough to build around 450,000 homes.

Sales volume in Western Australia was sharply lower as a result of the slowdown in building activity and the loss of key customer accounts, following attempts to increase margins. As a result, production was reduced to one plant at Cardup, with the Bellevue facility closed in November. Operations in this state are now sub-scale, and brick prices are approximately half those across the rest of the country. Based on the losses being incurred and the poor market outlook, further capital investment cannot be justified. As such, a detailed review of future options in this state is underway, including a potential business sale or exit. During the period, an impairment of $32 million (post-tax) has been recognised in relation to Austral Bricks Western Australia.

Advanced Cladding Systems, a new business unit within Austral Bricks, was launched during the period. This business will focus on commercialising thin brick cladding systems, a product category that is experiencing growing demand, particularly in high rise commercial and multi-residential segments.

Concrete Products earnings significantly increased compared to the prior corresponding period, on a 23% increase in sales revenue to $72 million.

Within Austral Masonry, commissioning of the Oakdale East plant in Sydney was completed during the period. This new facility, with a capacity of around 300,000 tonnes per year, incorporates the latest block-making technology, and includes an associated value-added facility, to create products such as polished pavers and split face retaining walls. Performance of the plant has been pleasing, with product cycle times and plant efficiency progressively improving during the period.

Sleeper sales continue to grow strongly, with Austral Masonry utilising its retail and distribution presence to increase sales in New South Wales and Victoria. When this Brisbane based business was acquired in 2019, sales were predominantly focussed on the local market.

Southern Cross Cement delivered a significantly improved result, and continues to provide quality, cost-effective cement to Austral Masonry and Bristile Roofing operations in Brisbane, as well as to other joint venture shareholders. A new cement supply contract was secured in December that will further reduce the delivered cost of cement to the terminal.

Bristile Roofing earnings were lower than the previous corresponding period, on a 4% decrease in revenue to $49 million. The decline in revenue was primarily attributable to lower sales volume in Victoria and New South Wales.

Across the country trade shortages remain a significant issue for both tile and metal roof installations and continue to impact the ability to meet market demand. Exacerbating the issue, higher labour rates were necessary to secure installation crews, resulting in reduced margins being achieved on fixed price installation contracts.

Labour constraints also impacted tile production at Wacol (Queensland) and Dandenong (Victoria), due to a loss of skilled employees at both sites.

Severe wet weather in Queensland impacted the availability and quality of sand supply to the Wacol plant. Sand is a critical input material in the production of tiles, and the flow-on effect caused manufacturing inefficiencies and product quality issues.

Sales of premium imported terracotta tiles were lower, with high shipping rates and the extreme energy prices in Europe adversely impacting unit costs. These supply chain issues are now easing.

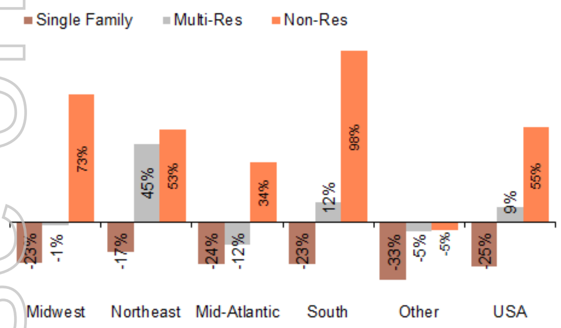
Capital Battens recorded higher revenue and earnings, despite the impact of a log supply shortage that necessitated the procurement of alternative, lower quality feedstock.

Building Products

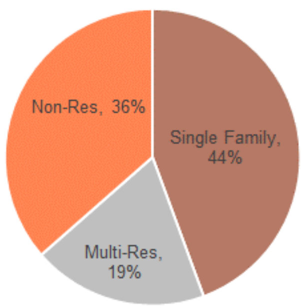
North America

Market Conditions

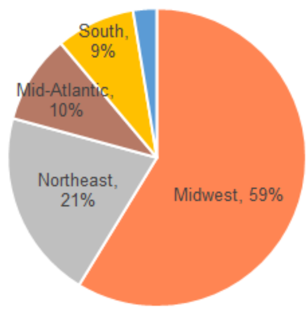
Building Activity by Region[8]
6 months to Dec 22 vs 6 months to Dec 21



Sales by Segment



Sales by Region



Building activity in the United States has been mixed during the period, varying significantly by region and segment.

Across the country, the total value of building activity commenced for the 6 months to December 2022 was up 18% compared to the prior period. A 55% increase in non-residential and 9% increase in multi-residential was offset by a 25% reduction in single-family commencements.

Building activity, in the non-residential segment, was heavily impacted following the pandemic, with many major projects delayed or cancelled by state authorities. Since then, there has been a steady improvement in activity, and this has gathered momentum in the past 6 months.

By contrast, following two years of strong activity, the single-family segment has softened significantly across the country, with declines of more than 15% in all regions. Within residential building, there has been a trend back towards the more affordable multi-residential segment, particularly in the Northeast region, including states such as New York, New Jersey and Pennsylvania. This is reflected in strong sales growth to this segment, which now makes up 19% of total sales revenue (up from 14% in the prior corresponding period).

Building Products North America's key regional exposure is in the Midwest and Northeast. Combined, these two regions make up around 80% of total sales revenue. Building activity in these regions was relatively consistent with the rest of the country, with increased activity in non-residential building offset by weakness in the single-family segment.

Overview of Result[9]

$million	1H2022	1H2023	Change
Revenue ($US)	136	**148**	9%
EBITDA ($US)	9	**10**	11%
EBIT ($US)	1	**1**	-
Revenue ($AU)	187	**220**	18%
EBITDA ($AU)	12	**14**	16%
EBIT ($AU)	1	**1**	-
EBITDA margin[10]	6%	**7%**	-5%

Building Products North America revenue was $220 million (US $148 million) for the six months to 31 January 2023, up 18% on the prior corresponding period.

The uplift in revenue was driven primarily by strong growth in sales to the multi-residential segment and through the vertically integrated retail division. Retail sales were further supported by the acquisition of Washington D.C. brick distributor, Capital Brick, in February 2022.

Sales volume to the core commercial market is steadily recovering but remains below pre-pandemic levels.

EBITDA for the period was up 16% to $14 million (US$10 million) and EBIT was steady at $1 million (US$1 million). The prior period earnings include a $1 million contribution from property sales.

Margins continue to be impacted by labour constraints across the industry, resulting in higher wage rates to attract and retain staff. In addition, cost pressures are persisting across the supply chain, including a significant increase in transportation and mining costs, driven by elevated fuel and oil prices. Favourable long term natural gas supply agreements, at fixed prices, provide insulation against the volatility of market prices.

[8] Single Family and Multi-residential Commencements. Non-residential value of work done. Source: Dodge Data & Analytics.
[9] An average exchange rate of 1AUD=0.67 USD has been used to convert earnings in 1H23 (1AUD=0.73 USD in 1H22).
[10] Property sales earnings of $1 million in 1H22 removed to calculate Building Products EBITDA margin.

