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Brickworks Investment Company Limited

ASX Appendix 4E

Preliminary final report

30 June 2005

Lodged with the ASX under Listing Rule 4.3A

Contents

Financial Highlights and Results for Announcement to the Market <i>(Appendix 4E item 2)</i>	2
Consolidated statement of financial performance <i>(Appendix 4E item 3)</i>	4
Consolidated statement of financial position <i>(Appendix 4E item 4)</i>	4
Consolidated statement of cash flows <i>(Appendix 4E item 5)</i>	4
Other Appendix 4E Information <i>(Appendix 4E items 6 to 17)</i>	2-7

Results for Announcement to the Market

FINANCIAL HIGHLIGHTS

- **Consolidated profit after tax** of \$10.5 million for the year to 30 June 2005 (2004: \$3.59 million)
- **Earnings per share** for the year of 5.69 cents (2004: 2.10 cents)
- **Fully franked final dividend** of 2.2 cents per share. This brings the total fully franked dividends for the year to 4.3 cents per share (2004: 2 cents per share)
- **Net asset backing per share** at 30 June 2005 of \$ 1.281 per share before tax (2004: \$ 1.084 per share, before tax).
- **After tax net asset backing per share** at 30 June 2005 of \$ 1.197 (2004: \$1.057)
- **Total portfolio value** as at 30 June 2005 of \$248.3 million (2004: \$183.8 million)
- **Successfully acquired PSI**, 99.16% held at 30 June 2005 (moving to compulsory acquisition)

		% Change	Amount of Change \$'000		\$ '000
Revenue from ordinary activities <i>(Appendix 4E item 2.1)</i>	Up	244.7%^(a)	10,573	to	14,893
Profit/(loss) from ordinary activities after tax attributable to members <i>(Appendix 4E item 2.2)</i>	Up	191.8%^(a)	6,884	to	10,474
Net profit/(loss) for the period attributable to members <i>(Appendix 4E item 2.3)</i>	Up	191.8%^(a)	6,884	to	10,474

Note (a) – corresponding period for previous year refers to the period 9 December 2003 to 30 June 2004

Brickworks Investment Company Limited
Year ended 30 June 2005

Results for Announcement to the Market (continued)

Dividends/distributions <i>(Appendix 4E item 2.4)</i>	Amount per security	Franked amount per security
Interim Dividend – 28 February 2005	2.1 cents	100%
Final dividend – 30 June 2005	2.2 cents	100%

Day/Month/Year

Record date for determining entitlements to the dividend **Friday, 19 August 2005**
(Appendix 4E item 2.5)

Dividend Payment Date **Wednesday, 31 August 2005**

Dividend/distribution reinvestment plans *(Appendix 4E item 7)*
The Company has a dividend reinvestment plain in operation offering shareholders a 3% discount to the market price instead of receiving cash dividends. The last date for the receipt of an election notice to participate in the dividend reinvestment plan is **18 August 2005**.

NTA Backing *(Appendix 4E item 9)*

	2005	2004
NTA per share before tax	\$ 1.281	\$ 1.084
NTA per share after tax	\$ 1.197	\$ 1.057

EPS

	2005	2004
Basic Earnings Per Share	5.69 cents	2.10 cents

Brickworks Investment Company Limited
Year ended 30 June 2005

Results for Announcement to the Market (continued)

Additional dividend/distribution information *(Appendix 4E item 6)*

Details of dividends/distributions declared or paid during or subsequent to the year ended 30 June 2005 are as follows:

Payment date	Type	Amount per security	Total dividend	Franked amount per security	Foreign sourced dividend amount per security
31 August 2004	Final – 30 June 2004	2.0 cents	\$3,424,539	100%	-
28 February 2005	Interim	2.1 cents	\$3,972,582	100%	-
31 August 2005	Final – 30 June 2005	2.2 cents	\$4,276,644	100%	-

Explanation of Profit/(loss) from ordinary activities after tax *(Appendix 4E item 2.6)*

Refer to the Chairman's Report and Review of Operations as contained in the Brickworks Investment Company Limited 2005 Annual Report.

Explanation of Net Profit/(loss) *(Appendix 4E item 2.6)*

Refer to the Chairman's Report and Review of Operations as contained in the Brickworks Investment Company Limited 2005 Annual Report.

Explanation of Dividends *(Appendix 4E item 2.6)*

Refer to the Chairman's Report and Review of Operations as contained in the Brickworks Investment Company Limited 2005 Annual Report.

Consolidated Statement of Financial Performance *(Appendix 4E item 3)*

Refer to the Brickworks Investment Company Limited 2005 Annual Report.

Consolidated Statement of Financial Position *(Appendix 4E item 4)*

Refer to the Brickworks Investment Company Limited 2005 Annual Report.

Consolidated Statement of Cash Flows *(Appendix 4E item 5)*

Refer to the Brickworks Investment Company Limited 2005 Annual Report.

Brickworks Investment Company Limited
Year ended 30 June 2005

Results for Announcement to the Market (continued)

Retained Earnings *(Appendix 4E item 8)*

	2005	2004^(a)
	\$'000	\$'000
Retained earnings at the beginning of the financial year	3,590	-
Net profit attributable to members of the Company	10,474	3,590
Dividends provided for or paid	<u>(7,397)</u>	-
Retained earnings at the end of the financial year	<u>6,667</u>	<u>3,590</u>

Note (a) – refers to the period 9 December 2003 to 30 June 2004

Explanation of Revenue *(Appendix 4E item 2.6)*

Revenue from ordinary activities of \$14,893,000 for the year ended 30 June 2005, consists entirely of the consolidated group's investment activities and are made up as follows:

Revenue from ordinary activities	\$'000
Proceeds from sale of current investments	2,879
Rebateable dividends	8,406
Rebateable dividends – special	276
Non – rebateable dividends	873
Trust distributions	105
Interest received – notes	7
Interest received – bank deposits	641
Other income	25
Discount on acquisition of subsidiary	<u>1,681</u>
	<u>14,893</u>

Controlled entities acquired or disposed of *(Appendix 4E item 10)*

Disposed entities

No entity was disposed of during the year ended 30 June 2005.

Acquired entities

4.1 Name of entity: Pacific Strategic Investments Limited
4.2 Date control commenced: 28th October 2004

The economic entity obtained control of Pacific Strategic Investments pursuant to a bidders statement lodged with ASIC/ASX on 8 September 2004. The offer closed on 15 November 2004 and under the takeover offer, the company acquired 81.42% of the issued share capital of Pacific Strategic Investments Limited.

Results for Announcement to the Market (continued)

Controlled entities acquired or disposed of *(Appendix 4E item 10)* (Continued)

Since November the company has acquired a further 17.74% of PSI and now holds 99.16% of PSI. The company has commenced the compulsory acquisition process to acquire the remaining 0.84% and we expect to complete this process in approximately 3 months.

The contribution to operating profit from ordinary activities by PSI attributable to the company for the year was \$570,000. The contribution to operating profit due to the discount on acquisition of PSI attributable to the company for the year was \$1,681,000, due to the increase in market value of the listed shares subsequent to the offer. The contribution to the asset revaluation reserve of PSI attributable to the company for the period was \$1,643,000.

The reported profit of Pacific Strategic Investments Limited for the whole of the previous corresponding year ending 30 June 2004 was \$ 3,014,000.

Associates and Joint Venture entities *(Appendix 4E item 11)* N/A

Other significant information *(Appendix 4E item 12)* N/A

Foreign Accounting Standards *(Appendix 4E item 13)* N/A

Commentary on results

Earnings per share *(Appendix 4E item 14.1)*

Refer to the Chairman's Report and Review of Operations as contained in the Brickworks Investment Company Limited 2005 Annual Report.

Returns to shareholders *(Appendix 4E item 14.2)*

Refer to the Chairman's Report and Review of Operations as contained in the Brickworks Investment Company Limited 2005 Annual Report.

Significant features of operating performance *(Appendix 4E item 14.3)*

Refer to the Chairman's Report and Review of Operations as contained in the Brickworks Investment Company Limited 2005 Annual Report.

Results of segments *(Appendix 4E item 14.4)*

The consolidated entity operates predominantly in the securities industry in Australia.

Results for Announcement to the Market (continued)

Commentary on results (Continued)

Trends in performance (Appendix 4E item 14.5)

Refer to the Chairman's Report and Review of Operations as contained in the Brickworks Investment Company Limited 2005 Annual Report.

Other factors that affected results in the period or which are likely to affect results in the future (Appendix 4E item 14.6)

Refer to the Chairman's Report and Review of Operations as contained in the Brickworks Investment Company Limited 2005 Annual Report.

Audit (Appendix 4E items 15 - 17)

This report is based on accounts which have been audited.

Refer to Brickworks Investment Company Limited Annual Report for complete audit report.



