



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

10<sup>th</sup> September 2008

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

Dear Sir,

**Re: Notice of AGM, Proxy Form and 2008 Annual Report**

Please be advised that the company is today dispatching to its shareholders its 2008 Annual Report, along with a Notice of Annual General Meeting and Voting Proxy Form.

Please find attached:

- Notice of Annual General Meeting
- Sample Proxy Form
- 2008 Annual Report

Yours faithfully

A handwritten signature in black ink, appearing to read "R. Pillinger", is written over a light grey circular watermark.

**Richard Pillinger**  
**Company Secretary**

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## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Fifth Annual General Meeting of Brickworks Investment Company Limited is to be held at The Wesley Conference Centre, The Lyceum Room, 220 Pitt Street, Sydney, NSW 2000 on Wednesday 15<sup>th</sup> October 2008 at 11.30am.

### 1. Annual Report

To receive and consider the annual financial report and the reports of the directors and of the auditor for the financial year ended 30 June 2008.

### 2. Remuneration Report

To adopt the remuneration report for the year ended 30 June 2008.

**Note:** Pursuant to section 250R(3) of the Corporations Act the vote on this resolution is advisory only and does not bind the directors or the company

### 3. Election of a Director

To re-elect by ordinary resolution as a director, Mr DC Hall; who ceases to hold office in accordance with the Company's Constitution Rule 6.3(c) and, being eligible, offers himself for re-election.

### 4. Appointment of Auditor of the Company

To consider, and if thought fit, pass as an ordinary resolution the following:

"That, Ruwald & Evans (of Level 1, 276 Pitt Street, Sydney, NSW 2000) having been nominated for appointment as the Company's auditor and having consented in writing to so act, be appointed as auditor of the Company with such appointment to take effect from the later of the passing of this resolution and the time at which the resignation of Travis & Travis as auditor takes effect."

### 5. Other Matters

To consider any other matters, which may be brought before the meeting in conformity with the Company's Constitution.

For the purpose of the Corporations Act, the Company has determined that all securities of the Company that are quoted securities at 7.00pm Australian Eastern Standard Time on Monday 13<sup>th</sup> October 2008 will be taken, for the purpose of the Meeting, to be held by the persons who held them at the time. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

### PROXIES

A Member entitled to attend at the Meeting may appoint a Proxy to attend and vote instead of the Member.

By order of the Board

A handwritten signature in black ink, appearing to read "R. Pillinger", is written over a horizontal line.

Richard Pillinger  
Company Secretary  
4<sup>th</sup> September 2008

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## ANNUAL GENERAL MEETING EXPLANATORY NOTES

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### Item 1. - Receive and consider the financial and other reports (ordinary resolution)

This item does not require voting by shareholders. It is intended to provide an opportunity for shareholders to raise questions on the reports themselves and on the performance and management of the company.

The auditors of the company will be present at the meeting and will also be available to answer any questions.

### Item 2. - Adopt the remuneration report for the year ended 30 June 2008 (ordinary resolution)

The vote on this resolution will be advisory only and does not bind the directors or the company. Shareholders will also be given a reasonable opportunity, as a whole, to ask questions about, and make comments on, the remuneration report.

The remuneration report appears in the directors' report as follows;

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#### **"Remuneration Report**

*Payment to non-executive directors is fixed at \$300,000 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 2008 were:*

	Primary	Superannuation	Equity Compensation	Other Compensation	Total
	\$	\$	\$	\$	\$
RD Millner	40,000	3,600	-	-	43,600
DC Hall	30,000	2,700	-	-	32,700
AJ Payne	25,000	2,250	-	-	27,250
GG Hill	25,000	2,250	-	-	27,250
<b>Total</b>	<b>120,000</b>	<b>10,800</b>	<b>-</b>	<b>-</b>	<b>130,800</b>

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

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## **ANNUAL GENERAL MEETING EXPLANATORY NOTES**

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### **Item 3. Re-election of a director (ordinary resolution)**

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

Joined the BKI board on 17 October 2003.

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

If re-elected, David will continue as a director and be subject to retirement by rotation under the Brickworks Investment Company Limited ('BKI') constitution.

The board unanimously recommends that shareholders vote in favour of the re-election of Mr David Hall.

### **Item 4. Appointment of Auditor of the Company**

Following the resignation of Travis & Travis as Company auditors as a result of partner rotation requirements, the directors recommend the appointment of Ruwald & Evans as Auditors of the Company. In accordance with s328B of the Corporations Act, it is necessary for a member of the Company to nominate Ruwald & Evans for appointment as Auditors, and for a copy of that nomination to be sent to Ruwald & Evans, Travis & Travis, and to each person entitled to receive notice of general meetings of the Company not less than 7 days before the meeting.

A copy of the nomination of Ruwald & Evans by Mr. David Hall, a Shareholder of the Company is included in this pack. Ruwald & Evans are registered company auditors and have had previous experience of conducting audits of public listed companies. The Company's current auditor, Travis & Travis, will seek the consent of ASIC to resign as Auditor of the Company under s.329(5) of the Corporations Act, effective upon the appointment of a new Auditor. Ruwald & Evans have consented to the appointment as Auditors pursuant to s.328A of the Corporations Act in the event that this resolution is passed at the meeting.

### **ADMISSION TO MEETING**

Shareholders who will be attending the meeting, and who will not be appointing a proxy, are asked to bring the proxy form to the meeting to facilitate the admission process.

Shareholders who do not plan to attend the meeting are encouraged to complete the on-line proxy registration process as explained on the proxy form. Alternatively, shareholders can return the proxy form via the various options contained on the reverse side of the proxy form.

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## **ANNUAL GENERAL MEETING EXPLANATORY NOTES**

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### **QUESTIONS AND COMMENTS BY SHAREHOLDERS AT THE MEETING**

In accordance with the Corporations Act 2001, a reasonable opportunity will be given to shareholders, as a whole, to ask questions about or make comments on the management of the company at the meeting.

Similarly, a reasonable opportunity will be given to shareholders, as a whole, to ask the company's external auditor questions relevant to:

- (i) the conduct of the audit; and
- (ii) the preparation and content of the auditor's report; and
- (iii) the accounting policies adopted by the company in relation to the preparation of the financial statements; and
- (iv) the independence of the auditor in relation to the conduct of the audit.

Shareholders may also submit a written question to the auditor if the question is relevant to:

- (a) the content of the auditor's report to be considered at the AGM; or
- (b) the conduct of the audit of the annual financial report to be considered at the AGM.

Relevant written questions to the auditor must be received no later than 5.00pm (Sydney time) on Friday 3<sup>rd</sup> October 2008. A list of those relevant written questions will be made available to shareholders attending the AGM.

If written answers are tabled at the AGM, they will be made available to shareholders as soon as practicable after the AGM.

Please send any written questions for the auditor to:

Brickworks Investment Company Limited  
Level 2, 160 Pitt Street Mall  
Sydney NSW 2000

or by facsimile to +61 (2) 9210-7099  
by no later than 5.00pm Sydney Time on 3<sup>rd</sup> October 2008.

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**Nomination from a shareholder for the appointment of Ruwald & Evans as Auditor - the subject of Resolution 4**

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29 August 2008

The Company Secretary  
Brickworks Investment Company Limited  
Level 2, 160 Pitt Street Mall  
Sydney NSW 2000

Dear Sir

**NOMINATION OF RUWALD & EVANS AS AUDITOR OF BRICKWORKS INVESTMENT COMPANY LIMITED**

I, David Hall, being a shareholder of Brickworks Investment Company Limited, hereby nominate Ruwald & Evans of Level 1, 276 Pitt Street, Sydney, NSW 2000, for appointment as auditor of Brickworks Investment Company Limited at its 2008 Annual General Meeting.

I consent to the distribution of a copy of this notice of nomination as an annexure to the Notice of Annual General Meeting and Explanatory Statement of Brickworks Investment Company Limited as required by section 328B (3) of the *Corporations Act 2001 (Cth)*.

Yours faithfully,



---

David Hall

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ABN: 23 106 719 868  
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**Lodge your vote:**



**By Mail:**

Computershare Investor Services Pty Limited  
 GPO Box 242 Melbourne  
 Victoria 3001 Australia

Alternatively you can fax your form to  
 +61 3 9473 2118

**For all enquiries call:**

(within Australia) 1300 850 505  
 (outside Australia) +61 3 9415 4000

**Proxy Form**

**For your vote to be effective it must be received by 11.30am (AEDT) Monday 13 October 2008**

**How to Vote on Items of Business**

All your securities will be voted in accordance with your directions.

**Appointment of Proxy**

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

**Signing Instructions**

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

**Attending the Meeting**

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.computershare.com](http://www.computershare.com).

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**Turn over to complete the form** ➔



View your securityholder information, 24 hours a day, 7 days a week:

**[www.investorcentre.com](http://www.investorcentre.com)**

- Review your securityholding
- Update your securityholding

*Your secure access information is:*



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Brickworks Investment Company Limited hereby appoint

the Chairman of the meeting OR

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Brickworks Investment Company Limited to be held at The Wesley Conference Centre, The Lyceum Room, 220 Pitt Street, Sydney, on Wednesday 15 October at 11.30am and at any adjournment of that meeting.

