

**BRICKWORKS**  
INVESTMENT COMPANY LIMITED

ABN: 23 106 719 868  
Level 2, 160 Pitt Street Sydney NSW 2000  
Ph. (02) 9210-7000 Fax. (02) 9210-7099

31<sup>st</sup> October 2007

The Manager  
Company Announcements  
Australian Stock Exchange Limited  
Exchange Centre  
20 Bridge Street  
Sydney NSW 2000

Dear Sirs

**Re: Annual General Meeting to be held at 11.30am on 31<sup>st</sup> October 2007**

Please find following the Chairman's address to be delivered at the Annual General Meeting of Members of Brickworks Investment Company Limited to be held at 11.30 am today.

Yours faithfully



**John de Gouveia**  
**Company Secretary**

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INVESTMENT COMPANY LIMITED

# BIRICKWORKS INVESTMENT COMPANY LIMITED

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## 2007 Annual General Meeting

Robert Millner, Chairman

**BRICKWORKS**  
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## 2007 Annual General Meeting Chairman's Address

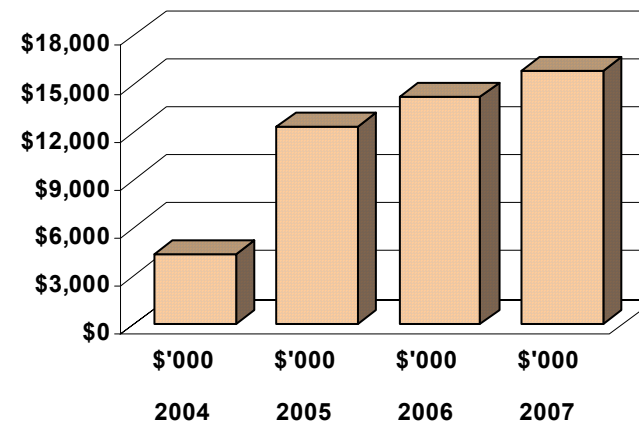
Robert Millner, Chairman

## Investment Strategy

- The Company' investment philosophy has not changed from time of inception: We are a long-term investor in companies, trusts and interest bearing securities with a focus on Australian entities. We primarily seek to invest in well-managed businesses with a profitable history and with the expectation of sound dividend / distribution growth.

## Revenue

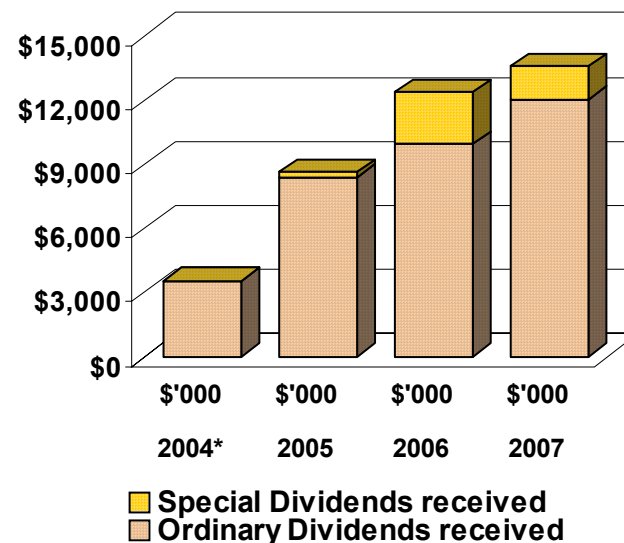
Revenue from ordinary activities amounted to \$15.8m (2006: \$14.2m).



for the year to 30 June	2006 \$'000	2007 \$'000	Change %
Revenue from ordinary activities	14,198	15,795	11%

## Dividends Received

- Ordinary dividend income amounted to \$12.0m (2006: \$9.9m).
- Special dividend income amounted to \$1.6m (2006: \$2.4m), a decrease of 36% mainly due to NHC Special Dividend in 2006.