BRICKWORKS
INVESTMENT
COMPANY
LIMITED
ABN 23 106 719 868

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2005

BRICKWORKS INVESTMENT COMPANY LIMITED

Incorporated in Victoria
ABN: 23 106 719 868

CORPORATE DIRECTORY

Directors

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

Secretary

John de Gouveia

Registered Office

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

Auditors

Travis & Travis
1/114 Longueville Road
Lane Cove 2066

Investment Manager

Souls Funds Management Limited
Level 2
160 Pitt Street Mall
Sydney 2000

Share Registry

Computershare Investor Services Pty Limited
60 Carrington Street
Sydney 2000

Australian Stock Exchange Code

Ordinary Shares BK1

BRICKWORKS INVESTMENT COMPANY LIMITED

Contents	Page No.
Financial Highlights	4
Company Profile	5
Chairman's Address	6
List of Investments at 30 June 2005	7
Directors' Report	10
Corporate Governance	15
Statement of Financial Performance	24
Statement of Financial Position	25
Statement of Cash Flows	26
Notes to the Financial Statements	27
Directors' Declaration	48
Independent Audit Report	49
Auditors' Independence Declaration	50
ASX Additional Information	51

BRICKWORKS INVESTMENT COMPANY LIMITED

FINANCIAL HIGHLIGHTS

- Consolidated profit after tax of \$10.5 million for the year to 30 June 2005 (2004: \$3.59 million)
- Earnings per share for the year of 5.69 cents (2004: 2.10 cents)
- Fully franked final dividend of 2.2 cents per share. This brings total fully franked dividends for the year to 4.3 cents per share (2004: 2 cents per share)
- Net asset backing per share at 30 June 2005 of \$ 1.281 per share before tax (2004: \$ 1.084 per share before tax)
- After tax, net asset backing per share at 30 June 2005 of \$ 1.197 (2004: \$ 1.057)
- Total portfolio value as at 30 June 2005 of \$248.3 million (2004: \$183.8 million)
- Successfully acquired PSI, 99.16% held at 30 June 2005 (moving to compulsory acquisition)
- Composition of assets at 30 June 2005 using the Global Industry Classification Standard (GICS)

<u>CLASSIFICATION</u>	<u>% OF TOTAL ASSETS</u>
Automobile & Components	0.3
Banks	38.1
Capital Goods	4.3
Commercial Services and Supplies	1.8
Consumer Durables & Apparel	0.3
Diversified Financials	7.0
Energy	2.5
Food, Beverage & Tobacco	0.6
Food & Staples Retailing	3.4
Health Care Equipment & Services	0.1
Insurance	1.8
Materials	18.7
Media	4.0
Pharmaceuticals & Biotechnology	0.3
Retailing	0.6
Software & Services	0.3
Telecommunication Services	5.0
Transportation	2.1
Utilities	<u>1.8</u>
Total Investments	93.0
Bank Deposits	<u>7.0</u>
Total Assets	<u>100.0</u>

BRICKWORKS INVESTMENT COMPANY LIMITED

COMPANY PROFILE

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

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

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

At 30 June 2005, market capitalisation of the Company was \$211.9 million.

Corporate Objectives

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

Investment Strategy

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

Dividend Policy

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

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

Portfolio Management

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

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

BRICKWORKS INVESTMENT COMPANY LIMITED

CHAIRMAN'S ADDRESS

Dear Shareholders,

I am pleased to enclose the Annual Report of Brickworks Investment Company limited for the year ended 30 June 2005.

The consolidated profit of the economic entity after providing for income tax and eliminating outside equity interests amounted to \$10,473,587 (2004: \$3,589,908)

The strong performance result achieved by the company was also a feature of the S&P/ASX 200 index, which also reached record levels during the last twelve months.

During the year major investment purchases have included BHP Billiton Limited, Qantas Airways Limited, Australian Gas Light Company Limited, Insurance Australia Group Limited, Wesfarmers Limited, Rural Press Limited preferred shares, B Digital Limited, SP Telecommunications Limited and Telstra Corporation Limited.

Total purchases during the year amounted to \$12.87 million against total sales of \$8.65 million represented by sales in Alesco Corporation Limited, WMC Resources Limited, PaperlinX Limited and Spotless Group Limited.

During the year the company undertook an off-market takeover of Pacific Strategic Investments Limited ("PSI"). The offer closed in November 2004 with the company acquiring 81.42% of PSI. Since November the company has acquired a further 17.74% of PSI and now holds 99.16% of PSI. The company has commenced the compulsory acquisition process to acquire the remaining 0.84% and we expect to complete this process in approximately 3 months.

The outlook for calendar 2005 and beyond continues to be encouraging and the directors are confident that the full year reporting season should result in a favourable reporting year with companies at least maintaining their dividends. In addition, Brickworks Investment Company Limited remains in a strong financial position with sufficient cash reserves to enable it to continue to look at opportunities should they arise.

Earnings per Share, NTA and Dividends

Earnings per share for the year were 5.69 cents (2004: 2.10 cents). The Net Tangible Asset Backing (NTA) of the company at 30 June 2005 was \$ 1.281 per share, before tax. (2004: \$ 1.084 per share) and the after tax Net Asset Backing per share was \$ 1.197 (2004: \$ 1.057).

I am also pleased to report that based on the profits earned by the company during the year, the directors have declared the payment of a final fully franked dividend of 2.2 cents per share which will be paid on 31st August 2005, this brings the total dividend paid for the year ending 30 June 2005 to 4.3 cents per share.

On behalf of my fellow directors I would like to thank shareholders for their support during the year and the Board, along with its Investment Manager look forward to delivering long term sustainable growth and performance to its shareholders.

Yours sincerely,

Robert Millner
Chairman

Sydney
3 August 2005

BRICKWORKS INVESTMENT COMPANY LIMITED

List of securities held and their market value at 30 June 2005 were:

Stock	No. of Shares Held	Market Value (\$'000)	Portfolio Weight %
<u>Automobile & Components</u>			
Coventry Group Limited	140,000	\$812	0.3%
		\$812	0.3%
<u>Banks</u>			
Australia and New Zealand Banking Group Limited	45,457	\$989	0.4%
Bendigo Bank Limited	349,942	\$3,454	1.4%
Bank of Queensland Limited	95,382	\$1,142	0.5%
Commonwealth Bank of Australia	695,674	\$26,401	10.6%
National Australia Bank Limited	1,573,690	\$48,407	19.5%
St George Bank Limited	447,750	\$11,731	4.7%
Westpac Banking Corporation	123,872	\$2,471	1.0%
		\$94,595	38.1%
<u>Capital Goods</u>			
Alesco Corporation Limited	158,980	\$1,170	0.5%
GWA International Limited	468,128	\$1,367	0.6%
Wesfarmers Limited	200,518	\$8,023	3.2%
		\$10,560	4.3%
<u>Commercial Services & Supplies</u>			
Brambles Industries Limited	399,952	\$3,268	1.3%
Coates Hire Limited	255,303	\$1,220	0.5%
		\$4,488	1.8%
<u>Consumer Durables & Apparel</u>			
Gazal Corporation Limited	226,865	\$669	0.3%
		\$669	0.3%
<u>Diversified Financials</u>			
Choiseul Investments Limited	1,081,253	\$5,136	2.1%
Macquarie Bank Limited	109,693	\$6,554	2.6%
Milton Corporation Limited	105,557	\$1,715	0.7%
Suncorp-Metway Limited	153,028	\$3,077	1.2%
Huntley Investment Company Limited	1,160,442	\$830	0.3%
		\$17,312	7.0%
<u>Energy</u>			
Santos Limited	70,000	\$792	0.3%
Woodside Petroleum Limited	184,483	\$5,396	2.2%
		\$6,188	2.5%
<u>Food, Beverages & Tobacco</u>			
Coca-Cola Amatil Limited	65,000	\$513	0.2%
Graincorp Limited	90,535	\$1,048	0.4%
		\$1,561	0.6%

BRICKWORKS INVESTMENT COMPANY LIMITED

List of securities (continued)

Stock	No. of Shares Held	Market Value (\$'000)	Portfolio Weight %
<u>Food & Staples Retailing</u>			
AWB Limited	240,000	\$1,106	0.4%
Foodland Associated Limited	37,000	\$1,005	0.4%
Woolworths Limited	383,700	\$6,335	2.6%
		\$8,446	3.4%
<u>Health Care Equipment & Services</u>			
Clover Corporation Limited	858,000	\$146	0.1%
		\$146	0.1%
<u>Insurance</u>			
AXA Asia Pacific Holdings Limited	341,000	\$1,494	0.6%
Insurance Australia Group Limited	482,200	\$2,898	1.2%
		\$4,392	1.8%
<u>Materials</u>			
Alumina Limited	809,013	\$4,506	1.8%
BHP Billiton Limited	833,836	\$15,134	6.1%
Bluescope Steel Limited	137,568	\$1,132	0.5%
Campbell Bros Limited	198,000	\$1,861	0.7%
Iluka Resources Limited	340,000	\$2,561	1.0%
New Hope Corporation Limited	14,060,452	\$19,544	7.9%
Onesteel Limited	125,281	\$332	0.1%
Wattyl Limited	673,881	\$1,429	0.6%
		\$46,499	18.7%
<u>Media</u>			
Fairfax (John) Holdings Limited	215,549	\$927	0.4%
Publishing & Broadcasting Limited	115,000	\$1,708	0.7%
Rural Press Limited	70,000	\$733	0.3%
Rural Press Limited - Preferred Shares	321,800	\$3,395	1.4%
Ten Network Holdings Limited	407,429	\$1,446	0.6%
West Australian Newspapers Holdings Limited	225,052	\$1,807	0.7%
		\$10,016	4.0%
<u>Pharmaceuticals & Biotechnology</u>			
Australian Pharmaceutical Industries Limited	248,738	\$856	0.3%
		\$856	0.3%
<u>Retailing</u>			
Angus & Cooté (Holdings) Limited	65,000	\$520	0.2%
Colorado Group Limited	200,000	\$912	0.4%
		\$1,432	0.6%
<u>Software & Services</u>			
HPAL Limited	480,000	\$814	0.3%
		\$814	0.3%