## STEP 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
2	To adopt the remuneration report for the year ended 30 June 2008.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	To re-elect Mr D.C. Hall as a Director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	To appoint Ruwald & Evans as auditor of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

## SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

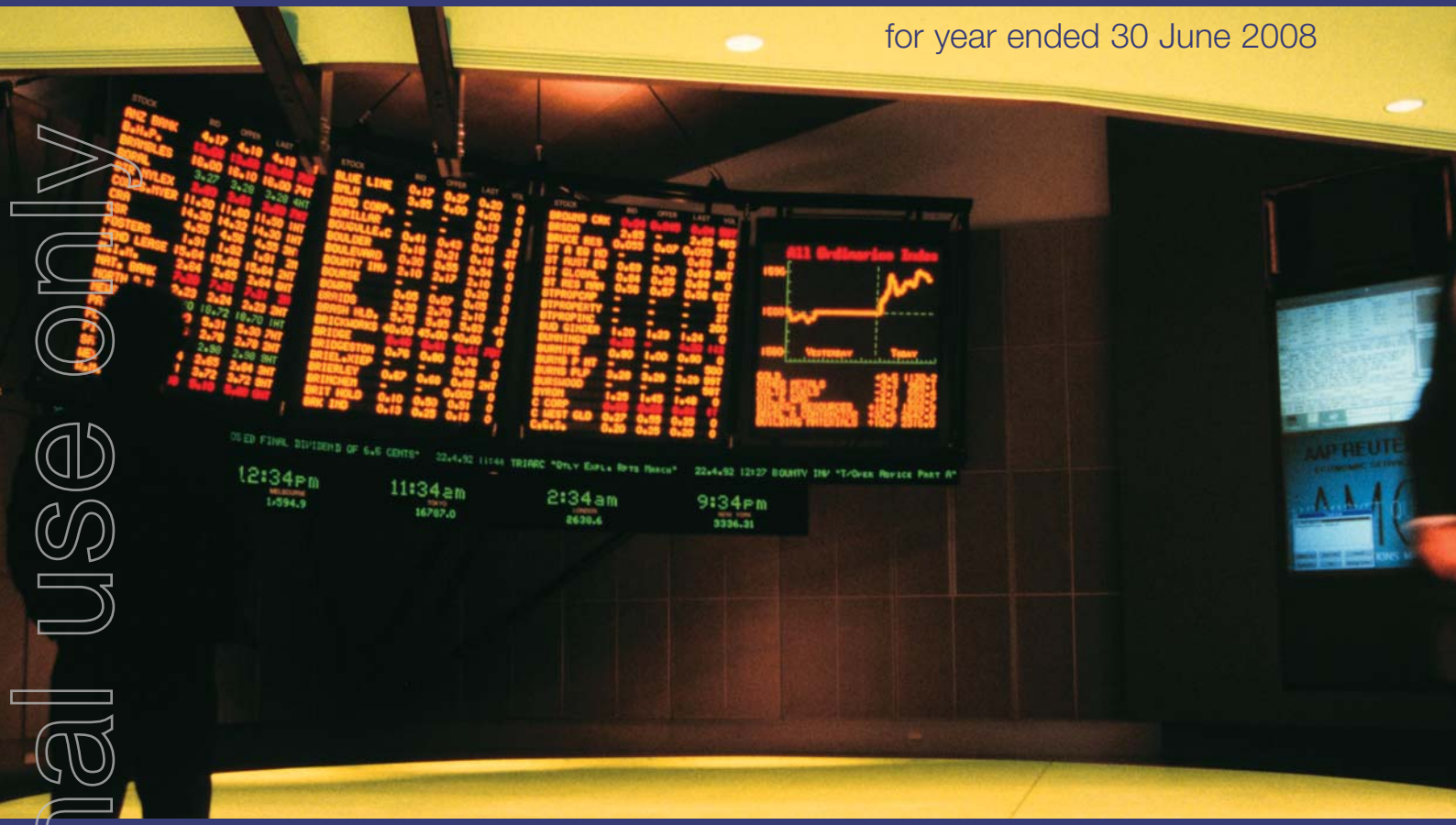
Contact Name \_\_\_\_\_

Contact Daytime Telephone \_\_\_\_\_

Date \_\_\_\_/\_\_\_\_/\_\_\_\_

# Annual Report

for year ended 30 June 2008



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## BRICKWORKS INVESTMENT COMPANY LIMITED

ABN 23 106 719 868

# Brickworks Investment Company Limited

ABN: 23 106 719 868

## CORPORATE DIRECTORY

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### Directors

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

### Secretary

Richard Pillinger

### Registered Office

Level 2  
160 Pitt Street Mall  
Sydney NSW 2000  
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 14  
15 Castlereagh Street  
Sydney 2000

### Share Registry

Computershare Investor Services Pty Limited  
60 Carrington Street  
Sydney 2000

### Australian Stock Exchange Code

Ordinary Shares      BKI

### Website

<http://www.brickworksinvestments.com.au>

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## FINANCIAL HIGHLIGHTS

### ■ Revenue Performance

		% Change	Amount of Change \$'000		\$'000
Dividend/distribution income – Ordinary	Up	36.45%	4,605	to	17,236
Dividend/distribution income - Special	Down	42.67%	(664)	to	892

### ■ Profits

		% Change	Amount of Change \$'000		\$'000
Operating profit after tax but before special dividend income and realised gains on investment portfolio	Up	46.79%	5,832	to	18,296
Dividend Income - Special	Down	42.67%	(664)	to	892
Realised gains on investment portfolio after tax	Up	272.31%	2,478	to	3,388
Net profit for the year attributable to shareholders	Up	51.21%	7,646	to	22,576

### ■ Earnings per share

		% Change	Amount of Change (cents)		\$'000
Basic earnings per share before special dividend income and realised gains on investment portfolio	Up	12.48%	0.72	to	6.49
Basic earnings per share after special dividend income and realised gains on investment portfolio	Up	15.92%	1.10	to	8.01

### ■ Fully franked final dividend of 3.0 cents per share.

This brings the total fully franked dividends for the year to 6.0 cents per share (2007: 5.3 cents per share)

### ■ Total portfolio value as at 30 June 2008 of \$437.6 million (2007: \$423.0 million)

### ■ Net Tangible Asset (NTA) History:

	30/06/04	30/06/05	30/06/06	30/06/07	30/06/08
NTA Before Tax	\$1.08	\$1.28	\$1.43	\$1.69	\$1.52
NTA After Tax	\$1.06	\$1.20	\$1.32	\$1.51	\$1.41

## FINANCIAL HIGHLIGHTS (continued)

### ■ Share Price History

	30/06/04	30/06/05	30/06/06	30/06/07	30/06/08
BKI Prospectus IPO issued @ \$1.00 December 2003	\$0.98	\$1.09	\$1.35	\$1.51	\$1.22
Annual % Growth	-	11.2%	23.9%	11.9%	-19.2%

### ■ Dividend History (cents per share)

	30/06/04	30/06/05	30/06/06	30/06/07	30/06/08
Interim	-*	2.1	2.5	2.6	3.0
Final	2.0	2.2	2.5	2.7	3.0
Special	-	-	1.0	-	-
<b>Total</b>	<b>2.0</b>	<b>4.3</b>	<b>6.0</b>	<b>5.3</b>	<b>6.0</b>

\* This Company was listed on ASX 12 December 2003, no interim dividend is applicable.

## List of securities held and their market value at 30 June 2008 were:

Stock	Shares Held	Fair Value (\$'000)	Portfolio Weight %
<b>Banks</b>			
Australia and New Zealand Banking Group Limited	209,182	3,916	0.89%
Bank of Queensland Limited	150,382	1,955	0.45%
Bendigo Bank Limited	485,392	5,305	1.21%
Commonwealth Bank	729,930	29,307	6.70%
National Australia Bank Limited	1,583,690	41,920	9.58%
St George Bank CPS	10,000	966	0.22%
St George Bank CPS II	165	16	0.00%
St George Bank Limited	521,860	14,148	3.23%
Westpac Banking Corporation	203,172	4,063	0.93%
		<b>101,596</b>	<b>23.21%</b>
<b>Capital Goods</b>			
Alesco Corporation Limited	176,645	1,219	0.28%
GWA International Limited	1,310,000	3,275	0.75%
		<b>4,494</b>	<b>1.03%</b>
<b>Commercial Services &amp; Supplies</b>			
Brambles Limited	505,952	4,412	1.01%
Campbell Brothers Limited	306,629	8,371	1.91%
Salmat Limited	786,085	2,138	0.49%
Skilled Group Limited	394,826	1,184	0.27%
		<b>16,105</b>	<b>3.68%</b>
<b>Consumer Durables &amp; Apparel</b>			
Gazal Corporation Limited	211,865	402	0.09%
		<b>402</b>	<b>0.09%</b>
<b>Consumer Services</b>			
Crown Limited	75,574	701	0.16%
Tabcorp Holdings Limited	253,900	2,488	0.57%
Tatts Group Limited	800,128	1,872	0.43%
		<b>5,061</b>	<b>1.16%</b>
<b>Diversified Financials</b>			
Australian Securities Exchange Limited	30,100	945	0.22%
Choiseul Investments Limited	1,082,985	5,588	1.28%
Huntley Investment Company Limited	6,981,320	5,061	1.16%
Macquarie Group Limited	136,650	6,644	1.52%
Milton Corporation Limited	106,326	2,049	0.47%
Perpetual Limited	52,510	2,239	0.51%
		<b>22,526</b>	<b>5.15%</b>

## List of securities (continued):

Stock	Shares Held	Fair Value (\$'000)	Portfolio Weight %
<b>Energy</b>			
Caltex Australia Limited	86,950	1,130	0.26%
New Hope Corporation Limited	14,060,452	74,099	16.93%
Santos Limited	70,000	1,499	0.34%
Woodside Petroleum Limited	215,484	14,524	3.32%
		<b>91,252</b>	<b>20.85%</b>
<b>Food, Beverages &amp; Tobacco</b>			
Coca Cola Amatil Limited	436,000	3,052	0.70%
Graincorp Limited	91,044	737	0.17%
Lion Nathan Limited	227,300	1,941	0.44%
		<b>5,730</b>	<b>1.31%</b>
<b>Food &amp; Staples Retailing</b>			
AWB Limited	782,000	1,885	0.43%
Metcash Limited	1,385,833	5,128	1.17%
Wesfarmers Limited	284,625	10,614	2.43%
Woolworths Limited	571,000	13,961	3.19%
		<b>31,588</b>	<b>7.22%</b>
<b>Health Care Equipment &amp; Services</b>			
Clover Corporation Limited	858,000	133	0.03%
		<b>133</b>	<b>0.03%</b>
<b>Insurance</b>			
AMP Limited	516,865	3,453	0.79%
AXA Asia Pacific Holdings Limited	426,000	1,994	0.46%
Insurance Australia Group Limited	1,076,446	3,714	0.85%
QBE Insurance Group Limited	65,096	1,449	0.33%
Suncorp-Metway Limited Convertible Preference Shares	40,000	4,040	0.92%
Suncorp-Metway Limited	383,000	4,979	1.14%
		<b>19,629</b>	<b>4.49%</b>
<b>Materials</b>			
Alumina Limited	809,013	3,819	0.87%
BHP Billiton Limited	927,629	40,361	9.22%
Bluescope Steel Limited	233,568	2,623	0.60%
Orica Limited Step up Preference Securities	10,000	951	0.22%
Onesteel Limited	690,000	5,134	1.17%
Rio Tinto Limited	28,753	3,888	0.89%
Wattyl Limited	673,881	943	0.22%
		<b>57,719</b>	<b>13.19%</b>

