WASHINGTON H SOUL PATTINSON
AND COMPANY LIMITED

ABN: 49 000 002 728
Level 1, 160 Pitt Street Mall Sydney NSW 2000 Australia
GPO Box 479, Sydney NSW 2001 T: (02) 9232 7166 F: (02) 9235 1747

5 November 2014

The Manager
Company Announcements
Australian Securities Exchange

Dear Sir/Madam

2014 Annual Report and Annual General Meeting

Please be advised that the company has dispatched to its shareholders its 2014 Annual Report, along with the following:

- Invitation to attend the Annual General Meeting
- Notice of Annual General Meeting
- Annual General Meeting Explanatory Notes
- Proxy Form

Copies of all documents dispatched including a sample proxy form are attached.

Yours faithfully

I.D. Bloodworth
Company Secretary

WASHINGTON H SOUL PATTINSON
AND COMPANY LIMITED

ABN 49 000 002 728

Level 1, 160 Pitt Street Mall, Sydney NSW 2000 Australia
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3 November 2014

Discover more about the WHSP Group

Dear Shareholder

On behalf of the Board of Directors of Washington H. Soul Pattinson and Company Limited, I am pleased to invite you to attend the 2014 Annual General Meeting. The meeting will be held in the Wesley Theatre, Wesley Conference Centre, 220 Pitt Street, Sydney on Friday, 5 December 2014 at 12 noon.

Displays showcasing the operations of a number of WHSP's subsidiary and associated companies will be open for viewing from 10.45am outside the meeting room. Representatives from the companies will be available to answer any queries you might have.

Inside the meeting room, **a video showing the activities of subsidiary and associated companies will be screened**.

WHSP Directors will also be attending from 10.45am.

Morning tea will be served from 10.45am.

Please find enclosed the Notice of Meeting which sets out the items of business for the meeting. Also enclosed are Explanatory Notes in respect of the Notice and a Proxy Form.

The Board encourages all Shareholders to attend and participate in the meeting.

If you are attending the meeting, and will not be appointing a proxy, please bring the Proxy Form with you to assist the admission process.

Shareholders who do not plan to attend the meeting are encouraged to complete and return their Proxy Form to Advanced Share Registry in the prepaid envelope provided or by facsimile as detailed on the Proxy Form.

I look forward to seeing you at the meeting.

Yours sincerely,

Robert Millner,
Chairman

A.B.N. 49 000 002 728
LEVEL 1, 160 PITT STREET MALL
SYDNEY NSW 2000

112th ANNUAL GENERAL MEETING
5 December 2014

Notice is hereby given that the 112th Annual General Meeting of Shareholders of Washington H. Soul Pattinson and Company Limited will be held in **The Wesley Theatre, Wesley Conference Centre, 220 Pitt Street, Sydney on Friday, 5 December 2014 at 12 noon.**

ORDINARY BUSINESS

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 31 July 2014.

2. Remuneration Report

   To adopt the Remuneration Report for the year ended 31 July 2014.

   Note: Votes cast on this resolution are advisory only and are not binding on the Company or its Directors. However, certain provisions of the Corporations Act, known as the "two strikes" rule, come into effect if the Remuneration Report resolution receives "against" votes of 25% or more of the votes cast at two consecutive Annual General Meetings.

   Please refer to the attached Explanatory Notes for information regarding voting by key management personnel.

   The Chairman of the meeting intends to vote all undirected proxies in favour of item 2.

3. Re-election of Directors

   a) To consider the re-election of Mr. Thomas C.D. Millner as a Director, who retires by rotation in accordance with clause 37.1 of the Company's Constitution and, being eligible, offers himself for re-election.

   The Chairman of the meeting intends to vote all undirected proxies in favour of item 3a.

   b) To consider the re-election of Mr. Warwick M. Negus as a Director, who retires in accordance with clause 35.4 of the Company's Constitution and, being eligible, offers himself for re-election.

   The Chairman of the meeting intends to vote all undirected proxies in favour of item 3b.

   c) To consider the re-election of Ms. Melinda R. Roderick as a Director, who retires in accordance with clause 35.4 of the Company's Constitution and, being eligible, offers herself for re-election.

   The Chairman of the meeting intends to vote all undirected proxies in favour of item 3c.

SUBSIDIARY AND ASSOCIATED COMPANIES

Commencing at 10.45am displays by a number of the Company's subsidiary and associated companies will be open in the area outside the meeting room. Representatives from the companies will be available to answer any queries you might have. Inside the meeting room a video showing the activities of the subsidiary and associated companies will be screened.

By order of the Board

I.D. Bloodworth
Company Secretary
3 November 2014

A.B.N. 49 000 002 728
LEVEL 1, 160 PITT STREET MALL
SYDNEY NSW 2000

ANNUAL GENERAL MEETING EXPLANATORY NOTES

Voting Entitlements

For the purpose of the Corporations Act, the Company has determined that all securities of the Company that are quoted securities at 7.00pm on Wednesday, 3 December 2014 will be taken, for the purpose of the meeting, to be held by the persons who held them at that 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 vote at the meeting may appoint a Proxy to attend and vote in their place.

Item 1. – Receive and consider the financial and other reports for the year ended 31 July 2014.

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 Auditor of the Company will be present at the meeting and will also be available to answer questions.

Item 2. – Adopt the Remuneration Report for the year ended 31 July 2014. (ordinary resolution)

The Corporations Act requires that the Remuneration Report be presented to the Shareholders of the Company for consideration and adoption.

The Directors' Report contains within it, a separate and clearly identified section entitled 'Remuneration Report (Audited)'.

Pursuant to section 250R(3) of the Corporations Act the vote on this resolution is advisory only and does not bind the Company or the Directors. However, certain provisions of the Corporations Act, known as the "two strikes" rule, may come into effect.

Under this rule if the Remuneration Report resolution receives "against" votes of 25% or more of the votes cast at two consecutive Annual General Meetings a resolution must be put to shareholders at the second Annual General Meeting to consider whether a further Shareholders' meeting is to be held, within 90 days, to spill and consider the re-election of the Directors other than the Executive Director.

Shareholders will be given a reasonable opportunity, as a whole, to ask questions about, and make comments on, the Remuneration Report.

Voting Prohibition Statement

In accordance with the Corporations Act, a vote on item 2 must not be cast (in any capacity) by or on behalf of any of the following persons:

a) a member of the key management personnel, details of whose remuneration are included in the Remuneration Report; or

b) a closely related party of such a member,

except where such a person does so as proxy (providing the vote is not cast on behalf of a person described in (a) or (b) above) and, either:

- the proxy appointment specifies how the proxy is to vote on item 2; or
- where the proxy appointment does not specify how the proxy is to vote on item 2, the proxy (including by default) is the Chairman of the meeting and the appointment expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member(s) of the Company's key management personnel.

The Directors unanimously recommend that Shareholders vote in favour of item 2.

The Chairman of the meeting intends to vote all undirected proxies in favour of item 2.

A.B.N. 49 000 002 728
LEVEL 1, 160 PITT STREET MALL
SYDNEY NSW 2000

ANNUAL GENERAL MEETING EXPLANATORY NOTES

Item 3a. – Re-election of Director. (ordinary resolution)

Thomas Charles Dobson Millner B.Des(Industrial), GDipAppFin(Finsia), FFin, G.A.I.C.D.

Non-executive Director since January 2011 and member of the Nomination Committee.

Mr Millner's experience includes management of investment portfolios, research and analysis of listed equities and business development. Mr Millner is the Chief Executive Officer of BKI Investment Company Limited (BKI). He joined BKI in 2008 from Souls Funds Management Limited where he was responsible for the investment portfolio of BKI.

Mr Millner has a Bachelor of Industrial Design degree and a Graduate Diploma in Applied Finance. He is a Fellow of the Financial Services Institute of Australasia and a Graduate of the Australian Institute of Company Directors.

Other current listed company directorships:

- PM Capital Global Opportunities Fund Limited – Appointed 2013

Former listed company directorships in the past three years:

- Exco Resources Limited – Appointed November 2012 (company delisted January 2013)

The Directors (with Mr. Thomas Millner abstaining) support the re-election and unanimously recommend that Shareholders vote in favour of item 3a.

The Chairman of the meeting intends to vote all undirected proxies in favour of item 3a.

Item 3b. – Re-election of Director. (ordinary resolution)

Mr. Warwick Martin Negus B.Bus.(UTS), M.Com.(UNSW), SFFin.

Non-executive Director since 1 November 2014 and member of the Audit, Nomination and Remuneration Committees.

Mr. Negus has over 20 years experience in the banking and finance sectors including both senior management and director roles. He has extensive experience in managing equity and property portfolios.

Mr. Negus has a Bachelor of Business Degree from the University of Technology Sydney and a Master of Commerce from the University of New South Wales. He is a Senior Fellow of the Financial Services Institute of Australasia (FINSIA).

Mr. Negus is also a director of FINSIA, Tantallon Capital Advisors Pte. Limited and Terrace Tower Group Pty. Limited. He is a Member of the Council of UNSW and the Sydney Advisory Board of the Salvation Army.

The Directors (with Mr. Warwick Negus abstaining) support the re-election and unanimously recommend that Shareholders vote in favour of item 3b.

The Chairman of the meeting intends to vote all undirected proxies in favour of item 3b.

Item 3c. – Re-election of Director. (ordinary resolution)

Ms. Melinda Rose Roderick B.Ec., C.A.

Finance Director since 1 November 2014.

Ms. Roderick has over 24 years accounting and operational experience having previously held senior financial roles within the financial services and insurance sectors including eight years as an external auditor within a chartered accounting practice.

She joined WHSP in 2006 as the Chief Financial Officer and has a comprehensive understanding of the Company's complex accounting matters. In this role she has provided valuable input to the Board.

Ms. Roderick is a member of the Institute of Chartered Accountants and holds a Bachelor of Economics Degree from Macquarie University.

The Directors (with Ms. Melinda Roderick abstaining) support the re-election and unanimously recommend that Shareholders vote in favour of item 3c.

The Chairman of the meeting intends to vote all undirected proxies in favour of item 3c.

A.B.N. 49 000 002 728
LEVEL 1, 160 PITT STREET MALL
SYDNEY NSW 2000

ANNUAL GENERAL MEETING EXPLANATORY NOTES

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 and return their proxy form to Advanced Share Registry in the prepaid envelope provided or by facsimile as detailed on the proxy form.

QUESTIONS AND COMMENTS BY SHAREHOLDERS AT THE MEETING

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:

- the conduct of the audit;
- the preparation and content of the Auditor's Report;
- the accounting policies adopted by the Company in relation to the preparation of the financial statements; or
- 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:

- the content of the Auditor's Report to be considered at the meeting; or
- the conduct of the audit of the annual financial statements to be considered at the meeting.

Relevant written questions to the Auditor must be received no later than 5.00pm (Sydney time) on 24 November 2014.

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

Please send any written questions for the Auditor to:

The Company Secretary

Washington H. Soul Pattinson and Company Limited

GPO Box 479, SYDNEY NSW 2001

or by facsimile to: (02) 9233 1025, outside of Australia: +61 (2) 9233 1025

A.B.N. 49 000 002 728

☐ **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.

HIN/SRN

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

PLEASE NOTE: This proxy is solicited on behalf of the management of Washington H Soul Pattinson and Company Limited ABN 49 000 002 728 (the "Company") for use at the meeting of the shareholders of the Company to be held at Wesley Theatre, Wesley Conference Centre, 220 Pitt Street, Sydney NSW 2000 on 5 December 2014 at 12:00pm (AEDT) or any adjournment thereof (the "Meeting").

I/We being a member/s of **Washington H Soul Pattinson and Company Limited** hereby appoint

☐ **the Chairman of the meeting** **OR** ____________

PLEASE NOTE: If you leave this box blank, the Chairman of the Meeting will be your proxy.

or failing the individual(s) or body corporate(s) named, or if no individual(s) or body corporate(s) 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, and to the extent permitted by law, as the proxy sees fit) at the Meeting and at any adjournment or postponement of the Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Item 2 (except where I/we have indicated a different voting intention below) even though Item 2 is to approve the Remuneration Report and connected directly or indirectly with the remuneration of a member(s) of key management personnel, which includes the Chairman.

If you have not appointed the Chairman of the Meeting as your proxy and you are appointing a second proxy please complete the following: Proxy 1 is appointed to represent __________% of my voting right and Proxy 2 is appointed to represent __________% of my total votes. My total voting right is __________ shares.

PLEASE NOTE: *If the appointment does not specify the proportion or number of votes that the proxy may exercise, each proxy may exercise half the votes.*

With respect to any amendment or variations to the matters identified in the Notice of Meeting and any other matters which may properly come before the Meeting, I/we confer discretionary authority on the person voting on behalf of me/us to vote as that person sees fit. At the time of printing this Form of Proxy, the Company knows of no such amendment, variation or other matter.

STEP 2 Items of Business

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

If you wish to direct how your proxy is to vote, please cross the appropriate boxes below.	FOR	AGAINST	ABSTAIN
Item 2: To adopt the Remuneration Report for the year ended 31 July 2014	☐	☐	☐
Item 3a: To re-elect Mr Thomas C.D. Millner as a Director of the Company	☐	☐	☐
Item 3b: To re-elect Mr Warwick M. Negus as a Director of the Company	☐	☐	☐
Item 3c: To re-elect Ms Melinda R. Roderick as a Director of the Company	☐	☐	☐

The Chairman of the meeting intends to vote all undirected proxies available to him in favour of each of the resolutions.

SIGN Signing by member

This section **must** be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Member 1	Member 2 (if joint holding)	Member 3 (if joint holding)	
			/ /
Sole Director and Sole Secretary	Director/Company Secretary	Director	Date

A.B.N. 49 000 002 728

Lodge your vote:

By Mail:
Advanced Share Registry Limited
PO Box 1156
Nedlands WA 6909

Alternatively you can fax your form to
(Within Australia) (08) 9262 3723
(Outside Australia) +618 9262 3723

For all enquiries call:

Telephone:
(Within Australia) (08) 9389 8033
(Outside Australia) +618 9389 8033
Email: admin@advancedshare.com.au

Proxy Form

Instructions

1. Every shareholder has the right to appoint some other person or company of their choice, who need not be a shareholder, to attend and act on their behalf at the Meeting. If you wish to appoint a person or company other than the Chairman, please insert the name of your proxyholder(s) in the space provided (see reverse).
2. If the securities are registered in the name of more than one owner (for example, joint ownership, trustees, executors, etc), then all those registered should sign this proxy. If you are voting on behalf of a corporation or another individual you may be required to provide documentation evidencing your power to sign this proxy with signing capacity stated.
3. This proxy should be signed by the shareholder/s as named on this proxy.
4. If a shareholder appoints two proxies, each proxy may be appointed to represent a specific proportion of the shareholder's voting rights. If such appointment is not made then each proxy may exercise half of the shareholder's voting rights. Fractions shall be disregarded.
5. Completion of a proxy form will not prevent individual shareholders from attending the Meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the Meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the Meeting.
6. To be effective, proxies must be delivered by shareholders as follows:
   Shareholders must deliver their proxies prior to 12.00pm (AEDT) on 3 December 2014 by mail to PO Box 1156, Nedlands, 6909, Western Australia, by facsimile at (08) 9262 3723 or by hand to the Share Registry of the Company at 110 Stirling Hwy, Nedlands, Western Australia, 6009.
7. For the purposes of Regulation 7.11.37 of the Corporations Regulations the Company determines that shareholders holding shares at 7.00pm (AEDT) on 3 December 2014 will be entitled to attend and vote at the Meeting.
8. The Chairman intends to vote in favour of all resolutions as set out in the Notice of Meeting.
9. This proxy confers discretionary authority in respect of amendments to matters identified in the Notice of Meeting or other matters that may properly come before the Meeting.
10. This proxy should be read in conjunction with the accompanying documentation provided by the Company.
11. The shares represented by this proxy will be voted or withheld from voting in accordance with the instructions of the shareholder on any poll that may be called for, and if the shareholder has specified a choice in respect of any matter to be acted upon, the shares will be voted accordingly.

Turn over to complete the form ➔

Washington H. Soul Pattinson and Company Limited

A.B.N. 49 000 002 728

ASX Code: SOL

Annual Report 2014

Company Profile

Washington H. Soul Pattinson and Company Limited (WHSP) was incorporated on 21 January 1903 having previously traded as two separate companies, Pattinson and Co. and Washington H. Soul and Co.

Following a public offering of shares, WHSP was listed on the Sydney Stock Exchange (now the Australian Securities Exchange) on 21 January 1903.

OVER 100 YEARS AS A LISTED PUBLIC COMPANY

When Caleb Soul and his son Washington opened their first store at 177 Pitt Street, Sydney, in 1872 neither of them could have envisaged that 142 years later their single pharmacy would have evolved into a company as prominent and diversified as WHSP.

WHSP is now a significant investment house with a portfolio encompassing many industries including its traditional field of pharmaceuticals, as well as coal mining, building materials, copper mining and refining, equity investments, property investment, telecommunications and corporate consulting.

OBJECTIVE

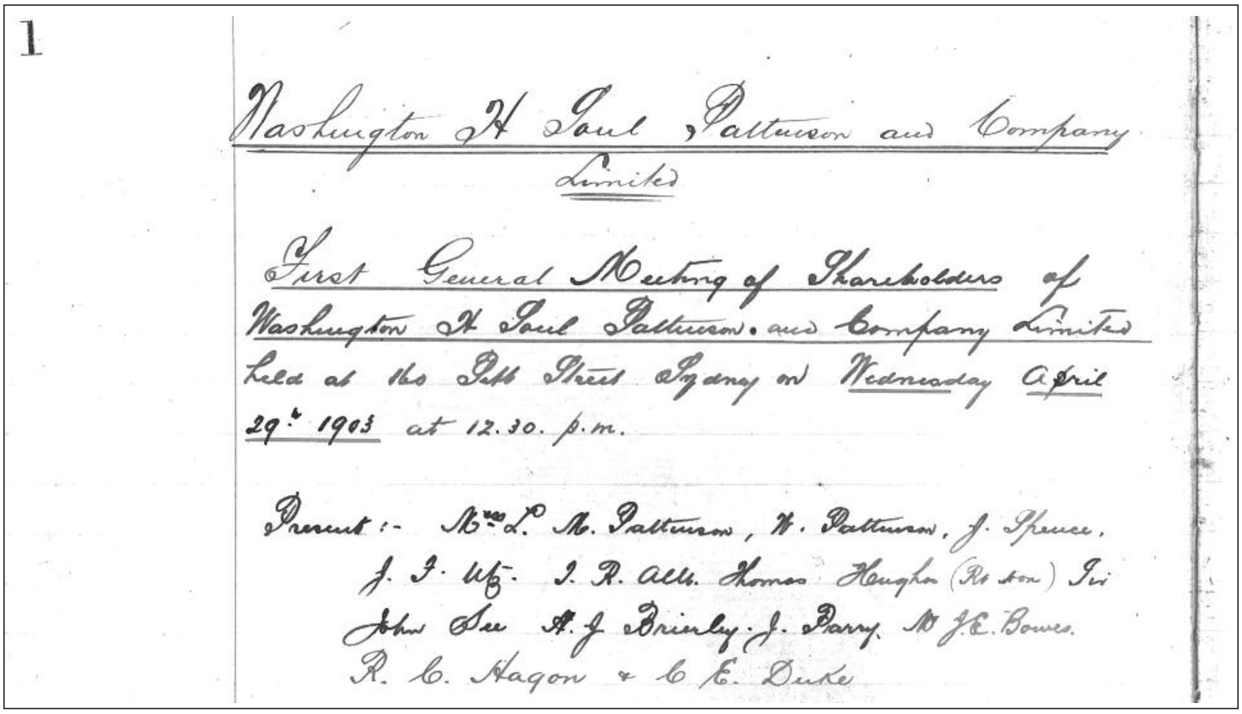
WHSP's objective is to hold a diversified portfolio of assets which generate a growing income stream for distribution to Shareholders in the form of increasing fully franked dividends and to provide capital growth in the value of the Shareholders' investments.

DIVIDEND POLICY

Ordinary dividends are generally paid out of regular profits.

Special dividends are generally paid out of profits from non-regular items. Non-regular items typically include those which are outside of the normal course of business or are of an unusually large size.

Minutes of the first General Meeting of Shareholders of:
Washington H. Soul Pattinson and Company Limited
29th April 1903



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Washington H Soul Pattinson and Company
Limited

First General Meeting of Shareholders of
Washington H Soul Pattinson and Company Limited
held at 160 Pitt Street Sydney on Wednesday April
29th 1903 at 12.30. p.m.