BRICKWORKS INVESTMENT COMPANY LIMITED

List of securities (continued)

Stock	No. of Shares Held	Market Value (\$'000)	Portfolio Weight %
<u>Telecommunications Services</u>			
SP Telemedia Limited	3,322,223	\$5,266	2.1%
Telstra Corporation Limited	1,187,000	\$6,006	2.4%
B Digital Limited	3,000,000	\$1,185	0.5%
		\$12,457	5.0%
<u>Transportation</u>			
Lindsay Australia Limited	1,868,000	\$308	0.1%
Macquarie Infrastructure Group	761,038	\$3,166	1.3%
Qantas Airways Limited	512,500	\$1,727	0.7%
		\$5,201	2.1%
<u>Utilities</u>			
Australian Gas Light Company	224,200	\$3,190	1.3%
Alinta Limited	132,860	\$1,295	0.5%
		\$4,485	1.8%
Total Investments		\$230,929	93.0%
Bank Deposits		\$17,401	7.0%
Total Portfolio		248,330	100%

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

BRICKWORKS INVESTMENT COMPANY LIMITED

DIRECTORS' REPORT

The directors of Brickworks Investment Company Limited (the Company) present the following report for the year ended 30 June 2005.

1. Directors

The following persons were directors of the Company since incorporation and up to the date of this report:

Robert Dobson Millner – Non-Executive Director and Chairman

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

- Milton Corporations Limited*
- Choiseul Investments Limited*
- New Hope Corporation Limited*
- Washington H Soul Pattinson and Company Limited*
- SP Telemedia Limited*
- Brickworks Limited*
- Souls Private Equity Limited*
- Pacific Strategic Investments Limited* (delisted March 2005)
- Australian Pharmaceutical Industries Limited*
- Clover Corporation Limited
- KH Foods Limited

* denotes current directorship

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

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

- Ainsworth Game Technology Limited
- Undercoverwear Limited
- Pacific Strategic Investments Limited* (delisted March 2005)

* denotes current directorship

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

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

2. Company Secretary

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

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

BRICKWORKS INVESTMENT COMPANY LIMITED

DIRECTORS' REPORT - Continued

3. Operating and Financial Review

The Company was incorporated on 17 October 2003 with the objective to acquire and manage the investment portfolio of Brickworks Limited. Acquisition of the investment portfolio was complete at the close of business on 8 December 2003. Shares in the Company were listed on the Australian Stock Exchange Limited commencing 12 December 2003.

The Company aims to hold long term investment in companies, trusts and interest bearing securities of well managed Australian businesses that would grow in value over time, while at the same time, generating an increasing income stream through dividends, distributions and interest payments.

In August 2004, the Company announced an off-market takeover of the then ASX-listed Pacific Strategic Investments Limited (PSI) on the basis of 2 new BKI shares for every 7 shares of PSI. The merger closed on 16 November 2004 with the issue of 17,943,561 BKI shares. PSI became a subsidiary of the Company and subsequently applied for and was granted delisting from the ASX in March 2005. Since November 2004, the Company acquired further holdings in PSI.

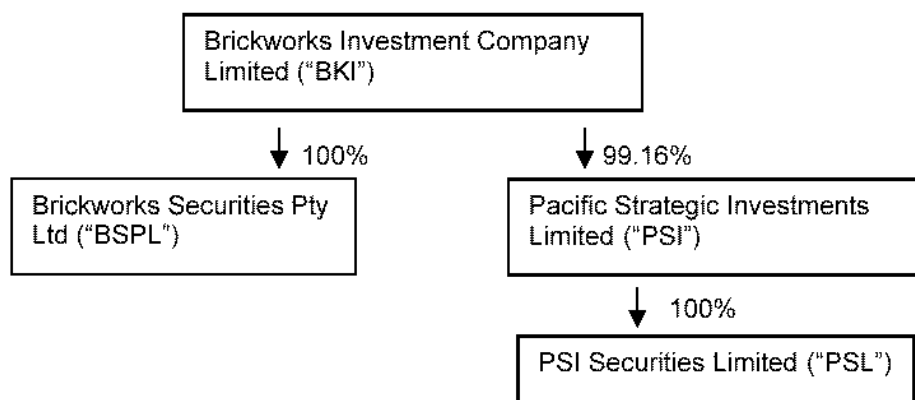
The Company now holds 99.16% of PSI and has commenced compulsory acquisition to acquire the remaining PSI shares.

Portfolio Performance and Results

The directors are pleased to report a profit after tax for the year of \$10,473,587 (2004: \$3,589,908). The investment portfolio has also performed well and has increased in value by \$38,230,424 (2004: \$15,405,325).

Corporate Structure

Brickworks Investment Company Limited ("BKI") is a company limited by shares that is incorporated and domiciled in Australia. BKI has prepared a consolidated financial report incorporating the entities that it controlled during the financial year, which are outlined in the following illustration of the group's corporate structure:



Nature of operations and principal activities

The principle activities during the year of entities within the consolidated entity was investment.

The consolidated entity is a long term equity investor and invests primarily in listed ASX securities. There has been no significant changes in the nature of those activities during the year.

BRICKWORKS INVESTMENT COMPANY LIMITED

DIRECTORS' REPORT - Continued

3. Operating and Financial Review (continued)

Employees

The consolidated entity has nil employees as at 30 June 2005 (2004: Nil)

4. Significant changes in the state of affairs

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

5. Likely Developments and Expected Results

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

6. Significant Events after Balance Date

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

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

7. Environmental Regulations

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

8. Dividends

There were two dividend payments during the year ended 30 June 2005.

On 31 August 2004, a final ordinary dividend of \$3,424,539 (2 cents per share fully franked) was paid out of retained profits at 30 June 2004.

On 28 February 2005, an interim ordinary dividend of \$3,972,582 (2.1 cents per share fully franked) was paid out of retained profits at 31 December 2004.

In addition, the directors have declared a final ordinary dividend of \$ 4,276,644 (2.2 cents per share fully franked) out of retained profits at 30 June 2005 and payable on 31 August 2005.

BRICKWORKS INVESTMENT COMPANY LIMITED

DIRECTORS' REPORT - Continued

9. Meetings of Directors

The numbers of meetings of the Company's Board of Directors and each board committee held during the year to 30 June 2005, and the numbers of meetings attended by each Director were:

	Board		Investment		Audit	
	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend
RD Millner	10	10	11	11	2	2
DC Hall	10	10	5	-	2	2
AJ Payne	10	10	11	11	2	2

10. Remuneration Report

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

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

Details of the nature and amount of each Non – Executive Director's emoluments from the Company and controlled entities in respect of the year to 30 June 2005 were:

	Primary	Superannuation	Equity Compensation	Other Compensation	Total
	\$	\$	\$	\$	\$
RD Millner	46,250	4,162	-	-	50,412
DC Hall	36,250	3,262	-	-	39,512
AJ Payne	25,000	2,250	-	-	27,250

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

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

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

	No of Shares
RD Millner	1,360,760
DC Hall	147,575
AJ Payne	55,581

BRICKWORKS INVESTMENT COMPANY LIMITED

DIRECTORS' REPORT - Continued

12. Directors and Officers' Indemnity

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

During the year to 30 June 2005, the Company has paid premiums in respect of an insurance contract to insure each of the officers against all liabilities and expenses arising as a result of work performed in their respective capacities.

13. Non-audit Services

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

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

The following fees for non-audit services were paid to the external auditor during the year ended 30 June 2005:

Due diligence investigations	\$11,000
Taxation services	<u>\$ 2,000</u>
	<u>\$13,000</u>

14. Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2005 has been received and can be found on page 50.