## List of securities (continued):

Stock	Shares Held	Fair Value (\$'000)	Portfolio Weight %
<b>Media</b>			
Consolidated Media Holdings	75,574	249	0.06%
Fairfax Media Limited	1,921,163	5,591	1.28%
Ten Network Holdings Limited	747,429	1,020	0.23%
West Australian Newspapers Holdings Limited	348,048	2,750	0.63%
		<b>9,610</b>	<b>2.20%</b>
<b>Real Estate</b>			
Westfield Group	193,157	3,141	0.72%
		<b>3,141</b>	<b>0.72%</b>
<b>Retailing</b>			
ARB Corporation Limited	513,437	1,854	0.42%
		<b>1,854</b>	<b>0.42%</b>
<b>Telecommunications Services</b>			
SP Telemedia Limited	3,322,223	598	0.14%
Telstra Corporation Limited	2,436,000	10,329	2.36%
		<b>10,927</b>	<b>2.50%</b>
<b>Transportation</b>			
Lindsay Australia Limited	3,120,034	530	0.12%
Macquarie Infrastructure Group	762,329	1,738	0.40%
Qantas Airways Limited	602,500	1,832	0.42%
Transurban Group	134,581	569	0.13%
		<b>4,669</b>	<b>1.07%</b>
<b>Utilities</b>			
AGL Energy Limited	431,700	6,173	1.41%
Babcock & Brown Infrastructure Group	1,087,124	739	0.17%
BBI EPS Limited	946,011	653	0.15%
		<b>7,565</b>	<b>1.73%</b>
<b>Total Investments</b>		<b>394,001</b>	<b>90.03%</b>
<b>Bank Deposit</b>		<b>43,645</b>	<b>9.97%</b>
	<b>TOTAL PORTFOLIO</b>	<b>437,646</b>	<b>100.00%</b>

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

## GROUP PROFILE

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

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

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

At 30 June 2008 the market capitalisation of the Group was \$355.0 million.

### Corporate Objectives

The Group aims to generate an increasing income stream for distribution to its shareholders in the form of fully 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 Group 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 Group will pay the maximum amount of realised profits after tax to its shareholders in the form of fully 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 Group 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 Directors have previously announced that management of the Listed Investment Portfolio will be brought in house on expiry of the current agreement with Souls Funds Management Limited on 1 December 2008.

The Group also engages Corporate and Administrative Services Pty Ltd to provide accounting and group secretarial services.

## CHAIRMAN'S ADDRESS

Dear Shareholders,

I am pleased to enclose the fifth Annual Report of Brickworks Investment Company Limited for the year ended 30th June 2008.

The consolidated profit for the Group after providing for income tax increased by 51.2% to \$22,576,000 (2007 \$14,930,000).

Revenue from the investment portfolio comprising ordinary dividend income increased by 36.4% to \$17,236,000, whilst revenue from special dividend income decreased during the year by 42.7% to \$892,000.

At the 30th June 2008 the portfolio of investments was valued at \$437.6 million compared to \$423.0 million as at June 2007.

The Group's portfolio return continues to outperform the ASX/S&P 300 Accumulation Index return as shown below:

Period	Portfolio Return*	
	BKI	ASX/S&P 300
6 Months to 30 June 2008	-4.6%	-16.1%
12 Months to 30 June 2008	-6.0%	-13.7%
24 Months to 30 June 2008	6.7%	5.6%

\* Portfolio Return measured by change in NTA backing per share plus dividend reinvested

During the year, the Group was successful in raising \$54.1 million additional share capital through a Share Placement, Share Purchase Plan and the Dividend Reinvestment Plan.

### Portfolio Movements

Major investment purchases during the year were Suncorp-Metway Limited Convertible Preference Shares, AMP Limited, Tattersall's Group Limited, Woolworths Limited and Metcash; while the final instalment for Telstra (T3) shares was completed.

Net purchases amounted to \$75.6 million excluding shares acquired on takeovers.

The only sales were Consolidated Rutile Limited, Coventry Group Limited, APA Group, Babcock and Brown Power, Babcock and Brown Wind Partners Group and Illuka Resources Limited for a total of \$5.6 million.

There were takeovers of Alinta Limited by Babcock and Brown and HPAL Limited by Salmat Limited. Publishing and Broadcasting Limited was split into Crown Limited and Consolidated Media Holdings Limited.

Also, there was a merger during the year between Adelaide Bank Limited and Bendigo Bank.

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## CHAIRMAN'S ADDRESS - Continued

### List of Top 20 Securities held as at 30 June 2008:

Stock	Shares Held	Fair Value (\$'000)	Portfolio Weight * %
1 New Hope Corporation Limited	14,060,452	74,099	18.81%
2 National Australia Bank Limited	1,583,690	41,920	10.64%
3 BHP Billiton Limited	927,629	40,361	10.24%
4 Commonwealth Bank	729,930	29,307	7.44%
5 Woodside Petroleum Limited	215,484	14,524	3.69%
6 St George Bank Limited	521,860	14,148	3.59%
7 Woolworths Limited	571,000	13,961	3.54%
8 Wesfarmers Limited	284,625	10,614	2.69%
9 Telstra Corporation Limited	2,436,000	10,329	2.62%
10 Campbell Brothers Limited	306,629	8,371	2.12%
11 Macquarie Group Limited	136,650	6,644	1.69%
12 AGL Energy Limited	431,700	6,173	1.57%
13 Fairfax Media Limited	1,921,163	5,591	1.42%
14 Choiseul Investments Limited	1,082,985	5,588	1.42%
15 Bendigo Bank Limited	485,392	5,305	1.35%
16 Onesteel Limited	690,000	5,134	1.30%
17 Metcash Limited	1,385,833	5,128	1.30%
18 Huntley Investment Company Limited	6,981,320	5,061	1.28%
19 Suncorp-Metway Limited	383,000	4,979	1.26%
20 Brambles Limited	505,952	4,412	1.12%

\* Weighting is a percentage of the listed portfolio only, excluding cash assets

### Dividends

I am pleased to report that based on the profits earned by the Group during the year the directors have declared the payment of a final fully franked dividend of 3.0 cents per share which will be paid on 29 August 2008. This final dividend includes an attributable LIC capital gain of 0.5 cents per share which will enable some shareholders to claim a tax deduction.

This brings the total ordinary dividend paid for the year 30th June 2008 to 6.0 cents per share compared to 5.3 cents last year, an increase of 13.2%.

### Earnings per Share and NTA

Following the increased capital base resulting from the capital raising initiatives during the year, the earnings per share for the year were 8.01 cents (2007: 6.91 cents) an increase of 15.9%.

The Net Tangible Asset Backing (NTA) of the group at 30th June 2008 was \$ 1.52 before tax (2007: \$1.69) and the after tax Net Asset Backing per share was \$1.41 (2007: \$1.51).

### Outlook

In these uncertain times where high interest rates, concerns over high inflation and tight credit conditions are contributing to high share market volatility, the \$43.6m cash holdings of the group at 30 June 2008 puts it in a very strong position to take advantage of opportunities should they arise in the next financial year.

Yours sincerely,

**Robert Millner**  
Chairman

**Sydney, 6 August 2008**

## DIRECTORS' REPORT

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The directors of Brickworks Investment Company Limited present the following report on the Company and its controlled entities (the Group) for the year ended 30 June 2008.

### 1. Directors

The following persons were directors since the start of the financial year and up to the date of this report unless otherwise stated:

#### **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\*
- Australian Pharmaceutical Industries Limited\*

\* denotes current directorship

#### ***Special Responsibilities:***

- Chairman of the Board
- Chairman of the Remuneration Committee
- Chairman of the Nomination Committee
- Chairman of the Investment Committee

#### **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:

- Undercoverwear Limited
- Ainsworth Game Technology Limited

#### ***Special Responsibilities:***

- Chairman of the Audit Committee
- Member of the Remuneration Committee
- Member of the Nomination Committee

## DIRECTORS' REPORT - Continued

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### **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.

#### ***Special Responsibilities:***

- Member of the Audit Committee
- Member of the Investment Committee
- Member of the Remuneration Committee
- Member of the Nomination Committee

### **Geoffrey Guild Hill, B.Econ., MBA, FCPA, ASIA FAICD – Independent Non-Executive Director**

A merchant banker, Mr Hill has identified and implemented mergers and takeovers and has acted for a wide range of corporate clients in Australia and overseas.

During the past three years, Mr Hill has served as a director of the following listed companies:

- Huntley Investment Company Limited\*
- Heritage Gold NZ Limited\*
- Hills Industries Limited\*
- Souls Private Equity Limited (alternate director)
- Enterprise Energy NL
- Biron Capital Limited
- Undercoverwear Limited

\* denotes current directorship

#### ***Special Responsibilities:***

- Member of the Audit Committee
- Member of the Remuneration Committee
- Member of the Nomination Committee

## 2. Company Secretary

### **Richard Pillinger, BSc, CA**

Mr Pillinger was appointed as Company Secretary of Brickworks Investment Company Limited on 26 March 2008. Mr Pillinger is a Chartered Accountant with extensive experience in public practice and commercial financial roles.

Mr J de Gouveia resigned as Company Secretary on 15 November 2007. Mr G S Bruce was appointed as temporary Company Secretary on that date and resigned on the appointment of Mr. Pillinger.