Present :- Messrs L. M. Pattinson, W. Pattinson, J. Spence,
J. J. Utz. J. R. Alls. Thomas Hughes (Rt Hon) Sir
John See A. J. Brierly. J. Parry. Mr J.E. Bowes.
R. C. Hagon & C. E. Duke

Profit for the six months to 28 February 1903 £5,802-0-5d * Dividend Declared £4,800-0-0d

Total Assets 28 February 1903 £161,255-14-5d * Shareholders' Equity 28 February 1903 £125,802-0-5d

Contents and Corporate Directory

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CORPORATE CALENDAR

Final Dividend	
Record date	17 November 2014
Payment date	8 December 2014
Annual General Meeting	5 December 2014 at 12.00 noon The Wesley Theatre Wesley Conference Centre 220 Pitt Street, Sydney

DIRECTORS

Robert D Millner	Chairman - Non-Executive Director
Peter R Robinson	Executive Director
David J Fairfull	Non-Executive Director
Michael J Hawker	Non-Executive Director
Thomas C D Millner	Non-Executive Director
Robert G Westphal	Non-Executive Director
David E Wills	Non-Executive Director
Appointments effective 1 November 2014	
Warwick M Negus	Non-Executive Director
Melinda R Roderick	Finance Director

CHIEF FINANCIAL OFFICER

Melinda R Roderick

COMPANY SECRETARY

Ian D Bloodworth

AUDITORS

Moore Stephens Sydney

Performance Highlights

CONSOLIDATED FINANCIAL PERFORMANCE

	2014 $'000	2013 $'000
Profit after tax attributable to shareholders	**131,729**	105,421
Regular profit after tax* attributable to shareholders	**123,205**	160,663

DIVIDENDS PAID/DECLARED

Interim Dividend	**19 cents**	18 cents
Final Dividend	**29 cents**	28 cents
Total Dividends	**48 cents**	46 cents

PARENT COMPANY

Total shareholder return	Total Return Per Annum				
	1 Year	**3 Years**	**5 Years**	**10 Years**	**15 Years**
Washington H. Soul Pattinson and Company Limited (WHSP)	15.7%	8.8%	10.3%	11.5%	13.0%

WHSP continues to deliver very attractive long term returns to its shareholders.

The above WHSP returns are measured using the share price movement over the period and assume the reinvestment of all dividends. These returns do not include the benefits of franking credits.

* Regular profit after tax is a non-statutory profit measure and represents profit from continuing operations before non-regular items. A reconciliation to statutory profit is included in the Consolidated Financial Statements – Note 3, Segment information.

Chairman's Review

Dear Shareholders,

I am pleased to present the 2014 Annual Report for Washington H. Soul Pattinson and Company Limited (WHSP, Parent Company) on behalf of the Board of Directors of the Parent Company.

Consolidated Financial Performance

The profit after tax attributable to shareholders for the year ended 31 July 2014 was $131.7 million, an increase of 25.0% over the $105.4 million for 2013.

The regular profit after tax* (excluding non-regular items) was $123.2 million, 23.3% lower than the $160.7 million for 2013. The result was driven by; higher contributions from Brickworks Limited and TPG Telecom Limited; a positive contribution from the Australian Logistics Property Fund; a lower contribution from New Hope Corporation Limited; and a loss from CopperChem Limited.

WHSP's diversified portfolio of investments continues to provide it with protection against the variability of results from different sectors of the economy. This year, improved results in telecommunications, building products and property have largely offset lower results from resources.

The net profit from non-regular items was $8.5 million, compared with a loss of $55.2 million in 2013.

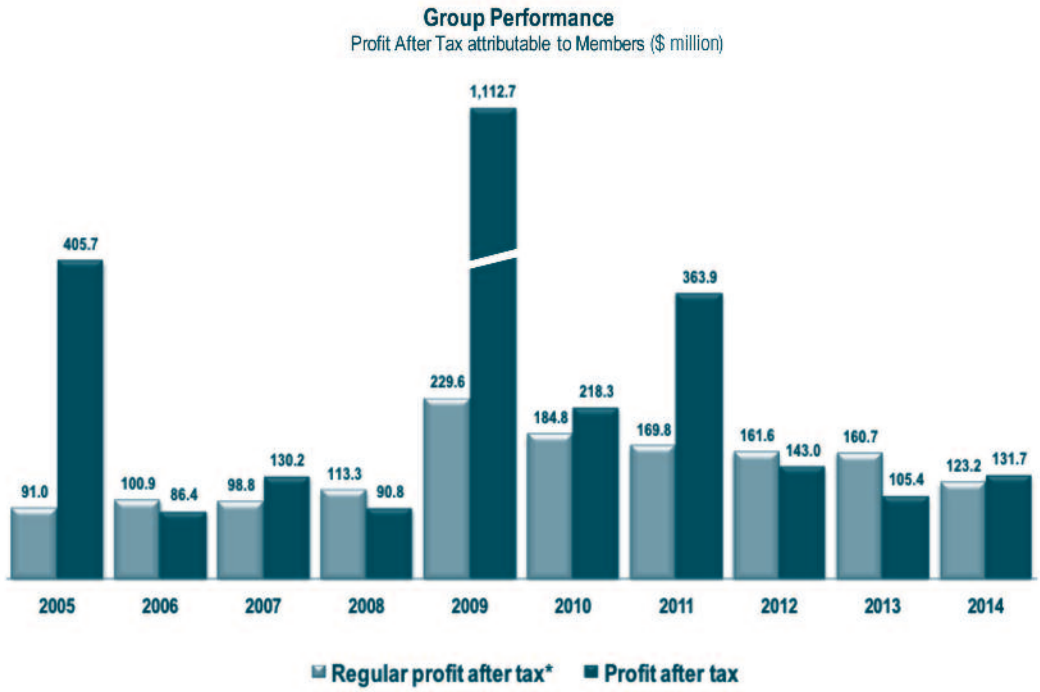
Comparisons with the prior year are as follows:-

	2014 $'000	2013 $'000	% Change
Revenue from continuing operations	**658,116**	**791,315**	- 16.8%
Profit after tax attributable to shareholders	**131,729**	**105,421**	+ 25.0%
Regular profit after tax* attributable to shareholders	**123,205**	**160,663**	- 23.3%
Interim Dividend (paid in May each year)	**19 cents**	**18 cents**	+ 5.6%
Final Dividend	**29 cents**	**28 cents**	+ 3.6%
Total Dividends	**48 cents**	**46 cents**	+ 4.3%

* Regular profit after tax is a non-statutory profit measure and represents profit from continuing operations before non-regular items. A reconciliation to statutory profit is included in the Consolidated Financial Statements – Note 3, Segment Information.

Historical Performance

The chart below shows the Group regular profit after tax* (excluding non-regular items) and the Group profit after tax (including non-regular items) over the last 10 years.

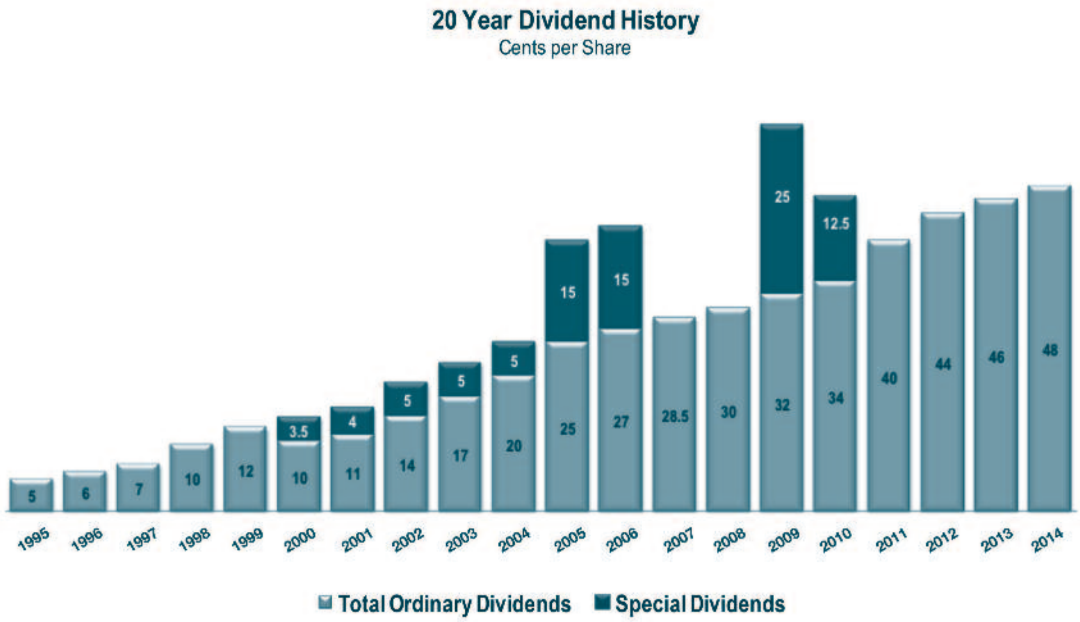


Non-regular Items

Non-regular items typically include those which are outside of the normal course of business or are of an unusually large size.

Dividends

The chart below shows the ordinary and special dividends paid or declared by the Parent Company over the last 20 years.



* Regular profit after tax is a non-statutory profit measure and represents profit from continuing operations before non-regular items. A reconciliation to statutory profit is included in the Consolidated Financial Statements – Note 3, Segment information.

Chairman's Review (continued)

Final Dividend

The Directors have declared a fully franked final dividend of 29 cents per share in respect of the year ended 31 July 2014 (2013: 28 cents fully franked). This brings total dividends for the year to 48 cents fully franked (2013: 46 cents fully franked).

The record date for the final dividend will be 17 November 2014 with payment due on 8 December 2014.

The Directors consider the regular profit after tax* to be the underlying profit of the Group. Accordingly, interim and final dividends are declared and paid based on that profit.

The Company receives dividends from its investments and interest from funds on deposit. This year it will pay out, as dividends, 81.8% of the ordinary dividends and interest received net of regular operating costs (2013: 78.5%). WHSP's strong balance sheet and cash flows enable it to continue to deliver reliable cash returns to its shareholders in the form of fully franked dividends.

Parent Company Investments

As at 31 July 2014 WHSP held listed equity investments valued at $4.47 billion. Details of the largest investments, which also represented significant holdings in those companies, are included below.

As at 31 July 2014 (including controlled and associated entities)	**WHSP Holdings**	**Value of WHSP's Holding $ million**	**Total Market Capitalisation of each investment $ million**
Listed Investments at Market Value			
New Hope Corporation Limited	59.7%	1,487	2,493
TPG Telecom Limited	26.9%	1,178	4,381
Brickworks Limited	44.3%	939	2,117
BKI Investment Company Limited	11.8%	105	891
Aust. Pharmaceutical Industries Limited	24.6%	72	293
Ruralco Holdings Limited	20.6%	55	266
Apex Healthcare Berhad	30.3%	46	153
Clover Corporation Limited	28.6%	20	69
		3,902	
Other Listed Investments		572	
Parent Company Listed Investments		**4,474**	

The cost of acquiring these assets was $851.7 million and any gains on disposal would be subject to tax.

Cash - Parent Company and wholly-owned subsidiaries

As at 31 July 2014	**$ million**
Cash and Deposits	161

* Regular profit after tax is a non-statutory profit measure and represents profit from continuing operations before non-regular items. A reconciliation to statutory profit is included in the Consolidated Financial Statements – Note 3, Segment information.

Chairman's Review (continued)

Changes to the Board of Directors

Since the end of the financial year we have announced a number of changes to the Board of Directors.

Mr. Warwick Negus will join the Board on 1 November 2014 as a Non-executive Director. Warwick has over 20 years experience in the banking and finance sectors including both senior management and director roles. He has extensive experience in managing equity and property portfolios.

He has a Bachelor of Business Degree from the University of Technology Sydney and a Master of Commerce from the University of New South Wales. He is a Senior Fellow of the Financial Services Institute of Australasia (FINSIA).

He is also a director of FINSIA, Miller Street Partners Pty. Limited, Tantallon Capital Advisors Pte. Limited and Terrace Tower Group Pty. Limited.

Ms. Melinda Roderick will join the Board on 1 November 2014 as a Finance Director. Melinda has over 24 years accounting and operational experience having previously held senior financial roles within the financial services and insurance sectors including eight years as an external auditor within a chartered accounting practice.

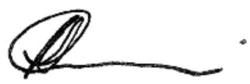
She joined WHSP in 2006 as the Chief Financial Officer and has a comprehensive understanding of the Company's complex accounting matters. In this role she has provided valuable input to the Board.

Ms. Roderick is a member of the Institute of Chartered Accountants and holds a Bachelor of Economics Degree from Macquarie University.

Mr. David Fairfull will retire by rotation from the Board at this year's Annual General Meeting on 5 December and will not be standing for re-election. David joined the Board in 1997 and has served on various Board committees. On behalf of the Board, I wish to thank David for his dedication and significant contribution to the Company over the past 17 years.

Mr. Peter Robinson will be retiring from his position as Executive Director of the Company at the end of March 2015. Mr. Todd Barlow will become the Chief Executive Officer of the Company following Mr. Robinson's retirement. Todd is currently the Managing Director of Pitt Capital Partners Limited and has an in depth knowledge of WHSP and its investments.

On behalf of the Board, I wish to thank the management and staff of the Washington H. Soul Pattinson Group for their contribution during the year. I would also like to thank you, the Shareholders, for your continued support.



R D Millner
Chairman

Review of Group Entities

Parent Company

The market value of the listed equities held, including controlled entities and associates, was $4.47 billion as at 31 July 2014. The cost of acquiring these assets was $851.7 million and any gains on disposal would be subject to tax.

Excluding controlled entities and associates, the market value of listed equities was $572.3 million at 31 July 2014. Under the Group's accounting policies, movements in the market values of investment portfolio assets are taken up in other comprehensive income or reflected within the profit for the period as impairments. Movements in the market values of trading portfolio assets are taken up within the profit for the period.

Listed investments based on market value as at 31 July 2014
(excluding controlled and associated entities)

	Market Value $ million
Milton Corporation Limited	156
Commonwealth Bank of Australia	66
BHP Billiton Limited	56
Perpetual Limited	30
National Australia Bank Limited	28
Telstra Corporation Limited	21
Wesfarmers Limited	20
Bank of Queensland Limited	19
Lindsay Australia Limited	18
Westpac Banking Corporation	17
Total – Ten Largest	**431**
Other	141
Total	**572**

Acquisitions of listed equities totalled $36.8 million for the year. WHSP participated in a placement by associate Ruralco Holdings Limited and an entitlement offer by associate BKI Investment Company Limited. The other main acquisitions were Perpetual Limited (resulting from its takeover of The Trust Company Limited), Lindsay Australia Limited, Rum Jungle Resources Limited and Bank of Queensland Limited.

Proceeds from disposals totalled $43.8 million and included SFG Australia Limited, The Trust Company Limited (which was taken over by Perpetual Limited), Primeag Australia Limited and QBE Insurance Group Limited.

During the year WHSP received returns of capital totalling $4.4 million mainly from Primeag Australia Limited.

Ordinary dividend and distribution income from listed equities held, excluding those from controlled entities and associates, was $23.1 million, an increase of 11.1% over 2013. Special dividends of $0.6 million were received during the year compared to $0.2 million last year.

Interest income for the year, excluding that from controlled entities and associates, totalled $8.1 million compared to $13.5 million last year. This reduction was due to both lower interest rates and less funds being on deposit.

New Hope Corporation Limited

Controlled entity: 59.7% held*

Contribution to Group profit: $34.9 million

Total Market Capitalisation: $2.49 billion*

Value of WHSP's Holding: $1.49 billion*

ASX code: NHC

New Hope reported a net profit after tax and non-regular items of $58.4 million for the year ended 31 July 2014. The result comprised $10.8 million from coal mining, marketing and logistics operations; $3.4 million from oil and gas operations; and $44.3 million from treasury and investments. The result was down 21.2% on the 2013 result of $74.1 million.

Before non-regular items, basic earnings for 2014 were 5 cents per share, compared to 15 cents per share in 2013. After non regular items, basic earnings were 7 cents per share for 2014 against 8.9 cents in 2013.

The result was lower than 2013 due to the impact of:

- Significantly lower export coal prices; and
- The AUD:USD exchange rate remaining high throughout the year.

New Hope has declared a final dividend of 2 cents per share (2013: 5 cents) and a special dividend of 3.5 cents per share (2013: 5 cents). Both of these dividends are fully franked.

Mining Operations

As anticipated, production for the year was down as a result of cessation of mining at New Oakleigh following the recovery of all economic coal reserves in the previous financial year. Production for the year was 5.6 million tonnes compared to the 5.8 million tonnes produced during 2013. Excluding the New Oakleigh mine, New Acland and Jeebropilly production was up a combined 1.5% on 2013 production.

Sales for 2014 were 6.0 million tonnes (inclusive of trade coal sales of 0.3 million tonnes), which equalled the 6.0 million tonnes sold in 2013 (inclusive of trade coal sales of 0.1 million tonnes).

The New Acland open cut mine produced 4.9 million tonnes of product coal in 2014. This was an increase of 0.2 million tonnes compared to 2013. Production for the majority of the year was capped by approved production and transportation limits.

Queensland Bulk Handling (QBH)

QBH, New Hope's 100% owned coal terminal at the Port of Brisbane, exported 7.9 million tonnes of coal on 100 vessels. This result was down on last year by approximately 0.9 million tonnes, predominantly caused by the closure of Peabody's Wilkie Creek mine and resultant reduction in throughput. QBH remains essentially a demurrage free port.

New Hope Exploration

New Hope continues an active exploration program utilising two drilling rigs plus contract rigs as required. The exploration focus during 2014 has continued with resource definition in the Bowen Basin (Lenton, Bee Creek and Yamala) and Surat Basin (MDL244 for the revised New Acland Coal Mine Stage 3 Project) as well as Colton in the Maryborough Basin. Exploration on the mineral tenures has been focused on the eastern edge of the Mount Isa block and the Laura Basin.

The exploration programs consisted of seismic, aeromagnetic, gravity, electro-magnetic and geochemical surveys in addition to drilling. The drilling program consisted of 25 water monitoring bore holes, 153 open holes and 65 core holes, totalling 22,104 metres.

*As at 31 July 2014

New Hope Corporation Limited (continued)

Pastoral Operations

A comprehensive five year plan has been developed for Acland Pastoral in conjunction with Rural Consulting Services Pty. Limited. This plan is based on time controlled grazing, and implementation has commenced.

Drought conditions in the region have limited the cropping activity. A pivot irrigation system has been commissioned to improve the consistency and yields of the cropping activities.

Acland Pastoral's cattle herd was decreased in size from 2,460 to 1,894 due to the dry conditions. During the year 1,948 head were sold and 1,335 purchased.

Acland Pastoral has successfully continued the cattle trials on rehabilitated mine land with further analysis in the following areas:

- Soil structure and water holding capacity;
- Volume, diversity and quality of pastures; and
- Various age of pastures.

The results of these trials are encouraging with all cattle gaining weight in spite of the dry conditions.

Oil and Gas

Bridgeport Energy continued the growth of its exploration and production portfolio and the integration of the assets acquired from Arrow Energy into its portfolio.

Oil production continued to increase with 116,945 barrels produced during the year.

Outlook

During the current year, the coal industry in Australia, and internationally, has experienced significant challenges in remaining profitable. With the outlook for coal prices in the short term to remain relatively flat, New Hope is anticipating another difficult year ahead. Some improved revenues may be seen if the Australian dollar were to soften against the US dollar during the 2015 financial year.

New Hope's focus for 2015 remains on safe production and active management of risks to ensure ongoing cost effectiveness. The approval of the Acland expansion is a key issue. Once approved, it will provide certainty for New Hope, its employees, and the local community. If the Acland expansion is not approved, current reserves will be exhausted during 2017 at the current mining rates.

Operationally, New Hope's production for 2015 is anticipated to be similar to the 2014 year, with potential for modest increases at Acland. Rehabilitation work currently underway at the West Moreton operations will continue during 2015.

Acquisition opportunities are being actively investigated by New Hope, with a focus on open cut operations. The current soft coal market, combined with New Hope's strong balance sheet, provides the ability for it to take advantage of acquisition opportunities which support its long term profitability. Concurrently New Hope will continue to develop its portfolio, ensuring prudent expenditure continues on exploration and approvals work to allow new projects to be brought on line when market conditions improve.

New Hope contributed a net profit of $34.9 million to the Group (2013: $44.2 million).