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

Robert D Millner
Director

Sydney
3 August 2005

BRICKWORKS INVESTMENT COMPANY LIMITED

CORPORATE GOVERNANCE

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

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

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

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

The Board of Directors

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

Role of the Board

The responsibilities of the board include:

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

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

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

CORPORATE GOVERNANCE - Continued

Board Composition

The key elements of the Board composition include:

- ensuring, where practicable to do so, that a majority of the Board are independent directors
- the Board of the Company currently comprises 1 independent non-executive director and 2 non executive directors
- non-executive directors bring a fresh perspective to the board's consideration of strategic, risk and performance matters and are best placed to exercise independent judgement and review and constructively challenge the performance of management
- the Company is to maintain a mix of directors on the Board from different backgrounds with complementary skills and experience
- the Board seeks to ensure that:
 - at any point in time, its membership represents an appropriate balance between directors with experience and knowledge of the Company and directors with an external perspective
 - the size of the Board is conducive to effective discussion and efficient decision making.
- in recognition of the importance placed on the investment experience of the directors and the Board's role in supervising the activities of the portfolio manager, the majority of the Board are not independent directors. Refer discussion detailed under "Directors' Independence" on page 15.

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

Term of Office

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

Chairman

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

Board Meetings

Details of directors' attendance at Board meetings are set out in the Directors' Report on page 13.

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

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

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

BRICKWORKS INVESTMENT COMPANY LIMITED

CORPORATE GOVERNANCE - Continued

Performance Assessment

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

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

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

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

Directors' Independence

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

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

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

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

Avoidance of conflicts of interests of Directors

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

Independent Professional Advice

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

BRICKWORKS INVESTMENT COMPANY LIMITED

CORPORATE GOVERNANCE - Continued

Corporate Reporting

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

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

The Company adopted this reporting structure for the year ended 30 June 2005.

Board Committees

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

Investment Committee

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

The investment committee consists of the following members:

RD Millner (Chairman)
AJ Payne

Details of these directors' qualifications, experience and attendance at investment committee meetings held during the year are set out in the Directors' Report on page 10-13.

The main responsibilities of the committee are to:

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

BRICKWORKS INVESTMENT COMPANY LIMITED

CORPORATE GOVERNANCE - Continued

Nomination Committee

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

The nomination committee consists of the following members:

RD Millner (Chairman)
DC Hall
AJ Payne

Details of these directors' qualifications, experience and attendance at nomination committee meetings held during the year are set out in the Directors' Report on page 10-13.

The main responsibilities of the committee are to:

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

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

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

Audit Committee

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

DC Hall (Chairman)
RD Millner
AJ Payne

Details of these directors' qualification, experience and attendance at audit committee meetings are set out in the Directors' Report on page 10-13.

The audit committee operates in accordance with a charter.

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

BRICKWORKS INVESTMENT COMPANY LIMITED

CORPORATE GOVERNANCE - Continued

Audit Committee - continued

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

The main responsibilities of the committee are to:

- review, assess and approve the annual report, half-year financial report and all other financial information published by the Company or released to the market
- reviewing the effectiveness of the organisation's internal control environment covering:
 - effectiveness and efficiency of operations
 - reliability of financial reporting
 - compliance with applicable laws and regulations
- oversee the effective operation of the risk management framework
- recommend to the Board the appointment, removal and remuneration of the external auditors, and review the terms of their engagement, the scope and quality of the audit and assess performance and consider the independence and competence of the external auditor on an ongoing basis. The Audit Committee receives certified independence assurances from the external auditors
- review and approve the level of non-audit services provided by the external auditors and ensure it does not adversely impact on auditor independence. The external auditor will not provide services to the Company where the auditor would have a mutual or conflicting interest with the Company; be in a position where they audit their own work; function as management of the Company; or have their independence impaired or perceived to be impaired in any way.
- review and monitor related party transactions and assess their priority
- report to the Board on matters relevant to the committee's role and responsibilities

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

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

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

BRICKWORKS INVESTMENT COMPANY LIMITED

CORPORATE GOVERNANCE - Continued

Remuneration Committee & Policies

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

The remuneration committee consists of the following members:

RD Millner (Chairman)
DC Hall
AJ Payne

Details of these directors' qualifications, experience and attendance at remuneration committee meetings are set out in the Directors' Report on page 10-13.

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

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

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

Further information on directors' and executives' remuneration is set out in the directors' report and note 17 to the financial statements.

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

The remuneration committee operates in accordance with a charter.

BRICKWORKS INVESTMENT COMPANY LIMITED

CORPORATE GOVERNANCE - Continued

Corporate Governance Framework

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

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

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

The Declaration covers the following:

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

Risk Management

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

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

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

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

BRICKWORKS INVESTMENT COMPANY LIMITED

CORPORATE GOVERNANCE - Continued

Code of Conduct

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

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

Share Trading Policy

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

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

Continuous Disclosure and Shareholder Communication

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

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

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

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

BRICKWORKS INVESTMENT COMPANY LIMITED

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR TO 30 JUNE 2005

	Note	Consolidated		Company	
		2005 \$'000	2004 ^(a) \$'000	2005 \$'000	2004 ^(a) \$'000
Revenue from ordinary activities	2	14,893	4,320	12,965	479
Expenses from ordinary activities	2	(4,184)	(710)	(1,249)	(649)
Profit from ordinary activities before sales of capital investments		10,709	3,610	11,716	(170)
Revenue from capital investments	1(b)	8,651	6,656	3,621	-
Cost of sales	1(b)	(8,651)	(6,656)	(3,621)	-
Profit from ordinary activities before income tax expense		10,709	3,610	11,716	(170)
Income tax expense relating to ordinary activities	3	(105)	(20)	216	51
Profit from ordinary activities after income tax expense		10,604	3,590	11,932	(119)
Profit attributable to outside equity interest		(130)	-	-	-
Operating profit after income tax attributable to members of Brickworks Investment Company Limited	13	10,474	3,590	11,932	(119)
Increase in capital profits reserve	12	1,444	-	1,444	-
Increase in asset revaluation reserve	12	23,104	10,784	32,244	-
Total changes in equity other than those resulting from transactions with owners as owners		35,022	14,374	45,620	(119)

Note (a) – refers to the period 9 December 2003 to 30 June 2004

The accompanying notes form part of these financial statements

BRICKWORKS INVESTMENT COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2005

	Note	Consolidated		Company	
		2005	2004 ^(a)	2005	2004 ^(a)
		\$'000	\$'000	\$'000	\$'000
CURRENT ASSETS					
Cash assets	5	17,401	12,792	5,539	5,835
Receivables	6(a)	2,163	1,989	2,036	4,926
Prepayments		21	23	21	23
TOTAL CURRENT ASSETS		19,585	14,804	7,596	10,784
NON-CURRENT ASSETS					
Other financial assets	7	230,929	170,974	300,662	73,501
Receivables	6(b)	-	-	-	87,000
Deferred tax assets	8	844	1,355	831	1,355
TOTAL NON-CURRENT ASSETS		231,773	172,329	301,493	161,856
TOTAL ASSETS		251,358	187,133	309,089	172,640
CURRENT LIABILITIES					
Payables	9	1,117	92	1,066	92
Current tax liabilities		173	-	53	-
TOTAL CURRENT LIABILITIES		1,290	92	1,119	92
NON CURRENT LIABILITIES					
Payables	9	-	-	64,319	-
Deferred tax liabilities	10	16,227	4,630	13,933	4,630
TOTAL NON CURRENT LIABILITIES		16,227	4,630	78,252	4,630
TOTAL LIABILITIES		17,517	4,722	79,371	4,722
NET ASSETS		233,841	182,411	229,718	167,918
SHAREHOLDERS' EQUITY					
Contributed equity	11	191,614	168,037	191,614	168,037
Reserves	12	35,332	10,784	33,688	-
Retained profits	13	6,667	3,590	4,416	(119)
Parent entity interest		233,613	182,411	229,718	167,918
Outside equity interest		228	-	-	-
TOTAL EQUITY		233,841	182,411	229,718	167,918

Note (a) – refers to the period 9 December 2003 to 30 June 2004

The accompanying notes form part of these financial statements

BRICKWORKS INVESTMENT COMPANY LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR TO 30 JUNE 2005

	Note	Consolidated		Company	
		2005 \$'000	2004 ^(a) \$'000	2005 \$'000	2004 ^(a) \$'000
Cash flows from operating activities					
Payments to suppliers and employees		(1,575)	(615)	(1,275)	(612)
Income tax paid		(306)	(12)	-	-
Other receipts in the course of operations		40	20	34	19
Proceeds on sale of current investments		2,879	-	-	-
Payment for current investments		(16)			
Dividends received		9,513	3,612	4	-
Interest received		640	597	167	479
Net Cash Inflow/(Outflow) from operating activities	14	<u>11,175</u>	<u>3,602</u>	<u>(1,070)</u>	<u>(114)</u>
Cash flows from investing activities					
Controlled entities acquired, net of cash acquired	14	(590)	(34,888)	(4,005)	(35,000)
Payment for non current investments		(12,865)	(5,746)	(1,878)	-
Proceeds on sale of non current investments		8,650	6,656	3,621	-
Net Cash Inflow/(Outflow) from investing activities		<u>(4,805)</u>	<u>(33,978)</u>	<u>(2,262)</u>	<u>(35,000)</u>
Cash flows from financing activities					
Proceeds from issue of shares		4,960	128,168	4,960	128,168
Repayment of borrowings		-	(85,000)	-	-
Dividends paid		(6,721)	-	(6,721)	-
Repayment from subsidiary entities		-	-	4,797	-
Loan to subsidiary entities		-	-	-	(87,219)
Net Cash Inflow/(Outflow) from financing activities		<u>(1,761)</u>	<u>43,168</u>	<u>3,036</u>	<u>40,949</u>
Net increase / (decrease) in cash held		4,609	12,792	(296)	5,835
Cash at the beginning of the year		12,792	-	5,835	-
Cash at the end of the year	5	<u>17,401</u>	<u>12,792</u>	<u>5,539</u>	<u>5,835</u>

Note (a) – refers to the period 9 December 2003 to 30 June 2004

The accompanying notes form part of these financial statements

BRICKWORKS INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 30 JUNE 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Accounting policies are selected and applied in a manner which ensures that the resultant financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions and other events is reported.