## 3. Principal Activities

The principal activities of the Group during the financial year were that of a Listed Investment Company (LIC) primarily focused on long term investment in ASX listed securities. There have been no significant changes in the nature of those activities during the year.

## DIRECTORS' REPORT - Continued

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### 4. Operating Results

The consolidated profit of the Group after providing for income tax amounted to \$22,576,000 (2007: \$14,930,000).

### 5. Review of Operations

The Australian share market endured a difficult period during the year ending 30 June 2008 as a result of credit issues and high interest rates and oil prices. Despite this, the group enjoyed another successful year with total income from operating activities increasing by 39.37% and overall profits after tax increasing by 51.21%.

The investment focus during the year again concentrated on managing the existing portfolio by continuing to add on its existing holdings as well as adding new companies and investment products to its investment portfolio, such as Suncorp-Metway Limited Convertible Preference Shares.

In addition, to further increase the investment base a Share Placement was undertaken in September 2007 which raised \$49.3 million and further strengthens the future earning base of the group.

### 6. Financial Position

The net assets of the Group increased during the financial year by \$28.5 million to \$411.4 million.

This movement has largely resulted from the following factors;

- Proceeds from share issues raising \$51.2 million;
- Market value decrease in the investment portfolio of \$32.7 million net of tax, and
- Retained profits.

### 7. Employees

The Group has nil employees as at 30 June 2008 (2007: Nil)

### 8. Significant changes in the state of affairs

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

### 9. Likely Developments and Expected Results

The operations of the Group will continue with planned investments in Australian equities and fixed interest securities. The Directors have previously announced that management of the Listed Investment Portfolio will be brought in-house on expiry of the current agreement with their outsourced Investment Manager on 1 December 2008. 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 Group if included in this report.

### 10. 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

## DIRECTORS' REPORT - Continued

### 11. Dividends

There were two dividend payments during the year ended 30 June 2008.

On 31 August 2007, a final ordinary dividend of \$6,810,690 (2.7 cents per share fully franked) was paid out of retained profits at 30 June 2007.

On 7 March 2008, an interim ordinary dividend of \$8,615,012 (3.0 cents per share fully franked) was paid out of retained profits at 31 December 2007.

In addition, the directors have declared a final ordinary dividend of \$ 8,728,998 (3.0 cents per share fully franked) out of retained profits at 30 June 2008 and payable on 29 August 2008.

### 12. Environmental Regulations

The Group's operations are not materially affected by environmental regulations.

### 13. Meetings of Directors

The numbers of meetings of the Board of Directors and each board committee held during the year to 30 June 2008, 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	7	7	12	12	2	2
AJ Payne	7	7	12	12	2	2
DC Hall	7	7	-	-	2	2
GG Hill	7	7	-	-	2	2

### 14. Remuneration Report

Other than the Directors acting in their capacity as directors, the Group had no employees during the year to 30 June 2008.

Payment to non-executive directors is fixed at \$300,000 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 Parent and controlled entities in respect of the year to 30 June 2008 were:

	Primary	Superannuation	Equity Compensation	Other Compensation	Total
	\$	\$	\$	\$	\$
RD Millner	40,000	3,600	-	-	43,600
DC Hall	30,000	2,700	-	-	32,700
AJ Payne	25,000	2,250	-	-	27,250
GG Hill	25,000	2,250	-	-	27,250
<b>Total</b>	<b>120,000</b>	<b>10,800</b>	<b>-</b>	<b>-</b>	<b>130,800</b>

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

## DIRECTORS' REPORT - Continued

### 15. Beneficial and relevant interest of Directors in Shares of the Company

As at the date of this report, details of Directors who hold shares 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:

	<b>Number of Shares</b>
RD Millner	4,905,200
DC Hall	221,749
AJ Payne	120,586
GG Hill	764,367

### 16. Directors and Officers' Indemnity

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

During the year to 30 June 2008, the Group has paid premiums of \$33,688 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.

### 17. Proceedings on Behalf of Group

No person has applied for leave of the Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

The Group was not a party to any such proceedings during the year.

### 18. 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 (inclusive of GST) for non-audit services were paid to the external auditor, Travis & Travis, during the year ended 30 June 2008:

Taxation services	\$ 2,090
	<u>\$ 2,090</u>

### 19. Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2008 has been received and can be found on page 47.

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

**Robert D Millner**  
Director

**Sydney 6 August 2008**

## CORPORATE GOVERNANCE

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Brickworks Investment Company Limited (the Group) was incorporated on 17 October 2003 and since that date the Board have been committed to achieving and demonstrating the highest standards of corporate governance. Unless otherwise stated, the Group 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) are responsible for the corporate governance of the Parent and its controlled entities. The directors of the Parent 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 Group in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Group as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Group is properly managed.

The Group'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
- organisation 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 Group's strategic goals and objectives
  - compliance with the Group's code of conduct
- monitoring financial performance including approval of the annual report and half-year financial reports and liaison with the Group'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 Group
- 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 Group 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

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### **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 Group currently comprises 2 independent non-executive directors 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 Group is to maintain a mix of directors on the Board from different backgrounds with complimentary 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 Group 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 17.

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 the 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.

## CORPORATE GOVERNANCE - Continued

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### **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, where necessary 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, which is a substantial shareholder of the Parent. The Group 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 Group 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 Parent's expense. Prior approval of the Chairman is required, but this will not be unreasonably withheld.

## CORPORATE GOVERNANCE - Continued

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### **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 Group'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 Parent 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 Group's risk management and internal control is operating effectively and efficiently in all material respects.

The Group adopted this reporting structure for the year ended 30 June 2008.

### **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, the remuneration committee and audit committee. 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 Group 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 pages 10-14.

The main responsibilities of the committee are to:

- assess the information and recommendations received from the portfolio manager regarding the present and future investment needs of the Group
- assess the performance of the portfolio manager
- evaluating investment performance.

#### **Nomination Committee**

The Group 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**

**GG Hill**

Details of these directors' qualifications and experience are set out in the Directors' Report on page 10-14.

## CORPORATE GOVERNANCE - Continued

### **Nomination Committee (continued)**

The main responsibilities of the committee are to:

- assess the membership of the Board having regard to present and future needs of the Group
- 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)**

**AJ Payne**

**GG Hill**

**RD Millner** – resigned 10 June 2008

Details of these directors' qualification, experience and attendance at audit committee meetings are set out in the Directors' Report on page 10-14.

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 Group operates.

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 Group 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

## CORPORATE GOVERNANCE - Continued

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### **Audit Committee (continued)**

- 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 Group where the auditor would have a mutual or conflicting interest with the Group; be in a position where they audit their own work; function as management of the Group; 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 Group requires that the external audit engagement partner and review partner be rotated every five years. In accordance with that policy, a new external audit firm will be appointed for the year ending 30 June 2009.

The external auditor will attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

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 Group's financial reports presents a true and fair view, in all material respects, of the Parent's and its consolidated entities financial condition, operational results and are in accordance with the relevant accounting standards.

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.

### **Remuneration Committee & Policies**

The Group 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**

**GG Hill**

Details of these directors' qualifications and experience are set out in the Directors' Report on page 10-14.

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

The Group 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.

## CORPORATE GOVERNANCE - Continued

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### **Remuneration Committee & Policies (continued)**

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 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 20 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.

### **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 Parent 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 lodgements 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 Group'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 Group 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 implementing stringent processes and procedures to effectively manage investment risk.

## CORPORATE GOVERNANCE - Continued

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### **Code of Conduct**

The Group 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 Group's integrity.

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

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

### **Share Trading Policy**

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 are required to be advised to the Group within 3 days for notification to the ASX.

The directors are satisfied that the Group has complied with its policies on ethical standards, including trading in securities.

### **Continuous Disclosure and Shareholder Communication**

The Chairman and Company Secretary have been nominated as being the persons 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 Parent has written policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the Group 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 Group's full annual report. Shareholders also are updated with the Group'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.

**CONSOLIDATED INCOME STATEMENT**

FOR THE YEAR ENDED 30 JUNE 2008

	Note	Consolidated		Parent	
		30/06/08 \$'000	30/06/07 \$'000	30/06/08 \$'000	30/06/07 \$'000
Revenue from investment portfolio		<b>18,277</b>	14,276	<b>18,277</b>	14,276
Revenue from bank deposits		<b>3,731</b>	1,505	<b>3,731</b>	1,421
Other income		<b>5</b>	14	<b>5</b>	-
Income from operating activities before net gains on investment portfolio	2	<b>22,013</b>	15,795	<b>22,013</b>	15,697
Operating expenses	3	<b>2,006</b>	1,671	<b>2,005</b>	1,670
Operating profit before income tax expense and net gains on investment portfolio		<b>20,007</b>	14,124	<b>20,008</b>	14,027
Income tax expense	4	<b>(819)</b>	(104)	<b>(819)</b>	(75)
<b>Net operating profit before net gains on investment portfolio</b>		<b>19,188</b>	14,020	<b>19,189</b>	13,952
Gains on investment portfolio		<b>4,625</b>	1,300	<b>4,625</b>	1,300
Tax expense relating to net realised gains on investment portfolio	4	<b>(1,237)</b>	(390)	<b>(1,237)</b>	(390)
Net gains on investment portfolio		<b>3,388</b>	910	<b>3,388</b>	910
<b>Profit for the year attributable to members of the Company</b>		<b>22,576</b>	14,930	<b>22,577</b>	14,862

		2008 Cents	2007 Cents
<b>Basic earnings per share</b>	18	<b>8.01</b>	6.91
<b>Diluted earnings per share</b>	18	<b>8.01</b>	6.91