*As at 31 July 2014

CopperChem Limited

Controlled entity: 100% held*

Contribution to Group result: $38.7 million loss

Unlisted entity

Exco Resources Limited

Controlled entity: 100% held*

Contribution to Group result: $2.1 million loss

Unlisted entity

CopperChem and Exco are producers of Copper Sulphate, Copper Concentrate, and Gold Bullion. The copper operations (Mount Colin and Cloncurry Operations) are based in north-west Queensland. The gold operation (White Dam) is based in South Australia, 85km west of Broken Hill.

The copper processing operations at Cloncurry are highly reliant on water. 2014 was defined by the continuation of extreme drought conditions in north-west Queensland. Cloncurry operations operated on reduced water supplies for much of the year, with piped water access being withdrawn from the site completely on 30 October 2013, as the township of Cloncurry moved to emergency water restrictions.

As advised last year, 2013 had been a turnaround year for CopperChem, with it moving for the first time to positive earnings before interest, tax, depreciation and amortisation in the second half of the 2013 financial year.

After transforming the business during 2013 the decision was made to continue the long term development of the business, despite water restrictions severely inhibiting metal processing. Mine plans were re-developed at the end of the first half of 2014 in response to these restrictions. Mining activity re-focused on removing waste material necessary to construct infrastructure for the Mount Colin underground mine and the Cloncurry Operations tailings storage facility lift stage 2. The removal of this waste has reduced the future cost of mining the ore bodies.

On 28 July 2014, and as a result of continued water access risks, CopperChem and Exco entered into a toll processing agreement with Glencore. Toll processing has alleviated water risks to the business and has allowed CopperChem to return to profitable operations. The Mount Colin mine is expected to generate approximately $50 million in revenue in the first half of the 2015 financial year, with previously deferred ore processing now re-started.

As a result of utilising toll treatment, the Cloncurry Operations copper concentrator has now been placed in care-and-maintenance. CopperChem will review the option to re-start the plant, or move it to one of the upcoming project areas, pending a review of ongoing water supplies. Freeing up the limited water allocation from the concentrator has allowed full water allocation to the Cloncurry Operations heap-leach and copper sulphate facilities, which have significantly increased in processing output as a result.

On 13 September 2013, CopperChem entered into a Joint Venture (JV) agreement with Syndicated Metals Limited (Syndicated) for the development of the Barbara project, located 64kms North East of Mount Isa. The Barbara project, and associated deposits, will be developed on a 50% CopperChem: 50% Syndicated JV basis, with CopperChem providing project and operations management during construction and production. The open-cut project is due to enter production in the third quarter of the 2015 financial year. As a result of continued favourable drilling on and around the Barbara deposit, the project is currently being re-modelled to assess the viability of an underground mine beneath the initial open cut.

Planning works for the Mount Colin underground mine are nearing completion, with underground contract mining tenders having been received. Underground mining is expected to be initiated in the 2015 financial year. The first stage of underground will reach 200 metres beneath the open cut pit floor and is expected to generate in excess of $145 million in revenue, based on current reserves within a detailed mine plan. Further drilling over the coming year will target an increase in resource base, and associated mine life.

CopperChem contributed a net loss of $38.7 million to the Group (2013: $20.9 million loss).

Exco contributed a net loss of $2.1 million to the Group. Exco became a subsidiary of WHSP on 9 November 2012 and contributed a net profit of $0.9 million to the Group in respect of the period 9 November 2012 to 31 July 2013.

*As at 31 July 2014

Review of Group Entities (continued)

Pitt Capital Partners Limited

Controlled entity: 100% held*

Contribution to Group profit: $2.2 million

Unlisted entity

PCP is a corporate advisory firm specialising in mergers, strategic advice, equity capital markets, private equity, restructuring and debt advisory work.

PCP owns 75% of Pitt Street Real Estate Partners Pty. Limited (PSREP) which is focused on identifying and managing investments in the real estate sector. PSREP is the manager of the Australian Logistics Property Fund (ALPF) and the PSRE 46 Carrington Road Trust (Carrington Trust) which are 100% owned by WHSP. The activities of ALPF and the Carrington Trust are discussed below.

For the year ended 31 July 2014, PCP's net profit after tax was up 45.4% compared to the previous year due to increased corporate finance earnings and real estate advisory fees.

PCP contributed a net profit of $2.2 million to the Group (2013: $1.5 million).

Australian Logistics Property Fund

Controlled entity: 100% held*

Contribution to Group profit: $11.3 million

Unlisted entity

PSRE 46 Carrington Road Trust

Controlled entity: 100% held*

Contribution to Group result: $0.1 million loss

Unlisted entity

Pitt Street Real Estate Partners Pty. Limited's (PSREP) role is to identify and manage investments in the real estate sector for WHSP. The main projects at year end were two distribution centres for the Super Retail Group (SRG) and an office and warehouse property in Castle Hill New South Wales.

Australian Logistics Property Fund (ALPF)

ALPF's current projects are two distribution centres for SRG, located at Erskine Park in New South Wales and Brendale in Queensland. The buildings form a significant and critical infrastructure development for SRG in their continued growth across Australia.

Construction of the Erskine Park facility commenced in March 2013 and the facility was completed and delivered in December 2013. There is additional development land at Erskine Park and final subdivision approval of this is expected in early 2015.

The Brendale facility was 80% complete at 31 July 2014. The project is on schedule with practical completion expected in late October 2014.

ALPF contributed a net profit of $11.3 million to the Group (2013: nil).

Since the end of the year PSREP has commenced a sale process for the two SRG facilities.

PSRE 46 Carrington Road Trust (Carrington Trust)

During the year the Carrington Trust was established and in late April 2014 it acquired a property at 46 Carrington Road in Castle Hill New South Wales. The trust is 100% owned by WHSP.

The property is a four hectare land parcel with over 20,000 square metres of lettable area, made up of 15,000 square metres of warehouse and 5,000 square metres of office space.

PSREP is investigating the potential rezoning of the property while continuing to negotiate with tenants to take up the space. The area has been announced as an urban activation precinct by the New South Wales Department of Planning.

The Carrington Trust contributed a net loss of $0.1 million to the Group.

At 31 July 2014 the properties held by ALPF and the Carrington Trust were valued at $100.6 million net of borrowings from outside of the WHSP Group.

*As at 31 July 2014

Ampcontrol Pty. Limited

Associated entity: 43.3% held*

Contribution to Group profit: $1.3 million

Unlisted entity

Ampcontrol is a leading international supplier of electrical and electronic products with a strong presence in providing products and services to the mining sector, in particular for underground coal mining. It has approximately 1,000 staff with operations across Australia and overseas including; Hong Kong, China, New Zealand, South Africa, Botswana, Russia, the USA and the United Kingdom.

Ampcontrol's revenue for the year ended 30 June 2014 was $229.4 million. Earnings before interest, tax, depreciation and amortisation were $19.4 million for the year after incurring $2.4 million of redundancy costs. Net profit after tax was $3.0 million for the year.

The lower results for the year were consistent with the downturn in the mining cycle. Ampcontrol remains confident its results will improve with an upswing in commodity prices, especially coal.

WHSP has equity accounted Ampcontrol's result for the 12 months to June 2014. Ampcontrol contributed a net profit of $1.3 million to the Group (2013: $6.9 million profit).

Apex Healthcare Berhad

Associated entity: 30.3% held*

Contribution to Group profit: $3.1 million

Total Market Capitalisation: $153 million*

Value of WHSP's Holding: $46 million*

Listed on Bursa Malaysia, code: APEX MK

Apex is a manufacturer, distributor and retailer of pharmaceuticals, diagnostic products and equipment, orthopaedics and consumer healthcare products. It has operations in Malaysia, Singapore and Vietnam and is publicly listed on the Main Board of Bursa Malaysia.

Apex's financial year ends on 31 December 2014. Apex's results for the six months ended 30 June 2014 have been converted into Australian dollars.

Apex generated revenue of $83.9 million, an increase of 22.8% over $68.3 million for the previous corresponding period. Net profit after tax was $5.6 million, an increase of 9.4% compared to 2013.

An interim dividend of 1.2 cents per share has been paid for the six months ended 30 June 2014. After taking into account the one for four bonus issue in June 2014 this represents an increase of 6.4% compared to the prior year's interim dividend.

WHSP has equity accounted Apex's result for the 12 months to 30 June 2014. Apex contributed a net profit of $3.1 million to the Group (2013: $2.9 million).

*As at 31 July 2014

Review of Group Entities (continued)

Australian Pharmaceutical Industries Limited

Associated entity: 24.6% held*

Contribution to Group result: $24.9 million loss

Total Market Capitalisation: $293 million*

Value of WHSP's Holding: $72 million*

ASX code: API

API's financial year ended on 31 August 2014. The results for the full year will not be released to the market until 23 October 2014.

API released a market update on 3 September 2014 due to strong trading results for the financial year ended 31 August 2014 which included Priceline and Priceline Pharmacy comparable store growth of 6.0% and Pharmacy Distribution underlying growth of 11.9% after adjusting for the effect of PBS Reforms. API reported a net growth of 27 stores during the year, lifting the Priceline network to 390 stores.

While the results are still subject to finalisation and audit, on current information API expects to report an underlying net profit after tax before associates and impairments of between $31.0 million and $31.5 million representing an increase of up to 31.8% on the prior full year result.

For the six months ended 28 February 2014, API reported a statutory loss of $114.9 million following impairment charges of $111.0 million. Underlying net profit after tax before associates and impairments was $16.2 million, an increase of 29.6% on the prior corresponding period.

API maintained a fully franked interim dividend of 1.5 cents per share which was paid on 6 June 2014.

WHSP has equity accounted API's result for the 12 months to 31 July 2014. API contributed a net loss of $24.9 million to the Group (2013: $6.1 million profit).

BKI Investment Company Limited

Associated entity: 11.8% held*

Contribution to Group profit: $4.5 million

Total Market Capitalisation: $891 million*

Value of WHSP's Holding: $105 million*

ASX code: BKI

For the year ended 30 June 2014 BKI delivered another solid result. The net operating result before special dividend income increased by 20% to $35.9 million, net profit attributable to shareholders increased by 11% to $37.4 million and basic earnings per share before special dividend income increased by 5% to 7.15 cents per share.

BKI's improved result was driven by higher dividend distributions from Woodside Petroleum, Suncorp Group, BHP Billiton, TPG Telecom, ANZ bank, National Australia Bank, Westpac Bank and Commonwealth Bank. Special dividends were received from Westpac Bank, New Hope Corporation, Milton Corporation, Coca-Cola Amatil and Suncorp Group.

BKI's total shareholder return (including the reinvestment of dividends) for the year ended 30 June 2014 was 21.0%, outperforming the S&P/ASX 300 Accumulation Index over the same period by 3.7%.

BKI has continued its focus on controlling costs. It is debt free and doesn't charge shareholders an external portfolio management or performance fee. BKI's management expense ratio (MER) for the year was 0.17%.

BKI has paid a fully franked final ordinary dividend of 3.5 cents per share, an increase of 5%.

WHSP has equity accounted BKI's result for the 12 months to 30 June 2014. BKI contributed a net profit of $4.5 million to the Group (2013: $4.4 million 13.0% held).

*As at 31 July 2014

Brickworks Limited

Associated entity: 44.3% held*

Contribution to Group profit: $23.3 million

Total Market Capitalisation: $2.12 billion*

Value of WHSP's Holding: $939 million*

ASX code: BKW

Brickworks posted a net profit after tax (NPAT) for the year ended 31 July 2014 of $102.8 million up 20.7% from $85.2 million last year. Brickworks' normalised NPAT of $101.3 million was up 1.2% from $100.0 million for the year ended 31 July 2013.

On record sales revenue of $636.9 million, Building Products earnings before interest, tax and significant items was $45.1 million, up 37.4% on the prior year. Improved earnings were achieved on the back of strong growth in sales volume in the second half, increased pricing in some divisions, a range of operational efficiency measures and implementation of new business initiatives.

Land and Development earnings before interest and tax (EBIT) was up 25.8% to $62.4 million, driven primarily by the sale of Rochedale North, the completion of two major property trust developments and a compression in capitalisation rates in the second half.

The directors of Brickworks have increased the final dividend by 1 cent per share to 28 cents fully franked. This follows an increase in the interim dividend of 0.5 cents per share and takes the full year dividend to 42 cents fully franked.

Divisional Results

Austral Bricks' delivered a 17.8% increase in earnings for the year ended 31 July 2014. Sales revenue was up 17.4% to $333.6 million, driven primarily by an increase in volume. Total sales volume increased by approximately 100 million bricks, taking total sales to well above 600 million bricks for the year.

Price increases were patchy across the states. Excluding the impact of tolling and export volumes, solid increases were achieved in New South Wales, Queensland and South Australia. There was a reduction in average prices in Western Australia and relatively flat prices in Victoria. Finished goods inventory was down by 16.6% during the year, with production volume held relatively constant despite the significant increase in sales volume.

Austral Masonry's earnings more than doubled over the prior year, supported by a strong increase in sales revenue, up 32.4% to $82.6 million. Sales volume was up 27.9% to more than 400,000 tonnes, due to a range of factors. These included: the impact of prior period acquisitions; an increase in sales of premium block products into the residential segment; greater sales of engineered retaining walls and industrial paving products; and product tolling arrangements in place in Cairns. In addition, a number of internal restructuring initiatives were implemented. These included significant overhead reductions across many operations, the closure of the inefficient Dandenong plant in Victoria and the consolidation of operations in New South Wales to the Prospect site. Strong average selling price increases were achieved, up 8.2% excluding the impact of tolling.

Bristile Roofing's earnings increased by 12.9% despite a reduction in sales revenue, down 4.3% to $100.4 million. This result was achieved on the back of cost reduction initiatives that resulted in improved margins, despite only modest price increases. Cost reduction initiatives included a significant overhead reduction in Caversham, where operations were restructured during the year, and benefits from the operations excellence program, particularly in Wacol. Sales of imported La Escandella terracotta products continue to gather momentum, supplementing the locally manufactured concrete roof tile range on the East Coast.

Austral Precast's earnings were also higher, with increases in New South Wales, Queensland and Western Australia partially offset by reduced earnings in Victoria. Sales revenue increased by 10.8% to $70.3 million on the back of record sales volume for the year. Although precast remains a new business for Brickworks, the potential in most states appears to be beyond existing manufacturing capacity, with the current order bank in excess of six months sales volume.

*As at 31 July 2014

Review of Group Entities (continued)

Brickworks Limited (continued)

Auswest Timbers' earnings decreased despite an increase in sales revenue, up 16.3% to $49.8 million on record sales of around 60,000 cubic metres for the year. Sales growth was due to a number of factors including: recommissioning of the Deanmill facility after significant disruption to operations in Western Australia during the prior year; pine batten demand on the East Coast and hardwood batten demand on the west coast; strong export demand; and increased value added sales in Victoria.

Land and Development produced an EBIT before significant items of $62.4 million for the year ended 31 July 2014, up 25.8% from $49.6 million for the prior year.

Land sales contributed an EBIT of $21.0 million for the year compared to $28.2 million in the prior year.

The improved result was primarily due to growth in the property trust, generating an EBIT of $43.4 million, up 78.8% from $24.3 million in the prior year. Net property income distributed from the trust was $13.0 million for the year, up from $10.0 million for the year ended 31 July 2013. The revaluation profit of stabilised trust assets totalled $11.5 million, up significantly from $5.9 million due to compression in capitalisation rates of between 0.3% and 0.5%. A significant EBIT of $18.9 million was contributed through fair value adjustment and development profit following the completion of the expanded Coles cold distribution centre at the M7 Business Hub and the fourth DHL facility at Oakdale Estate, both in New South Wales.

At 31 July 2014 the total value of the property trust assets was $979.0 million, with borrowings of $381.5 million, giving a total net value of $597.5 million. Brickworks' share of the trust's net asset value was $298.7 million up $39.8 million from $258.9 million at 31 July 2013. The change was primarily due to the sale of Rochedale North into the Trust, which increased assets by $51.8 million, together with revaluations of existing and newly completed assets. This offset the sale of Toll facility in October 2013, which had net value to the Trust of $16.5 million.

Outlook

The first half of the 2015 financial year is likely to be the strongest market for more than a decade, with many customers reporting order banks that extend for up to a year. These conditions are being driven by the long awaited upturn in detached housing activity (particularly in New South Wales), combined with record levels of apartment construction. The latest attached housing approvals data remains strong and is still showing signs of growth in most states.

The strong market conditions are continuing to drive sales growth momentum, with year to date sales in all divisions exceeding the prior corresponding period, despite the impact of poor weather in New South Wales. Tempering this optimistic outlook is the very competitive nature of some markets where some competitors appear intent on increasing market share, as opposed to profit.

Brickworks contributed a net profit of $23.3 million to the Group (2013: $13.6 million 44.4% held). These contributions exclude the WHSP profit taken up by Brickworks under the equity accounting method.

*As at 31 July 2014

Review of Group Entities (continued)

Clover Corporation Limited

Associated entity: 28.6% held*

Contribution to Group profit: $0.3 million

Total Market Capitalisation: $69 million*

Value of WHSP's Holding: $20 million*

ASX code: CLV

Clover reported a net profit after tax for the 12 months ended 31 July 2014 of $1.0 million, down from $6.1 million in the previous year.

The performance of the business during 2014 was severely impacted by the New Zealand whey protein concentrate (WPC) incident reported in late 2013. Whilst the incident did not directly involve any of Clover's products, it has affected product sales of a number of Clover's customers. It is important to note that no customers have been lost as a result of the WPC incident. Throughout 2014 and specifically since the WPC incident, Clover has worked very closely with its customers to understand the impact on each individual customer. The impact has varied from customer to customer.

From a revenue perspective, the 2015 financial year has started strongly and customer ordering patterns suggest that affected customers are beginning to regain market share.

Strong progress was made during 2014 through the qualification of additional crude tuna oil suppliers to provide Clover with a stable position for oil supply. During 2014 Clover invested $500,000 in a secondary spray dryer in New Zealand to assist in new product development and manufacture and to accelerate supply of new oil products to customers.

Expenditure on innovation and research in 2014 was $1.9 million. The research and development commitment continues to foster strong and collaborative partnerships whilst developing the medical foods initiative.

The medical foods program and its associated pre-term infant DHA emulsion are being developed by Clover to reduce the incidence of a number of significant problems that can affect pre-term infants. The progress of the medical foods initiative has been significant. The trial which involves hospitals in three countries is progressing well with results due in mid 2015. Clover is currently preparing to obtain the regulatory approvals that it will need for sale of the DHA emulsion once trial results are available and commercialisation plans are being evaluated.

Given the performance of Clover and the impact of the WPC incident, the directors have declared a fully franked final dividend of 0.5 cents, payable on 20 November 2014.

Clover contributed a net profit of $0.3 million to the Group (2013: $1.7 million).

Ruralco Holdings Limited

Associated entity: 20.6% held*

Contribution to Group profit: $1.3 million

Total Market Capitalisation: $266 million*

Value of WHSP's Holding: $55 million*

ASX code: RHL

Ruralco's financial year ended on 30 September 2014. Ruralco's results for the full year are not scheduled to be released to the market until 18 November 2014.

Ruralco released its half year result on 20 May 2014. For the six months to March 2014, revenue increased by 12.4% to $544.6 million compared to the previous corresponding period. The net profit after tax was $5.1 million and underlying profit after tax was $8.5 million an increase of 57% compared to the first half last year.

An interim dividend of 8 cents per share fully franked was paid on 27 June 2014 (2013: 10 cents per share).

WHSP has equity accounted Ruralco's result for the 12 months to 31 March 2014. Ruralco contributed a net profit of $1.3 million to the Group (2013: $0.8 million 23.5% held).

*As at 31 July 2014

Review of Group Entities (continued)

TPG Telecom Limited

Associated entity: 26.9% held*

Contribution to Group profit: $46.2 million

Total Market Capitalisation: $4.38 billion*

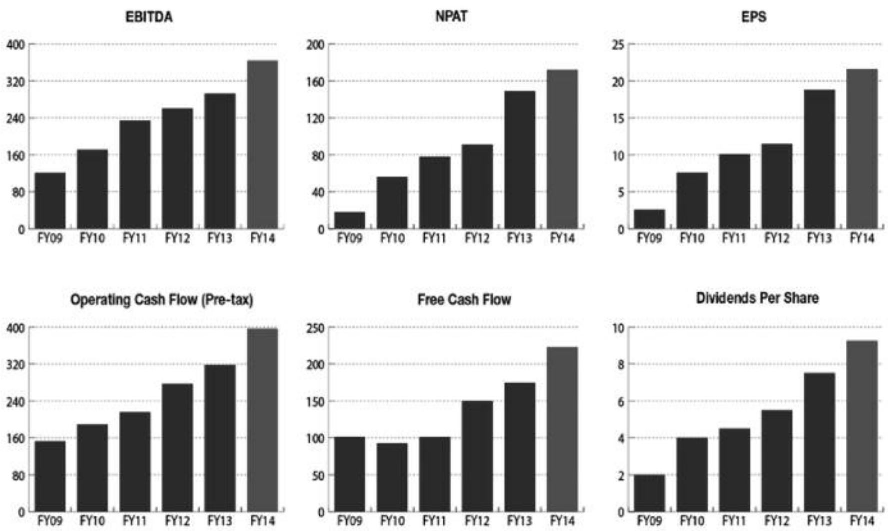
Value of WHSP's Holding: $1.18 billion*

ASX code: TPM

TPG has reported earnings before interest, tax, depreciation and amortisation (EBITDA) of $363.7 million for the year ended 31 July 2014, an increase of 24% over last year.