The increased proportion of sales to the multi-residential segment, typically base range products at lower prices, also had an adverse impact on the average sales margin.

The business made strong progress on key strategic priorities over the period.

Extensive upgrades to the Sergeant Bluff and Adel plants (both in Iowa) were completed during the half. These upgrades were focussed on providing additional output to meet growing market demand and included works to expand kiln capacity and upgrades to the kiln car fleet and dryers.

In addition, production of handmade and thin bricks was consolidated to the Mid-Atlantic and Pittsburgh plants respectively (both in Pennsylvania). This will provide more efficient and sustainable production methods to support improved quality and higher production output to meet the growing demand for these products.

The plant rationalisation program continued during the period, with the closure of the Caledonia site, based in Ohio. This program has resulted in the number of operating brick plants reducing from 16 to 8. Together with plant upgrades, this has reduced unit manufacturing costs across most plants in the fleet despite the impact of higher labour costs and other inflationary pressures.

Following numerous acquisitions, the retail distribution network now comprises 25 locations. All stores have been unified under one brand, "Brickworks Supply", with locations, market strategy and product range fully aligned. During the period, a key outlet in the Washington D.C. area was re-located to an upgraded site, with increased under-cover storage and an expanded showroom, to capitalise on the strong growth in this region.

The global flagship design studio on 5th Avenue, New York City has been open for almost a year and has become a premier destination for architects and designers to collaborate on projects. In February, the studio hosted an event during New York Fashion Week attended by over 300 architects, designers, distributors and fashion icons. The event showcased Glen-Gery's new range of premium brick products and marked the launch of the 2023 "Brick Styles" catalogue.

During the half, the North American business implemented an ERP software upgrade, migrating to a version that is consistent with Australian operations. This version has improved software support and is more aligned with business processes.

UK Supply Agreement

In October 2022, Brickworks executed a supply agreement with Brickability PLC, a market leading building products company in the UK, for the sale of bricks into the UK market. The ten-year supply agreement includes a minimum purchase quantity of 10 million bricks per year.

Initially, product will be supplied from the Hanley and Pittsburgh plants in Pennsylvania. The currently mothballed Rocky Ridge plant in Maryland will also be re-commissioned to produce dedicated bricks specifically tailored for the UK market.

The UK supply agreement marks a significant growth opportunity for Brickworks North America. Bricks command 85% share in external walling in UK housing and the total market demand is estimated at around 3 billion bricks per year. Of this, around 10-20% of UK supply is sourced from imports due to a shortfall in domestic production capacity and demand for premium, differentiated product lines.

Outlook

Property

Property Trusts

Independent research indicates that the market rent for prime industrial property in Western Sydney has increased by around 23% over the past 12 months[11] . As a result, the average rent achieved by the **Industrial JV Trust** is currently around $35-40/m2 below market. This provides a significant opportunity for the Trust to benefit from rental uplift on lease renewals and market reviews over the coming years.

At Oakdale West, the new facilities that were completed late in 1H2023 will contribute combined gross rent of $32 million. This additional rent will be fully recognised from the second half of the current financial year.

An additional 142,000m2 of gross lettable area ("GLA") remains available for development at Oakdale West and is expected to deliver an additional $0.5 billion in leased asset value and $20-25 million in gross rent. Two facilities are already pre-committed to tenants (26,500m2 to Maersk and 15,800m2 to EBOS), and planning is well underway for the development of the remainder of the site.

The addition of Oakdale East Stage 2 into the Industrial JV Trust during the first half provides a significant new parcel of land to accommodate the strong customer demand for well-located sites, with large land footprints. Work has already commenced on the rehabilitation of the former quarry area, which has a longer lead time than other sections of the site. It is expected that the first parcel of land within the estate will be fully serviced and ready for construction to commence by early calendar 2024.

Over 260,000m2 of GLA will be delivered on this site over the medium term, and once completed, is expected to add around $1 billion in leased asset value and $40-45 million in gross rent to the Trust.

Within the **Brickworks Manufacturing Trust**, a vacant parcel of land at Yatala, in Queensland, has been identified for development into a unit estate providing 24,000m2 of GLA and over $3 million gross rent. Development approval will be sought in the coming months, with construction planned for calendar 2024.

Brickworks 100% owned land

Outside of the Trusts, Brickworks retains a 100% interest in over 5,000 hectares of land across both Australia and North America. This includes at least three additional properties that have been identified for potential sale into the Trusts over the coming years, subject to receiving the necessary development approvals.

The largest additional parcel of surplus land for development is at Craigieburn in Victoria, directly south of the Wollert factory site. Industrial development may be possible at this site over the medium term, subject to approvals. With an expected yield of around 600,000m^2 of GLA, if sold into the Industrial JV Trust, this site will extend the development pipeline well beyond the next five years.

In conjunction with Goodman Group, due diligence has commenced in relation to the industrial development of 77 hectares of surplus land, at the Mid Atlantic site in Pennsylvania. The site, located close to the I-78 motorway linking New York to Washington D.C., is currently zoned industrial. Investigations to date indicate that the site will be suitable for redevelopment, subject to necessary approvals.

Building Products Australia

Within Building Products Australia, there remains a significant amount of detached house construction work in the pipeline. This healthy pipeline of work is expected to support sales for the remainder of the financial year.

Once the current backlog of housing work is completed, a period of softer demand is expected, with the rapid increase in interest rates set to provide challenges for the housing industry in the medium term. This is evident in building approvals and new home sales data both having declined significantly over the past year. Brickworks' home builder customers are also reporting reduced foot traffic through display homes.

Across the east coast, a significant rise in electricity prices will result in a $7 million annualised cost increase over the next two years. This will necessitate continued strong price rises in order to maintain margins.

A key focus over the next 12 months will be the completion and commissioning of the new brick plant at Horsley Park. Product ranges will be transferred from Plant 3 and production will be gradually ramped up to the design capacity of 130 million bricks per annum.

Austral Masonry will benefit from continued efficiency improvements at the new Oakdale East plant in Sydney and upcoming site consolidation activities in southeast Queensland, with concrete sleeper manufacturing being relocated to a surplus area at the existing block plant in Yatala.

The review of Austral Bricks Western Australia options is expected to be completed in the second half, with a decision to be made on whether to maintain brick operations in this state.

[11] Source: Colliers Research.

Building Products North America

Despite rising interest rates, the outlook for commercial building in North America remains resilient, and this is reflected in steadily increasing demand from customers within this segment. Given that the commercial market represents a large proportion of sales for Building Products North America, this is expected to provide support for overall sales volume.

With extensive plant rationalisation activities undertaken to increase utilisation, and upgrades completed at Sergeant Bluff, Pittsburgh, and Mid-Atlantic, manufacturing cost reductions and improved margins are anticipated.

Over the long term, North American operations are expected to deliver earnings growth, with Brickworks focussed on implementing its proven market strategy focussed on style and premium product positioning.

Investments

WHSP is expected to continue to deliver a stable and growing stream of earnings and dividends over the long term.