Except for equity investments, which are at market value, the financial report has been prepared in accordance with the historical cost convention. Where a choice exists between two or more acceptable accounting methods, the notes fully explain the method adopted. The cost method of accounting is used for all acquisitions of assets regardless of whether shares or other assets are acquired. Cost is determined as the fair value of the purchase consideration at the date of acquisition plus costs incidental to the acquisition.

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

(a) **Principles of consolidation**

The consolidated financial statements include the financial statements of Brickworks Investment Company Limited ("the Company"), being the parent entity, and its controlled entities. All inter-company balances and transactions between entities in the consolidated financial statements have been eliminated.

Where controlled entities are acquired during the year, their results are included only from the date control was obtained.

(b) **Investments**

Listed Shares Held for Investment

Investments are initially recorded at cost and are re-valued to their fair value at the reporting date. Fair value is determined by reference to the last quoted sale price on the Australian Stock Exchange at the close of the business on the reporting date. Costs in acquiring investments, such as brokerage are capitalised in the initial cost of the investment.

Revaluation increments and decrements are taken to the Asset Revaluation Reserve after deducting a provision for potential deferred capital gains tax to the extent that they are able to be offset by credits in the Asset Revaluation Reserve, otherwise they are included in the Profit from ordinary activities.

Investments are valued continuously. For this reason, cost of sales equals sales revenue when investments are sold. On the disposal of investments, the balance in the Asset Revaluation Reserve relating to the disposed asset is transferred to the Capital Profits Reserve.

BRICKWORKS INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 30 JUNE 2005 (continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) **Taxes**

Income Tax

Current tax for the year is calculated on profit from ordinary activities adjusted for non-assessable and non-deductible items and is based on tax rates and tax laws that have been enacted or substantively enacted, at the reporting date.

Deferred tax is accounted for using the comprehensive balance sheet liability method whereby deferred tax assets and liabilities are recognised on all temporary differences arising from differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax base.

Deferred tax relates to the movement in the net deferred tax asset/liability for the year and is recognised as an expense or revenue in profit from ordinary activities, unless the deferred tax relates to an amount that is credited or debited directly to equity, in which case the deferred tax is also recognised in equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset or liability is recovered or settled.

Deferred tax liabilities have not been recognised on assessable temporary differences arising from investments in controlled entities where the parent entity can control the timing of distributions and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences, unused tax losses and unused tax credits only if it is probable that future taxable amounts will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- i) where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- ii) receivables and payables are stated with the amount of GST included.

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

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

BRICKWORKS INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 30 JUNE 2005 (continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Tax Consolidation

The Company has formed an income tax consolidated group under the Tax Consolidation Regime with its wholly owned subsidiary for the financial year ending 30 June 2005. Members of the group have entered into a tax sharing agreement in order to allocate income tax expense between the Company and its subsidiary on a pro-rata basis. In addition, the agreement also provides for the allocation of income tax liabilities should the head entity default on its tax payment obligation. Brickworks Investment Company Limited is responsible for recognising the current and deferred tax assets and liabilities for the tax consolidated group.

(d) **Cash**

For purposes of the statement of cash flows, cash includes deposits at call which are readily convertible to cash on hand and which are used in the cash management function on a day-to-day basis, net of outstanding bank overdrafts.

(e) **Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of Investments

Control of the right to equity has passed to the buyer.

Interest

Control of the right to receive the interest proceeds. Interest from cash on deposit is recognised in accordance with the terms and conditions that apply to the deposit.

Dividend

Control of the right to receive the dividend proceeds. Dividends from listed entities is recognised as income on the date the shares are traded "ex-dividend". De-merger dividends arising from company de-consolidations are treated as a return of capital and not as a dividend.

Cost of Investment

Cost of investment is solely related to the costs incurred in acquiring the equities, including incidental costs.

(f) **Receivables**

Receivables are recognised as amounts to be received in the future for goods and services rendered, whether or not billed by the consolidated entity. Assets are commonly settled within 30 days for other debtors. Related party receivables are payable at call.

BRICKWORKS INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 30 JUNE 2005 (continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) **Trade Creditors and accruals**

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the consolidated entity.

Liabilities are commonly settled:

- (i) Within 3 days (transaction date + 3 days) for equity purchases ; and
- (ii) Within 30 days for other creditors and accruals.

(h) **Earnings per share**

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members, adjusted for:

- i) Costs of servicing equity (other than dividends);
- ii) The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- iii) Other non-discretionary changes in revenues or expenses during the year that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive ordinary shares, adjusted for any bonus element.

(i) **Contributed Equity**

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising from the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(j) **Rounding**

The amounts contained in this report and in the half-year financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

(k) **Adoption of International Financial Reporting Standards**

Refer note 23 and 23.1

BRICKWORKS INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 30 June 2005(continued)

2. PROFIT FROM ORDINARY ACTIVITIES

	Consolidated		Company	
	2005	2004 ^(a)	2005	2004 ^(a)
	\$'000	\$'000	\$'000	\$'000
Profit from ordinary activities before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the financial performance of the entity:				
(i) Operating activities				
Proceeds from sale of current investments	2,879	-	-	-
Rebateable dividends:				
- other corporations	8,406	3,499	1,492	-
- wholly-owned subsidiary	-	-	10,782	-
Rebateable dividends – special:				
- other corporations	276	43	-	-
Non – rebateable dividends:				
- other corporations	873	181	261	-
- wholly-owned subsidiary	-	-	158	-
Trust distributions	105	-	105	-
Interest received - notes	7	55	-	-
Interest received – bank deposits	641	542	167	479
	<u>13,187</u>	<u>4,320</u>	<u>12,965</u>	<u>479</u>
Non-operating activities				
Other income	25	-	-	-
Discount on acquisition of subsidiary	1,681	-	-	-
	<u>1,706</u>	-	-	-
Total Revenue	<u>14,893</u>	<u>4,320</u>	<u>12,965</u>	<u>479</u>
(ii) Expenses				
Carrying costs of current investments disposed	2,623	-	-	-
Loss on sale of non current investments	-	61	-	-
Directors fees and related expenses	188	52	104	52
Management expenses	801	360	736	360
Professional costs	220	87	119	87
General expenses	352	150	290	150
	<u>4,184</u>	<u>710</u>	<u>1,249</u>	<u>649</u>

Note (a) – refers to the period 9 December 2003 to 30 June 2004

BRICKWORKS INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 30 June 2005 (continued)

3. INCOME TAX

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

	Consolidated		Company	
	2005 \$'000	2004 ^(a) \$'000	2005 \$'000	2004 ^(a) \$'000
Income tax calculated at 30%	3,213	1,083	3,515	(51)
Tax effect of permanent differences which (reduce)/increase tax payable:				
- Discount on acquisition of subsidiary	(504)	-	-	-
- Dividends from wholly owned subsidiary	-	-	(3,283)	-
- Franked dividends received	<u>(2,604)</u>	<u>(1,063)</u>	<u>(448)</u>	<u>-</u>
Income tax expense	<u>105</u>	<u>20</u>	<u>(216)</u>	<u>(51)</u>

4. DIVIDENDS

(a) Dividends paid during the year	Consolidated		Company	
	2005 \$'000	2004 ^(a) \$'000	2005 \$'000	2004 ^(a) \$'000
Final dividend for the year ended 30 June 2004 of 2.00 cents fully franked at the tax rate of 30%, paid on 31 August 2004.	3,425	-	3,425	-
Interim dividend for the year ended 30 June 2005 of 2.10 cents fully franked at the tax rate of 30%, paid on 28 February 2005.				
- Franked dividends received	<u>3,973</u>	<u>-</u>	<u>3,973</u>	<u>-</u>
Total	<u>7,397</u>	<u>-</u>	<u>7,397</u>	<u>-</u>
Dividends paid in cash or reinvested in shares under the dividend reinvestment plan ("DRP")				
Paid in cash	6,723	-	6,723	-
Reinvested in shares via DRP	<u>674</u>	<u>-</u>	<u>674</u>	<u>-</u>
Total	<u>7,397</u>	<u>-</u>	<u>7,397</u>	<u>-</u>

Franking Account Balance

Balance of franking account after allowing for payment of income tax provided for in the financial statements and receipt of dividends recognised as receivables and deducting franking credits used in the payment of dividends recognised as a liability at the reporting date.