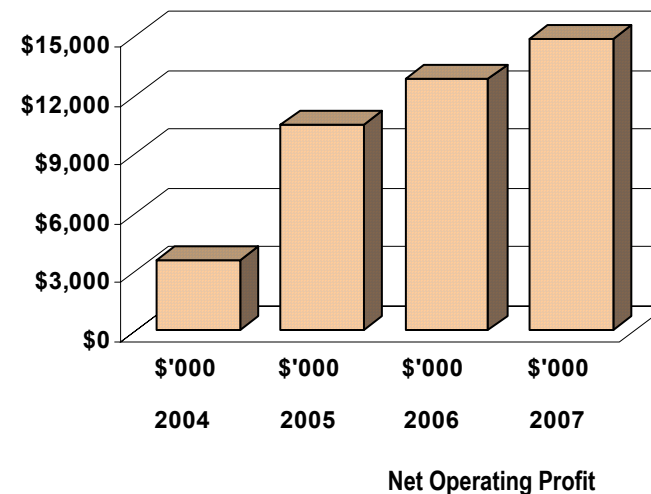


\* For the period since listing on the 12th December 2003.

for the year to 30 June	2006 \$'000	2007 \$'000	Change %
Ordinary Dividends received	9,935	12,036	21%
Special Dividends received	2,440	1,556	-36%

### Underlying Profits

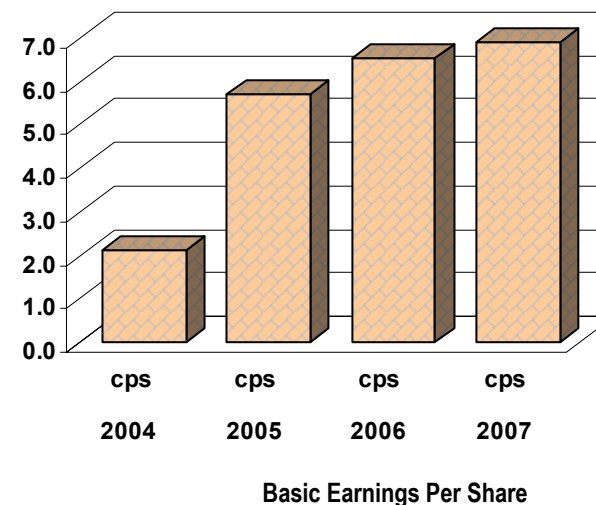
- ❑ Operating profit after tax before special dividend income and realised gains on investment portfolio was up 23.6% to \$12.46m.
- ❑ Realised gains on investment portfolio after tax was up 197.4% to \$910k.
- ❑ The consolidated profit of the economic entity after providing for income tax and eliminating outside equity interests amounted to \$14.9m (2006: \$12.8m).



for the year to 30 June	2006 \$'000	2007 \$'000	Change %
Net operating profit	12,824	14,930	16%

## Earnings Per Share

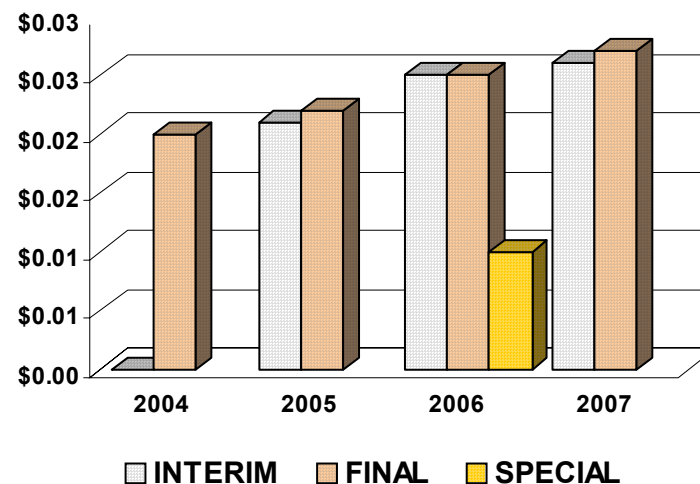
- ❑ Basic earnings per share before special dividend income and realised gains on investment portfolio was up 12.7% to 6.5cps.
- ❑ Basic earnings per share after special dividend income and realised gains on investment portfolio was up 6.4% to 4.0cps.
- ❑ The calculation of the earnings per share includes the effects of the rights issue undertaken in May 2007. This resulted in a total raising of \$56.9m and issue of 42.2m new BKI shares.