Group

Over the past five years, Brickworks has made significant growth investments across all divisions within the Group. As a result, the gross asset base of the Company has doubled and now stands at more than $6 billion. This strong financial position, together with the Company's diversified portfolio of high-quality assets, means that Brickworks is well placed to meet any future challenges and continue to deliver ongoing strong performance for its shareholders.

Rounding of amounts

The amounts contained in this interim financial report have been rounded to the nearest thousand (unless otherwise stated) under the option available to the Company under *ASIC Corporations Instrument 2016/191*. The Company is an entity to which the legislative instrument applies.

Auditor's independence declaration

The auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 14 for the half year ended 31 January 2023, and forms part of this report.

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

Dated 23 March 2023

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

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Building a better working world

Auditor's Independence Declaration to the Directors of Brickworks Limited

As lead auditor for the review of the half-year financial report of Brickworks Limited for the half-year ended 31 January 2023, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;

b. No contraventions of any applicable code of professional conduct in relation to the review; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Brickworks Limited and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young

J Inglis

Jodie Inglis
Partner
23 March 2023

Half Year

Financial Statements

Consolidated Income Statement

	Note	31 January 2023 $'000	Restated 31 January 2022[1] $'000
Continuing operations			
Revenue	2.2	583,923	514,667
Cost of sales		(412,433)	(354,632)
Gross profit		**171,490**	**160,035**
(Loss)/gain on deemed disposal of associate	2.1	(994)	724,637
Other income	2.2	264,700	4,060
Distribution expenses		(48,940)	(41,337)
Administration expenses		(29,973)	(29,478)
Selling expenses		(75,509)	(67,411)
Impairment of non-current assets	2.1, 2.3	(46,129)	(695)
Business acquisition costs	2.1	(1,305)	(3,100)
Other expenses		(18,938)	(18,997)
Share of net profits of associates and joint ventures	2.4	289,093	177,451
Profit from continuing operations before finance cost and income tax		**503,495**	**905,165**
Finance costs	2.2	(27,203)	(13,684)
Profit from continuing operations before income tax		**476,292**	**891,481**
Income tax expense	2.5	(114,509)	(315,410)
Profit from continuing operations after tax		**361,783**	**576,071**
Discontinued operations			
Loss from discontinued operations, net of income tax benefit	2.1, 5.1	(7,341)	(609)
Profit after tax		**354,442**	**575,462**
Profit after tax attributable to:			
Shareholders of Brickworks Limited		354,442	575,462
		Cents	Cents
Earnings per share attributable to the shareholders of Brickworks Limited			
Basic (cents per share)		233.0	379.3
Diluted (cents per share)		232.1	378.1
Basic (cents per share) from continuing operations		237.9	379.7
Diluted (cents per share) from continuing operations		237.0	378.5

The above consolidated income statement should be read in conjunction with the accompanying notes.

[1] The comparative numbers of the Group have been restated to present the discontinued operations separately from the continuing operations (Note 5.1) and reflect adjustments to the Group's share of losses from associates (Note 3.2).

Consolidated Statement of Other Comprehensive Income

	Note	31 January 2023 $'000	Restated 31 January 2022[1] $'000
Profit after tax		**354,442**	**575,462**
Other comprehensive income, net of tax			
Items that may be subsequently reclassified to Income Statement			
Share of increments/(decrements) in reserves attributable to associates and joint ventures		7,253	4,151
Foreign currency translation		(169)	1,754
Income tax expense relating to these items		(2,176)	(1,245)
Net other comprehensive profit/(loss) that may be reclassified to Income Statement		**4,908**	**4,660**
Items not to be subsequently reclassified to Income Statement			
Net fair value gain/(loss) on financial assets at fair value through other comprehensive income		6,573	(119)
Share of increments/(decrements) in reserves attributable to associates and joint ventures		(61,906)	(31,045)
Income tax benefit relating to these items		16,600	9,349
Net other comprehensive profit/(loss) not to be reclassified to Income Statement		**(38,733)**	**(21,815)**
Other comprehensive income/(loss), net of tax	4.5	**(33,825)**	**(17,155)**
Total comprehensive income		**320,617**	**558,307**
Total comprehensive income, attributable to:			
Shareholders of Brickworks Limited		320,617	558,307

The above consolidated statement of other comprehensive income should be read in conjunction with the accompanying notes.

[1] The comparative numbers of the Group have been restated to present the discontinued operations separately from the continuing operations (Note 5.1) and reflect adjustments to the Group's share of losses from associates (Note 3.2).

Consolidated Balance Sheet

	Note	31 January 2023 $'000	31 July 2022 $'000
Cash and cash equivalents		63,675	106,082
Receivables		128,751	152,138
Inventories		343,543	327,202
Prepayments		14,603	11,450
Contract assets		1,708	2,228
Assets classified as held for sale		28,239	24,224
Current income tax asset		627	2,348
Total current assets		**581,146**	**625,672**
Inventories		5,231	6,901
Financial assets at fair value through other comprehensive income	4.2	-	5,876
Investments accounted for using the equity method	3.1	4,334,160	3,822,570
Derivative financial assets	4.2	2,252	1,031
Property, plant and equipment		601,008	634,520
Right-of-use assets		374,964	332,516
Intangible assets		140,806	141,510
Total non-current assets		**5,458,421**	**4,944,924**
TOTAL ASSETS		**6,039,567**	**5,570,596**
Payables		134,115	148,694
Borrowings	4.1	-	15,250
Derivative financial liabilities	4.2	14	13
Current income tax liability		1,036	6,315
Post-employment liabilities		887	826
Contract liabilities		9,214	9,367
Lease liabilities		37,556	39,559
Other financial liabilities	4.3	1,421	1,427
Liabilities directly associated with assets classified as held for sale		21,159	16,701
Provisions		87,463	85,458
Total current liabilities		**292,865**	**323,610**
Borrowings	4.1	651,677	579,407
Post-employment liabilities		15,163	15,984
Lease liabilities		560,635	504,213
Other financial liabilities	4.3	11,056	10,955
Provisions		35,285	35,498
Deferred income tax liability		942,266	840,935
Total non-current liability		**2,216,082**	**1,986,992**
TOTAL LIABILITIES		**2,508,947**	**2,310,602**
NET ASSETS		**3,530,620**	**3,259,994**
Issued capital	4.4	395,495	392,263
Reserves	4.5	146,311	183,616
Retained profits		2,988,814	2,684,115
TOTAL EQUITY		**3,530,620**	**3,259,994**