This Income Statement should be read in conjunction with the accompany notes

**CONSOLIDATED BALANCE SHEET**

AS AT 30 JUNE 2008

	Note	Consolidated		Parent	
		30/06/08 \$'000	30/06/07 \$'000	30/06/08 \$'000	30/06/07 \$'000
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	6	43,645	51,547	43,642	51,543
Trade and other receivables	7	4,413	2,782	4,413	2,896
Prepayments		15	16	15	17
<b>Total Current Assets</b>		<b>48,073</b>	54,345	<b>48,070</b>	54,456
<b>NON-CURRENT ASSETS</b>					
Investment portfolio	8	394,001	371,491	489,387	466,877
Deferred tax assets	9	498	1,050	497	1,074
<b>Total Non-Current Assets</b>		<b>394,499</b>	372,541	<b>489,884</b>	467,951
<b>Total Assets</b>		<b>442,572</b>	426,886	<b>537,954</b>	522,407
<b>CURRENT LIABILITIES</b>					
Trade and other payables	10	166	170	166	170
Current tax liabilities	11	172	-	172	-
<b>Total Current Liabilities</b>		<b>338</b>	170	<b>338</b>	170
<b>NON-CURRENT LIABILITIES</b>					
Trade and other payables	10	-	-	96,460	96,600
Deferred tax liabilities	12	30,811	43,777	30,811	43,777
<b>Total Non-Current Liabilities</b>		<b>30,811</b>	43,777	<b>127,271</b>	140,377
<b>TOTAL LIABILITIES</b>		<b>31,149</b>	43,947	<b>127,609</b>	140,547
<b>NET ASSETS</b>		<b>411,423</b>	382,939	<b>410,345</b>	381,860
<b>EQUITY</b>					
Share capital	13	322,915	268,834	322,915	268,834
Revaluation reserve	14	67,381	100,128	69,333	102,080
Realised capital gains reserve	15	6,048	2,660	6,048	2,660
Retained profits	16	15,079	11,317	12,049	8,286
<b>Total Equity</b>		<b>411,423</b>	382,939	<b>410,345</b>	381,860

This Balance Sheet should be read in conjunction with the accompanying notes

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

FOR THE YEAR ENDED 30 JUNE 2008

	Note	Consolidated		Parent	
		30/06/08 \$'000	30/06/07 \$'000	30/06/08 \$'000	30/06/07 \$'000
<b>Total equity at the beginning of the year</b>		<b>382,939</b>	275,332	<b>381,860</b>	274,321
Dividends paid	5 (a)	<b>(15,426)</b>	(12,733)	<b>(15,426)</b>	(12,733)
Issue of capital:					
- dividend reinvestment plan	13 (b)	<b>2,644</b>	2,256	<b>2,644</b>	2,256
- rights issue	13 (b)	-	56,988	-	56,988
- share placement	13 (b)	<b>49,300</b>	-	<b>49,300</b>	-
- transaction costs	13 (b)	<b>(1,117)</b>	(374)	<b>(1,117)</b>	(374)
- share purchase plan	13 (b)	<b>3,254</b>	-	<b>3,254</b>	-
<b>Total transactions with equity holders in their capacity as equity holders</b>		<b>38,655</b>	46,137	<b>38,655</b>	46,137
Revaluation of investment portfolio		<b>(46,567)</b>	66,486	<b>(46,567)</b>	66,486
Provision for tax on unrealised gains		<b>13,820</b>	(19,946)	<b>13,820</b>	(19,946)
Net unrealised gains recognised directly in equity	14	<b>(32,747)</b>	46,540	<b>(32,747)</b>	46,540
Profit for the year		<b>22,576</b>	14,930	<b>22,577</b>	14,862
<b>Total recognised income (including unrealised gains) and expense for the year</b>		<b>(10,171)</b>	61,470	<b>(10,170)</b>	61,402
<b>Total equity at the end of the year</b>		<b>411,423</b>	382,939	<b>410,345</b>	381,860

This Statement of Changes in Equity should be read in conjunction with the accompanying notes

**CONSOLIDATED CASH FLOW STATEMENT**

FOR THE YEAR ENDED 30 JUNE 2008

	Note	Consolidated		Parent	
		30/06/08 \$'000	30/06/07 \$'000	30/06/08 \$'000	30/06/07 \$'000
<b>Cash flows from operating activities</b>					
Payments to suppliers and employees		(2,257)	(1,797)	(2,256)	(1,785)
Other receipts in the course of operations		269	74	269	60
Dividends and distributions received		17,461	13,919	17,461	13,919
Interest received		3,736	1,333	3,736	1,249
Income tax refund		-	884	-	141
<b>Net cash inflow from operating activities</b>	17 (a)	<b>19,209</b>	14,413	<b>19,210</b>	13,584
<b>Cash flows from investing activities</b>					
Payment for non current investments		(75,606)	(34,219)	(75,606)	(34,219)
Proceeds from sale of non current investments		10,321	2,697	10,321	2,697
<b>Net cash (outflow) from investing activities</b>		<b>(65,285)</b>	(31,522)	<b>(65,285)</b>	(31,522)
<b>Cash flows from financing activities</b>					
Proceeds from issues of ordinary shares		50,957	56,463	50,957	56,463
Proceeds from borrowings		-	-	-	4,050
Dividends paid	5 (a)	(12,783)	(10,477)	(12,783)	(10,477)
<b>Net cash inflow from financing activities</b>		<b>38,174</b>	45,986	<b>38,174</b>	50,036
<b>Net (decrease)/increase in cash held</b>		<b>(7,902)</b>	28,877	<b>(7,901)</b>	32,098
Cash at the beginning of the year		51,547	22,670	51,543	19,445
<b>Cash at the end of the year</b>	6	<b>43,645</b>	51,547	<b>43,642</b>	51,543

This Cash Flow Statement should be read in conjunction with the accompanying notes

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The financial report of Brickworks Investment Company Limited and controlled entities, and Brickworks Investment Company Limited as an individual parent entity comply with all International Financial Reporting Standards (IFRS) in their entirety.

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

#### **Basis of Preparation**

The accounting policies set out below have been consistently applied to all years presented.

#### *Reporting Basis and Conventions*

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

#### **Accounting Policies**

##### **a. Principles of Consolidation**

A controlled entity is any entity Brickworks Investment Company Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 22 to the financial statements. All controlled entities have a June financial year-end.

All inter-company balances and transactions between entities in the group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

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

Minority equity interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

##### **b. Income Tax**

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008 (continued)

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### b. Income Tax (continued)

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Brickworks Investment Company Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. Each entity in the group recognises its own current and deferred tax liabilities, except for any deferred tax liabilities resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The current tax liability of each group entity is then subsequently assumed by the parent entity. The group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 12 December 2003. The tax consolidated group has entered a tax sharing agreement whereby each group in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

#### c. Financial Instruments

##### **Recognition**

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

##### **Financial assets at fair value through income**

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

##### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

##### **Held-to-maturity investments**

These investments have fixed maturities, and it is the group's intention to hold these investments to maturity. Any held-to-maturity investments held by the group are stated at amortised cost using the effective interest rate method.

##### **Available-for-sale financial assets**

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

##### **Fair value**

Fair value is determined based on current bid prices for all quoted investments.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008 (continued)

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### d. Impairment of Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

#### e. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 12 months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

#### f. Revenue

Sale of investments occur when the control of the right to equity has passed to the buyer.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

#### g. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

#### h. Comparative Figures

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

#### i. Rounding of Amounts

The parent has applied the relief available to it under ASIC Class Order 98/100 and accordingly, amounts in the financial report and directors' report have been rounded off to the nearest \$1,000.

#### **Critical Accounting Estimates and Judgments**

The preparation of this financial report requires the use of certain critical estimates based on historical knowledge and best available current information. This requires the directors and management to exercise their judgement in the process of applying the Group's accounting policies.

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. In accordance with AASB 112: Income Taxes deferred tax liabilities have been recognised for Capital Gains Tax on unrealised gains in the investment portfolio at the current tax rate of 30%.

As the Group does not intend to dispose of the portfolio, this tax liability may not be crystallised at the amount disclosed in Note 12. In addition, the tax liability that arises on disposal of those securities may be impacted by changes in tax legislation relating to treatment of capital gains and the rate of taxation applicable to such gains at the time of disposal.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008 (continued)

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **Critical Accounting Estimates and Judgments (continued)**

Apart from this, there are no other key assumptions or sources of estimation uncertainty that have a risk of causing a material adjustment to the carrying amount of certain assets and liabilities within the next reporting period.

#### **Australian Accounting Standards not yet effective**

The Group has not yet applied any Australian Accounting Standards or Australian Accounting Interpretations that have been issued as at balance date but are not yet mandatory for the year ended 30 June 2008. The impact of these new standards and interpretations has been assessed and is set out below:

1. Revised AASB 101 *Presentation of Financial Statements* and AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB 101*

A revised AASB 101 was issued in September 2007 and is applicable for annual reporting periods beginning on or after 1 January 2009. It requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The Group intends to apply the revised standard from 1 July 2009.

No other non-mandatory standards are considered applicable to the Group.

### 2. REVENUES

	Consolidated		Parent	
	30/06/08 \$'000	30/06/07 \$'000	30/06/08 \$'000	30/06/07 \$'000
Rebateable dividends:				
- other corporations	16,410	12,036	16,410	12,036
Rebateable dividends - special:				
- other corporations	892	1,556	892	1,556
Non - rebateable dividends:				
- other corporations	537	418	537	418
Trust distributions:				
- other corporations	289	177	289	177
Interest income - bank deposits	3,731	1,505	3,731	1,421
Interest income - notes	149	89	149	89
Other revenue	5	14	5	-
<b>Total Income</b>	<b>22,013</b>	15,795	<b>22,013</b>	15,697

### 3. EXPENSES

<b>Operating expenses</b>				
Administration expenses	314	255	313	254
Employment expense	131	131	131	131
Professional fees	143	153	143	153
Management fees	1,418	1,132	1,418	1,132
<b>Total Expenditure</b>	<b>2,006</b>	1,671	<b>2,005</b>	1,670

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008 (continued)