30% Class C franking credits	<u>2,646</u>	<u>2,305</u>	<u>2,646</u>	<u>2,305</u>
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Note (a) – refers to the period 9 December 2003 to 30 June 2004

BRICKWORKS INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 30 June 2005 (continued)

4. DIVIDENDS (continued)

(b) Dividends declared after balance date 2005
\$'000

Since the end of the financial year the directors have declared a final dividend for the year ended 30 June 2005 of 2.20 cents fully franked at the tax rate of 30%, payable on 31 August 2005, but not recognised as a liability at the end of the financial year

4,277

	Consolidated		Company	
	2005	2004 ^(a)	2005	2004 ^(a)
	\$'000	\$'000	\$'000	\$'000

5. CASH ASSETS

Cash at bank	<u>17,401</u>	<u>12,792</u>	<u>5,539</u>	<u>5,835</u>
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6. RECEIVABLES

(a) Current

Dividends receivable	2,011	1,973	1,907	-
Distributions receivable	105	-	105	-
Interest receivable	11	-	-	-
Receivable from related entities	-	-	-	4,912
Sundry debtors	36	16	24	14
	<u>2,163</u>	<u>1,989</u>	<u>2,036</u>	<u>4,926</u>

(b) Non-current

Loans to related entities – unsecured	-	-	-	87,000
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7. OTHER FINANCIAL ASSETS

Listed securities at fair value:

- Shares in other corporations	230,929	169,754	205,528	-
- Converting and convertible notes and other interest bearing securities	-	1,220	-	-
Shares in controlled entities at cost	-	-	95,134	73,501
	<u>230,929</u>	<u>170,974</u>	<u>300,662</u>	<u>73,501</u>

Note (a) – refers to the period 9 December 2003 to 30 June 2004

BRICKWORKS INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 30 June 2005 (continued)

7. OTHER FINANCIAL ASSETS (continued)

Acquisition of controlled entities:

The Company acquired voting shares in the following entities during the year with the consideration made up of the issue of shares and cash.

Controlled entities at 30 June 2005	Country of incorporation	Date of acquisition	Percentage Owned	
			2005	2004
Brickworks Securities Pty Limited	Australia	8 December 2003	100%	100%
Pacific Strategic Investments Limited	Australia	1 November 2004	99.16%	-

The operating results of all controlled entities from the date of acquisition have been included in the consolidated statements of financial performance. Assets and liabilities of all controlled entities have been included in the consolidated statements of financial position.

The main activity of Brickworks Securities Pty Limited and Pacific Strategic Investments Limited is the same as the Company, being a long-term investor in companies, trusts and interest bearing securities with a focus on Australian entities.

8. DEFERRED TAX ASSETS

	Consolidated		Company	
	2005 \$'000	2004 ^(a) \$'000	2005 \$'000	2004 ^(a) \$'000
The deferred tax asset balance comprises the following timing differences and unused tax losses:				
Share issuing costs	824	1,094	824	1,094
Formation expenses	1	2	1	2
Accrued expenses	19	-	6	-
Current year capital losses	-	18	-	18
Current year income losses	-	241	-	241
	<u>844</u>	<u>1,355</u>	<u>831</u>	<u>1,355</u>
Deferred tax asset recognised directly in equity	<u>4</u>	<u>1,367</u>	<u>4</u>	<u>1,367</u>

Note (a) – refers to the period 9 December 2003 to 30 June 2004

BRICKWORKS INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 30 June 2005 (continued)

9. PAYABLES

	Consolidated		Company	
	2005 \$'000	2004 ^(a) \$'000	2005 \$'000	2004 ^(a) \$'000
Current liabilities:				
Creditors and accruals	<u>1,117</u>	<u>92</u>	<u>1,066</u>	<u>92</u>
Non current liabilities:				
Amount due to controlled entities	<u>-</u>	<u>-</u>	<u>64,319</u>	<u>-</u>

10. DEFERRED TAX LIABILITIES

The deferred tax liability balance comprises the following timing differences:

Revaluation of investments held	16,110	4,622	13,819	4,622
Non rebateable dividend receivable	114	8	114	8
Interest receivable	<u>3</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>16,227</u>	<u>4,630</u>	<u>13,933</u>	<u>4,630</u>
Deferred tax liability recognised directly in equity	<u>11,488</u>	<u>4,622</u>	<u>9,197</u>	<u>4,622</u>

Note (a) – refers to the period 9 December 2003 to 30 June 2004

BRICKWORKS INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 30 June 2005 (continued)

11. CONTRIBUTED EQUITY

(a) Issued and paid-up capital

	Consolidated		Company	
	2005 \$'000	2004 ^(a) \$'000	2005 \$'000	2004 ^(a) \$'000
194,392,926 ordinary shares fully paid (2004: 171,226,981)	<u>191,614</u>	<u>168,037</u>	<u>191,614</u>	<u>168,037</u>

(b) Movement in ordinary shares

	2005		2004	
	Number of shares	\$'000	Number of shares	\$'000
Beginning of the financial year	171,226,981	168,037	-	-
Issued during the year:				
- public equity raising	-	-	132,725,502	132,726
- less net transaction costs	-	-	-	(3,190)
- purchase of controlled equity	17,943,561	17,939	38,501,479	38,501
- dividend reinvestment plan	596,479	674	-	-
- share purchase plan	4,625,905	4,973	-	-
- less net transaction costs	-	(9)	-	-
End of the financial year	<u>194,392,926</u>	<u>191,614</u>	<u>171,226,981</u>	<u>168,037</u>

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

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

Note (a) – refers to the period 9 December 2003 to 30 June 2004

BRICKWORKS INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 30 June 2005 (continued)

12. RESERVES

	Consolidated		Company	
	2005 \$'000	2004 ^(a) \$'000	2005 \$'000	2004 ^(a) \$'000
Asset revaluation:				
Balance at the beginning of the year	10,784	-	-	-
Revaluation of investments	24,548	10,784	33,108	-
Transfer to capital profits reserve on sale of investments	(1,444)	-	(864)	-
Balance at the end of the year	<u>33,888</u>	<u>10,784</u>	<u>32,244</u>	<u>-</u>
Capital profits:				
Balance at the beginning of the year	-	-	-	-
Capital profits distribution from subsidiary	-	-	580	-
Transfer from asset revaluation reserve on sale of investments	<u>1,444</u>	<u>-</u>	<u>864</u>	<u>-</u>
Balance at the end of the year	<u>1,444</u>	<u>-</u>	<u>1,444</u>	<u>-</u>
Total reserves	<u>35,332</u>	<u>10,784</u>	<u>33,688</u>	<u>-</u>

13. RETAINED PROFITS

	Consolidated		Company	
	2005 \$'000	2004 ^(a) \$'000	2005 \$'000	2004 ^(a) \$'000
Retained profits at the beginning of the year	3,590	-	(119)	-
Net profit attributable to members of the company	10,474	3,590	11,932	(119)
Dividends provided for or paid	<u>(7,397)</u>	<u>-</u>	<u>(7,397)</u>	<u>-</u>
Retained profits at the end of the year	<u>6,667</u>	<u>3,590</u>	<u>4,416</u>	<u>(119)</u>

Note (a) – refers to the period 9 December 2003 to 30 June 2004

BRICKWORKS INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 30 June 2005 (continued)

14. CASH FLOW RECONCILIATION

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

	Consolidated		Company	
	2005 \$'000	2004 ^(a) \$'000	2005 \$'000	2004 ^(a) \$'000
Net profit / (loss) after income tax	10,604	3,590	11,932	(119)
(Profit) / loss on disposal of non current investments	-	61	-	-
Dividends from subsidiary entities	-	-	(10,940)	-
Non cash item – discount on acquisition	(1,681)	-	-	-
Change in assets and liabilities, net of the effects of purchase of subsidiaries				
(Increase) / Decrease in current investments	2,974	-	-	-
(Increase) / Decrease in receivables and prepayments	(110)	(150)	(2,020)	(36)
Increase / (Decrease) in creditors and accruals	(32)	92	14	92
Increase / (Decrease) in deferred tax liabilities	(213)	9	110	-
Increase / (Decrease) in provision for current investments revaluation	(537)	-	-	-
Increase / (Decrease) in provision for tax	(120)	(12)	53	-
(Increase) / Decrease in future tax benefit	290	12	(219)	(51)
Net cash (outflow) / inflow from operating activities	<u>11,175</u>	<u>3,602</u>	<u>(1,070)</u>	<u>(114)</u>

Note (a) – refers to the period 9 December 2003 to 30 June 2004

BRICKWORKS INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 30 June 2005 (continued)

14. CASH FLOW RECONCILIATION (continued)

(b) Acquisition of subsidiary entities

During the year to 30 June 2005, the Company acquired 99.16% of the controlled entity, Pacific Strategic Investments Limited ("PSI") (2004: 100% of Brickworks Securities Pty Limited ("BSPL"))

Details of the transaction are:

	Consolidated		Company	
	2005 \$'000	2004 ^(a) \$'000	2005 \$'000	2004 ^(a) \$'000
Purchase consideration:				
Acquisition	PSI	BSPL	PSI	BSPL
% holdings	99.16%	100%	99.16%	100.00%
Shares issued 19,943,561 (2004: 38,501,479)	17,939	38,501	17,939	38,501
Share issuing costs	285	-	285	-
Cash consideration	4,680	35,000	4,680	35,000
Total consideration	<u>22,904</u>	<u>73,501</u>	<u>22,904</u>	<u>73,501</u>
Fair value of identifiable net assets of controlled entities acquired:				
Cash	3,482	112		
Receivables	47	1,862		
Prepayments	25	-		
Deferred tax assets	42	-		
Fixed assets	1	-		
Listed securities	23,026	156,539		
Creditors	(87)	(85,012)		
Current tax liabilities	(260)	-		
Deferred tax liabilities	(1,691)	-		
Discount on consolidation	(1,681)	-		
Total consideration	<u>22,904</u>	<u>73,501</u>		
Net cash effect:				
Cash paid	(3,720)	(35,000)	(3,720)	(35,000)
Share issuing costs	(285)	-	(285)	-
Cash balance acquired	3,415	112	-	-
Total cash outflows on acquisition of controlled entities	<u>(590)</u>	<u>(34,888)</u>	<u>(4,005)</u>	<u>(35,000)</u>

Note (a) – refers to the period 9 December 2003 to 30 June 2004

BRICKWORKS INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 30 June 2005 (continued)

14. CASH FLOW RECONCILIATION (continued)

(c) Non-cash financing and investing activities

(i) Share issue on acquiring controlled entities

17,943,561 ordinary shares were issued on acquiring 81.42% of the issued share capital of PSI.

(ii) Dividend reinvestment plan

Under the terms of the dividend reinvestment plan, \$674,021 (2004: nil) of dividends were paid via the issue of 596,479 shares (2004: nil)

(iii) Dividend payment

During the year ended 30 June 2005, the Company received dividends of \$12,210,432 (2004: nil) and a capital profit distribution of \$580,011(2004: nil) from its wholly owned subsidiary entity, Brickworks Securities Pty Limited ("BSPL"). \$1,271,276 of dividends received from BSPL relates to profits of the subsidiary prior to acquisition in December 2003 and accordingly the cost of the investment in BSPL has been reduced by the same amount.

The dividend was settled against the balance due via an inter-company loan.

(iv) Transfer of investment portfolio to parent entity

During the year, the Company transferred all of the investment portfolio previously held by its wholly owned subsidiary entity, Brickworks Securities Pty Limited, at cost. The transfer consideration was \$159,974,678 and was settled against the balance due via an inter-company loan.

15. EARNINGS PER SHARE

	Consolidated	
	2005	2004 ^(a)
	\$'000	\$'000
The following reflects the income and share data used in the calculation of basic and diluted earnings per share:		
Net Profit / (Loss)	10,474	3,590
Earnings used in calculating basic and diluted earnings per share	10,474	3,590
	No.	No.
	('000)	('000)
Weighted average number of ordinary shares used in the calculation of basic & diluted earnings per share	184,063	171,227
Basic earnings per share (cents)	5.69	2.10
Diluted earnings per share (cents)	5.69	2.10

Note (a) – refers to the period 9 December 2003 to 30 June 2004

BRICKWORKS INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 30 June 2005 (continued)

16. AUDITORS' REMUNERATION

	Consolidated		Company	
	2005	2004 ^(a)	2005	2004 ^(a)
	\$'000	\$'000	\$'000	\$'000
Remuneration of the auditor of the parent entity for:				
(a) Auditing the financial report of the Company and the controlled entities	29	26	29	26
(b) Other services	13	-	13	-
	42	26	42	26
Remuneration of other auditors of subsidiaries for:				
Auditing the financial report of the controlled entities	28	-	-	-

17. DIRECTORS REMUNERATION

	<u>2005</u>	<u>2004^(a)</u>
Income paid or payable, or otherwise made available to Non-Executive Directors of the consolidated entity in connection with managing the affairs of the Company and controlled entities	\$	\$
Fees	107,500	47,500
Superannuation Guarantee amounts	9,675	4,275
	117,175	51,775

The number of Directors whose total remuneration from the Company and its controlled entities was within the following bands:

	Number of Directors	
\$10,000 - \$19,999	-	2
\$20,000 - \$29,999	1	1
\$30,000 - \$39,999	1	-
\$40,000 - \$49,999	-	-
\$50,000 - \$59,999	1	-

The Company had no employees during the year to 30 June 2005.

18. SUPERANNUATION COMMITMENTS

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

Note (a) – refers to the period 9 December 2003 to 30 June 2004

BRICKWORKS INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 30 June 2005 (continued)

19. RELATED PARTY TRANSACTIONS

Related parties of the Company fall into the following categories:

(i) Controlled Entities

Brickworks Securities Pty Limited is 100% owned by the Company and is incorporated in Australia. Pacific Strategic Investments Limited is 99.16% owned by the Company and is incorporated in Australia.

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

(a) Dividend payment

During the year ended 30 June 2005, the Company received dividends of \$12,210,432 (2004: nil) and capital profits distribution of \$580,011(2004: nil) from its wholly owned subsidiary entity, Brickworks Securities Pty Limited (BSPL). \$1,271,276 of dividends received relates to profits of the subsidiary prior to acquisition in December 2003 and accordingly the cost of the investment in BSPL has been reduced by the same amount.

The dividend was settled against the balance due via an inter-company loan.

(b) Transfer of investment portfolio to parent entity

During the year, the Company transferred all of the investment portfolio previously held by its wholly owned subsidiary entity, Brickworks Securities Pty Limited, at cost. The transfer consideration was \$159,974,678 and was settled against the balance due via an inter-company loan.

(ii) Directors/Officers Related Entities

Persons who were Directors/Officers of Brickworks Investment Company Limited for part or all of the year ended 30 June 2005 were:

Directors: RD Millner
DC Hall
AJ Payne

Company Secretary: JP de Gouveia

Pitt Capital Partners Limited

The Company has appointed Pitt Capital Partners Limited, an entity in which Mr. RD Millner has an indirect interest, to act as financial adviser in respect of the merger of the Company's shares with that of Pacific Strategic Investments Limited. Total fees paid to Pitt Capital Partners Limited were \$165,000 (2004:\$788,811) including GST.

Souls Funds Management Limited

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

BRICKWORKS INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 30 June 2005 (continued)

19. RELATED PARTY TRANSACTIONS (continued)

Souls Funds Management Limited also acts as investment manager for the controlled entity Pacific Strategic Investments Limited on a quarterly management fee equal to one-quarter of 0.35% of the net assets of PSI at each quarter.

The management fee paid for the year to 30 June 2005 was \$801,411 (2004: \$359,549); and the management fee owed by the Company to Souls Funds Management Limited at 30 June 2005 was \$78,810 (2004: \$59,950).

Corporate and Administrative Services Pty Limited

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

Administration and secretarial fees paid for services provided to the company and its controlled entities for the year to 30 June 2005 were \$176,880 (2004: \$60,866) including GST and are at standard market rates.

No administration fees were owed by the Company to Corporate & Administrative Services Pty Limited at 30 June 2005.

(iii) Transactions in securities of the Company

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

	2005 Number of shares	2004 Number of shares
Acquisition – Shares	549,914	1,014,002
Disposal – Shares	-	-

During the year ended 30 June 2005, entities related to Directors acquired, under normal commercial terms, shares in the Company as follows:

- (i) Entities related to Mr RD Millner: 446,760 shares (2004: 914,000)
- (ii) Entities related to Mr DC Hall: 97,574 shares (2004: 50,001)
- (iii) Entities related to Mr AJ Payne: 5,580 shares (2004: 50,001)

Directors acquired shares through initial public offering, dividend reinvestment plan, share purchase plan or on-market purchase.

There has been no other change to Directors' shareholdings in the Company during the year ended 30 June 2005.

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

BRICKWORKS INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 30 June 2005 (continued)

20. FINANCIAL REPORTING BY SEGMENTS

The Company operates predominately in the securities industry in Australia.