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

	Note	Issued capital	Reserves	Retained profits	Total
		$'000	$'000	$'000	$'000
For the period ended 31 January 2023					
Balance at 1 August 2022		392,263	183,616	2,684,115	3,259,994
Profit after tax		-	-	354,442	354,442
Other comprehensive income – net of tax		-	(33,825)	-	(33,825)
Net dividends paid	2.6	-	-	(55,388)	(55,388)
Share issue costs	4.4	(23)	-	-	(23)
Change in ownership interest in associates	4.5	-	(5,645)	5,645	-
Shares vested to employees	4.4, 4.5	4,249	(4,249)	-	-
Shares purchased under Short-term incentive (STI) scheme	4.4, 4.5	(994)	994	-	-
Share based payments expense	4.5	-	5,420	-	5,420
Balance at 31 January 2023		**395,495**	**146,311**	**2,988,814**	**3,530,620**
For the period ended 31 January 2022[1] (restated)					
Balance at 1 August 2021		386,887	197,917	1,894,943	2,479,747
Profit after tax		-	-	575,462	575,462
Other comprehensive income – net of tax		-	(17,155)	-	(17,155)
Net dividends paid	2.6	-	-	(50,365)	(50,365)
Share issue costs	4.4	(13)	-	-	(13)
Change in ownership interest in associates	4.5	-	(22,862)	15,064	(7,798)
Shares vested to employees	4.4, 4.5	2,068	(2,068)	-	-
Shares purchased under Short-term incentive (STI) scheme	4.4, 4.5	(852)	852	-	-
Share based payments expense	4.5	-	3,401	-	3,401
Balance at 31 January 2022		**388,090**	**160,085**	**2,435,104**	**2,983,279**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

[1] The comparative numbers of the Group have been restated to reflect adjustments to the Group's share of losses from associates (Note 3.2).

Consolidated Statement of Cash Flows

	31 January 2023 $'000	31 January 2022 $'000
Cash flows from operating activities		
Receipts from customers	647,444	581,268
Payments to suppliers and employees	(650,343)	(569,425)
Interest received	276	272
Interest and other finance costs paid	(24,300)	(13,069)
Dividends and distributions received	71,937	51,088
Income tax refunded/(paid)	1,091	12,598
Net cash from/(used in) operating activities	**46,105**	**62,732**
Cash flows from investing activities		
Purchases of property, plant and equipment	(55,900)	(43,291)
Proceeds from sale of property, plant and equipment	885	3,031
Purchase of investments in associates and joint ventures	(29,174)	(2,175)
Purchase of controlled entities, net of cash acquired	-	(64,188)
Net cash from/(used in) investing activities	**(84,189)**	**(106,623)**
Cash flows from financing activities		
Proceeds from borrowings	187,400	246,960
Repayments of borrowings	(106,999)	(191,960)
Payment of principal portion of lease liabilities	(22,116)	(16,430)
Share issue costs	(23)	(13)
Dividends paid	(62,420)	(60,710)
Net cash provided by/(used in) financing activities	**(4,158)**	**(22,153)**
Net decrease in cash held	**(42,242)**	**(66,044)**
Effects of exchange rate changes on cash	(165)	4,469
Cash at the beginning of the period	106,082	139,825
Cash at the end of the period	**63,675**	**78,250**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes

to the Half Year Financial Statements

This section sets out the basis upon which the half year financial report is prepared as a whole.

1. About this Report

1.1. Basis of preparation

This half year consolidated financial report for Brickworks Limited and its controlled entities (the "Group" or "Brickworks") is a condensed general purpose financial report prepared in accordance with the accounting standard AASB 134 *Interim Financial Reporting*, the requirements of the *Corporations Act 2001* and other mandatory professional reporting requirements.

The half year report does not include all the disclosures normally included in an annual report. Accordingly, it is recommended that this report be read in conjunction with the Brickworks Annual Report for the year ended 31 July 2022 and any announcements to the market made during the financial half year in accordance with the Group's continuous disclosure obligations under the *Corporations Act 2001*.

The accounting policies and measurement bases adopted in this report are consistent with those applied in the Brickworks Annual Report for the year ended 31 July 2022, except for the adoption of new and amended standards set out in note 5.4. The Group has not early adopted any other standard, interpretation or amendments that has been issued but not yet effective.

The half year report is presented in Australian dollars, which is the Group's functional currency[1].

1.2. Key estimates or judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities. The significant judgements made by management in applying the Group's accounting policies are the same as those applied to the annual financial statements as at and for the year ended 31 July 2022.

1.3. Comparative information

Certain comparative information was amended in these financial statements to conform to the current year presentation. These amendments do not impact the Group's financial result and do not have any significant impact on the Group's balance sheet.

1.4. Notes to the half year financial report

The notes are organised into the following sections:

2. Financial Performance	Provides the information that is considered most relevant to understanding the financial performance of the Group.
3. Investments Accounted for using the Equity Method	Provides the information that is considered relevant to understand the Group's investments in Washington H. Soul Pattinson and Company Limited and FBR Limited (associate companies) and joint venture arrangements, including Property Trusts.
4. Capital Structure and Risk Management	Provides the information about the capital and risk management practices of the Group, including its borrowings, derivative financial instruments and equity.
5. Other	Provides information on items which require disclosure to comply with Australian Accounting Standards ("AASBs") and other regulatory pronouncements and any other information that is considered relevant for the users of the financial report which has not been disclosed in other sections.

[1] All values are rounded to the nearest thousand dollars or in certain cases, the nearest dollar, in accordance with the Australian Securities and Investments Commission (ASIC) Corporations Instrument 2016/191.

2. Financial Performance

This section provides the information that is considered most relevant to understanding the financial performance of the Group, including profitability of its operating segments, significant items, nature of its revenues and expenses and dividends paid to the shareholders.

2.1. Segment reporting

Management identified the following reportable business segments:

Building Products Australia	Manufacture and supply of vitrified clay, concrete used in the building industry. Major product lines include bricks, masonry blocks, pavers, roof tiles, floor tiles, fibre cement walling panels and roof battens used in the building industry.
Building Products North America	Manufacture and supply of vitrified clay and concrete products used in the building industry. Major product lines include bricks, masonry blocks and accessories used in the building industry.
Property	Utilisation of opportunities associated with land owned by the Group, including the sale of property and investment in Property Trusts.
Investments	Holds investments in the Australian share market, both for dividend income and capital growth, and includes the investment in Washington H. Soul Pattinson and Company Limited (WHSP) and FBR Limited (FBR).

31 January 2023	Building Products Australia	Building Products North America	Property	Investments	Continuing operations	Discontinued operations[3]	Consolidated
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
REVENUE							
Sale of goods	338,228	218,053	-	-	556,281	4,313	560,594
Revenue from supply and install contracts	23,744	-	-	-	23,744	18,418	42,162
Interest received	-	-	-	276	276	-	276
Rental revenue	99	37	22	-	158	-	158
Other operating revenue	1,678	1,786	-	-	3,464	-	3,464
Revenue	**363,749**	**219,876**	**22**	**276**	**583,923**	**22,731**	**606,654**
RESULT							
Segment EBITDA	49,594	14,471	190,107	100,003	354,175	(2,271)	351,904
Depreciation of right-of-use assets	(14,690)	(3,878)	-	-	(18,568)	(756)	(19,324)
Depreciation and amortisation	(9,754)	(9,178)	-	-	(18,932)	-	(18,932)
Segment EBIT (before gain on sale of land and buildings)	**25,150**	**1,415**	**190,107**	**100,003**	**316,675**	**(3,027)**	**313,648**
Gain/(Loss) on sale of land and buildings	-	-	262,581	-	262,581	-	262,581
Total Segment EBIT	**25,150**	**1,415**	**452,688**	**100,003**	**579,256**	**(3,027)**	**576,229**
Unallocated expenses							
Significant items					(69,629)	(7,355)	(76,984)
Borrowing costs[1]					(23,484)	(105)	(23,589)
Other Unallocated expenses					(9,851)	-	(9,851)
Profit/(loss) before income tax					**476,292**	**(10,487)**	**465,805**
Income tax (expense)/benefit[2]					(114,509)	3,146	(111,363)
Profit/ (loss) after income tax					**361,783**	**(7,341)**	**354,442**

[1]Borrowing costs are net of fair value change on derivatives ($1,221,000) and exclude items disclosed in the "Significant items" line.
[2] Included in the income tax expense is a tax benefit related to significant items amounting to $23,454,000.
[3] Refer to Discontinued operations – Note 5.1.