### 4. TAX EXPENSE

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

	Consolidated		Parent	
	30/06/08 \$'000	30/06/07 \$'000	30/06/08 \$'000	30/06/07 \$'000
<b>(a) Operating profit before income tax expense and net gains on investment portfolio</b>	<b>20,007</b>	14,124	<b>20,008</b>	14,027
Tax calculated at 30% (2007:30%)	<b>6,002</b>	4,237	<b>6,002</b>	4,208
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
- Franked dividends and distributions received	<b>(5,190)</b>	(4,078)	<b>(5,190)</b>	(4,078)
- (Over)/Under provision in prior year	<b>7</b>	(55)	<b>7</b>	(55)
Net tax expense on operating profit before net gains on investments	<b>819</b>	104	<b>819</b>	75
Net gains on investments	<b>4,625</b>	1,300	<b>4,625</b>	1,300
Tax calculated at 30% (2007: 30%)	<b>1,388</b>	390	<b>1,388</b>	390
Tax effect of:				
- difference between accounting and tax cost bases for capital gains purposes	<b>(151)</b>	-	<b>(151)</b>	-
Tax expense on net gains on investments	<b>1,237</b>	390	<b>1,237</b>	390
Total Tax expense	<b>2,056</b>	494	<b>2,056</b>	465
<b>Applicable weighted average effective tax rates</b>	<b>8.3%</b>	3.2%	<b>8.3%</b>	3.0%
<b>(b) The components of tax expense comprise:</b>				
Current tax	<b>172</b>	-	<b>172</b>	-
Deferred tax	<b>1,877</b>	549	<b>1,877</b>	520
(Over)/Under provision in prior year	<b>7</b>	(55)	<b>7</b>	(55)
	<b>2,056</b>	494	<b>2,056</b>	465

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008 (continued)

### 5. DIVIDENDS

(a) Dividends paid during the year	Consolidated		Parent	
	30/06/08 \$'000	30/06/07 \$'000	30/06/08 \$'000	30/06/07 \$'000
Final dividend for the year ended 30 June 2007 of 2.7 cents per share (2006: 2.5 cents per share) fully franked at the tax rate of 30%, paid on 31 August 2007	6,811	5,208	6,811	5,208
Special dividend for the year ended 30 June 2006 of 1.0 cents per share fully franked at the tax rate 30%, paid on 31 August 2006	-	2,083	-	2,083
Interim dividend for the year ended 30 June 2008 of 3.0 cents per share (2007: 2.6 cents per share) fully franked at the tax rate 30%, paid on 7 March 2008	8,615	5,442	8,615	5,442
<b>Total</b>	<b>15,426</b>	<b>12,733</b>	<b>15,426</b>	<b>12,733</b>
Dividends paid in cash or invested in shares under the dividend reinvestment plan ("DRP")				
Paid in cash	12,783	10,477	12,783	10,477
Reinvested in shares via DRP	2,643	2,256	2,643	2,256
<b>Total</b>	<b>15,426</b>	<b>12,733</b>	<b>15,426</b>	<b>12,733</b>
<b>Franking Account Balance</b>				
Balance of the franking account after allowing for tax payable in respect of the current year's profits and the receipt of dividends recognised as receivables	6,810	5,764	6,810	5,764
Impact on the franking account of dividends declared but not recognised as a liability at the end of the financial year (b) below	(3,741)	(2,919)	(3,741)	(2,919)
<b>Net available</b>	<b>3,069</b>	<b>2,845</b>	<b>3,069</b>	<b>2,845</b>

### (b) Dividends declared after balance date

Since the end of the financial year the directors have declared a final dividend for the year ended 30 June 2008 of 3.0 cents per share (2007: final 2.7 cents per share) fully franked at the tax rate of 30%, payable on 29 August 2008, but not recognised as a liability at the end of the financial year. The final dividend includes an attributable LIC capital gain of 0.5 cents per share.

### 6. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

Cash at bank	2,623	17,547	2,623	17,543
Short term bank deposits	41,022	34,000	41,019	34,000
	<b>43,645</b>	<b>51,547</b>	<b>43,642</b>	<b>51,543</b>

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2008 (continued)

**7. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES**

	<b>Consolidated</b>		<b>Parent</b>	
	<b>30/06/08</b>	30/06/07	<b>30/06/08</b>	30/06/07
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
Dividends receivable	<b>2,948</b>	2,370	<b>2,948</b>	2,370
Distributions receivable	<b>197</b>	110	<b>197</b>	110
Interest receivable	<b>406</b>	261	<b>406</b>	261
Amounts receivable from controlled entities	-	-	-	114
Outstanding settlements	<b>833</b>	-	<b>833</b>	-
Other receivable	<b>29</b>	41	<b>29</b>	41
	<b>4,413</b>	2,782	<b>4,413</b>	2,896

**8. NON CURRENT ASSETS - INVESTMENT PORTFOLIO**

Listed securities at fair value:				
- Shares in other corporations	<b>394,001</b>	371,491	<b>394,001</b>	371,491
Shares in controlled entities at cost	-	-	<b>95,386</b>	95,386
	<b>394,001</b>	371,491	<b>489,387</b>	466,877

**9. NON CURRENT ASSETS - DEFERRED TAX ASSETS**

The deferred tax asset balance comprises the following timing differences and unused tax losses:

Transaction costs on equity issues	<b>489</b>	417	<b>488</b>	416
Accrued expenses	<b>9</b>	9	<b>9</b>	9
Tax losses	-	624	-	649
	<b>498</b>	1,050	<b>497</b>	1,074

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## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008 (continued)

### 9. NON CURRENT ASSETS - DEFERRED TAX ASSETS (continued)

#### Movements in deferred assets

	Opening Balance \$'000	Credited/ (Charged) to Income Statement \$'000	Credited/ (Charged) to Equity \$'000	Tax Balances Transferred In \$'000	Over Provision \$'000	Closing Balance \$'000
<b>Parent</b>						
Transaction costs on equity issues	566	(310)	160	-	-	416
Accrued expenses	6	3	-	-	-	9
Tax losses	231	477	-	(114)	55	649
<b>Balance as at 30 June 2007</b>	<b>803</b>	<b>170</b>	<b>160</b>	<b>(114)</b>	<b>55</b>	<b>1,074</b>
Transaction costs on equity issues	416	(407)	479	-	-	488
Accrued expenses	9	-	-	-	-	9
Tax losses	649	(617)	-	(25)	(7)	-
<b>Balance as at 30 June 2008</b>	<b>1,074</b>	<b>(1,024)</b>	<b>479</b>	<b>(25)</b>	<b>(7)</b>	<b>497</b>
<b>Consolidated</b>						
Transaction costs on equity issues	567	(310)	160	-	-	417
Accrued expenses	6	3	-	-	-	9
Tax losses	120	449	-	-	55	624
<b>Balance as at 30 June 2007</b>	<b>693</b>	<b>142</b>	<b>160</b>	<b>-</b>	<b>55</b>	<b>1,050</b>
Transaction costs on equity issues	417	(407)	479	-	-	489
Accrued expenses	9	-	-	-	-	9
Tax losses	624	(617)	-	-	(7)	-
<b>Balance as at 30 June 2008</b>	<b>1,050</b>	<b>(1,024)</b>	<b>479</b>	<b>-</b>	<b>(7)</b>	<b>498</b>

### 10. TRADE AND OTHER PAYABLES

	Consolidated		Parent	
	30/06/08 \$'000	30/06/07 \$'000	30/06/08 \$'000	30/06/07 \$'000
<b>Current liabilities</b>				
Creditors and accruals	<b>166</b>	170	<b>166</b>	170
<b>Non current liabilities</b>				
Amount due to controlled entities	-	-	<b>96,460</b>	96,600

### 11. CURRENT TAX LIABILITIES

Provision for income tax	<b>172</b>	-	<b>172</b>	-
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## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008 (continued)

### 12. NON CURRENT LIABILITIES - DEFERRED TAX LIABILITIES

	Consolidated		Parent	
	30/06/08 \$'000	30/06/07 \$'000	30/06/08 \$'000	30/06/07 \$'000
The deferred tax liability balance comprises the following timing differences:				
Revaluation of investments held	30,603	43,617	30,603	43,617
Non rebateable dividend receivable and interest receivable	208	160	208	160
	<b>30,811</b>	<b>43,777</b>	<b>30,811</b>	<b>43,777</b>

#### Movements in deferred tax liabilities

	Opening Balance \$'000	Credited/ (Charged) to Income Statement \$'000	Credited/ (Charged) to Equity \$'000	Tax Balances Transferred In \$'000	Over Provision \$'000	Closing Balance \$'000
<b>Parent</b>						
Revaluation of investment portfolio	23,063	608	19,946	-	-	43,617
Non rebateable dividends receivable and interest receivable	78	82	-	-	-	160
<b>Balance as at 30 June 2007</b>	<b>23,141</b>	<b>690</b>	<b>19,946</b>	<b>-</b>	<b>-</b>	<b>43,777</b>
Revaluation of investment portfolio	43,617	806	(13,820)	-	-	30,603
Non rebateable dividends receivable and interest receivable	160	48	-	-	-	208
<b>Balance as at 30 June 2008</b>	<b>43,777</b>	<b>854</b>	<b>(13,820)</b>	<b>-</b>	<b>-</b>	<b>30,811</b>
<b>Consolidated</b>						
Revaluation of investment portfolio	23,063	608	19,946	-	-	43,617
Non rebateable dividends receivable and interest receivable	78	82	-	-	-	160
<b>Balance as at 30 June 2007</b>	<b>23,141</b>	<b>690</b>	<b>19,946</b>	<b>-</b>	<b>-</b>	<b>43,777</b>
Revaluation of investment portfolio	43,617	806	(13,820)	-	-	30,603
Non rebateable dividends receivable and interest receivable	160	48	-	-	-	208
<b>Balance as at 30 June 2008</b>	<b>43,777</b>	<b>854</b>	<b>(13,820)</b>	<b>-</b>	<b>-</b>	<b>30,811</b>

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2008 (continued)

**13. SHARE CAPITAL**

The Parent does not have an authorised share capital and the ordinary shares on issue have no par value.