21. FINANCIAL INSTRUMENTS

a) Interest Rate Risk

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

	Weighted Average Interest Rate %		Variable Interest Rate \$'000		Non-Interest Bearing \$'000		Total \$'000	
	2005	2004 ^(a)	2005	2004 ^(a)	2005	2004 ^(a)	2005	2004 ^(a)
Financial Assets								
Cash	4.05	3.95	17,401	12,792	-	-	17,401	12,792
Converting preference shares	-	7.27	-	797	-	-	-	797
Notes	-	6.75	-	423	-	-	-	423
Listed securities	-	-	-	-	230,929	169,754	230,929	169,754
Receivables and prepayments	-	-	-	-	2,184	2,012	2,184	2,012
			<u>17,401</u>	<u>14,012</u>	<u>233,113</u>	<u>171,766</u>	<u>250,514</u>	<u>185,778</u>
Financial Liabilities								
Payables	-	-	-	-	1,117	92	1,117	92

Note (a) – refers to the period 9 December 2003 to 30 June 2004

b) Credit Risk

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

BRICKWORKS INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 30 June 2005 (continued)

21. FINANCIAL INSTRUMENTS (continued)

c) Concentration of investment risk

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

Spread of investments in the following sectors:

Sector	Percentage of total investment		Amount	
	2005 %	2004 %	2005 (\$'000)	2004 (\$'000)
Banks	38.1	46.7	94,595	85,809
Capital goods	4.3	3.2	10,560	5,811
Diversified Financials	7.0	6.2	17,312	11,428
Materials	18.7	20.5	46,499	37,578
Media	4.0	2.3	10,016	4,260
Telecommunication Services	5.0	3.4	12,457	6,308
Other non concentrated	15.9	10.7	39,490	19,780
Bank deposits	7.0	7.0	17,401	12,792
	<u>100.0</u>	<u>100.0</u>	<u>248,330</u>	<u>183,766</u>

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

d) Net Fair Value

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

22. COMPARATIVE INFORMATION

The Company was incorporated on 17 October 2003 and the comparative information for 2004 refers to the period from October 2003 to 30 June 2004.

BRICKWORKS INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 30 June 2005 (continued)

23. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO IFRS

Brickworks Investment Company Limited is in the process of transitioning its accounting policies and financial reporting from current Australian Accounting Standards (AGAAP) to Australian equivalents of International Financial Reporting Standards (AIFRS) which will be applicable for the financial year ended 30 June 2006. The company has prepared an opening balance sheet in accordance with AIFRS as at 1 July 2004, being the company's transition date to AIFRS. This will form the basis of accounting for AIFRS in the future, and is required when the company prepares its first fully AIFRS compliant financial report for the year ended 30 June 2006.

Set out below is the key area where the accounting policies are expected to change on adoption of AIFRS and our best estimate of the quantitative impact of the changes on total equity as at the date of transition and 30 June 2005 and on net profit for the year ended 30 June 2005.

The figures disclosed are best estimates of the quantitative impact of the changes as at the date of preparing the 30 June 2005 financial report. The actual effects of transition to AIFRS may differ from the estimates disclosed due to (a) ongoing work being undertaken by the AIFRS project team; (b) potential amendments to AIFRSs and Interpretations thereof being issued by the standard-setters and IFRIC; and (c) emerging accepted practice in the interpretation and application of AIFRS and UIG Interpretations.

(a) Reconciliation of equity as presented under AGAAP to that under AIFRS

	Consolidated		Company	
	30 June 2005** \$'000	1 July 2004* \$'000	30 June 2005** \$'000	1 July 2004* \$'000
Total equity under AGAAP	233,841	182,411	229,718	167,918
Adjustments to retained earnings (net of tax)	-	-	-	-
Adjustments to other reserves (net of tax)				
Asset revaluation reserve (refer note 23.1)	(321)	(1,014)	(282)	-
Total equity under AIFRS	<u>233,520</u>	<u>181,397</u>	<u>229,436</u>	<u>167,918</u>

* This column represents the adjustments as at the date of transition to AIFRS

** This column represents the cumulative adjustments as at the date of transition to AIFRS and those for the year ended 30 June 2005.

BRICKWORKS INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 30 June 2005 (continued)

23. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO IFRS (continued)

(b) Reconciliation of net profit under AGAAP to that under AIFRS

YEAR ENDED 30JUNE 2005	Consolidated \$'000	Company \$'000
Net profit as reported under AGAAP	10,474	3,590
Capital profit on disposal of Investments	<u>1,444</u>	<u>1,444</u>
Net profit under AIFRS	<u>11,918</u>	<u>5,034</u>

23.1 Valuation of Investment Portfolio

The securities held in the investment portfolio are initially brought to account at cost. Subsequent to acquisition, securities are revalued to fair market value with increments and decrements taken to the Asset Revaluation Reserve.

When disposal of securities takes place, the cumulative gain or loss relating to them is transferred from Asset Revaluation Reserve directly to Capital Profits Reserve. Under AIFRS, the cumulative gain or loss on disposal of securities will be taken to profit and loss account and then transferred to the Capital Profits Reserve.

Determination of Fair Value

Under AGAAP, fair value for the purpose of valuing holdings of securities that are listed or traded on an exchange are based on the last quoted sale prices for securities prevailing at balance date. Under AIFRS, fair value is based on the "bid" price for securities prevailing at balance date.

Under AIFRS, the change in the method of calculating fair value from "last quoted sales price" to the "bid price" results in a consolidated reduction in the carrying value of the investment portfolio of \$321,000.

BRICKWORKS INVESTMENT COMPANY LIMITED

DIRECTORS' DECLARATION

The directors of Brickworks Investment Company Limited declare that:

1. the financial statements and notes of the Company and consolidated entities as set out on pages 24 to 47, are in accordance with the Corporations Act 2001:
 - (a) give a true and fair view of the financial position as at 30 June 2005 and the performance for the year ended on that date of the Company and consolidated entities; and
 - (b) comply with Accounting Standards and the Corporations Regulations 2001;
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.
3. this declaration has been made after receiving the declaration required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2005.

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

Robert D Millner
Director

Sydney
3 August 2005

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF BRICKWORKS INVESTMENT COMPANY LIMITED

SCOPE

The financial report and director's responsibility

The Financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Brickworks Investment Company Limited (The Company) and the consolidated entity for the year ended 30 June 2005. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

INDEPENDENCE

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

In accordance with ASIC Class Order 05/83, we declare to the best of our knowledge and belief that the auditor's independence declaration set out on page 50 of the financial report has not changed as at the date of providing our audit opinion.

AUDIT OPINION

In our opinion, the financial report of Brickworks Investment Company Limited is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2005 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.

TRAVIS & TRAVIS

A.J. FAIRALL
Partner
Dated: 3 August 2005

1/114 Longueville Road
LANE COVE NSW 2066

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2005 there have been:

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

TRAVIS & TRAVIS

A.J. FAIRALL
Partner

Dated: 3 August 2005

1/114 Longueville Road, Lane Cove NSW

BRICKWORKS INVESTMENT COMPANY LIMITED

ASX Additional Information

1) Equity Holders

At 29 July 2005, there were 7,773 holders of ordinary shares in the capital of the company. These holders were distributed as follow:

<u>No. of Shares held</u>	<u>No. of Shareholders</u>
1 – 1,000	179
1,001 – 5,000	2,476
5,001 – 10,000	2,032
10,001 – 100,000	2,893
100,001 and over	143
Holding less than a marketable parcel of 428 shares	46

Votes of Members

Article 5.12 of the Company's Constitution provides

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

BRICKWORKS INVESTMENT COMPANY LIMITED

ASX Additional Information (continued)

The 20 largest holdings of the Company's share as at 29 July 2005 are listed below:

<u>Name</u>	<u>Shares Held</u>	<u>%</u>
Brickworks Limited	43,101,479	22.17
Washington H Soul Pattinson & Co Ltd	5,894,102	3.03
Bougainville Copper Limited	5,000,000	2.57
Argo Investments Limited	3,253,893	1.67
UBS Private Clients Australia Nominees Pty Ltd	2,304,367	1.19
Bougainville Copper Limited	2,100,000	1.08
Australia Republic Investment Pty Ltd	1,142,858	0.59
Tothemill Pty Ltd	771,429	0.40
Trephant Pty Ltd	700,000	0.36
HFT Nominees Pty Ltd	637,625	0.33
Mr. Richard Hamilton Bartlett	560,000	0.29
Mr David Mckee & Mrs Pamela McKee <D McKee Super Fund A/C>	547,433	0.28
Mr. James Sinclair Millner	545,318	0.28
Australian Executor Trustees Limited	540,579	0.28
Mr. Peter Edward Goodeve	500,000	0.26
Dr. Russell Kay Hancock	500,000	0.26
H F T Nominees Pty Ltd	482,572	0.25
J S Millner Holdings Pty Limited	478,651	0.25
RBC Global Services Australia Nominees Pty Ltd <MLCI A/C>	461,749	0.24
Janivan Investments Pty Ltd	450,000	0.23
Total top 20 security holders	69,972,055	36.01
Total number of shares on Issue	194,392,926	

2) Substantial Shareholders

As at 29 July 2005 the name and holding of substantial shareholder as disclosed in a notice received by the company is:

<u>Substantial Shareholders</u>	<u>No. of Shares</u>	<u>% of Total</u>
Brickworks Limited	43,101,479	22.17

3) Other Information:

- There is no current on-market buy-back in place.
- There were 100 (2004: 41) transactions in securities undertaken by the Company and the total brokerage paid or accrued during the year was \$73,450 (2004: \$46,335)

BRICKWORKS INVESTMENT COMPANY LIMITED

ASX Additional Information (continued)

4) Management Fees

Management fees paid and accrued during the year ended 30 June 2005 was \$801,411 (2004: \$359,549).