31 January 2022 (restated)	Building Products Australia	Building Products North America	Property	Investments	Continuing operations	Discontinued operations[3]	Consolidated
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
REVENUE							
Sale of goods	294,468	185,246	-	-	479,714	3,974	483,688
Revenue from supply and install contracts	32,803	-	-	-	32,803	17,548	50,351
Interest received	-	148	-	124	272	-	272
Rental revenue	15	-	23	-	38	-	38
Other operating revenue	703	1,137	-	-	1,840	-	1,840
Revenue	**327,989**	**186,531**	**23**	**124**	**514,667**	**21,522**	**536,189**
RESULT							
Segment EBITDA	52,602	11,643	358,474	72,758	495,477	794	496,271
Depreciation of right-of-use assets	(13,221)	(3,264)	-	-	(16,485)	(298)	(16,783)
Depreciation and amortisation	(11,831)	(8,119)	-	-	(19,950)	(840)	(20,790)
Segment EBIT (before gain on sale of land and buildings)	**27,550**	**260**	**358,474**	**72,758**	**459,042**	**(344)**	**458,698**
Gain/(Loss) on sale of land and buildings	-	795	-	-	795	-	795
Total Segment EBIT	**27,550**	**1,055**	**358,474**	**72,758**	**459,837**	**(344)**	**459,493**
Unallocated expenses							
Significant items					450,140	(377)	449,763
Borrowing costs[1]					(9,076)	(123)	(9,199)
Other unallocated expenses					(9,420)	-	(9,420)
Profit/ (loss) before income tax					**891,481**	**(844)**	**890,637**
Income tax (expense)/benefit [2]					(315,410)	235	(315,175)
Profit/ (loss) after income tax					**576,071**	**(609)**	**575,462**

[1] Borrowing costs are net of fair value change on derivatives ($3,157,000) and exclude items disclosed in the "Significant items" line.
[2] Included in the income tax expense is a tax benefit related to significant items amounting to $204,783,000.
[3] Refer to Discontinued operations – Note 5.1.

Significant items	31 January 2023 $'000	Restated 31 January 2022 $'000
Impairment of non-current assets in Austral Bricks Western Australia[1]	(46,129)	-
Plant relocation and commissioning costs[2]	(12,392)	(4,964)
Restructuring costs[3]	(3,981)	(2,756)
Costs related to business acquisition[4]	(1,514)	(3,276)
IT implementation costs[5]	(938)	(1,634)
Legal costs[5]	(752)	-
COVID-19 - unabsorbed costs	-	(2,698)
COVID-19 - incremental costs	-	(3,891)
Significant items from continuing operations before income tax (excluding associates)	**(65,706)**	**(19,219)**
Income tax benefit/(expense) on other significant items (excluding associates) [6]	19,427	5,190
Significant items from continuing operations after income tax (excluding associates)	**(46,279)**	**(14,029)**
(Loss)/gain on deemed disposal of associate[7]	(994)	724,637
Income tax benefit/(expense) arising on deemed disposal[6]	298	(271,201)
Gain on deemed disposal of associate after income tax	**(696)**	**453,436**
Significant one-off transactions of associate	(2,929)	(255,278)
Income tax (expense)/benefit arising from the carrying value of the investment in the associates (WHSP) [6]	1,522	61,115
Significant items after income tax (associates)	**(1,407)**	**(194,163)**
Significant items from continuing operations after income tax (including associates)	**(48,382)**	**245,244**
Impairment of assets held for sale[8]	(4,852)	-
Closure costs[8]	(2,503)	-
COVID-19 - incremental costs	-	(265)
COVID-19 - unabsorbed costs	-	(112)
Significant items from discontinued operations before income tax	**(7,355)**	**(377)**
Income tax benefit[8]	2,207	113
Significant items from discontinued operations after income tax	**(5,148)**	**(264)**

[1] Disclosed in 'Impairment of non-current assets' line on the Income Statement.
[2] Disclosed in 'Cost of sales' ($9.6 million), 'Finance costs' ($2.3 million) and 'Other expenses' ($0.5 million) lines on the Income Statement.
[3] Disclosed in 'Cost of sales' ($0.5 million) and 'Other Expenses' ($3.5 million) lines on the Income Statement.
[4] Disclosed in 'Business acquisition costs' ($1.3 million) and 'Finance costs' ($0.2 million) lines on the Income Statement.
[5] Disclosed in 'Other expenses' line on the Income Statement.
[6] Disclosed in 'Income tax expenses' line on the Income Statement.
[7] Disclosed in '(Loss)/gain on deemed disposal' line on the Income Statement.
[8] Disclosed in 'Losses from discontinued operations, net of income tax benefit' line on the Income Statement.

2.2. Revenues and expenses

	31 January 2023 $'000	Restated 31 January 2022 $'000
REVENUE		
Revenue from contracts with customers		
Sale of goods	556,281	479,714
Revenue from supply and install contracts	23,744	32,803
	580,025	**512,517**
Other operating revenue		
Interest received – other corporations	276	272
Rental revenue	158	38
Other	3,464	1,840
Total operating revenue from continuing operations	**583,923**	**514,667**
OTHER INCOME		
Net gain on disposal of property, plant and equipment[1]	263,479	903
Net fair value change on derivatives	1,221	3,157
Total other income from continuing operations	**264,700**	**4,060**
FINANCE COSTS		
Interest and finance charges paid/payable	16,625	9,418
Interest on lease liabilities	10,369	4,090
Unwind of discounting deferred consideration - Redland Brick acquisition	209	176
Total finance costs from continuing operations	**27,203**	**13,684**

[1]In the current period the Group sold the remainder of the Oakdale East land into a newly established JV trust with Goodman Group (BGMG Oakdale East No 2.) Consideration for the sale amounted to $301.3 million and represents the Group's initial investment this trust (refer Note 3.2). Total profit recognised in respect of the sale amounted to $262.6 million and includes $13 million of costs associated with environmental remediation obligations arising from the sale of the land.

2.3. Impairment of non-current assets

Results of impairment assessment

For the purposes of goodwill and indefinite useful life intangible assets allocation, the Austral Bricks Western Australia Cash Generating Unit ("CGU") is tested as part of the wider Austral Bricks group of CGUs.