<b>(a) Issued and paid-up capital</b>	<b>Consolidated</b>		<b>Parent</b>	
	<b>30/06/08</b>	30/06/07	<b>30/06/08</b>	30/06/07
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
290,966,594 ordinary shares fully paid(2007: 252,247,770)	<b>322,915</b>	268,834	<b>322,915</b>	268,834

<b>(b) Movement in ordinary shares</b>	<b>2008</b>		<b>2007</b>	
	<b>Number of Shares</b>	<b>\$'000</b>	Number of Shares	\$'000
Beginning of the financial year	<b>252,247,770</b>	<b>268,834</b>	208,324,328	209,964
Issued during the year:				
- share placement	<b>34,000,000</b>	<b>49,300</b>	-	-
- rights issue	-	-	42,213,292	56,988
- dividend reinvestment plan	<b>2,007,442</b>	<b>2,644</b>	1,710,150	2,256
- share purchase plan	<b>2,711,382</b>	<b>3,254</b>	-	-
- less net transaction costs		<b>(1,117)</b>		(374)
End of the financial year	<b>290,966,594</b>	<b>322,915</b>	252,247,770	268,834

In September 2007, the Parent issued 34,000,000 fully paid ordinary shares at \$1.45 from an ordinary share placement to raise additional funds to expand its investment portfolio.

Holders of ordinary shares participate in dividends and the proceeds on a 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.

**(c) Capital Management**

The Group's objective in managing capital is to continue to provide shareholders with attractive investment returns through access to a steady stream of fully-franked dividends and enhancement of capital invested, with goals of paying an enhanced level of dividends and providing attractive total returns over the medium to long term.

The Group recognises that its capital will fluctuate in accordance with market conditions and in order to maintain or adjust the capital structure, may adjust the amount of dividends paid, issue new shares from time-to-time or return capital to shareholders.

The Group's capital consists of shareholders equity plus net debt. The movement in equity is shown in the Consolidated Statement of Changes in Equity. At 30 June 2008 net debt was \$ Nil (2007: \$Nil).

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008 (continued)

### 14. REVALUATION RESERVE

The Revaluation reserve is used to record increments and decrements on the revaluation of the investment portfolio.

	Consolidated		Parent	
	30/06/08 \$'000	30/06/07 \$'000	30/06/08 \$'000	30/06/07 \$'000
Balance at the beginning of the year	<b>100,128</b>	53,588	<b>102,080</b>	55,540
Revaluation of investment portfolio	<b>(32,747)</b>	46,540	<b>(32,747)</b>	46,540
Balance at the end of the year	<b>67,381</b>	100,128	<b>69,333</b>	102,080

### 15. REALISED CAPITAL GAINS RESERVE

The Realised capital gains reserve records gains or losses after applicable taxation arising from the disposal of securities in the investment portfolio.

Balance at the beginning of the year	<b>2,660</b>	1,750	<b>2,660</b>	1,750
Net gains on investment portfolio transferred from retained profits	<b>3,388</b>	910	<b>3,388</b>	910
Balance at the end of the year	<b>6,048</b>	2,660	<b>6,048</b>	2,660

### 16. RETAINED PROFITS

Retained profits at the beginning of the year	<b>11,317</b>	10,030	<b>8,286</b>	7,067
Net profit attributable to members of the company	<b>22,576</b>	14,930	<b>22,577</b>	14,862
Net gains on investment portfolio transferred to realised capital gains reserve	<b>(3,388)</b>	(910)	<b>(3,388)</b>	(910)
Dividends provided for or paid	<b>(15,426)</b>	(12,733)	<b>(15,426)</b>	(12,733)
Retained profits at the end of the year	<b>15,079</b>	11,317	<b>12,049</b>	8,286

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008 (continued)

### 17. RECONCILIATION OF CASH FLOW

	Consolidated		Parent	
	30/06/08 \$'000	30/06/07 \$'000	30/06/08 \$'000	30/06/07 \$'000
<b>(a) Reconciliation of cash flow from operating activities to operating profit</b>				
Net Profit from ordinary activities	22,576	14,930	22,577	14,862
Non cash item :				
- net gains on investment portfolio	(4,625)	(1,300)	(4,625)	(1,300)
Change in assets and liabilities, net of the effects of purchase of subsidiaries				
(Increase) / Decrease in receivables and prepayments	(797)	348	(797)	(509)
Increase / (Decrease) in payables	(2)	(58)	(2)	(49)
Increase / (Decrease) in deferred tax liabilities	854	690	854	690
Increase / (Decrease) in current tax liabilities	172	-	172	-
(Increase) / Decrease in deferred tax assets	1,031	(197)	1,031	(110)
Net cash inflow from operating activities	19,209	14,413	19,210	13,584

### (b) Non-cash financing and investing activities

#### i) Dividend reinvestment plan

Under the terms of the dividend reinvestment plan, \$2,644,000 (2007: \$2,256,182) of dividends were paid via the issue of 2,007,442 shares (2007: 1,710,150)

### 18. EARNINGS PER SHARE

	Consolidated	
	30/06/08 \$'000	30/06/07 \$'000
Profit for the year	22,576	14,930
Earnings used in calculating basic and diluted earnings per share	22,576	14,930

	2008	2007
	No. ('000)	No. ('000)
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	281,950	216,074
Basic earnings per share (cents)	8.01	6.91
Diluted earnings per share (cents)	8.01	6.91

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008 (continued)

### 19. AUDITOR'S REMUNERATION

	Consolidated		Parent	
	30/06/08 \$'000	30/06/07 \$'000	30/06/08 \$'000	30/06/07 \$'000
Remuneration of the auditor of the parent entity for:				
(a) Auditing the financial report of the Parent and the controlled entities	29	29	29	29
(b) Taxation services	2	7	2	7
(c) Due diligence investigations	-	2	-	2
	<b>31</b>	<b>38</b>	<b>31</b>	<b>38</b>

### 20. DIRECTORS REMUNERATION

Payment to non-executive directors is fixed at \$300,000 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 Parent and controlled entities in respect of the year to 30 June 2008 were:

	Primary \$	Superannuation \$	Equity Compensation \$	Other Compensation \$	Total \$
RD Millner	40,000	3,600	-	-	43,600
DC Hall	30,000	2,700	-	-	32,700
AJ Payne	25,000	2,250	-	-	27,250
GG Hill	25,000	2,250	-	-	27,250
Total	120,000	10,800	-	-	130,800

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

	2008 \$	2007 \$
Income paid or payable, or otherwise made available to Non-Executive Directors of the consolidated entity in connection with managing the affairs of the Parent and controlled entities		
Fees	120,000	120,000
Superannuation Guarantee amounts	10,800	10,800
	<b>130,800</b>	<b>130,800</b>

Other than the Directors acting in their capacity as directors, the Group had no employees during the year to 30 June 2008.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008 (continued)

### 21. SUPERANNUATION COMMITMENTS

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

### 22. RELATED PARTY TRANSACTIONS

Related parties of the Group fall into the following categories:

#### (i) **Controlled Entities**

##### (a) **Acquisition of controlled entities**

During 2008, the Group did not acquire any controlled entities.

At 30 June 2008, subsidiaries of the Parent were:

	Country of Incorporation	Percentage Owned (%)	
		2008	2007
Brickworks Securities Pty Limited	Australia	100	100
Pacific Strategic Investments Pty Limited	Australia	100	100

Transactions between the Parent and its controlled entities consist of loan balance from the Parent 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.

##### (b) **Disposal of controlled entities**

There was no disposal of controlled entities in 2008 (2007: Nil).

#### (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 2008 were:

Directors:	RD Millner
	DC Hall
	AJ Payne
	GG Hill
Company Secretary:	RJ Pillinger
	G S Bruce
	J de Gouveia

#### **Pitt Capital Partners Limited**

There were no transactions with Pitt Capital Partners Limited during the year (2007: \$125,000).

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008 (continued)

### (ii) Directors/Officers Related Entities (continued)

#### Souls Funds Management Limited

The Group has appointed Souls Funds Management Limited, an entity in which Messrs. RD Millner and GG Hill have 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 Group agrees to pay Souls Funds Management Limited a monthly management fee equal to one-twelfth of 0.35% of the assets of the Group in the preceding month under their management.

Management fees paid or payable for the year ending 30 June 2008 were \$1,417,805 (2007: \$1,132,182); and the management fee owed by the Group to Souls Funds Management Limited at 30 June 2008 was \$126,413 (2007: \$119,187).

#### Corporate and Administrative Services Pty Limited

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

Administration and secretarial fees paid for services provided to the Parent and its controlled entities for the year ending 30 June 2008 were \$111,540 (2007: \$111,540, including GST) and are at standard market rates.

No administration fees were owed by the Group to Corporate & Administrative Services Pty Limited as at 30 June 2008.

### (iii) Transactions in securities

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

	2008	2007
	No. of Shares	No. of Shares
Acquisition - Shares	2,039,795	1,876,434
Disposal - Shares	-	-

During the year ended 30 June 2008, entities related to Directors acquired, under normal commercial terms, shares in the Parent as follows:

- (i) Entities related to Mr RD Millner: 1,989,907 shares (2007: 1,046,365 shares)
- (ii) Entities related to Mr DC Hall: 11,916 shares (2007: 47,231 shares)
- (iii) Entities related to Mr AJ Payne: 33,806 shares (2007: 25,304 shares)
- (iv) Entities related to Mr. GG Hill: 4,166 shares (2007: 757,534 shares)

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

There has been no other change to Directors' shareholdings during the year ended 30 June 2008.

Messrs RD Millner, DC Hall, AJ Payne and GG Hill, or their associated entities, being shareholders are entitled to receive dividends.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008 (continued)

### 23. FINANCIAL REPORTING BY SEGMENTS

The Group operates predominately in the securities industry in Australia.

### 24. MANAGEMENT OF FINANCIAL RISK

The risks associated with the holding of financial instruments such as investments, cash, bank bills and borrowings include market risk, credit risk and liquidity risk. The Audit Committee has approved the policies and procedures that have been established to manage these risks. The effectiveness of these policies and procedures is reviewed by the Audit Committee.

#### a) Financial instruments' terms, conditions and accounting policies

The Group's accounting policies are included in note 1, while the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at the balance date, are included under the appropriate note for that instrument.

#### b) Net fair values

The carrying amounts of financial instruments in the balance sheets approximate their net fair value determined in accordance with the accounting policies disclosed in note 1 to the accounts.