This result has been driven by continued strong organic growth across TPG's consumer and corporate divisions (underlying[1] EBITDA up by 19% and 20% respectively) accompanied by a maiden contribution from AAPT whose underlying[1] EBITDA was $38.2 million for the 5 month post acquisition period.

1 The Underlying EBITDA of each division is explained in the commentary on each of the respective division's results below.



Financial highlights

- EBITDA for the year increased by 24% to $363.7 million.
- Net profit after tax (NPAT) increased by 15% to $171.7 million.
- NPAT excluding intangible amortisation increased by 18% to $196.3 million.
- Earnings per share (EPS) increased by 15% to 21.6 cents per share.
- EPS excluding intangible amortisation increased by 18% to 24.7 cents per share.
- Pre-tax operating cash flow increased by 25% to $396.6 million and exceeded EBITDA by $32.9 million.
- Free cash flow after tax, interest and capital expenditure increased by 28% to $223.5 million.

Consumer Business

The consumer division's EBITDA for the year was $205.6 million which included $3.3 million of non-recurring benefits arising from credits and commercial settlements related to prior years. The division's EBITDA for 2013 of $180.6 million benefitted from $10.0 million of back-dated rebates arising from favourable regulatory determinations. The consumer division's underlying EBITDA growth for 2014 relative to 2013 was therefore $31.7 million or 19%.

TPG's consumer broadband subscriber base continued to grow strongly increasing by a further 77,000 subscribers during the year, driven by the ongoing appeal of TPG's bundled internet and home phone plans. As at 31 July 2014 TPG had 748,000 broadband subscribers and 362,000 mobile subscribers.

*As at 31 July 2014

TPG Telecom Limited (continued)

Corporate Business

TPG's corporate division (excluding AAPT) achieved an EBITDA of $126.0 million for the year. This result included $6.3 million of non-recurring benefits (comprising $4.0 million of back-dated supplier credits and a $2.3 million Indefeasible Right of Use (IRU) gain). The division's 2013 EBITDA of $110.3 million included a $10.5 million IRU gain. The corporate division's underlying EBITDA growth for 2014 relative to 2013 was therefore $19.9 million or 20%. This increase has been achieved through revenue growth as well as an improvement in underlying margin from 43% to 50%.

AAPT

The acquisition of AAPT on 28 February 2014 contributed $29.9 million to TPG's 2014 financial year EBITDA. Excluding $5.1 million of one-off integration costs and $3.2 million of acquisition related costs incurred in the period, AAPT's underlying EBITDA for the 5 months to 31 July 2014 was $38.2 million.

Integration activities have focused on the consolidation of teams, systems, networks and processes, resulting in an uplift in AAPT's EBITDA margin from circa 18% pre-acquisition to 23% underlying for the 5 months.

Cash Flow and Gearing

TPG's excellent cash flow performance continued in the 2014 financial year with $396.6 million cash being generated from operations (pre-tax). After tax, interest and capital expenditure, TPG had free cash flow of $223.5 million.

TPG made total debt repayments of $117 million in the 2014 financial year, meaning that even after a total outlay of $465.9 million for the acquisition of AAPT during the year TPG had already reduced its outstanding debt to $350 million by 31 July 2014. This level of debt represents a comfortable gearing ratio of less than 0.9 times TPG's annualised EBITDA run-rate.

Dividend

In light of TPG's strong cash flow and earnings growth, its board of directors declared an increased final dividend of 4.75 cents per share (fully franked) payable on 18 November 2014. This brings total dividends for the year to 9.25 cents per share (fully franked), an increase of 23% over last year.

TPG contributed a net profit of $46.2 million to the Group (2013: $40.2 million).

TPI Enterprises Limited

Associated entity: 19.4% held*

Unlisted entity

Founded in 2004 TPI is an Australian company based in Cressy, Tasmania. TPI is one of nine global companies which hold licences to manufacture narcotic raw material. From this material morphine sulphate, codeine phosphate and other specialist narcotic is produced. Final dosage formulations are found in products such as Panadeine, Panadeine Forte, Tylenol and Endone.

TPI contracts poppy seed growers in Tasmania who grow and harvest the crop in or around February each year. Tasmania grows approximately 50% of the world's poppies used in the global licit market. Due to a poor harvest in Tasmania in the last two years, which has severely impacted the supply of product to an expanding market, TPI has commenced growing poppies in Victoria. To further mitigate agricultural risk TPI will grow poppies in the Northern Territory and Portugal in 2015.

Demand for narcotics has exhibited steady annual growth over the past 20 years. The key drivers behind this demand are; the ageing population and the increasing incidence and severity of chronic disease; a significant global shortage of morphine; emerging pain management markets in developing countries; and the retreat from non-narcotic pain management alternatives to more traditional narcotics.

*As at 31 July 2014

Review of Group Entities (continued)

TPI Enterprises Limited (continued)

TPI operates a 100 tonne per annum facility and utilises highly efficient technology that eliminates the use of toxic solvents and the need for waste water treatment. This results in a low cost operation compared with competitors.

During 2014 TPI was severely impacted by a shortage of raw material due to climatic events in Tasmania. With planned increases in acreage in Victoria, Northern Territory and Portugal, 2015 production should double that of 2014. Given the likelihood of further demand TPI is in talks with farmers in Victoria and Portugal to increase plantings for 2016.

Following WHSP's acquisition of additional shares in TPI on 28 January 2014, WHSP's investment was reclassified as an investment in an associated company.

Updates

Requisitioned General Meeting Cancelled

In October 2013, entities acting on the directions of M.H. Carnegie & Co. Pty. Limited and Perpetual Investment Management Limited (Carnegie and Perpetual) requisitioned a general meeting of WHSP to consider a proposal to restructure WHSP.

The proposal was complex and there were a number of issues, including taxation implications, which needed to be analysed in order for WHSP to prepare the information shareholders would require to make an informed decision on the proposal.

The proposal was comprised of two parts:

- an in specie distribution of all shares held by WHSP in TPG Telecom Limited to WHSP's shareholders (TPG Demerger); and
- a selective reduction of WHSP's share capital by cancelling all of the shares in WHSP held by Brickworks Limited and its subsidiaries (Share Cancellation).

After liaising with the Australian Taxation Office (ATO), WHSP requested a private tax ruling to determine the availability of demerger roll-over relief for the TPG Demerger.

The ATO ruled that WHSP and TPG could not form a demerger group. As a result, demerger rollover relief for Capital Gains Tax was not available to WHSP to implement the TPG Demerger as proposed by Carnegie and Perpetual.

The demerger, as proposed, would have resulted in a capital gains tax liability of approximately $311 million to WHSP[1]. In addition, over 99% of the value of the demerged TPG shares would have constituted an unfranked dividend for WHSP shareholders under the proposal. Such a dividend would have been taxed in the hands of WHSP shareholders at their relevant tax rates in the year the demerger occurred.

The effect of the ATO ruling was that neither the TPG Demerger nor the Share Cancellation could occur as envisaged by Carnegie and Perpetual's proposal.

In light of the ruling from the ATO, WHSP invited Carnegie and Perpetual to withdraw their requisition. Carnegie and Perpetual accepted this invitation and withdrew their requisition of meeting.

1 Based on TPG Telecom Limited's share price as at 18 July 2014.

Cross-Claims

In October 2013, entities acting on the directions of M.H. Carnegie & Co. Pty. Limited and Perpetual Investment Management Limited (Carnegie and Perpetual) called a general meeting of Brickworks Limited (Brickworks). The resolutions to be considered at the meeting relate to the Carnegie and Perpetual proposal discussed above (refer to Requisitioned General Meeting Cancelled).

In light of a ruling from the ATO which means that the proposal cannot proceed as envisaged by Carnegie and Perpetual (refer to Requisitioned General Meeting Cancelled above) Brickworks has requested that Carnegie and Perpetual cancel the Brickworks meeting. Carnegie and Perpetual have not agreed to do this.

Brickworks have commenced proceedings against Carnegie and Perpetual in the Federal Court in connection with the Brickworks meeting and Carnegie and Perpetual have served cross-claims against both Brickworks and WHSP.

WHSP is vigorously defending the cross-claims and has applied to the Federal Court to have them struck out.

Directors' Report

The Directors of Washington H. Soul Pattinson and Company Limited (WHSP, Parent Company) present their report and the financial statements of the Consolidated Entity, being the Parent Company and its subsidiaries, for the financial year ended 31 July 2014.

DIRECTORS

The following persons were Directors of WHSP for the whole of the financial year and up to the date of this report:

Mr R D Millner
Mr P R Robinson
Mr D J Fairfull
Mr M J Hawker
Mr T C D Millner
Mr R G Westphal
Mr D E Wills

PRINCIPAL ACTIVITIES

The principal activities of the corporations in the Consolidated Entity during the course of the financial year were ownership of shares, coal mining, copper mining and refining, property investment and consulting. There were no significant changes in the nature of the Consolidated Entity's principal activities during the year.

DIVIDENDS

Dividends paid or declared by the Company since the end of the previous financial year were:

	Cents Per Share	Total amount $'000	Franking %	Date of Payment
Declared and paid during the year				
Final ordinary dividend 2013	28	67,031	100%	9 December 2013
Interim ordinary dividend 2014	19	45,485	100%	8 May 2014
Dealt with in the financial report as dividends	47	112,516		
Declared after the end of the year				
Final ordinary dividend 2014	29	69,425	100%	8 December 2014

REVIEW OF OPERATIONS

The profit after tax attributable to shareholders for the year ended 31 July 2014 was $131.7 million, an increase of 25.0% over the $105.4 million for 2013.

The result was driven by; gains on the sale of equity investments; higher contributions from Brickworks Limited and TPG Telecom Limited; a positive contribution from the Australian Logistics Property Fund; a lower contribution from Australian Pharmaceutical Industries Limited and New Hope Corporation Limited; and a loss from CopperChem Limited.

WHSP's diversified portfolio of investments continues to provide it with protection against the variability of results from different sectors of the economy.

Comparison with the prior year is as follows:

	2014 $'000	2013 $'000	% Change
Revenue from continuing operations	**658,116**	791,315	- 16.8%
Profit after tax attributable to shareholders	**131,729**	105,421	+ 25.0%
Interim Dividend (paid in May each year)	**19 cents**	18 cents	+ 5.6%
Final Dividend	**29 cents**	28 cents	+ 3.6%
Total Dividends	**48 cents**	46 cents	+ 4.3%

For further information regarding the operations of the Group refer to the Chairman's Review and the Review of Group Entities on pages 3 to 19 of this annual report.

Directors' Report (continued)

STATE OF AFFAIRS

In the opinion of the Directors there were no significant changes in the state of affairs of the Consolidated Entity that occurred during the financial year under review not otherwise disclosed in this report or the Consolidated Entity's financial statements.

FINANCIAL POSITION, FINANCIAL INSTRUMENTS AND GOING CONCERN

The Directors believe the Group is in a strong and stable position to grow its current operations.

Details of financial risk management objectives and policies are set out in note 33 of the consolidated financial statements.

The Directors, having made appropriate enquiries, consider that the Group has adequate resources to continue in its operational businesses for the foreseeable future and have therefore continued to adopt the going-concern basis in preparing the financial statements.

EVENTS SUBSEQUENT TO THE REPORTING DATE

The Directors are not aware of any other event or circumstance since the end of the financial year not otherwise dealt with in this report or the consolidated financial statements that has or may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in subsequent years. Refer to note 44 of the consolidated financial statements.

LIKELY DEVELOPMENTS, BUSINESS STRATEGY AND PROSPECTS

Other than as discussed in the Review of Group Entities, information about likely developments, business strategy and prospects and the expected results in subsequent financial years has not been disclosed because the Directors believe, on reasonable grounds, that to include such information would be likely to result in unreasonable prejudice to the Consolidated Entity.

WORKPLACE GENDER EQUALITY

In accordance with the requirements of the Workplace Gender Equality Act 2012 (the Act), WHSP lodged its annual public report for the year ended 31 March 2014 with the Workplace Gender Equality Agency (the Agency) on 29 May 2014.

The report may be viewed on the WHSP web site, www.whsp.com.au, on the 'Employment' page.

ENVIRONMENTAL COMPLIANCE

The Group was subject to the reporting requirements of both the National Greenhouse and Energy Reporting Act 2007 and the Energy Efficiency Opportunities Act 2006 during the year.

The National Greenhouse and Energy Reporting Act 2007 requires the Group to report its annual greenhouse gas emissions and energy use. The Group has implemented systems and processes for the collection and calculation of the data required and submitted its 2012/13 report to the Greenhouse and Energy Data Officer on 31 October 2013.

The Energy Efficiency Opportunities Act 2006 (EEO Act) required the assessment of energy usage, including the identification and evaluation of energy saving opportunities, the reporting of assessments undertaken and the action which is intended as a result. The Group has fulfilled its obligations under the EEO Act. The Energy Efficiency Program was closed with effect from 29 June 2014.

New Hope Group (NHG)

The NHG was not prosecuted for any breach of environmental laws during the year.

Environmental performance

The majority of the NHG's operations, which include coal mining operations and exploration tenements, the rail loading facilities, the QBH coal export port facility and oil and gas operations, are in Queensland. The key piece of environmental legislation in Queensland is the Environmental Protection Act 1994 (EP Act). The EP Act protects our environment with a focus on ecologically sustainable development.

The NHG's operations have proactively undertaken initiatives to improve their financial performance. An expanded monitoring program at QBH which includes areas further from the QBH boundary (including within the suburb of Wynnum North) and conducting rehabilitation trials at New Acland give focus to environmental performance.

Environmental systems

During the year the NHG's operations have continued to make improvements to the Environmental Management System (EMS). The EMS assists the NHG to improve its environmental performance by increasing environmental awareness, optimising operational control, monitoring compliance and facilitating continuous improvement.

Environmental reporting

The NHG's operational sites have submitted reports under the National Pollutant Inventory program.

New Hope Group (NHG) (continued)

Bridgeport Energy Limited (Bridgeport)

Bridgeport executed a number of landowner access agreements throughout the year including Cultural Heritage Management Agreements and Landowner Access Agreement on new permits acquired throughout the period (for example in South Australia). Bridgeport operates all its permits under an Environmental Management System prepared and issued in accordance with legislation. Each exploration (ATP) and production (PL) permit is also operated in accordance with the Environmental Authorities issued at the time permits were or are awarded or transferred to the entity. This includes regular produced water monitoring and ongoing remediation activities at all our sites.

CopperChem Limited (CopperChem)

CopperChem's mining operations (Great Australia Operations (GAO) and Mount Colin) and exploration tenements (Wallace and Barbara) are regulated by the Queensland Department of Environment and Heritage Protection (DEHP) under Queensland's Environmental Protection Act (1994). Mining operations and exploration tenements each function under a site specific Environmental Authority (EA).

Several minor reportable environmental incidents were made to DEHP during the year. Reporting of all incidents was undertaken in accordance with DEHP processes and the applicable CopperChem EA. The most common cause of these incidents was ageing infrastructure such as poly pipe couples.

Since commencing a more robust inspection and maintenance programme, CopperChem has been able to identify potential issues that may cause environmental harm, in a more timely manner. CopperChem aims to continuously improve this process.

As a result of incidents identified at GAO in prior years, the DEHP issued CopperChem an Environmental Evaluation (EE) in June 2014. The premise of this EE was principally directed at identifying potential sources of contamination that are purported to be affecting groundwater quality and, to propose remedial measures where applicable. This EE was undertaken by CopperChem environmental personnel and submitted to DEHP in October 2014. If the DEHP is satisfied with the EE and removes it from the regulatory register, CopperChem's GAO will no longer have any outstanding environmental compliance notifications; other than the required EA. This includes the former:

- Environmental Protection Order (EPO): investigation involving potential seepage from the Tailings Storage Facility (TSF) to the Coppermine Creek (matter closed November 2012);
- Transitional Environmental Programme (TEP): primarily focussed at minimising contamination to soils and groundwater (matter closed October 2013); and
- Penalty Infringement Notice (PIN): CopperChem failed to report to DEHP that the mandatory reporting level of the TSF had been reached within the required timeframe (matter closed December 2013, fine of $2,200).

In accordance with CopperChem's EA, an independent third party is engaged to report any non-compliance issues to DEHP within 12-months following commencement of operations, and then at regular intervals not exceeding 2 years. This EA requirement was successfully completed for CopperChem's Mount Colin operations in August 2014. The third-party audit for GAO is due by April 2015.

DIRECTORS

Information regarding the Directors of the Company.

Robert Dobson Millner F.A.I.C.D.

Chairman.

Non-executive Director since 1984, appointed Chairman 1998. Member of the Nomination and Remuneration Committees.

Mr Millner has extensive experience in the investment industry.

Other current listed company directorships:

- Apex Healthcare Berhad – Appointed 2000
- Australian Pharmaceutical Industries Limited – Appointed 2000
- Brickworks Limited – Appointed 1997 Chairman since 1999
- BKI Investment Company Limited – Appointed 2003 Chairman since 2003
- Milton Corporation Limited – Appointed 1998 Chairman since 2002
- New Hope Corporation Limited – Appointed 1995 Chairman since 1998
- TPG Telecom Limited – Appointed 2000

Former listed company directorships in the past three years:

- Exco Resources Limited – Appointed 2012 (company delisted January 2013)
- Northern Energy Corporation Limited – Appointed 2011 (company delisted October 2011)
- Souls Private Equity Limited – Appointed 2004 (company delisted January 2012)

Directors' Report (continued)

DIRECTORS (continued)

Peter Raymond Robinson B.Com.(UNSW), F.A.I.C.D.

Executive Director.

Joined the Company 1978, appointed Executive Director 1984.

Mr Robinson has held both executive and non-executive directorships for a period of 30 years and has over 35 years experience at general management and Chief Executive Officer level. During this period Mr Robinson has had extensive experience in manufacturing and distribution.

Other current listed company directorships:

- Australian Pharmaceutical Industries Limited – Appointed 2000 Chairman since 2003
- Clover Corporation Limited – Appointed 1997 Chairman since 2002
- New Hope Corporation Limited – Appointed 1997

Former listed company directorships in the past three years:

- Exco Resources Limited – Appointed 2012 (company delisted January 2013)
- Northern Energy Corporation Limited – Appointed 2011 (company delisted October 2011)

David John Fairfull B.Com., A.C.I.S., C.P.A., FFin, M.A.I.C.D

Non-executive Director since 1997.

Member of the Audit, Nomination and Remuneration Committees.

Mr Fairfull is a merchant banker and professional company director with over 40 years experience in corporate finance.

Other current listed company directorships:

- Heritage Brands Limited – Appointed 2009 Chairman since 2009
- New Hope Corporation Limited – Appointed 1997

Former listed company directorships in the past three years:

- Mitchell Services Limited (formerly Drill Torque Limited) – Appointed 2011, resigned March 2014
- Northern Energy Corporation Limited – Appointed 2011 (company delisted October 2011)
- Souls Private Equity Limited – Appointed 2004 (company delisted January 2012)

Michael John Hawker AM BSc(Sydney), F.A.I.C.D., SF Fin.

Non-executive Director since October 2012. Member of the Audit, Nomination and Remuneration Committees since October 2012.

Mr Hawker is a professional company director with over 30 years experience in financial markets and investment. He was Chief Executive Officer and Managing Director of Insurance Australia Group from 2001 to 2008. From 1995 to 2001, Mr Hawker held a range of positions at Westpac, including Group Executive of Business and Consumer Banking and General Manager of Financial Markets. Prior to this, he held a number of positions at Citibank, including Deputy Managing Director for Australia and subsequently Executive Director, Head of Derivatives, Europe.