The competitive position of Austral Bricks Western Australia has significantly deteriorated in the current period with a loss of key customers and a substantial reduction in sales volumes compared to the prior period. The actual sales and earnings achieved by Austral Bricks Western Australia in the current period were significantly lower than budget. This resulted in a revised earnings outlook for this Cash Generating Unit in the current period compared to 31 July 2022.

An impairment assessment was conducted in line with the value-use-in methodology at 31 January 2023 in respect of the Austral Bricks Western Australia CGU. Based on the assessment, reflecting the revised earnings outlook, the carrying amount of assets in the CGU is no longer considered to be supported by the cash flows generated by these assets. As a result, the Group recognised an impairment loss of $46.1 million in respect of the Austral Bricks Western Australia CGU. The loss was allocated as follows:

- Buildings $1.5 million
- Plant and equipment $32.3 million
- Right-of-use assets $12.3 million

The impairment was recognised within 'Impairment of non-current assets' in the consolidated income statement.

Austral Bricks Western Australia impairment assessment – key assumptions

Calculation method	The recoverable amount is determined on the basis of value-in-use (VIU). VIU calculations use cash flows projections, inclusive of working capital movements, and are based on financial projections approved by the Board covering a five-year period. Estimates beyond five years are calculated with a growth rate that reflects the long-term growth rate.
Sales volumes	Sales volumes are management forecasts reflecting independent external forecasts of underlying economic activity for the market sectors and geographies in which the business operates. A major driver of sales volumes is the level of activity in the building sector. Management has assessed the reported forecast construction activity data in Australia. Management further assesses sales mix and market share.
Sales prices	Management takes into consideration actual historic price growth achieved when forecasting price growth in the forecast period.
Costs	Costs are calculated taking into account historical gross margins, known cost increases, and estimated inflation rates over the period.
Terminal value earnings	The terminal value earnings are based on forecast Year 5 considered to reflect structural changes to the WA market.
Long-term growth rates	Long-term growth rates used in cash flow valuation reflect 2.5% (2022: 2.5%).
Discount rate	For 2023, the post-tax discount rate calculated including the impact of AASB 16 - *Leases* for the Austral Brick Australia CGU was 9.23% (2022: 9.23%).

Sensitivity to changes in assumptions

Based on the assessment, the carrying amount of buildings, plant and equipment and right-of-use assets at 31 January 2023 was written down to $nil with the carrying amounts of other assets (including land) considered to be supported by their fair values less costs to sell. Therefore, there is no negative change in a key assumption to the VIU model that would result in further impairment.

2.4. Share of net profits of associates and joint ventures

	Note	31 January 2023 $'000	Restated 31 January 2022 $'000
Share of net profits of joint ventures	3.3	192,296	360,094
Share of net profits/(losses) of associates	3.2	96,797	(182,643)
		289,093	**177,451**

2.5. Income tax expense

	Note	31 January 2023 $'000	Restated 31 January 2022 $'000
Profit from continuing operations before income tax		476,292	891,481
Loss from discontinued operations before income tax benefit	2.1	(10,487)	(844)
Profit before income tax for the period		**465,805**	**890,637**
Prima facie tax expense calculated at 30%		139,742	267,191
(Decrease)/increase in income tax expense due to:			
Gain on deemed disposal of associate		-	53,810
Franked dividend income		(16,411)	(10,186)
Share of net profits of associates		(14,519)	3,866
Under/(over) provided in prior years		3,122	576
Research and development tax incentive		(1,550)	(1,105)
Tax rate differences in overseas entities		48	173
Other non-allowable items		931	850
Income tax expense attributable to profit		**111,363**	**315,175**
Current income tax benefit		(18,487)	(12,382)
Deferred tax expense relating to movements in deferred tax balances		126,728	326,981
(Under)/over provided in prior years		3,122	576
Total income tax expense on profit		**111,363**	**315,175**
Income tax expense/(benefit) attributable to:			
Profit from continuing operations		114,509	315,410
Loss from discontinued operations	2.1	(3,146)	(235)
Income tax expense attributable to profit		**111,363**	**315,175**

2.6. Dividends and franking credits

	31 January 2023 $'000	31 January 2022 $'000
2022 Final ordinary dividend – 41.0 cents per share paid on 23/11/2022 (PY: 40.0 cents paid on 24/11/2021)	62,420	60,710
Group's share of dividend received by associated company	(7,032)	(10,345)
	55,388	**50,365**
2022 Proposed interim ordinary dividend 23.0 cents per share not recognised as a liability (PY: 22.0 cents paid on 03/05/2022)	35,016	33,391

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

3. Investments accounted for using the Equity Method

3.1. Investments accounted for using the equity method

This section provides the information that is considered relevant to understand the Group's investments in associated companies (Washington H. Soul Pattinson and Company Limited and FBR Limited) and joint venture arrangements, including Property Trusts.

	31 January 2023 $'000	31 July 2022 $'000
Associated companies	2,077,909	2,051,006
Joint ventures	2,256,251	1,771,564
Total investments accounted for using the equity method	**4,334,160**	**3,822,570**

3.2. Associated company

	Group's interest		Contribution to Group profit before tax		Carrying value		Market value of shares	
	31 Jan 2023 %	31 Jul 2022 %	31 Jan 2023 $'000	Restated 31 Jan 2022 $'000	31 Jan 2023 $'000	31 Jul 2022 $'000	31 Jan 2023 $'000	31 Jul 2022 $'000
Washington H. Soul Pattinson and Company Limited	26.13	26.13	98,027	(182,643)	2,046,509	2,051,006	2,707,779	2,422,949
FBR Limited[1]	19.05	5.29	(1,230)	-	31,400	-[1]	24,248	5,876[1]
Total			**96,797**	**(182,643)**	**2,077,909**	**2,051,006**	**2,732,027**	**2,428,825**

During the prior period, following the acquisition of Milton, WHSP completed an impairment test of goodwill based on the results of the provisional purchase price allocation and determined that all of the allocated goodwill was impaired as of the date of acquisition. The Group's share of the impairment loss recognised in line with the equity method of accounting amounted to $249.4 million. A subsequent revision to the provisional purchase price allocation was completed by WHSP in July 2022, resulting in additional acquisition goodwill and an increase in the Group's share of impairment from $249.4 million to $257.3 million. In accordance with AASB 3 *Business Combinations*, prior year comparative amounts have been restated where appropriate to reflect this increase. As a result, the Group's share of net losses from associates for the prior period increased from $174.7 million to $182.6 million.

In the current period the Group acquired additional shares in FBR Limited (FBR) and became the largest shareholder in this entity. Following these share acquisitions, at 31 October 2022 the Group's interest in FBR was 19.65% (July 2022: 5.29%). Given the resulting ability to exercise significant influence in FBR, during the current period the Group's investment in FBR was classified as an investment in associate company and measured using the equity method of accounting with 31 October 2022 as the date of transition. The Group's accounting policy is to apply 'fair value as a deemed cost' method to account for transition between available for sale investments and investments in associated.