#### c) Credit risk

The risk that a financial loss will occur because counterparty to a financial instrument fails to discharge an obligation is known as credit risk.

The credit risk on the Group's financial assets, excluding investments, is the carrying amount of those assets. The Group's principal credit risk exposures arise from the investment in liquid assets, such as cash and bank bills, and income receivable.

The spread of cash and bank bills between banks is reviewed monthly by the board to determine if it is within agreed limits. Income receivable is comprised of accrued interest and dividends and distributions which were brought to account on the date the shares or units traded ex-dividend.

There are no financial instruments overdue or considered to be impaired.

#### d) Market risk

Market risk is the risk that changes in market prices will affect the fair value of the financial instrument.

The Group is a long term investor in companies and trusts and is therefore exposed to market risk through the movement of the share prices of the companies and trusts in which it is invested.

As the market value of individual companies fluctuates throughout the day, the fair value of the portfolio changes continuously. The change in the fair value of the portfolio is recognised through the Revaluation Reserve. Investments represent 89% (2007: 87%) of total assets.

A 5% movement in the market value of each of the companies and trusts within the portfolio would result in a 4% (2007: 4%) movement in the net assets before provision for tax on unrealised capital gains at 30 June 2008.

The net asset backing before provision for tax on unrealised capital gains would move by 6.8 cents per share at 30 June 2008.

The market value of the portfolio could fall by 25% before any reduction in the value of the portfolio would be recognised through the Income Statement.

The performance of the companies within the portfolio are monitored by the Investment Committee and the Board as a whole.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008 (continued)

### 24. MANAGEMENT OF FINANCIAL RISK (continued)

#### d) Market risk (continued)

The Group seeks to reduce market risk at the investment portfolio level by ensuring that it is not, in the opinion of the Investment Committee, overly exposed to one Group or one particular sector of the market.

At 30 June, the spread of investments is in the following sectors:

Sector	Percentage of total investment		Amount	
	2008 %	2007 %	2008 \$'000	20076 \$'000
Banks	23.21	31.54	101,596	133,438
Energy	20.85	9.69	91,252	40,995
Materials	13.19	11.65	57,719	49,296
Bank deposits	9.97	12.18	43,645	51,547
Food & Staples Retailing	7.22	4.37	31,588	18,488
Diversified Financials	5.15	5.77	22,526	24,417
Insurance	4.49	3.54	19,629	14,976
Commercial Services and Supplies	3.68	3.60	16,105	15,239
Telecommunications Services	2.50	2.54	10,927	10,725
Media	2.20	3.90	9,610	16,479
Utilities	1.73	2.34	7,565	9,894
Food, Beverages & Tobacco	1.31	1.01	5,730	4,290
Consumer Services	1.16	0.61	5,061	2,573
Transportation	1.07	1.74	4,669	7,340
Capital Goods	1.03	4.37	4,494	18,480
Real Estate	0.72	0.31	3,141	1,302
Retailing	0.42	0.00	1,854	-
Consumer Durables and Apparel	0.09	0.12	402	487
Health Care Equipment & Services	0.03	0.02	133	90
Automobile & Components	-	0.14	-	609
Software and Services	-	0.56	-	2,373
	<b>100.0</b>	<b>100.0</b>	<b>437,646</b>	<b>423,038</b>

Securities representing over 5% of the investment portfolio at 30 June were:

Company	Percentage of total investment		Amount	
	2008 %	2007 %	2008 \$'000	20076 \$'000
New Hope Corporation Limited	18.8%	8.2%	\$74,099	\$30,371
National Australia Bank Limited	10.6%	17.3%	\$41,920	\$64,207
BHP Billiton Limited	10.2%	8.2%	\$40,361	\$30,483
Commonwealth Bank	7.4%	10.3%	\$29,307	\$38,193
	<b>47.0%</b>	<b>44.0%</b>	<b>\$185,687</b>	<b>\$163,254</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008 (continued)

### 24. MANAGEMENT OF FINANCIAL RISK (continued)

#### d) Market risk (continued)

The relative weightings of the individual securities and relevant market sectors are reviewed at each meeting of the Investment Committee and the Board, and risk can be managed by reducing exposure where necessary. There are no set parameters as to a minimum or maximum amount of the portfolio that can be invested in a single company or sector.

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

The Group is not exposed to foreign currency risk as all its investments are quoted in Australian dollars. The fair value of the Group's other financial instruments is unlikely to be materially affected by a movement in interest rates as they generally have short dated maturities and fixed interest rates.

#### e) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its financial obligations as they fall due.

The Group has a zero level of gearing, and sufficient cash reserves to meet operating cash requirements at current levels for well in excess of 5 years.

The Group's other major cash outflows are the purchase of securities and dividends paid to shareholders and the level of both of these is fully controllable by the Board.

Furthermore, the majority of the assets of the Group in the form of readily tradable securities which can be sold on-market if necessary.

#### f) Capital risk management

The Group invests its equity in a diversified portfolio of assets that aim to generate a growing income stream for distribution to shareholders in the form of fully franked dividends.

The capital base is managed to ensure there are funds available for investment as opportunities arise. Capital is increased annually through the issue of shares under the Dividend Reinvestment Plan. Other means of increasing capital include Rights Issues, Share Placements and Share Purchase Plans.

### 25. CONTINGENT LIABILITIES

The Group has no contingent liabilities at 30 June 2008.

### 26. AUTHORISATION

The financial report was authorised for issue on 6 August 2008 by the Board of Directors.

## DIRECTORS' DECLARATION

---

The directors of Brickworks Investment Company Limited declare that:

1. The financial statements and notes, as set out on pages 23 to 44, are in accordance with the *Corporations Act 2001* and:
  - a. comply with Accounting Standards and the Corporations Regulations 2001; and
  - b. give a true and fair view of the financial position as at 30 June 2008 and of the performance for the year ended on that date of the company and economic entity.
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 2008.

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

**Robert D Millner**  
**Director**

Sydney  
6 August 2008

## AUDITOR'S REPORT

**TRAVIS & TRAVIS** CHARTERED ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
BRICKWORKS INVESTMENT COMPANY LIMITED**

### Report on the Financial Report

We have audited the accompanying financial report of Brickworks Investment Company Limited (the parent) and Controlled Entities (the consolidated entity), which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the parent and the entities it controlled at the year's end or from time to time during the financial year.

### Director's Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

### Audit Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

### Auditor's Opinion

In our opinion:

- (a) The financial report of Brickworks Investment Company Limited and Controlled Entities is in accordance with 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 2008 and of their performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

### TRAVIS & TRAVIS

**A.J. FAIRALL**  
Partner  
Dated: 6 August 2008

1/114 Longueville Road  
LANE COVE NSW 2066

Liability limited by a scheme approved under Professional Standards legislation.

## AUDITOR'S INDEPENDENCE DECLARATION

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**TRAVIS & TRAVIS** CHARTERED ACCOUNTANTS

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### **Auditor's 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 2008 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**

**Dated: 6 August 2008**

**1/114 Longueville Road, Lane Cove NSW**

## ASX Additional Information

### 1) Equity Holders

At 31 July 2008, there were 8,466 holders of ordinary shares in the capital of the Parent. These holders were distributed as follow:

No. of Shares held	No. of Shareholders
1 – 1,000	364
1,001 – 5,000	1,539
5,001 – 10,000	1,492
10,001 – 100,000	4,781
100,001 and over	290
<b>Total</b>	<b>8,466</b>
Holding less than a marketable parcel of 385 shares	189

### 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).

## ASX Additional Information (continued)

The 20 largest holdings of the Company's share as at 31 July 2008 are listed below:

Name	Shares Held	%
Brickworks Limited	51,721,775	17.78%
Washington H Soul Pattinson & Co Ltd	7,671,387	2.64%
Bougainville Copper Limited	7,297,357	2.51%
Argo Investments Limited	6,477,402	2.23%
J S Millner Holdings Pty Limited	2,388,523	0.82%
Aust Executor Trustees Ltd <LIC Fund A/C>	2,244,035	0.77%
Palmerston Pty Ltd	1,372,092	0.47%
UBS Wealth Management Australia Nominees Pty Ltd	1,257,172	0.43%
T G Millner Holdings Pty Limited	1,090,731	0.37%
Mr Galfrid Leslie Melville	957,043	0.33%
Willpower Investments Pty Ltd	856,920	0.29%
Mr David McKee & Mrs Pamela Forbes McKee <D McKee Super Fund A/C>	842,331	0.29%
Trehant Pty Ltd	840,000	0.29%
McRallek Pty Ltd	735,852	0.25%
K C Perks Investments Pty Ltd <Kym C Perks Super Fund A/C>	709,710	0.24%
Mr Robert Dobson Millner & Mr Michael Millner <Est James S Millner A/C>	703,243	0.24%
Janivan Investments Pty Ltd	700,000	0.24%
RBC Dexia Investor Services Australia Nominees Pty Limited <MLCI A/C>	689,456	0.24%
DEC Investments Pty Ltd	656,408	0.23%
Millane Pty Ltd	649,099	0.22%
<b>Total top 20 security holders</b>	<b>89,860,536</b>	<b>30.88%</b>
<b>Total number of shares on Issue</b>	<b>290,966,594</b>	

### 2) Substantial Shareholders

As at 31 July 2008 the name and holding of substantial shareholder as disclosed in a notice received by the company is:

Substantial Shareholders	No. of Shares	% of Total
Brickworks Limited	51,721,775	17.78%

### 3) Other Information

- There is no current on-market buy-back in place.
- There were 417 (2007: 187) transactions in securities undertaken by the Parent and the total brokerage paid or accrued during the year was \$292,959 (2007: \$104,002)

### 4) Management Fees

Management fees paid and accrued during the year ended 30 June 2008 to Souls Funds Management Limited were \$1,417,805 (2007: \$1,132,182).

### 5) Management Expense Ratio

The Management Expense Ratio ("MER") is the total expenses of the Group for the financial year, as shown in the income statement, expressed as a percentage of the average total assets of the Group for the financial year.

30/06/04	30/06/05	30/06/06	30/06/07	30/06/08
0.69%	0.71%	0.56%	0.46%	0.46%

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