for the year to 30 June	2006 cps	2007 cps	Change %
Basic Earnings Per Share	6.5	6.9	6%

## Dividends Paid

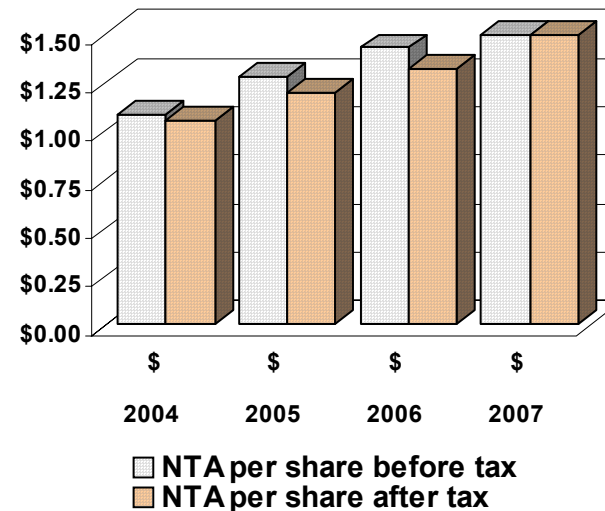
- Based on the profits earned by BKI during the year the directors declared an interim fully franked dividend of 2.6cps and a final fully franked dividend of 2.7cps.
- The calculation of the dividend paid per share includes the effects of the rights issue undertaken in May 2007. This resulted in a total raising of \$56.9m and issue of 42.2m new BKI shares.



	Type	Franking %	Dividend Amount cps
Dividend paid 16-03-2007	Interim	100	2.6
Dividend paid 31-08-2007	Final	100	2.7
<b>Total Dividends paid</b>			<b>5.3</b>

### Net Tangible Asset backing (NTA)

- ❑ The pre tax NTA of the Company at 30<sup>th</sup> June 2007 was \$1.69 (2006: \$1.43).
- ❑ The post tax NTA per share was \$1.51 (2006: \$1.32).

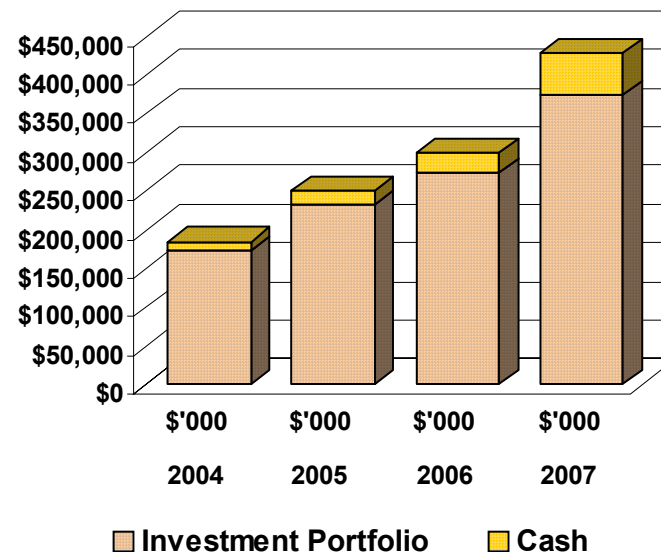


As at 30 June	2006 \$	2007 \$	Change %
NTA per share before tax	1.429	1.687	18%
NTA per share after tax	1.318	1.514	15%

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### Total Portfolio Valuation

□ The total portfolio value as at 30<sup>th</sup> June 2007 was \$426.9m (2006: \$298.7m).