Subsequent to 31 October 2022, FBR issued additional shares to its other shareholders which resulted in the Group's interest reducing from 19.65% at 31 October 2022 to 19.05% at 31 January 2023. The non-cash loss on deemed disposal recognised by the Group amounted to $1.0 million.

1 At 31 July 2022 the carrying value of Group's investment in FBR Limited amounted to $5.9 million and was designated to be held at fair value through other comprehensive income. (refer Note 4.2).

3.3. Joint ventures

Information relating to joint ventures is outlined below.

	Group's interest		Contribution to Group profit before tax		Carrying value		Principal activity
	31 Jan 2023 %	31 Jul 2022 %	31 Jan 2023 $'000	31 Jan 2022 $'000	31 Jan 2023 $'000	31 Jul 2022 $'000	
Domiciled in Australia							
BGAI CDC Trust	-	-	-	-	-	-	Property development, management and leasing
BGAI Erskine Trust	50.00	50.00	34,011	34,634	239,996	207,993	As above
BGAI Capicure Trust	50.00	50.00	6,949	4,222	27,112	20,354	As above
BGAI Heritage Trust	50.00	50.00	15,585	13,353	75,012	60,185	As above
BGAI Oakdale Trust	50.00	50.00	29,201	85,487	346,378	321,207	As above
BGAI Oakdale East Trust	50.00	50.00	4,373	13,657	70,137	66,486	As above
BGAI Oakdale South Trust	50.00	50.00	38,646	48,590	266,558	230,232	As above
BGAI Rochedale BT Trust	50.00	50.00	850	2,713	15,549	14,934	As above
BMGW Rochedale Trust	50.00	50.00	5,397	17,465	97,478	93,352	As above
BMGW Rochedale North Trust	50.00	50.00	363	-	27,438	27,416	As above
BMGW Oakdale West Trust	50.00	50.00	51,666	140,056	552,904	500,463	As above
BGMG Oakdale East No. 2 Trust	50.00	-	-	-	301,275	-	As above
Brickworks Goodman Manufacturing Trust (BGMT)	50.10	50.10	4,685	-	218,263	211,512	As above
Fair value adjustment on recognition as investment property				-		-	
Property trusts			**191,726**	**360,177**	**2,238,100**	**1,754,134**	
Southern Cross Cement	33.33	33.33	392	(520)	10,838	10,446	Import of cement
Domiciled in New Zealand							
NZ Brick Distributors	50.00	50.00	178	437	7,313	6,984	Import and distribution of building products
Total			**192,296**	**360,094**	**2,256,251**	**1,771,564**	

Contribution to Group profit before tax from Property Trusts is set out below.

	31 January 2023 $'000	31 January 2022 $'000
Share of fair value adjustment of properties held by joint venture	167,281	343,021
Share of joint venture property rental profits	24,445	17,156
Total equity accounted profit from Property Trusts	**191,726**	**360,177**

4. Capital Structure and Risk Management

4.1. Borrowings

This section provides the information about the capital and risk management practices of the Group, including its borrowings, derivative financial instruments and equity.

	31 January 2023 $'000	31 July 2022 $'000
Current		
Interest-bearing loans	-	15,250
	-	**15,250**
Non-current		
Interest-bearing loans	658,423	583,932
Unamortised borrowing costs	(6,746)	(4,525)
	651,677	**579,407**

In December 2022 the Group completed a partial refinancing of its debt, which consisted of the following changes:

- Syndicated loan facility (Tranche E) (Previously Tranche A): the facility limit of A$100 million was extended with the maturity date set to August 2027 (2022: December 2023);
- Syndicated loan facility (Tranche E1) (Previously Tranche A1): the facility limit of US$100.0 million was extended with the maturity date set to August 2027 (2022: December 2023); and
- Working capital facility: the facility limit of A$75.0 million was extended with the maturity date set to December 2024 (2022: December 2023).

There were no other changes to the Group's loan facilities in the current period.

The maturity profile of the Group's loan facilities at 31 January 2023 is outlined below.

Facility	Currency	Limit ($m)	Drawn ($m)	Available ($m)	Maturity date
Tranche B	AUD	175	40	135	August 2024
Tranche C	AUD	104	103	1	December 2026
Tranche E	AUD	100	-	100	August 2027
Syndicated loan facility	AUD	**379**	**143**	**236**	
Tranche B1	USD	100	33	67	August 2024
Tranche E1	USD	100	100	-	August 2027
Tranche D	USD	55	55	-	June 2028
Syndicated loan facility	USD	**255**	**188**	**67**	
Facility A-ITL	AUD	25	25	-	February 2028
Facility B-ITL	AUD	35	35	-	February 2026
Facility C-ITL	AUD	40	40	-	February 2026
Syndicated ITL facility	AUD	**100**	**100**	**-**	
Facility D-ITL	USD	60	60	-	December 2031
Syndicated ITL facility	USD	**60**	**60**	**-**	
Working capital facility	AUD	75	63	12	December 2024

The Group designated its USD unsecured debt facilities as a hedging instrument to hedge the currency risk associated with translation of the Group's net investment in the US operations into the Group's functional currency (AUD).

4.2. Financial instruments

Financial instruments of the Group that are measured at fair value are grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(a) Financial assets at fair value through other comprehensive income

The Group's financial assets at fair value through other comprehensive income represent listed equities publicly traded on the Australian Stock Exchange. The fair value of these investments is based on quoted market prices, being the last sale price, at the reporting date. These are categorised as "Level 1" in the fair value hierarchy.

	Market value	
	31 Jan 2023	31 Jul 2022
	$'000	$'000
Equities – Listed	-	5,876
Total	-	**5,876**

At 31 July 2022 the Group's investment in FBR Limited (FBR) was designated to be held at fair value through other comprehensive income. In the current period, due to the increase in shareholding, the Group acquired significant influence and is accounting for the investment as an associate using the equity method of accounting (refer Note 3.2).

(b) Derivative financial instruments

Interest rate swaps

The Group has entered into interest rate swaps contracts which allow the Group to swap floating rates into an average fixed rate of 2.48% (2022: 2.51%). The contracts require settlement of net interest receivable or payable usually around every 90 days. The settlement dates are aligned with the dates on which interest is payable on the underlying bank borrowings and are brought to account as an adjustment to borrowing costs.

The fair value of interest rate swaps is outlined below.

	Notional Principal Amount		Average Interest Rate		Fair value asset/(liability)	
	31 Jan 2023	31 Jul 2022	31 Jan 2023	31 Jul 2022	31 Jan 2023	31 Jul 2022
	$'000	$'000	%	%	$'000	$'000
Less than 1 year	-	25,000	-	2.54	-	(41)
1 to 3 years	100,000	100,000	2.48	2.48	2,252	1,031
3 to 5 years	-	-	-	-	-	-
Total	100,000	**125,000**	**2.48**	**2.51**	**2,252**	**990**

The fair value of these derivatives is calculated using market observable inputs, including projected forward interest rates for the period of the derivative. These are categorised as "Level 2" in the fair value hierarchy.

Foreign currency forward contracts

The Group has a limited exposure to foreign currency fluctuations due to its importation of goods. It is the policy of the Group to enter into forward foreign exchange contracts to cover specific currency payments, as well as covering anticipated purchases for up to 12 months in advance.