Other current listed company directorships:

- Aviva PLC – Appointed 2010
- Macquarie Group Limited – Appointed 2010

Thomas Charles Dobson Millner B.Des(Industrial), GDipAppFin(Finsia), FFin, G.A.I.C.D.

Non-executive Director since January 2011 and member of the Nomination Committee.

Mr Millner's experience includes management of investment portfolios, research and analysis of listed equities and business development. Mr Millner is the Chief Executive Officer of BKI Investment Company Limited (BKI). He joined BKI in 2008 from Souls Funds Management Limited where he was responsible for the investment portfolio of BKI.

Mr Millner has a Bachelor of Industrial Design degree and a Graduate Diploma in Applied Finance. He is a Fellow of the Financial Services Institute of Australasia and a Graduate of the Australian Institute of Company Directors.

Other current listed company directorships:

- PM Capital Global Opportunities Fund Limited – Appointed 2013

Former listed company directorships in the past three years:

- Exco Resources Limited – Appointed 2012 (company delisted January 2013)

DIRECTORS (continued)

Robert Gordon Westphal B.Com.(UNSW), F.C.A., FFin, M.A.I.C.D.

Non-executive Director since 2006. Chairman of the Audit Committee and member of the Nomination and Remuneration Committees.

Mr Westphal is a Chartered Accountant and was a partner of Ernst & Young for 25 years. He has many years of experience in corporate transactions with particular emphasis on mergers and acquisitions, due diligence and valuation across a variety of industry sectors. Mr Westphal was formerly the Chairman of the Board of Governors of Queenwood School for Girls Limited for 10 years.

Former listed company directorships in the past three years:

- Souls Private Equity Limited – Appointed 2005 (company delisted January 2012)
- Xanadu Mines Ltd - Appointed 2010, Resigned November 2013

David Edward Wills B.Com.(UNSW), F.C.A., M.A.I.C.D

Non-executive Director since 2006. Chairman of the Remuneration Committee and member of the Audit and Nomination Committees.

Mr Wills is a Chartered Accountant, having been a partner of Coopers & Lybrand and then PricewaterhouseCoopers for 25 years. He was Managing Partner of the Sydney office and Deputy Chairman of the Australian firm immediately prior to his retirement from the firm in 2004. As a result of Mr Wills' experience and qualifications, he brings financial expertise to the Board.

Former listed company directorships in the past three years:

- Clover Corporation Limited – Appointed 2005, Resigned June 2013
- Quickstep Holdings Limited – Appointed 2010, Resigned July 2013
- Souls Private Equity Limited – Appointed 2004 (company delisted January 2012)

COMPANY SECRETARY

Ian David Bloodworth

Mr Bloodworth is a Chartered Accountant with more than 25 years accounting and company secretarial experience and was appointed Company Secretary of Washington H. Soul Pattinson and Company Limited in 2007. He was also the Company Secretary of Clover Corporation Limited from 2007 to 2012. Prior to joining the Company, Mr Bloodworth was Company Secretary of the Garratts Limited Group of Companies for 2 years and Chief Financial Officer of the Group for 6 years.

DIRECTORS' MEETINGS

The number of Directors' meetings (including meetings of committees of Directors) and the number of meetings attended by each of the Directors of the Company during the financial year are:

		Directors' Meetings		Audit Committee Meetings		Remuneration Committee Meetings		Nomination Committee Meetings	
		Eligible to Attend	Number Attended	Eligible to Attend	Number Attended	Eligible to Attend	Number Attended	Eligible to Attend	Number Attended
Mr R D Millner	R,N	20	19	-	-	1	1	1	1
Mr P R Robinson		20	19	-	-	-	-	-	-
Mr D J Fairfull	A,R,N	19	19	8	8	1	1	1	1
Mr M J Hawker	A,R,N	19	19	8	8	1	1	1	1
Mr T C D Millner	N	18	18	-	-	-	-	1	1
Mr R G Westphal	A,R,N	21	20	8	8	1	1	1	1
Mr D E Wills	A,R,N	18	18	8	8	1	1	1	1

A Denotes member of the Audit Committee of Directors during the year.

R Denotes member of the Remuneration Committee of Directors during the year.

N Denotes member of the Nomination Committee of Directors during the year.

Directors' Report (continued)

DIRECTORS' INTERESTS

The relevant interest of each Director in the share capital of the Company, as notified to the Australian Securities Exchange in accordance with section 205G of the Corporations Act 2001, at the date of this report is as follows:

	Ordinary Shares
Mr R D Millner	20,338,602
Mr P R Robinson	74,210
Mr D J Fairfull	163,587
Mr M J Hawker	19,000
Mr T C D Millner	17,627,977
Mr R G Westphal	22,739
Mr D E Wills	266,433

REMUNERATION REPORT (AUDITED)

Scope of Report

This Remuneration Report considers the key management personnel of the Parent Company and the Consolidated Entity. New Hope Corporation Limited (New Hope) forms part of the Consolidated Entity and the remuneration of certain key management personnel of New Hope is included in this Report.

New Hope is publicly listed and, accordingly, has its own Remuneration Committee and produces its own Remuneration Report in accordance with the Corporations Act 2001 to be voted on by its shareholders.

Key management personnel of the Parent Company and Consolidated Entity

Non-executive Directors

Mr R D Millner – Chairman

Mr D J Fairfull

Mr M J Hawker

Mr T C D Millner

Mr R G Westphal

Mr D E Wills

Executive Director

Mr P R Robinson

Other key management personnel of the Parent Company and Consolidated Entity

Mr I D Bloodworth	Company Secretary
Ms M R Roderick	Chief Financial Officer

Key management personnel of the Consolidated Entity

Mr M J Busch	Chief Financial Officer, New Hope, promoted from the position of Financial Controller and Company Secretary from 1 February 2014.
Mr B D Denney	Chief Operating Officer, New Hope.
Mr R C Neale	Managing Director and Chief Executive Officer, New Hope, retired on 31 January 2014.
Mr S O Stephan	Chief Executive Officer, New Hope, promoted from the position of Chief Financial Officer from 1 February 2014.

Remuneration Governance

The Remuneration Committee consists of Non-executive Directors whose responsibility is to make recommendations to the full Board on remuneration matters and other terms of employment for the Executive Director, senior executives and Non-executive Directors.

The Remuneration Committee ensures that remuneration levels for Directors and senior executives are competitively set to attract and retain qualified and experienced personnel.

New Hope has its own Remuneration Committee which reports to the Board of New Hope.

Remuneration Consultants

The Remuneration Committee is authorised by the Board to obtain independent professional advice on the appropriateness of remuneration packages if deemed necessary. No such advice was obtained during the financial year.

REMUNERATION REPORT (AUDITED) (continued)

Non-executive Directors

Board policy is to remunerate Non-executive Directors at comparable market rates. Remuneration levels are reviewed annually by the Remuneration Committee and are not subject to performance based incentives.

The Remuneration Committee reviews various publications/surveys annually to assist in setting Non-executive Director remuneration. Based on these publications/surveys for 2013 the remuneration received by Non-executive Directors for the year ended 31 July 2014 was under the 50th percentile for ASX listed Companies with a market capitalisation greater than $3 billion.

The aggregate amount of fees which may be paid to Non-executive Directors by the Parent Company is subject to the approval of Shareholders in general meeting and is currently set at $1,500,000 per annum. Approval for this aggregate amount was given at the 2009 Annual General Meeting.

During the year ended 31 July 2014 remuneration of the Non-executive Directors by the Parent Company amounted to $995,383.

With effect from 31 July 2004 the retiring allowance for Non-executive Directors was frozen at three times the average annual fees for the three years prior to that date. Non-executive Directors appointed after 1 August 2004 do not qualify for a retiring allowance.

Executive Directors and Senior Executives

Parent Company

Remuneration levels are reviewed annually by the Remuneration Committee to reflect individual performance, the overall performance of the Parent Company and Consolidated Entity and prevailing employment market conditions.

Remuneration of the Executive Director and senior executives of the Parent Company consists of a fixed remuneration package comprising a base salary, superannuation and non-cash benefits, where taken. The total value of each remuneration package is approved by the Remuneration Committee based on data sourced from external sources, including independent salary survey providers.

The Remuneration Committee reviews various publications/surveys annually to assist in setting the remuneration of the Executive Director and senior executives. Based on these publications/surveys for 2013 the remuneration they received for the year ended 31 July 2014 was under the 50th percentile for ASX listed Companies with a market capitalisation greater than $3 billion.

There were no fixed term contracts of employment in place for any key management personnel of the Parent Company at any time during the financial year.

As set out in the 2012 and 2013 Remuneration Reports, Mr Peter Robinson is entitled to an employment termination payment (ETP) on cessation of his employment as part consideration for transferring from a defined benefit superannuation plan to a target benefit superannuation plan. The ETP will continue to increase by interest calculated at commercial rates. The interest for the financial year was $29,350 (2013: $31,224). As at 31 July 2014 the balance of the ETP was $868,747 (2013: $839,397).

New Hope Corporation Limited

New Hope aims to ensure that remuneration packages properly reflect the person's duties, experience and responsibilities and are aligned so that management is rewarded in creating value for shareholders. Remuneration of senior executives is reviewed annually after taking into consideration the executives' performance, the New Hope Group's performance, market rates and level of responsibility.

Executive remuneration comprises a mix of base remuneration, short term incentives (STIs), long term incentives (LTIs) and retention payments. Target remuneration mix (based on the entitlement to 100% of the available STIs and LTIs which is at risk and subject to performance hurdles) for the year ended 31 July 2014 was: base remuneration 62%; STIs 19%; and LTIs 19%.

Base remuneration

Base remuneration for senior executives is fixed annually by the New Hope Remuneration Committee (NHRC). It comprises a cash salary, superannuation and other non-cash benefits such as a company vehicle. Executives may elect to take a vehicle allowance in lieu of a company vehicle and may salary sacrifice a portion of their cash salary into superannuation or other benefits.

Short-term incentives

STIs are designed to motivate and reward senior executives to achieve the short term goals of New Hope. Maximum allowable STIs are provided for in senior executive employment contracts and are paid in the form of an annual cash bonus. At the end of each period the NHRC awards executives a percentage of their maximum allowable STIs having regard to the performance of the executive and New Hope during the period. The Key Performance Indicators (KPIs) set by the NHRC and their respective weightings are detailed below.

Directors' Report (continued)

REMUNERATION REPORT (AUDITED) (continued)

Short-term Incentives KPIs	Weighting
New Hope Group Profit, Sales and Investment Performance	55%
New Hope Group Compliance – Safety, Environment and Risk Management	25%
New Hope Group Production Cost, Project Development and Merger and Acquisition Activities	20%

Each of the STIs KPIs is made up of qualitative and quantitative measures with the quantitative measures set annually by the NHRC. Based on the achievements of New Hope this year, the NHRC determined that executives had achieved 52% of their maximum STIs.

Long-term Incentives

LTIs are designed to motivate and reward senior executives to achieve the strategic goals set by New Hope, align shareholder and executive objectives and to retain the services of senior executives.

Maximum allowable LTIs are provided for in senior executive employment contracts. At the end of each period the NHRC awards executives a percentage of their maximum allowable LTIs having regard to the performance of the executive and New Hope during the period.

LTIs are paid in the form of Performance Rights at the discretion of the NHRC. The value of an executive's LTIs is converted into Performance Rights by reference to the five day volume weighted average share price of New Hope over the five days immediately preceding issue. The NHRC has discretion to select alternative equity instruments for the award of LTIs in the event that Performance Rights do not align to the strategic goals set by the NHRC or New Hope.

Performance Rights are issued subject to performance and service conditions. The service condition requires that the executive remain an employee of New Hope for the duration of the three year vesting period. The performance conditions attaching to the rights are measured over three years. The NHRC will determine the percentage of rights that will vest based on the performance of the executive and New Hope during the three year period. The KPIs set by the NHRC and their respective weightings are detailed below.

Long-term Incentives KPIs	Weighting
Shareholder Value	50%
Project Development and Merger and Acquisition Activities	25%
Strategic Plan (including Succession Planning and Stakeholder Management)	25%

Company Performance, Shareholder Wealth and Remuneration

The Parent Company does not have a policy for paying bonuses or granting rights or options under long term or short term incentive plans to its key management personnel. Incentive based remuneration linked to the performance of the Parent Company is considered inappropriate because the Parent Company is a holding company with a diversified portfolio of investments and does not employ personnel at the Parent Company level to operate those assets. The Parent Company considers the setting of performance linked remuneration to be the responsibility of the operating companies.

In its review of remuneration policies, in particular the base salaries of key management personnel of the Parent Company, the Remuneration Committee has regard to the performance of the Consolidated Entity for the current and previous four financial years, taking into account the following measures:

	2010	2011	2012	2013	2014
	$'000	$'000	$'000	$'000	$'000
Revenue from continuing activities	823,307	758,387	912,359	791,315	658,116
Profit after tax attributable to shareholders	218,327	363,871	142,989	105,421	131,729
Share price at year end	$13.02	$12.93	$13.15	$13.50	$15.13
Ordinary dividends paid/declared	34 cents	40 cents	44 cents	46 cents	48 cents
Special dividends paid	12.5 cents	-	-	-	-

Voting on the Remuneration Report at the 2013 Annual General Meeting

The Parent Company received a 100% "yes" vote on its Remuneration Report for the 2013 financial year.

REMUNERATION REPORT (AUDITED) (continued)

Details of Remuneration

Remuneration of the key management personnel of the Parent Company by the Parent Company:

Key Management Personnel of Parent Company	Short Term Benefits			Post Employment Benefits	Long-term Benefits	Termination Benefits	Share Based Payments	Total
	Salary & Fees	Cash Bonus	Non-monetary Benefits	Super-annuation	Long Service Leave			Parent Entity
Name	$	$	$	$	$	$	$	$
Non-executive Directors – 2014								
Mr R D Millner (1)	230,118	-	32,401	17,868	-	-	-	280,387
Mr D J Fairfull (1)	124,307	-	-	11,525	-	-	-	135,832
Mr M J Hawker	124,307	-	-	11,525	-	-	-	135,832
Mr T C D Millner	94,657	-	32,400	8,775	-	-	-	135,832
Mr R G Westphal	147,948	-	-	13,718	-	-	-	161,666
Mr D E Wills (1)	133,460	-	-	12,374	-	-	-	145,834
	854,797	-	64,801	75,785	-	-	-	995,383
Executive Director – 2014								
Mr P R Robinson (1)	797,632	-	62,640	17,868	29,466	-	-	907,606
Other Key Management Personnel – 2014								
Mr I D Bloodworth	280,121	-	13,127	25,345	6,202	-	-	324,795
Ms M R Roderick	553,790	-	-	25,375	14,632	-	-	593,797
Total	**2,486,340**	**-**	**140,568**	**144,373**	**50,300**	**-**	**-**	**2,821,581**
Non-executive Directors – 2013								
Mr R D Millner (1)	222,736	-	36,735	16,585	-	-	-	276,056
Mr D J Fairfull (1)	129,084	-	-	917	-	-	-	130,001
Mr M J Hawker (appointed 10 October 2012)	96,340	-	-	8,695	-	-	-	105,035
Mr T C D Millner	102,233	-	18,577	9,190	-	-	-	130,000
Mr R G Westphal	137,589	-	-	12,412	-	-	-	150,001
Mr D E Wills (1)	128,416	-	-	11,584	-	-	-	140,000
Mr M J Millner (2) (resigned 1 October 2012)	22,936	-	-	2,064	-	202,500	-	227,500
	839,334	-	55,312	61,447	-	202,500	-	1,158,593
Executive Director – 2013								
Mr P R Robinson (1)(3)	771,563	-	60,451	16,585	40,005	-	-	888,604
Other Key Management Personnel – 2013								
Mr I D Bloodworth (3)	262,438	-	13,121	23,340	6,461	-	-	305,360
Ms M R Roderick (3)	502,122	-	-	24,960	15,112	-	-	542,194
Total	**2,375,457**	**-**	**128,884**	**126,332**	**61,578**	**202,500**	**-**	**2,894,751**

(1) Also derive remuneration from controlled entities as shown elsewhere in this Report.

(2) Retiring allowance paid to Mr M J Millner following his resignation from the Board of Directors on 1 October 2012. Refer to the Non-executive Directors section of this report on page 26 for further details.

(3) Long service leave not previously included in 2013 disclosure.

Directors' Report (continued)

REMUNERATION REPORT (AUDITED) (continued)

Details of Remuneration (continued)

Remuneration of the key management personnel of the Consolidated Entity:

Key Management Personnel	Short Term Benefits			Post Employ-ment Benefits	Long-term Benefits	Termin-ation Benefits	Share Based Payments	Total	Received From	
Name	Salary & Fees $	Cash Bonus $	Non-monetary Benefits $	Super-annuation $	Long Service Leave $	$	Value of Rights $	$	Parent Entity $	Controlled Entities $
Non-executive Directors – 2014										
Mr R D Millner	573,118	-	32,401	40,329	-	-	-	645,848	280,387	365,461
Mr D J Fairfull	259,307	-	-	24,041	-	-	-	283,348	135,832	147,516
Mr M J Hawker	124,307	-	-	11,525	-	-	-	135,832	135,832	-
Mr T C D Millner	94,657	-	32,400	8,775	-	-	-	135,832	135,832	-
Mr R G Westphal	147,948	-	-	13,718	-	-	-	161,666	161,666	-
Mr D E Wills	158,460	-	-	14,692	-	-	-	173,152	145,834	27,318
									995,383	540,295
Executive Director – 2014										
Mr P R Robinson	982,632	-	62,640	35,009	29,466	-	-	1,109,747	907,606	202,141
Other Key Management Personnel – 2014										
Mr I D Bloodworth	280,121	-	13,127	25,345	6,202	-	-	324,795	324,795	-
Mr M J Busch	456,003	201,863	83,535	18,873	47,005	-	67,055	874,334	-	874,334
Mr B D Denney	592,280	340,813	24,555	18,027	1,838	-	87,605	1,065,118	-	1,065,118
Mr R C Neale (retired 31 January 2014)	702,688	285,000	96,936	8,887	13,123	176,315	421,744	1,704,693	-	1,704,693
Ms M R Roderick	553,790	-	-	25,375	14,632	-	-	593,797	593,797	-
Mr S O Stephan	905,621	433,175	114,269	18,074	65,376	-	107,571	1,644,086	-	1,644,086
Total	**5,830,932**	**1,260,851**	**459,863**	**262,670**	**177,642**	**176,315**	**683,975**	**8,852,248**	**2,821,581**	**6,030,667**

REMUNERATION REPORT (AUDITED) (continued)

Details of Remuneration (continued)

Key Management Personnel	Short Term Benefits			Post Employment Benefits	Long-term Benefits	Termination Benefits	Share Based Payments	Total	Received From	
	Salary & Fees	Cash Bonus	Non-monetary Benefits	Superannuation	Long Service Leave		Value of Rights		Parent Entity	Controlled Entities
Name	$	$	$	$	$	$	$	$	$	$
Non-executive Directors – 2013										
Mr R D Millner	580,736	-	36,735	39,014	-	-	-	656,485	276,056	380,429
Mr D J Fairfull	264,084	-	-	13,095	-	-	-	277,179	130,001	147,178
Mr M J Hawker (appointed 10 October 2012)	96,340	-	-	8,695	-	-	-	105,035	105,035	-
Mr T C D Millner	102,233	-	18,577	9,190	-	-	-	130,000	130,000	-
Mr R G Westphal	137,589	-	-	12,412	-	-	-	150,001	150,001	-
Mr D E Wills	153,416	-	-	13,896	-	-	-	167,312	140,000	27,312
Mr M J Millner (1) (resigned 1 October 2012)	22,936	-	-	2,064	-	202,500	-	227,500	227,500	-
									1,158,593	554,919
Executive Director – 2013										
Mr P R Robinson (2)	971,563	-	60,451	34,613	40,005	-	-	1,106,632	888,604	218,028
Other Key Management Personnel – 2013										
Mr I D Bloodworth (2)	262,438	-	13,121	23,340	6,461	-	-	305,360	305,360	-
Mr M J Busch	416,114	106,250	28,964	16,579	6,981	-	115,469	690,357	-	690,357
Mr B D Denney	611,770	191,250	22,941	16,579	-	-	142,927	985,467	-	985,467
Mr R C Neale	1,443,559	550,000	44,631	16,579	24,074	-	808,244	2,887,087	-	2,887,087
Ms M R Roderick (2)	502,122	-	-	24,960	15,112	-	-	542,194	542,194	-
Mr S O Stephan	596,942	201,375	2,873	16,579	-	-	192,730	1,010,499	-	1,010,499
Total	**6,161,842**	**1,048,875**	**228,293**	**247,595**	**92,633**	**202,500**	**1,259,370**	**9,241,108**	**2,894,751**	**6,346,357**

(1) Retiring allowance paid to Mr M J Millner following his resignation from the Board of Directors on 1 October 2012. Refer to the Non-executive Directors section of this report on page 26 for further details.