As at 30 June	2006 \$'000	Weight %	2007 \$'000	Weight %
Investment Portfolio	272,067	91.3%	372,541	87.3%
Cash	25,914	8.7%	54,346	12.7%

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## Portfolio Movements

- During the year there was a net investment by the Company of \$33.1m, represented by purchases of \$34.2m and sales of \$1.1m.
- Major purchases during the year included:
  - Metcash Limited
  - ANZ Banking Group
  - Onesteel Limited
  - Tabcorp Holdings
  - Suncorp-Metway limited

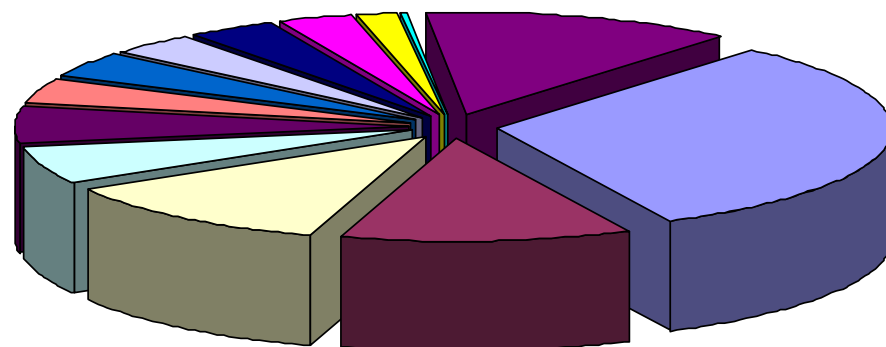
## Portfolio Movements cont.

- Major sales during the year included:
  - Gazal Corporation
  - Emeco Holdings Limited
  - Australian Pharmaceuticals Industries
  - Rural Press Limited (Takeover by Fairfax Media Limited)
  - B Digital Limited (Takeover by SP Telemedia Limited)
  - Sydney Roads Group (takeover by Transurban Group)

## Sector Weightings

□ As at 30th June 2007, the Banking sector represented 31.5% of the BKI Portfolio, while the Materials, Energy and Utilities sectors, represented 23.7% weighting of the BKI portfolio.

□ The Company's investment philosophy has not changed: We are a long term investor in Australian listed companies that generate an increasing income stream for distribution to its shareholders in the form of fully franked dividends.



- Banks
- Energy & Utilities
- Materials
- Consumer Services
- Diversified Financials
- Capital Goods
- Media
- Commercial Services
- Insurance
- Information Technology
- Transportation
- Property
- Cash

## Portfolio Management



- ❑ Souls Funds Management Limited continues to provide investment advisory services to the BKI Investment Committee, including the implementation and execution of investment decisions and the day to day administration of the investment portfolio.
- ❑ The Company would like to congratulate SFM on recognition for the strength and quality of its investment capabilities at the S&P 2007 Fund Awards where the firm was declared finalist in the Australian Equity Small Cap category.





## Share Placement

- On the 4<sup>th</sup> September 2007 The Company completed a placement of 34 million ordinary shares to Dixon Advisory & Superannuation Services Pty Limited at \$1.45 per share, raising \$49.3m.
- The Shares have been placed to clients of Dixon Advisory who are sophisticated and professional investors and exempt from the disclosure requirements of Chapter 6D of the Corporations Act.
- The proceeds raised from the Placement will be used by The Company to further expand its investment portfolio.