The fair value of foreign currency forward contracts is outlined below:

	Fair value	
	31 Jan 2023	31 Jul 2022
	$'000	$'000
EUR forward contracts	14	28
Derivative asset	**14**	**28**

The fair value of these derivatives is calculated using market observable inputs, including projected forward interest rates for the period of the derivative. These are categorised as "Level 2" in the fair value hierarchy.

4.3. Other financial liabilities

	31 January 2023 $'000	31 July 2022 $'000
Deferred consideration related to the Redland Brick acquisition in the previous year		
Current	1,421	1,427
Non-current	11,056	10,955
Total	**12,477**	**12,382**

4.4. Contributed equity

	31 January 2023 Number of shares	31 January 2022 Number of shares	31 January 2023 $'000	31 January 2022 $'000
Contributed equity				
Ordinary shares, fully paid	152,244,695	151,775,663	410,523	401,090
Treasury shares	(748,429)	(677,110)	(15,028)	(13,000)
			395,495	**388,090**
Movement in ordinary issued capital				
Opening balance 1 August	151,775,663	151,596,520	401,090	397,060
Issue of shares through employee share plans	469,032	179,143	9,456	4,043
Share issue costs			(23)	(13)
Closing balance	**152,244,695**	**151,775,663**	**410,523**	**401,090**
Movement in treasury shares				
Opening balance 1 August	(445,339)	(576,426)	(8,827)	(10,173)
Bonus shares issued to the Group's employees	(309,412)	(110,905)	(6,562)	(2,814)
Shares purchased under Short-term incentive (STI) scheme	(46,822)	(32,692)	(994)	(852)
Shares vested to employees	53,144	42,913	1,355	839
Closing balance	**(748,429)**	**(677,110)**	**(15,028)**	**(13,000)**

4.5. Reserves

	Capital Profits Reserve	Equity Adjustments Reserve	General Reserve	Foreign Currency Reserve	Share-based Payments Reserve	Investments revaluation reserve	Associates and JVs Reserve	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 August 2022	88,102	17,601	36,125	1,315	10,180	3,666	26,627	183,616
Other comprehensive income for the year	-	14,424	-	(169)	-	6,573	(54,653)	(33,825)
Change in ownership interest in the associate	-	-	-	-	-	(5,645)	-	(5,645)
Shares purchased under Short-term incentive (STI) scheme	-	-	-	-	994	-	-	994
Shares and performance rights vested to employees		-	-	-	(4,249)		-	(4,249)
Share based payments expense	-	-	-	-	5,420	-	-	5,420
Balance at 31 January 2023	**88,102**	**32,025**	**36,125**	**1,146**	**12,345**	**4,594**	**(28,026)**	**146,311**
Balance at 1 August 2021	88,102	26,920	36,125	(211)	8,611	1,314	37,056	197,917
Other comprehensive income for the year	-	8,104	-	1,754	-	(119)	(26,894)	(17,155)
Change in ownership interest in the associate	-	(6,980)	-	-	-	-	(15,882)	(22,862)
Shares purchased under Short-term incentive (STI) scheme	-	-	-	-	852	-	-	852
Shares and performance rights vested to employees	-	-	-	-	(2,068)	-	-	(2,068)
Share based payments expense	-	-	-	-	3,401	-	-	3,401
Balance at 31 January 2022	**88,102**	**28,044**	**36,125**	**1,543**	**10,796**	**1,195**	**(5,720)**	**160,085**

5. Other Disclosures

This section provides information on items which require disclosure to comply with AASBs and other regulatory pronouncements and any other information that is considered relevant for the users of the financial report which has not been disclosed in other sections.

5.1. Discontinued operations

Financial performance and cashflow information

Following a strategic review in the prior financial year, the Group had decided to exit the concrete precast panels operations and initiated an active program to locate a buyer for its Austral Precast division.

As a result, as at 31 July 2022 the assets and liabilities associated with the operations of Austral Precast were classified as held for sale. The results for the period ended 31 January 2023 and the comparative period have been presented as discontinued operations (net of tax).

	Note	31 January 2023 $'000	Restated 31 January 2022 $'000
Results of discontinued operations			
Revenue		22,731	21,522
Expenses		(25,758)	(21,866)
Operating loss		**(3,027)**	**(344)**
Significant items	2.1	(7,355)	(377)
Finance income/(expense)		(105)	(123)
Loss before tax		**(10,487)**	**(844)**
Income tax benefit/(expense)		3,146	235
Loss after tax		**(7,341)**	**(609)**
Basic (cents per share) from discontinued operations		(4.8)	(0.4)
Diluted (cents per share) from discontinued operations		(4.8)	(0.4)

5.2. Commitments and contingencies

(a) Commitments

	31 January 2023 $'000	31 July 2022 $'000
Contracted capital expenditure		
Within one year	24,474	38,048

Contracted capital expenditure relates to contracts to supply or construct buildings or various items of plant and equipment for use in the Building Products Australia and North America operating segments. These have not been provided for at balance date.

(b) Contingencies

	31 January 2023 $'000	31 July 2022 $'000
Shareholder guarantee provided as part of joint venture arrangements and bank guarantees issued in the ordinary course of business	60,411	60,454

The entities forming the 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 Group does not anticipate that any of these actions will result in material adverse consequences for the Group.

5.3. Events occurring after balance date

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

5.4. New accounting standards

New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 July 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

There were no new accounting standards, interpretations and amendments significantly impacting the Group in the half year ended 31 January 2023.

Standards issued but not yet effective

Certain new accounting standards, amendments and interpretations have been issued that are not yet effective for the half year ended 31 January 2023. The Group intends to adopt the following new or amended standards and interpretations, if applicable, when they become effective with no significant impact being expected on the Consolidated Financial Statements of the Group:

- Amendments to AASB 101 *Classification of Liabilities as Current or Non-current, Disclosure of Accounting Policies*
- Amendments to AASB 3 *Reference to Conceptual Framework*
- Amendments to AASB 108 *Definition of Accounting Estimates*

Directors'

Declaration

The Directors of the company declare that:

1. The financial statements and notes, as set out on pages 15 to 34, 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 Group's financial position as at 31 January 2023 and of its performance for the half year ended on that date.

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 23 March 2023

R.D. MILLNER
Director

L.R. PARTRIDGE AM
Director

Building a better working world

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Independent Auditor's Review Report to the Members of Brickworks Limited

Report on the Half Year Financial Report

Conclusion

We have reviewed the accompanying half year financial report of Brickworks Limited (the company) and its subsidiaries (collectively the Group), which comprises the consolidated balance sheet as at 31 January 2023, the consolidated income statement, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of the Group does not comply with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 31 January 2023 and of its consolidated financial performance for the half year ended on that date; and

b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (*including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001 which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' responsibilities for the half year financial report

The directors of the Company are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half year financial report

Our responsibility is to express a conclusion on the half year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 January 2023 and its

Building a better
working world

performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ernst & Young

Jodie Inglis
Partner
Sydney
23 March 2023