(2) Long service leave not previously included in 2013 disclosure.

Directors' Report (continued)

REMUNERATION REPORT (AUDITED) (continued)

Details of Remuneration (continued)

New Hope Corporation Limited

Name	Fixed Remuneration		At Risk - STI		At Risk - LTI	
	2014	2013	2014	2013	2014	2013
Mr M J Busch	69%	68%	23%	17%	8%	15%
Mr B D Denney	60%	66%	32%	15%	8%	19%
Mr R C Neale	58%	53%	17%	28%	25%	19%
Mr S O Stephan	67%	61%	26%	19%	7%	20%

Since the LTIs are provided exclusively by way of rights, the percentages disclosed reflect the value of remuneration consisting of rights, based on the value of rights expensed during the year.

Service Agreements

Parent Company

The agreements with the senior executives of the Parent Company provide for a cash salary and superannuation. Executives may elect to salary sacrifice a portion of their cash salary into superannuation or other benefits.

Name	Term of agreement and notice period (1)	Base remuneration including Superannuation	Termination Payments (2)
Mr P R Robinson	No fixed term 1 month notice period	$870,000	1 month base remuneration
Mr I D Bloodworth	No fixed term 3 months notice period	$330,000	3 months base remuneration
Ms M R Roderick	No fixed term 3 months notice period	$600,000	3 months base remuneration

(1) This notice applies equally to either party.

(2) Base salary payable if the company terminates employees with notice, and without cause (e.g. for reasons other than unsatisfactory performance).

New Hope Corporation Limited

The agreements with the senior executives of New Hope provide for a cash salary, superannuation and a fully maintained motor vehicle. Executives may elect to take a vehicle allowance in lieu of a company vehicle and may salary sacrifice a portion of their cash salary into superannuation or other benefits.

Name	Term of agreement and notice period (1)	Base remuneration including Superannuation	Termination Payments (2)
Mr M J Busch	No fixed term 3 months notice period	$600,000	3 months base remuneration
Mr B D Denney (3)	No fixed term 3 months notice period	$750,000	3 months base remuneration
Mr R C Neale (retired 31 January 2014)	No fixed term 2 months notice period	$1,500,000	$200,000 index by CPI from 1996
Mr S O Stephan	No fixed term 6 months notice period	$1,300,000	6 months base remuneration

(1) This notice applies equally to either party.

(2) Base salary payable if the company terminates employees with notice, and without cause (e.g. for reasons other than unsatisfactory performance).

(3) The contract with Mr Denney includes provision for a separation payment in the event of his termination as a result of takeover or merger of New Hope. The allowance is for less than one years remuneration.

REMUNERATION REPORT (AUDITED) (continued)

Share-based Compensation

Parent Company

WHSP does not provide share-based compensation to any key management personnel of the Consolidated Entity.

New Hope Corporation Limited

Rights are granted under the New Hope Corporation Limited Employee Performance Share Rights Plan. Rights are granted for no consideration. They vest and automatically convert to ordinary shares in New Hope following the satisfaction of the relevant performance and service conditions. The assessed fair value of the Rights granted is included in the remuneration of the executive. Fair values at grant date are determined by reference to the relevant volume weighted average price.

The Board of New Hope considered the outstanding contribution Mr R C Neale had made to New Hope during his tenure as CEO and Managing Director and it was agreed that upon his retirement all outstanding performance rights would vest.

Details of Rights over ordinary shares in New Hope as at 31 July 2014, provided as remuneration to the key management personnel of New Hope are set out below.

Name	Grant Date	Vesting Date	Number Granted	Value per Share ($)	Number Vested	Vested Percentage	Number Forfeited	Forfeited Percentage	Maximum value yet to vest
Mr R C Neale	27 Oct 11	01 Aug 13	48,999	5.17	48,999	100%	-	-	-
	27 Oct 11	31 Jan-14 (1)	24,398	5.17	24,398	100%	-	-	-
	17 Dec 11	01 Aug 13	36,537	6.02	36,537	100%	-	-	-
	17 Dec 11	31 Jan-14 (1)	36,538	6.02	36,538	100%	-	-	-
	15 Nov 13	01 Dec 13	52,317	4.03	52,317	100%	-	-	-
	15 Nov 13	01 Jan 14	52,317	4.03	52,317	100%	-	-	-
	15 Nov 13	31 Jan-14 (1)	52,317	4.03	52,317	100%	-	-	-
Mr S O Stephan	27 Oct 11	01 Aug 13	10,040	5.17	10,040	100%	-	-	-
	27 Oct 11	01 Aug 14	10,040	5.17	-	0%	-	-	-
	17 Dec 11	01 Aug 13	8,432	6.02	8,432	100%	-	-	-
	17 Dec 11	01 Aug 14	8,432	6.02	-	0%	-	-	-
	17 Dec 11	01 Aug 15	8,432	6.02	-	0%	-	-	13,844
	17 Dec 12	01 Aug 13	11,211	4.03	11,211	100%	-	-	-
	17 Dec 12	01 Aug 14	11,211	4.03	-	0%	-	-	-
	17 Dec 12	01 Aug 15	11,211	4.03	-	0%	-	-	16,943
	17 Dec 12	01 Aug 16	11,210	4.03	-	0%	-	-	24,642
Mr B D Denney	17 Dec 11	01 Aug 13	8,010	6.02	8,010	100%	-	-	-
	17 Dec 11	01 Aug 14	8,010	6.02	-	0%	-	-	-
	17 Dec 11	01 Aug 15	8,010	6.02	-	0%	-	-	13,151
	17 Dec 12	01 Aug 13	11,211	4.03	11,211	100%	-	-	-
	17 Dec 12	01 Aug 14	11,211	4.03	-	0%	-	-	-
	17 Dec 12	01 Aug 15	11,211	4.03	-	0%	-	-	16,943
	17 Dec 12	01 Aug 16	11,210	4.03	-	0%	-	-	24,642
Mr M J Busch	27 Oct 11	01 Aug 13	5,020	5.17	5,020	100%	-	-	-
	27 Oct 11	01 Aug 14	5,020	5.17	-	0%	-	-	-
	17 Dec 11	01 Aug 13	4,005	6.02	4,005	100%	-	-	-
	17 Dec 11	01 Aug 14	4,005	6.02	-	0%	-	-	-
	17 Dec 11	01 Aug 15	4,005	6.02	-	0%	-	-	6,575
	17 Dec 12	01 Aug 13	8,408	4.03	8,408	100%	-	-	-
	17 Dec 12	01 Aug 14	8,408	4.03	-	0%	-	-	-
	17 Dec 12	01 Aug 15	8,408	4.03	-	0%	-	-	12,707
	17 Dec 12	01 Aug 16	8,408	4.03	-	0%	-	-	18,482

(1) Rights for Mr R C Neale vested upon retirement as decided by the Board of New Hope.

The fair value of the rights is determined based on a weighted average of New Hope's share price.

Directors' Report (continued)

REMUNERATION REPORT (AUDITED) (continued)

Equity instruments held by key management personnel

The following tables show the number of:

- shares in WHSP;
- shares in New Hope; and
- rights to shares in New Hope

that were held during the financial year by key management personnel of the Group, including their personally related parties.

There were no shares granted during the financial year as remuneration.

Shares in Washington H. Soul Pattinson and Company Limited	Balance at start of year	Additions during year	Received on exercise of options	Disposed of during the year	Balance at end of year
2014					
Directors of Washington H. Soul Pattinson and Company Limited					
R D Millner	19,790,975	437,627	-	-	20,228,602
P R Robinson	74,210	-	-	-	74,210
D J Fairfull	163,587	-	-	-	163,587
M J Hawker	7,680	11,320	-	-	19,000
T C D Millner	17,069,965	448,012	-	-	17,517,977
R G Westphal	12,739	10,000	-	-	22,739
D E Wills	256,433	10,000	-	-	266,433
Other key management personnel					
R C Neale (retired 31 January 2014)	4,000	-	-	-	N/A
M R Roderick	500	-	-	-	500

Shares in New Hope Corporation Limited	Balance at start of year	Additions during year	Received on exercise of options	Disposed of during the year	Balance at end of year
2014					
Directors of Washington H. Soul Pattinson and Company Limited					
R D Millner	3,681,962	-	-	-	3,681,962
P R Robinson	119,234	-	-	-	119,234
D J Fairfull	11,000	-	-	-	11,000
T C D Millner	3,653,215	1,153	-	-	3,654,368
D E Wills	90,670	-	-	-	90,670
Other key management personnel					
M J Busch	664,045	-	17,433	-	681,478
B D Denney	8,010	-	19,221	-	27,231
R C Neale (retired 31 January 2014)	2,287,736	-	303,423	-	N/A
S O Stephan	42,712	-	29,683	-	72,395

REMUNERATION REPORT (AUDITED) (continued)

Equity instruments held by key management personnel (continued)

New Hope Corporation Limited Rights	Balance at start of year	Granted as remuneration	Exercised during the year	Disposed of during the year	Balance at end of year
2014					
Key management personnel					
M J Busch	**55,687**	-	**17,433**	-	**38,254**
B D Denney	**68,873**	-	**19,221**	-	**49,652**
R C Neale (retired 31 January 2014)	**303,423**	-	**303,423**	-	**N/A**
S O Stephan	**90,219**	-	**29,683**	-	**60,536**
The rights held at the end of the year were not vested.					

Loans to key management personnel

No loans have been made to the Directors of WHSP or other key management personnel of the Consolidated Entity.

Other Transactions with key management personnel

The key management personnel and their related entities received dividends during the year in respect of their shareholdings in Group companies consistent with other shareholders.

Mr P R Robinson is entitled to an employment termination payment (ETP) on cessation of his employment as part consideration for transferring from a defined benefit superannuation plan to a target benefit superannuation plan. The ETP will continue to increase by interest calculated at commercial rates. The interest for the financial year was $29,350 (2013: $31,224). As at 31 July 2014 the balance of the ETP was $868,747 (2013: $839,397).

Unsecured deposits are accepted from some Directors of WHSP and their related entities and interest is paid at normal commercial rates. Interest paid during the current financial year amounted to $1,732,690 (2013: $2,209,058). The balance of deposits at 31 July 2014 was $44,795,638 (2013: $49,317,385). Deposits were received from Mr R D Millner, Mr D J Fairfull, Mr T C D Millner, Mr P R Robinson and Mr R G Westphal and/or their related entities.

OPTIONS

The Parent Company did not issue any options over its unissued shares during the financial year.

INDEMNIFICATION OF OFFICERS AND AUDITORS

Indemnification

The Parent Company's constitution provides for an indemnity of Directors, Secretaries and Executive Officers (as defined in the Corporations Act 2001); where liability is incurred in the performance of their duties in those roles, other than conduct involving a wilful breach of duty in relation to the Company. The Constitution further provides for an indemnity in respect of any costs and expenses incurred in defending proceedings in which judgement is given in their favour, they are acquitted, or the Court grants them relief under the Corporations Act 2001.

Insurance

In accordance with the provisions of the Corporations Act, the Parent Company has a Directors' and Officers' Liability policy covering Directors and officers of the Parent Company and some of its controlled entities. The insurance policy prohibits disclosure of the nature of the liability insured against and the amount of the premium.

Auditors

No indemnities have been given or insurance premiums paid during or since the end of the financial year in respect of any person who is or has been an auditor of the Parent Company or its controlled entities.

Directors' Report (continued)

PROCEEDINGS ON BEHALF OF THE COMPANY

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

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

NON AUDIT SERVICES

During the year, Moore Stephens Sydney, the Parent Company's auditor, performed certain other services in addition to their statutory duties. An entity associated with Moore Stephens Sydney was paid $175,725 for providing tax compliance services in respect of the Group. Details of the amounts paid to the auditors are disclosed in note 41 of the financial statements.

The Board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of those non-audit services by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the Parent Company and have been reviewed by the Audit Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in Professional Statement APES 110: Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Parent Company, acting as an advocate for the Parent Company or jointly sharing risks and rewards.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 31 July 2014 has been received and is included on page 36.

ROUNDING OF AMOUNTS

The amounts contained in the accompanying financial statements have been rounded off to the nearest one thousand dollars under the option available to the Company under Class Order 98/100.

Signed in accordance with a resolution of the Board of Directors:

R D MILLNER	**P R ROBINSON**
Director	Director

Dated this 24th day of October 2014.

Auditor’s Independence Declaration

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Auditor’s Independence Declaration
to the Directors of Washington H. Soul Pattinson and Company Limited

As lead auditor for the audit of Washington H. Soul Pattinson and Company Limited for the year ended 31 July 2014, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Washington H. Soul Pattinson and Company Limited and the entities it controlled during the period.

Moore Stephens Sydney
Chartered Accountants

John Gavljak
Partner

Dated in Sydney, 23rd October 2014

Corporate Governance Statement

The Board of Washington H. Soul Pattinson and Company Limited (the Company) is committed to ensuring its policies and practices reflect good corporate governance and recognises that for its success an appropriate culture needs to be nurtured and developed throughout all levels of the Company.

This statement outlines the Company's Corporate Governance Practices in place throughout the year, unless otherwise stated, and has been summarised into sections in line with the 8 core principles set out in the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations – 2nd edition".

The Board has plans in place to ensure its corporate governance framework is updated, as necessary, to comply with the third edition of the Corporate Governance Principles and Recommendations for the financial year commencing on 1 August 2014.

Principle 1 – Lay solid foundations for management and oversight

The Board is ultimately responsible for the operations, management and performance of the Company. In discharging this responsibility the Board delegates to senior management, whose role is to manage the Company in accordance with the directions and policies set by the Board. The Board monitors the activities of senior management in the performance of their delegated duties.

It is the responsibility of the Board to determine policies, practices, management and the operations of the Company and to ensure that the Company is compliant with statutory, legal and other regulatory obligations.

Responsibilities of the Board include the following:

- Determining corporate strategies, policies and guidelines for the successful performance of the Company in the present and in the future;
- Monitoring the performance and conduct of the Company;
- Accountability to Shareholders;
- Ensuring that risk management procedures and compliance and control systems are in place and operating effectively;
- Monitoring the performance and conduct of senior management, and ensuring adequate succession plans are in place; and
- Ensuring the Company continually builds an honest and ethical culture.

The Board has delegated responsibility for the following to management:

- Day to day management of the Company;
- Production of performance measurement reports;
- Managing the compliance and risk management systems; and
- Management of staff including, appointment, termination, staff development and performance measurement.

The Executive Director is responsible for ensuring that the responsibilities delegated by the Board are properly discharged.

The performance of the Executive Director is evaluated by the Board with reference to the overall performance of the Company and of its subsidiaries and associates in which the Executive Director represents the Company. Both qualitative and quantitative measures are used to evaluate performance.

The Executive Director evaluates the performance of the other senior executives and reports to the Board. The Board also reviews the performance of these executives via the monthly Board reports and their attendance at Board meetings.

The performance of the senior executives of the Company was assessed, as set out above, during the reporting period.

Principle 2 – Structure the Board to add value

The Company's constitution states that its Board is to comprise of no less than three and no more than ten Directors. The names and details of the Directors of the Company during the year and at the date of this statement are set out in the Directors' Report.

At the date of this report the Board consisted of six Non-executive and one Executive Director. The Board has assessed the independence of its members and is of the view that the following Directors are independent:

Robert D Millner - Chairman, Non-executive

David J Fairfull - Non-executive

Michael J Hawker - Non-executive

Thomas C D Millner - Non-executive

Robert G Westphal - Non-executive

David E Wills - Non-executive

Principle 2 – Structure the Board to add value (continued)

Each Director has undertaken to provide the Board with all information which is relevant to the assessment of his independence in a timely manner.

Under the ASX Corporate Governance Principles and Recommendations two of the current Non-executive Directors do not qualify as independent for the following reasons. Mr Robert Millner is a Director of Brickworks Limited a major shareholder in the Company. Additionally, Mr Robert Millner and Mr Thomas Millner have relevant interests in substantial shareholdings in the Company as disclosed in the Directors' Report and the Remuneration Report.

Whilst the above Non-executive Directors do not meet the criteria for independence in accordance with the ASX Corporate Governance Principles and Recommendations, all Directors are committed to bring their independent views and judgement to the Board and, in accordance with the Corporations Act 2001, must inform the Board if they have any interest that could conflict with those of the Company. Where the Board considers that a significant conflict exists it may exercise its discretion to determine whether the Director concerned may be present at the meeting while the item is considered. For these reasons the Board believes that Mr Robert Millner and Mr Thomas Millner can be considered to be acting independently in the execution of their duties.

The current Chairman of the Board is Mr Robert Millner who is a Non-executive Director. For the reasons stated above he is considered to be independent. The current Executive Director is Mr Peter Robinson.

The Nomination Committee consists of all Non-executive Directors who review the membership of the Board annually having regard to the Company's particular needs, both present and future. The names of the members of the Nomination Committee during the year and their attendance at meetings are set out in the Directors' Report.

The role of the Nomination Committee is to review and consider the structure, balance of skills and diversity of the Board and make recommendations regarding appointment, retirement and approval for Directors to stand for re-election. When a vacancy occurs the Nomination Committee identifies the necessary and desirable skills, expertise and experience required to compliment the Board and undertakes a process to identify the most appropriate candidates. The Nomination Committee may engage recruitment consultants and other independent experts to undertake research and assessment at the Company's expense.

The Board has established a Nomination Committee Charter which includes the process by which candidates are identified and selected, the use of professional intermediaries and the requirement for a diverse range of candidates to be considered. The Charter may be viewed in the Corporate Governance section of the Company's web site at www.whsp.com.au.

Directors are initially appointed by the full Board, following consideration of recommendations made by the Nomination Committee.

Appointment is subject to re-election by the Shareholders of the Company at the next Annual General Meeting. Under the Constitution Directors other than the Executive Director are required to retire from office after three years. Retiring Directors may stand for re-election at the next Annual General Meeting, subject to approval by the Board. Retiring Directors exclude themselves from Nomination Committee meetings while the remaining members of the Committee consider the suitability of that Director for re-election.

In the discharge of their duties and responsibilities, the Directors either individually or jointly, have the right to seek independent professional advice at the Company's expense. In respect of advice to individual Directors, the prior approval of the Chairman is required; such approval is not to be unreasonably withheld. The Chairman is entitled to receive a copy of any such advice obtained.

The Chairman is responsible for monitoring and assessing the performance of individual Directors, each Board Committee and the Board as a whole. The Chairman interviews each Director and provides feedback regarding their performance. The Board as a whole continuously monitors the efficiency and effectiveness of its operations on an informal basis.

The performance of each Director of the Company was assessed, as set out above, during the reporting period.

The Board considers that the Directors bring an appropriate mix of skills, breadth and depth of knowledge and experience to meet the Board's responsibilities and objectives. The range of skills and experience possessed by the each of the Directors is set out in the Directors' Report.

Corporate Governance Statement (continued)

Principle 3 – Promote ethical and responsible decision-making

Code of Conduct

The Company has an established code of conduct dealing with matters of integrity and ethical standards. The Board recognises the need for the Directors and employees to adhere to the highest standards of behaviour and business ethics.

All Directors and employees are expected to abide by the code of conduct which requires them to:

- Act in accordance with ethical and professional standards;
- Act with honesty and integrity in dealings with shareholders, customers, suppliers and competitors;
- Ensure compliance with all laws and regulations;
- Act in accordance with standards of workplace behaviour and equal opportunity;
- Avoid actual or potential conflicts of interest between private and company matters;
- Not engage in insider trading;
- Not accept unauthorised benefits as a result of their position in the Company;
- Ensure Company assets and confidential information are not used improperly;
- Maintain and further enhance the Company's reputation and not act in a manner which may harm that reputation; and
- Report all breaches of the code.

Share Trading Policy

The Company had a trading policy in place throughout the year. The previous policy was replaced on 11 September 2013 and a minor amendment was made to that policy on 13 November 2013.

Both of the policies and the amended policy had the following main principles. They relate to trading in shares of the Company and controlled and associated entities of the Company that are publicly listed:

- Trading is prohibited when Directors and employees are in possession of price sensitive information which is not available to the public;
- In respect of the securities of the Company, Directors and other key management personnel are also prohibited from trading during prohibited periods which are imposed by the Company; and
- Directors and senior executives are prohibited from using margin loans to finance the purchase of shares in the Company or from trading in any financial products issued or created over the Company's shares.