## Volatile Markets or Investment Opportunities

Since 30 June 2007

- ❑ Post the 30<sup>th</sup> June 2007 the Australian stock market has been quite volatile. From the 30<sup>th</sup> June to the 17<sup>th</sup> August the benchmark S&P/ASX 300 index fell 9.8% and then recovered, by rising 18.8% by the 15<sup>th</sup> October.
- ❑ Over this period Brickworks Investment Company took advantage of share price volatility. Some examples are listed below, noting that all stocks were purchased on a cum dividend basis.

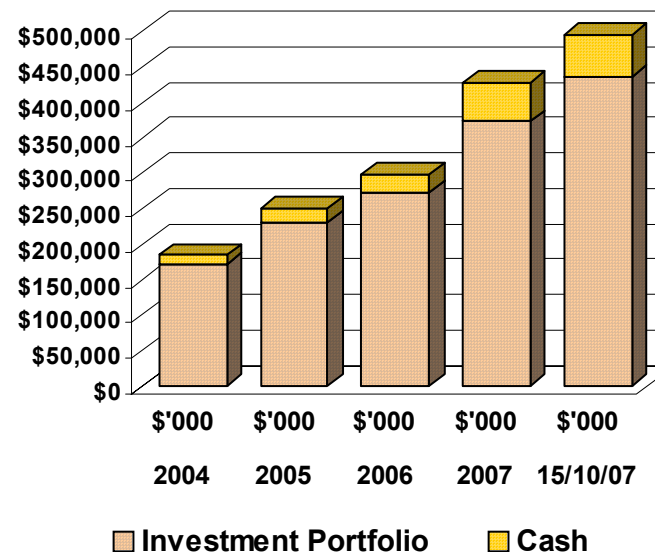
BKI Purchases	Price Paid	Current Price*	Price Movement
AMP Limited	\$10.43	\$10.64	2%
BHP Billiton	\$37.84	\$46.50	23%
Suncorp Metway Limited	\$19.90	\$21.05	6%
Westfield Group	\$18.90	\$21.80	15%
Woolworths Limited	\$28.20	\$31.84	13%
Commonwealth Bank	\$52.94	\$59.38	12%

\* As at 15th October 2007

## Current Portfolio Valuation

As at 15<sup>th</sup> October 2007

□ The total portfolio value as at 15<sup>th</sup> October 2007 was \$495.8m, this represents an increase of 16.2% since the 30<sup>th</sup> June 2007.



As at 15 October 2007	30th June 2007 \$'000	15th October 2007 \$'000
Investment Portfolio	372,541	435,045
Cash	54,346	60,787

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## Portfolio Movements

Since 30 June 2007

❑ Total cash of \$42m has been invested since the 30<sup>th</sup> June 2007 over some 39 stocks. Purchases also captured full year or interim dividend distributions.

❑ Major purchases include:

- |                             |                               |
|-----------------------------|-------------------------------|
| ❑ AMP Limited               | ❑ Adelaide Bank Limited       |
| ❑ BHP Billiton Limited      | ❑ Perpetual Limited           |
| ❑ Suncorp-Metway Limited    | ❑ Coca-Cola Amatil Limited    |
| ❑ Westfield Group           | ❑ GWA International           |
| ❑ Woolworths Limited        | ❑ Tattersall's Limited        |
| ❑ Commonwealth Bank Limited | ❑ Telstra Corporation Limited |

## Portfolio Movements cont.

Since 30 June 2007

Major sales include:

- Coventry Group
- APA Group\*
- Babcock & Brown Power\*
- Babcock & Brown Wind Partners Limited\*

\* Sold following the Alinta Limited takeover by BBI, BBP, BBW and APA.

## Underlying Profit

1 July 2007 to 30 September 2007

□ The unaudited operating profit after tax before special dividend income and realised gains on investment portfolio was \$4.6m. This represents an increase of approximately 30% on the previous corresponding period.

## Cash Position

As at 15<sup>th</sup> October 2007

□ Brickworks Investment Company Limited has cash reserves of some \$60m. This places The Company in a very strong position to take advantage of any favorable market opportunities should they arise.



## QUESTIONS