The previous policy set share trading windows during which Directors and other key management personnel of the Company were permitted to trade in the shares of the Company.

The new and amended policies set periods during which Directors and other key management personnel of the Company are not permitted to trade in the shares of the Company.

The current share trading policy may be viewed in the Corporate Governance section of the Company's web site at www.whsp.com.au.

Diversity

The Company values and respects the skills that people with diverse backgrounds, experiences and perspectives bring to the organisation. The Company is committed to rewarding performance and providing opportunities that allow individuals to reach their full potential irrespective of background or difference. When appointing new staff or promoting people within the organisation the most suitably qualified candidates are selected. As a result, diversity is promoted throughout the organisation.

The Company has established a Diversity Policy to formalise its commitment to providing equal access to opportunities irrespective of background or difference. The policy may be viewed in the Corporate Governance section of the Company's web site at www.whsp.com.au.

The policy governs the conduct of the Company, its subsidiaries (other than those in the New Hope Corporation Limited Group) and all directors and employees of those entities. New Hope Corporation Limited (New Hope) is listed on the Australian Securities Exchange (ASX) and accordingly is required to establish its own diversity policy and objectives and make the required disclosures in its Annual Report. Therefore it is not considered appropriate for companies in the New Hope Group to be governed by the Company's policy nor for the New Hope Group companies' diversity reporting to be included in this Annual Report.

The Company has adopted the ASX Corporate Governance Principles and Recommendations on diversity. As at 31 July 2014 the organisation (excluding the New Hope Group) had 220 full time equivalent employees (2013: 229).

Principle 3 – Promote ethical and responsible decision-making (continued)

The proportion of women employees in the organisation as at 31 July 2014 was 31% (2013: 29%). While the Company believes that this represents a reasonable level of gender diversity, it will continue to ensure that neither gender nor any other differences interfere with the employment of individuals based on their suitability for the position available. By doing so the Company aims to increase female representation.

The proportion of women in senior executive positions as at 31 July 2014 was 11% (2013: 25%). This fell due to Austgrains Pty. Limited, which has one senior executive woman, leaving the Group and the resignation of one senior executive woman from CopperChem Limited. The Company's objective is to incrementally grow the proportion of women in senior executive positions as vacancies allow and suitably qualified candidates are available. The aim is to achieve higher female representation. The small number of senior executive positions within the organisation and the low turnover rate limits the opportunity to increase female representation in this area.

There were no women on the Board of Directors of the Company as at 31 July 2014 (2013: nil). The Board has undertaken to include both male and female candidates in the process for selection of new Directors. No new Directors were appointed during the year. Candidates will continue to be assessed on their skills, knowledge and experience and on the relevance of these to the Company's needs. Two new Directors are to be appointed to the Board with effect from 1 November 2014. One of these Directors is a woman.

Principle 4 – Safeguard integrity in financial reporting

The Company has an established Audit Committee, which has a formal charter outlining the Committee's function, composition, authority, responsibilities and reporting. The Charter may be viewed in the Corporate Governance section of the Company's web site at www.whsp.com.au.

The following persons were members of the Audit Committee at the date of this report:

Robert G Westphal - Chairman

David J Fairfull

Michael J Hawker

David E Wills

All of the members of the Audit Committee are non-executive, independent Directors. Mr Westphal, who is the Chairman of the Audit Committee, is not the Chairman of the Board. The Chairman of the Board is not a member of the Audit Committee. Details of the Audit Committee members and their attendance at meetings are set out in the Directors' Report.

The Non-executive Chairman, Executive Director, Chief Financial Officer, Company Secretary and the Non-executive Director not on the committee may attend Audit Committee meetings by invitation.

The function of the Audit Committee is to assist the Board in fulfilling its statutory and fiduciary responsibilities relating to:

- The external reporting of financial information, including the selection and application of accounting policies;
- The independence and effectiveness of the external auditors;
- The effectiveness of internal control processes and management information systems;
- Compliance with the Corporations Act, ASX Listing Rules and any other applicable requirements; and
- The application and adequacy of risk management systems within the Company.

The Executive Director and the Chief Financial Officer are required to state in writing to the Board, by submission to the Audit Committee, that the Company's financial statements present a true and fair view, in all material respects, of the Company's financial position and operational results and that they are in accordance with relevant accounting standards. A declaration from the Executive Director and the Chief Financial Officer has been received in respect of the current reporting period.

The external auditors, Moore Stephens Sydney, are requested by the Audit Committee to attend the appropriate meetings to report on the results of their half-year review and full year audit. It is the policy of the external auditors to rotate audit engagement partners on listed companies in accordance with the requirements of the Corporations Act 2001, which is generally after five years, subject to certain exceptions. In accordance with that policy a new audit engagement partner was introduced for the year ended 31 July 2014.

It is the policy of the external auditors to provide an annual declaration of their independence to the Company. Information about fees paid to the external auditors is included in the Directors' Report and in note 41 of the financial statements.

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.

Corporate Governance Statement (continued)

Principle 5 – Make timely and balanced disclosure

The Board recognises the need to ensure that all investors have equal and timely access to material information regarding the Company and for announcements to be factual, clear, balanced and complete.

The Company has established a Continuous Disclosure Policy to ensure compliance with ASX and Corporations Act continuous disclosure requirements. The policy requires timely disclosure through the ASX announcement platform of information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities or which would materially influence the decision making of investors. Internal procedures are in place to ensure that relevant information is communicated promptly.

The Chairman and Executive Director are responsible for determining disclosure obligations and the Company Secretary is the nominated continuous disclosure officer for the Company.

Principle 6 – Respect the rights of Shareholders

The Board is committed to ensuring that Shareholders are fully informed of all material matters affecting the Company in a timely manner.

The dissemination of information is mainly achieved as follows:

- An Annual Report is distributed to Shareholders in October or November each year;
- The Chairman's Address to the Annual General Meeting is distributed to Shareholders in December each year;
- A Half-yearly Review of Operations is distributed to Shareholders in May each year; and
- Significant information is posted on the Company's website.

In addition, Shareholders are encouraged to attend and participate in the Annual General Meeting of the Company. The external auditor attends the Annual General Meeting to answer Shareholders' questions in regard to the conduct of the audit and the content of the auditor's report.

Principle 7 – Recognise and manage risk

The Company is committed to identifying and managing areas of significant business risk to protect Shareholders, employees, earnings and the environment. Arrangements in place include:

- Regular detailed financial, budgetary and management reporting;
- Procedures to manage financial and operational risks;
- Established organisational structures, procedures and policies dealing with the areas of health and safety, environmental issues, industrial relations and legal and regulatory matters;
- Comprehensive insurance and risk management programs;
- Procedures requiring Board approval for all borrowings, guarantees and capital expenditure beyond minor levels; and
- Where applicable, the utilisation of specialised staff and external advisors.

Management is responsible for the design and implementation of a risk management and internal control system which manages the material business risks of the Company and reporting to the Board on whether those risks are being managed efficiently. Management reported to the Board on an ongoing basis during the current reporting period.

The Executive Director and the Chief Financial Officer are required to state in writing to the Board, by submission to the Audit Committee, that the risk management and internal control compliance systems are operating efficiently and effectively. In their declaration under section 295A of the Corporations Act the Executive Director and the Chief Financial Officer have made this statement in respect of the current reporting period.

Principle 8 – Remunerate fairly and responsibly

The Company has established a Remuneration Committee which consists of five Directors, the majority of whom are independent, and is chaired by an independent Director. The Remuneration Committee makes recommendations to the full Board on remuneration matters and other terms of employment for the Executive Director, senior executives and Non-executive Directors. The details of the Remuneration Committee members and their attendance at meetings are set out in the Directors' Report.

Senior executive performance is continually monitored by the Executive Director and the Executive Director's performance is subject to continuous monitoring by the full Board.

The remuneration of the Executive Director is reviewed annually by the Remuneration Committee, which consists of Non-executive Directors. The remuneration of the senior executive staff is reviewed annually by the full Board after taking into consideration the recommendations of the Remuneration Committee and the Executive Director.

The Executive Director and senior executive staff are renumerated by way of salary, non-monetary benefits, and superannuation contributions. Neither the Executive Director nor senior executive staff are entitled to receive bonus payments or any equity based remuneration.

Non-executive Directors' fees are reviewed annually by the full Board after taking into consideration the Company's performance, market rates, level of responsibility and the recommendations of the Remuneration Committee. The aggregate amount of fees which may be paid to Non-executive Directors is subject to the approval of Shareholders at the Annual General Meeting and is currently set at $1,500,000 per annum. Approval for this amount was given at the 2009 Annual General Meeting.

Non-executive Directors are remunerated by way of fees in the form of cash, non-monetary benefits, and statutory superannuation contributions and may be entitled to receive a retiring allowance. With effect from 31 July 2004 the retiring allowance for Non-executive Directors was frozen at 3 times the average annual fees for the 3 years prior to that date. Non-executive Directors appointed after 1 August 2004 do not qualify for a retiring allowance. Non-executive Directors are not entitled to receive bonus payments or any equity based remuneration.

Remuneration is set so as to attract and retain suitable personnel and to motivate them to pursue the long term growth and success of the Company.

Further information of Directors' and executives' remuneration is set out in the Remuneration Report.

For further information concerning the corporate governance practices of the Company refer to the Corporate Governance section of the Company's web site at www.whsp.com.au.

Financial Report
31 July 2014

Contents

This financial report covers the consolidated financial statements of the Consolidated entity consisting of Washington H. Soul Pattinson and Company Limited and its controlled entities. The financial statements are presented in Australian currency.

Washington H. Soul Pattinson and Company Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is located in New South Wales:

Washington H. Soul Pattinson and Company Limited

Level 1

160 Pitt Street

SYDNEY NSW 2000

The financial report was authorised for issue by the Directors on 24th October 2014.

Consolidated Income Statement
For the year ended 31 July 2014

	Notes	2014 $'000	2013 $'000
Revenue from continuing operations	4	**658,116**	791,315
Other income	5	**63,970**	7,198
Cost of sales		**(412,986)**	(414,187)
Selling and distribution expenses		**(139,572)**	(143,761)
Administration expenses		**(51,492)**	(56,688)
Other expenses		**(6,900)**	(7,204)
Impairment reversal/(expense) of assets	6	**21,374**	(58,827)
Finance costs		**(3,549)**	(2,980)
Share of results from equity accounted associates	38	**56,018**	78,997
Profit before income tax		**184,979**	193,863
Income tax (expense)	7a	**(29,391)**	(59,611)
Profit after tax for the year		**155,588**	134,252
Profit after tax attributable to non-controlling interests		**(23,859)**	(28,831)
Profit after tax attributable to members of Washington H. Soul Pattinson and Company Limited		**131,729**	105,421

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

Consolidated Statement of Comprehensive Income
For the year ended 31 July 2014

	2014 $'000	2013 $'000
Profit after tax for the year	**155,588**	134,252
Other comprehensive income		
Items that may be reclassified subsequently to the income statement		
Net movement in the fair value of long term equity investments, net of tax	**70,244**	91,327
Transfer to profit and loss on disposal of long term equity investments, net of tax	**(14,227)**	(121)
Net movement in hedge reserve, net of tax	**27,773**	(50,953)
Net movement in foreign currency translation reserve, net of tax	**1,957**	534
Net movement in equity reserve, net of tax	**(3,832)**	(4,539)
Total other comprehensive income for the year, net of tax	**81,915**	36,248
Total comprehensive income for the year	**237,503**	170,500
Total comprehensive income attributable to non-controlling interests	**(36,959)**	(6,663)
Total comprehensive income attributable to members of Washington H. Soul Pattinson and Company Limited	**200,544**	163,837

Earnings per share	**2014 cents**	2013 cents
Basic and diluted earnings per share to ordinary equity holders of Washington H. Soul Pattinson and Company Limited		
Earnings per share from all operations	**55.03**	44.04

	No. of shares	No. of shares
Weighted average number of shares used in calculating basic and diluted earnings per share	**239,395,320**	239,395,320

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

Consolidated Statement of Financial Position
As at 31 July 2014

	Notes	31 July 2014 $'000	31 July 2013 $'000
Current assets			
Cash and cash equivalents	9	**64,933**	28,078
Term deposits	10	**1,272,912**	1,499,724
Trade and other receivables	11	**85,900**	90,363
Inventories	12	**72,959**	80,235
Investments fair valued through profit and loss	13	**14,695**	10,779
Held for sale financial assets	14	**27,183**	-
Current tax asset		**3,693**	4,401
Other assets		**271**	614
Total current assets		**1,542,546**	1,714,194
Non-current assets			
Trade and other receivables	15	**13,308**	5,102
Equity accounted associates	16	**944,726**	813,648
Long term equity investments	17	**562,208**	542,131
Other financial assets	18	**7,659**	22,387
Derivative financial instruments	27	**2,447**	-
Property, plant and equipment	19	**920,010**	882,588
Investment properties	20	**139,421**	50,223
Exploration and evaluation assets	21	**169,726**	129,628
Deferred tax assets	22	**37,483**	21,115
Intangible assets	23	**26,847**	28,311
Total non-current assets		**2,823,835**	2,495,133
Total assets		**4,366,381**	4,209,327
Current liabilities			
Trade and other payables	24	**74,679**	59,629
Interest bearing liabilities	25	**44,829**	51,165
Derivative financial instruments	27	**4,943**	30,537
Current tax liabilities		**61**	18,924
Provisions	28	**32,132**	35,499
Total current liabilities		**156,644**	195,754
Non-current liabilities			
Interest bearing liabilities	26	**45,425**	7,900
Derivative financial instruments	27	**-**	11,707
Deferred tax liabilities	30	**265,840**	193,735
Provisions	29	**58,347**	50,210
Total non-current liabilities		**369,612**	263,552
Total liabilities		**526,256**	459,306
Net assets		**3,840,125**	3,750,021
Equity			
Share capital	31	**43,232**	43,232
Reserves	32	**665,424**	597,249
Retained profits		**2,334,728**	2,295,642
Parent entity interest		**3,043,384**	2,936,123
Non-controlling interest		**796,741**	813,898
Total equity		**3,840,125**	3,750,021

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity
For the year ended 31 July 2014

Year ended 31 July 2014	Share capital $'000	Retained profits $'000	Reserves $'000	Total Parent entity interest $'000	Non-controlling interest $'000	Total equity $'000
Total equity at the beginning of the year - 1 August 2013	**43,232**	**2,295,642**	**597,249**	**2,936,123**	**813,898**	**3,750,021**
Net profit for the year after tax	**-**	**131,729**	**-**	**131,729**	**23,859**	**155,588**
Other comprehensive income for the year						
Net movement in the asset revaluation reserve, net of tax	**-**	**-**	**54,386**	**54,386**	**1,631**	**56,017**
Net movement in hedge reserve, net of tax	**-**	**-**	**16,304**	**16,304**	**11,469**	**27,773**
Net movement in foreign currency translation reserve, net of tax	**-**	**-**	**1,957**	**1,957**	**-**	**1,957**
Net movement in equity reserve, net of tax	**-**	**-**	**(3,832)**	**(3,832)**	**-**	**(3,832)**
Total comprehensive income for the year	**-**	**131,729**	**68,815**	**200,544**	**36,959**	**237,503**
Transactions with owners						
Dividends declared and paid	**-**	**(91,185)**	**-**	**(91,185)**	**(54,097)**	**(145,282)**
Net movement in share-based payments reserve	**-**	**563**	**(640)**	**(77)**	**(1,003)**	**(1,080)**
Non-controlling interests share of subsidiaries	**-**	**-**	**-**	**-**	**(2,814)**	**(2,814)**
Equity transfer from members on issue of share capital in controlled entity	**-**	**(2,021)**	**-**	**(2,021)**	**3,798**	**1,777**
Total equity at the end of the year - 31 July 2014	**43,232**	**2,334,728**	**665,424**	**3,043,384**	**796,741**	**3,840,125**
Year ended 31 July 2013						
Total equity at the beginning of the year - 1 August 2012	**43,232**	**2,281,912**	**538,713**	**2,863,857**	**910,019**	**3,773,876**
Net profit for the year after tax	-	105,421	-	105,421	28,831	134,252
Other comprehensive income for the year						
Net movement in the asset revaluation reserve, net of tax	-	-	93,113	93,113	(1,907)	91,206
Net movement in hedge reserve, net of tax	-	-	(30,692)	(30,692)	(20,261)	(50,953)
Net movement in foreign currency translation reserve, net of tax	-	-	534	534	-	534
Net movement in equity reserve, net of tax	-	-	(4,539)	(4,539)	-	(4,539)
Total comprehensive income for the year	**-**	**105,421**	**58,416**	**163,837**	**6,663**	**170,500**
Transactions with owners						
Dividends declared and paid	-	(87,293)	-	(87,293)	(105,755)	(193,048)
Net movement in share-based payments reserve	-	-	120	120	172	292
Non-controlling interests share of subsidiaries	-	-	-	-	603	603
Increase in ownership of CopperChem Limited	-	(4,896)	-	(4,896)	2,694	(2,202)
Equity transfer to members on issue of share capital in controlled entity	-	498	-	498	(498)	-
Total equity at the end of the year - 31 July 2013	**43,232**	**2,295,642**	**597,249**	**2,936,123**	**813,898**	**3,750,021**

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

Consolidated Statement of Cash Flows
For the year ended 31 July 2014

	Notes	2014 $'000	2013 $'000
Cash flows from operating activities			
Receipts from customers inclusive of GST		**595,627**	671,391
Payments to suppliers and employees inclusive of GST		**(526,459)**	(561,577)
		69,168	109,814
Dividends received		**82,148**	75,603
Interest received		**51,682**	78,556
Finance costs		**(1,444)**	(699)
Income taxes paid		**(25,965)**	(54,352)
Net cash inflow from operating activities	42	**175,589**	208,922
Cash flows from investing activities			
Payment for property, plant and equipment and intangibles		**(121,854)**	(128,336)
Proceeds from sale of property, plant and equipment		**504**	948
Payments for exploration and evaluation activities		**(42,722)**	(28,947)
Net proceeds from term deposits		**225,357**	220,901
Payments for investments		**(29,419)**	(21,392)
Payment for acquisition and development of investment properties		**(62,433)**	(50,499)
Payments for subsidiaries, net of cash acquired		**-**	(72,898)
Proceeds from sale of investments		**42,028**	13,720
Proceeds from sale of equity accounted associates		**-**	9,683
Payments to acquire equity accounted associates		**(34,982)**	(746)
Loans advanced		**(11,859)**	(5,000)
Loan repayments received		**6,624**	6,585
Proceeds from sale of non-current assets		**23,000**	5,813
Net cash (outflow) from investing activities		**(5,756)**	(50,168)
Cash flows from financing activities			
Joint venture partner contributions		**108**	601
Dividends paid to WHSP shareholders		**(112,516)**	(107,728)
Dividends paid by subsidiaries to non-controlling interest		**(54,097)**	(105,755)
Payments for increasing ownership in controlled entities		**-**	(3,000)
Payments for interest bearing liabilities		**(6,081)**	(122)
Proceeds from external borrowings		**40,886**	5,500
Repayment of external borrowings		**(121)**	(1,240)
Net cash (outflow) from financing activities		**(131,821)**	(211,744)
Net increase/(decrease) in cash and cash equivalents		**38,012**	(52,990)
Cash and cash equivalents at the beginning of the year		**28,078**	78,173
Effects of exchange rate changes on cash and cash equivalents		**(1,157)**	2,895
Cash and cash equivalents at the end of the year	9a	**64,933**	28,078

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

Contents of the Notes to the Financial Statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Consolidated entity ("WHSP") consisting of Washington H. Soul Pattinson and Company Limited and its controlled entities ("Consolidated entity" or "Group"). In accordance with the *Corporations Amendment (Corporate Reporting Reform) Act 2010*, parent entity accounts are no longer required to be presented in the consolidated financial statements. Summarised Parent entity financial information is provided in note 36.

Washington H. Soul Pattinson and Company Limited is a listed public company, incorporated and domiciled in Australia.

a) Basis of preparation of accounts

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), AASB Interpretations and the *Corporations Act 2001*. Washington H. Soul Pattinson and Company Limited is a for-profit entity for the purposes of preparing the financial statements.

i. Compliance with International Financial Reporting Standards (IFRS)

The consolidated financial statements of the Group also comply with IFRS as issued by the International Financial Reporting Standards (IASB).

ii. Historical cost convention

Except for the cash flow information, these financial statements have been prepared under historical cost convention, as modified by the revaluation of long term equity investments, held for sale assets, financial assets and liabilities (including derivative instruments) carried at fair value through profit or loss, certain classes of property, plant and equipment and investment properties.

iii. New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 August 2013:

- AASB 10 *Consolidated Financial Statements*, AASB 11 *Joint Arrangements* and AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards*, AASB 12 *Disclosure of Interests in Other Entities*, AASB 128 *Investments in Associates and Joint Ventures*;
- AASB 2012-10 *Amendments to Australian Accounting Standards* – Transition Guidance and other Amendments which provides an exemption from the requirement to disclose the impact of the change in accounting policy on the current period;
- AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13*;
- AASB Interpretation 20 (IFRIC 20), *Stripping Costs in the Production Phase of a Surface Mine*;
- AASB 119 *Employee Benefits (September 2011)* and AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)*;
- AASB 2012-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle*; and
- AASB 2012-2 *Amendments to Australian Accounting Standards – Disclosure – Offsetting Financial Assets and Financial Liabilities*.

The adoption of AASB 10, AASB 11, AASB 12, AASB 13 and AASB 119 did not affect any of the amounts recognised in the current period or any prior periods. The standards only affected the disclosures in the notes to the financial statements. The revised AASB 119 *Employee Benefits* has changed the accounting for the Group's annual leave obligations, however, this change was not material.

iv. Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

Notes to the Financial Statements (continued) For the year ended 31 July 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Basis of preparation of accounts (continued)

v. Financial statement presentation

The Group has attempted to improve the transparency of its reporting by adopting 'plain English' where possible. Key 'plain English' phrases and their equivalent AASB terminology are as follows:

'Plain English' terminology	AASB terminology
Share capital	Contributed equity
Investments fair valued through profit and loss	Other financial assets at fair value through profit or loss
Long term equity investments	Available for sale financial assets
Equity accounted associates	Investments accounted for using the equity method
Term deposits	Held to maturity investments

The accounting standards also require the presentation of a statement of comprehensive income which presents all items of recognised income and expenditure either in one statement or in two linked statements. The Consolidated entity has elected to present two statements.

b) Principles of consolidation

i. Subsidiaries

Subsidaries are all those entities (including special purpose entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its investment with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the income statement, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is deducted from equity. For disposals to non-controlling interests, differences between any proceeds received and the relevant share of non-controlling interests are also recorded in equity.

ii. Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends received/receivable from associates are recognised in the consolidated financial statements by reducing the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Principles of consolidation (continued)

iii. Joint Arrangements

Under AASB 11 *Joint Arrangements*, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has both joint operations and joint ventures.

Joint Operations

The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings. Details of the joint operations are set out in note 39.

Joint Ventures

The proportionate interests in the assets, liabilities and expenses of a joint venture activity have been incorporated in the consolidated financial statements under the appropriate headings. Details of the joint ventures are set out in note 39.

c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as comprising the Board, Executive Director and CFO (together being the Chief operating decision maker).

d) Foreign currency translation

i. Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is Washington H. Soul Pattinson and Company Limited's functional and presentation currency.

ii. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, differences on non-monetary assets and liabilities such as investments fair valued through profit and loss are recognised in the income statement, as part of the fair value gain or loss and translation differences on non-monetary assets, such as long term equity investments are included in the asset revaluation reserve in equity.

iii. Group companies

The results and financial position of all of the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rates at the reporting date;
- income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences is reclassified to the income statement, as part of the gain or loss where applicable.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below.

- Revenue from the sale of goods (net of returns, discounts and allowances) is recognised when title has transferred to the customer in accordance with the sales terms. Where a sale is settled through instalments, interest revenue is recognised over the contract term, using the effective interest rate method.
- Service fee income is recognised as the services are performed.
- Consulting and management fee income is recognised as the services are performed and the control of the right to be compensated for the commitments undertaken.
- Interest income is recognised on a time proportion basis using the effective interest method.
- Dividend income is taken into revenue when the right to receive payment is established. Dividends received from associates are accounted for in accordance with the equity method of accounting. Refer note (1b).
- Rental income is recognised on a straight-line basis over the lease term.

f) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to the temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretations. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax assets and liabilities are provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and the carrying amount in the consolidated financial statements and are determined using tax rates (and laws) expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation legislation

Some of the entities within the Consolidated entity have formed tax consolidated groups under the tax consolidation regime. The Australian Tax Office has been notified on these decisions.

Controlled entities within the relevant tax consolidated groups, continue to be responsible by the operation of tax funding agreements, for funding tax payments required to be made by the head entity in their tax consolidation groups from underlying transactions of their controlled entities.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreements are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Business Combinations

The acquisition method of accounting is used to account for all business combinations. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in the income statement as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in the income statement.

If the Group recognises previous acquired deferred tax assets after the initial acquisition accounting is completed there will be no adjustment to goodwill. As a consequence, the recognition of the deferred tax asset will increase the Group's net profit after tax.

h) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if changes or circumstances indicate that they may be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment losses are recognised in the income statement, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the income statement.

i) Cash and cash equivalents

For the purposes of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts, should they occur, are shown within borrowings in current liabilities in the statement of financial position.

j) Trade receivables

Trade receivables are recognised initially at fair value and subsequently at amortised cost, using the effective interest rate method, less provision for impairment. Trade receivables are due for settlement between 30 and 45 days from the date of recognition.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 to 45 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the income statement. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the income statement.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate portion of variable and fixed overheads, the latter being allocated on the basis of normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

l) Held for sale financial assets

Non-current financial assets are classified as held for sale and stated at fair value less cost to sell if their carrying value is expected to be recovered through a sale transaction rather than through continuing use.

An impairment loss is recognised for any initial or subsequent writedown of the asset to fair value less cost to sell. A gain is recognised for any subsequent increases in fair value less cost to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the asset is recognised at the date of de-recognition.

m) Investments and other financial assets

Classification

The Group classifies its investments in the following categories: long term equity investments, financial assets fair valued through profit and loss, loans and receivables and term deposits. The classification depends on the purpose for which the investments are acquired. Management determines the classification of its investments at initial recognition.

i. Long term equity investments

Long term equity investments comprise holdings in marketable equity securities which are intended to be held for the long term. These investments are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date.

ii. Investments fair valued through profit and loss

Investments fair valued through profit and loss comprises principally of securities held for the purpose of selling in the short to medium term. Derivatives are included in this classification unless they are designated as hedges. Assets in this category are classified as current assets.

iii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities of greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

iv. Term deposits

Term deposit investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. Term deposit financial assets are included in current assets, except those with maturities of more than 12 months from the reporting date, which are classified as non-current assets.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade date being the date on which the Group commits to purchase or sell the asset. Long term equity investments are initially recognised at fair value plus transaction costs. Investments fair valued through profit and loss are initially recognised at fair value. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as long term equity investments are sold, the accumulated fair value adjustments previously recognised in equity, are transferred to the income statement.

Subsequent measurement

Long term equity investments and investments fair valued through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'Investments fair valued through profit and loss' category, are presented in the income statement within other income in the period in which they arise. Changes in the fair value of long term equity investments are recognised in equity through the asset revaluation reserve.

Loans and receivables and term deposits are carried at amortised cost using the effective interest method.

Impairment

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as long term equity investments, a significant or prolonged decline in the value of a security below its cost is considered an indicator that the security may be impaired. Impairment losses are recognised in the income statement.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Derivatives and hedge activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates derivatives as hedges of highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

o) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Consolidated entity is the last sale price; the appropriate quoted market price for financial liabilities is the last sale price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. The fair value of forward exchange contracts is determined using forward exchange market rates at the reporting date.

The carrying value less estimated credit adjustments and impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

p) Property, plant and equipment

Freehold land is carried at the lower of cost and recoverable amount.

Property, plant and equipment, excluding investment properties, are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. The cost of self constructed assets includes the cost of materials, direct labour, the initial estimate where relevant, of the cost of dismantling and removing the items and restoring the site under which they are located and an appropriate portion of production overhead.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred.

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the Group commencing from the time the asset is held ready for use.

Notes to the Financial Statements (continued) For the year ended 31 July 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p) Property, plant and equipment (continued)

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

Class of Property, plant and equipment:	Depreciation rate
Buildings	2½ – 5%
Machinery	5 – 33⅓ %
Vehicles	15 – 33⅓ %
Furniture, fittings and equipment	5 – 40%
Mining reserves & leases	Over productive life of mine
Mine development costs	Over productive life of mine

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

q) Mine properties, mine development costs, mining reserves and mining leases

Development expenditure incurred by the Group is accumulated separately for each area of interest in which economically recoverable mineral resources have been identified to the satisfaction of the Directors. Direct development expenditure, pre-operating mine start-up costs, and an appropriate portion of related overhead expenditure are capitalised as mine development costs up until the relevant mine is in commercial production.

Mining reserves, leases and mine development costs are amortised over the estimated productive life of each applicable mine on either a unit of production basis or years of operation basis, as appropriate. Amortisation commences when a mine commences commercial production.

The cost of acquiring mineral reserves and mineral resources are capitalised in the statement of financial position as incurred.

r) Deferred stripping costs

The Group does not recognise any deferred stripping costs. Based on the nature of the Group's mining operations and the stripping ratio for the components of its operations, the recognition criteria of a deferred stripping asset are not satisfied. Further, it is anticipated that the operations will maintain a consistent stripping ratio at the component level and as such no overburden in advance should be recognised. In the event that a stripping campaign is undertaken in the future a deferred stripping asset will be recognised at that time and amortised in accordance with the requirements of IFRIC 20. An asset will be recognised for stripping activity where the following criteria are met:

- It is probable that the future economic benefit (improved access to the ore body) associated with the stripping activity will flow to the entity;
- The entity can identify the component of the ore body for which access has been improved; and
- The costs relating to the stripping activity associated with that component can be measured reliably.

s) Investment properties

Investment properties consist of properties held for long term rentals and/or capital appreciation and properties being constructed or developed for future use as investment properties. Investment properties are initially recognised at cost including transaction costs, development costs, construction costs and interest incurred during the construction phase. Investment properties are subsequently recognised at fair value in the financial statements.

Changes in fair value are recorded in the income statement as part of other income. The gain or loss on disposal of an investment property is calculated as the difference between the carrying amount of the asset at the date of disposal and the net proceeds from disposal and is included in the income statement in the year of disposal.

Amounts provided to customers as lease incentives and assets relating to fixed rental income increases in operating lease contracts are included within investment property values. Lease incentives are amortised over the term of the lease on a straight line basis. The amortisation is applied to reduce gross property income.

Subsequent redevelopment and refurbishment costs (other than repairs and maintenance) are capitalised to the investment property where they result in enhancement in the future economic benefits of the property.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

t) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and benefits incidental to the ownership of the asset are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the Group will obtain ownership of the asset or over the term of lease.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group, as lessee, are classified as operating leases. Payment made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

u) Intangible assets

i. Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in the carrying amount of investments in associates. Goodwill is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Goodwill acquired is allocated to each of the cash generating units expected to benefit from the combination's synergies, unless there is no reasonable and consistent basis to do so, in which case goodwill is allocated to groups of cash generating units. Impairment is determined by assessing the recoverable amount of the cash generating unit to which the goodwill relates. Where this recoverable amount is less than the carrying amount, an impairment loss is recognised.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

ii. Software

Software is stated at historical cost less applicable amortisation. Historical cost includes expenditure that is directly attributable to the acquisition of software. Amortisation is calculated so as to write off the cost of each item of software during its expected economic life to the Group.

iii. Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses.

iv. Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation of intangible assets

Amortisation is charged to the income statement on a straight line basis, unless otherwise stated, over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life are systematically tested for impairment at each balance date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives of intangibles are as follows:

Class of intangible	Useful life
Goodwill	Indefinite life
Software	3 – 5 years

Impairment of assets

The carrying amount of the Group's assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable value. Impairment losses are expensed to the income statement unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the income statement.

The recoverable amount is the higher of an asset's fair value less cost to sell and its value in use.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

v) Trade and other payables

Trade and other payables are stated at their amortised cost. These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. The amounts are unsecured and usually paid within 30 to 45 days of recognition.

w) Interest bearing liabilities

Subsequent to initial recognition at fair value, net of transactions costs incurred, interest bearing liabilities are measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the liability using the effective interest method. Interest bearing liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

x) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

y) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

i. Restoration, rehabilitation and environmental expenditure

Provisions are raised for restoration, rehabilitation and environmental expenditure as soon as an obligation exists, with the cost being charged to the income statement in respect of ongoing rehabilitation. Where the obligation relates to decommissioning of assets and restoring the sites on which they are located, the costs are carried forward in the value of the asset and amortised over its useful life.

The obligations include profiling, stabilisation and revegetation of the completed area, with cost estimates based on current statutory requirements and current technology.

z) Employee benefits

i. Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and vesting sick leave, expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability of annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term benefit obligations are presented as payables.

ii. Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

iii. Share-based payments

Share-based payments are provided to employees of Group entities. Details of the scheme is set out in note 43.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

aa) Exploration and evaluation expenditure

Exploration, evaluation and relevant acquisitions costs are accumulated separately for each area of interest. They comprise acquisition costs, direct exploration and evaluation costs and an appropriate portion of related overhead expenditure. Costs are carried forward only if they relate to an area of interest for which rights of tenure are current and such costs are expected to be recouped through successful development and exploitation or from sale of the area. Exploration and evaluation expenditure which does not satisfy these criteria is written off.

Where a decision is made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

bb) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction net of tax, from the proceeds. The amounts of any capital returns are applied against share capital.

cc) Dividends

Provision is made for the amount of any dividend declared on or before the end of the financial year but not distributed at reporting date.

dd) Parent entity financial information

The financial information for the Parent entity, Washington H. Soul Pattinson and Company Limited, disclosed in note 36, has been prepared on the same basis as the consolidated financial statements, except as set out below.

i. Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Washington H. Soul Pattinson and Company Limited. Dividends received from associates are recognised in the Parent entity's income statement, rather than being deducted from the carrying amount of these investments.

ee) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

ff) 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 Taxation Office (ATO). 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 statement of financial position are shown inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to the ATO is included with other receivables or payables in the statement of financial position.

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

gg) Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investment Commission, relating to the 'rounding off' of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar, unless otherwise stated.

Notes to the Financial Statements (continued) For the year ended 31 July 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

hh) Comparative figures

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

ii) New accounting standards and interpretations

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Consolidated entity for the annual reporting period ended 31 July 2014. The Consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Consolidated entity, are set out below.

AASB 9 Financial Instruments and associated amending standards (applicable for annual reporting periods commencing on or after 1 January 2018)

The Group does not intend on adopting the new standard before its operative date, which means that it would be first applicable to annual reporting periods beginning 1 August 2018. AASB 9 will be applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The Consolidated entity has considered the adoption of AASB 9 and the major impact to the Consolidated entity will be to the Group's long term equity investments. Currently, changes in the market value of these investments are recognised in the revaluation reserve. When an investment is disposed of, the gain or loss measured from the original cost is then recognised in the income statement.

Under the new standard, no gain or loss on the disposal of an investment would be recognised in the income statement and investments would no longer be subject to impairment reviews as all movements in market value are only recognised in the revaluation reserve. The Group is not proposing to early adopt the standard.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The new hedging rules align hedge accounting more closely with the Group's risk management practices. As a general rule, it will be easier to apply hedging going forward. The new standard also introduces expanded disclosure requirements and changes in presentation. The Group has not yet assessed how its own hedging arrangements would be affected by the new rules.

AASB 2013-5: Amendments to Australian Accounting Standards – Investment Entities

This standard is applicable to annual reporting periods beginning on or after 1 January 2014. AASB 2013-5 amends AASB 10: *Consolidated Financial Statements* to define an "investment entity" and requires, with limited exceptions, that the subsidiaries of such entities be accounted for at fair value through profit or loss in accordance with AASB 9 and not be consolidated. Additional disclosures are also required. As neither the parent nor its subsidiaries meet the definition of an investment entity, this Standard is not expected to impact the Group's financial statements.

AASB 2013-3: Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets

This Standard is applicable to annual reporting periods beginning on or after 1 January 2014. The Standard amends the disclosure requirements in AASB 136: *Impairment of Assets* pertaining to the use of fair value in impairment assessment.

The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. In addition, a further requirement has been included to disclose the discount rates that have been used in the current and previous measurements if the recoverable amount of impaired assets based on fair value less costs of disposal was measured using a present value technique. The Group has assessed the impact of the new standard and are of the opinion that there will be no changes other than additional disclosure requirements in the financial statements.

NOTE 2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and best available current information. Estimates assume a reasonable expectation of future events and are based on trends and economic data, obtained both externally and within the Group.

a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal actual results. The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

NOTE 2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

a) Critical accounting estimates and assumptions (continued)

i. Impairment

The Group tests annually whether goodwill has suffered an impairment in accordance with the accounting policy stated in note 1(u)(i). Other assets are assessed for impairment at each reporting date where changes in specific conditions or events indicate that the carrying amount may not be recoverable. Value-in-use and fair value less costs to sell calculations are performed in assessing recoverable amounts and require the use of assumptions.

ii. Rehabilitation

The Group makes estimates about the future cost of rehabilitating tenements which are currently disturbed, based on legislative requirements and current costs. Cost estimates take into account past experience and expectations of future events that are expected to alter past experiences. Any changes to legislative requirements could have a significant impact on the expenditure required to restore these areas.

iii. Determination of reserves and resources - Coal

The Group estimates its coal reserves and coal resources based on information compiled by Competent Persons as defined in accordance with the Australasian Code for Reporting of Mineral Resources and Ore Reserves of December 2004 (the "JORC code"). Reserves determined in this way are used in the calculation of depreciation, amortisation and impairment charges, the assessment of mine lives and for forecasting the timing of the payment of decommissioning and restoration costs.

iv. Mineral Resources Rent Tax (MRRT)

THE MRRT legislation, effective from 1 July 2012, has resulted in the recognition of deferred tax balances. The MRRT has been repealed with an effective date yet to be confirmed. Judgement is required in assessing whether deferred tax assets and deferred tax liabilities arising from MRRT are recognised in the statement of financial position.

Deferred tax assets are recognised only when it is considered probable that they will be recovered. Recoverability is dependent on the generation of sufficient future taxable profits. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These in turn depend on estimates of future sales volumes, operating costs, capital expenditure and government royalties' payable.

Judgements are also required about the application of the MRRT tax legislation for example in relation to the hypothetical valuation point.

The judgements and assumptions made by management are subject to risk and uncertainty; hence, there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised in the statement of financial position. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the income statement.

v. Petroleum Resource Rent Tax (PRRT)

As a result of the 100% acquisition of Bridgeport Energy Limited during 2013, the Group is subject to Petroleum Resource Rent Tax (PRRT) effective 1 July 2012 being the date of the extension of the PRRT to onshore petroleum projects. The Group has accounted for the current and deferred tax impact of PRRT in accordance with the requirements outlined above in relation to income tax. As such, the Group has recorded current and deferred tax assets and liabilities relating to PRRT at the prevailing PRRT rate at 31 July 2014 and 31 July 2013.

A subsidiary of the Group, New Hope Corporation Limited (New Hope), as head company of New Hope income tax consolidated group; has made a PRRT consolidation election and as such the New Hope tax consolidated group includes two PRRT consolidated groups at 31 July 2014 and 31 July 2013. New Hope has accounted for its PRRT tax balances in accordance with the stand alone taxpayer method in alignment with its tax funding arrangement.

vi. Determination of recoverable value – copper processing plant, equipment and capitalised mine development costs

The Group carries its copper processing plant, equipment and capitalised mining costs at historical cost less accumulated depreciation/amortisation and impairment losses. At 31 July 2014 the carrying value of these assets is $173.2 million.

The assessment of recoverable value includes key estimates in relation to quantities of economically recoverable reserves and resources, resource grades and mine plans. These are based upon interpretations of geological models and other matters. It also requires key assumptions to be made regarding a number of factors including short and long-term exchange rates, short and long-term copper prices, future capital expenditure and working capital. Estimates are also required to be made in relation to the economic life of the plant and its residual value. Changes in these estimates and applying different assumptions may impact significantly the assessment of the recoverable value of the plant, equipment and capitalised mine development costs, as well as the amount of depreciation and amortisation charged to the income statement. The directors are satisfied that the estimates and assumptions made are based on observable and other supportable inputs and therefore that the carrying value of the copper processing plant, equipment and capitalised mine development costs at 31 July 2014 is appropriate.

NOTE 2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

b) Critical judgements in applying the entity's accounting policies

i. Exploration and development expenditure

During the year, the controlled entities New Hope Corporation Limited (New Hope), CopperChem Limited (CopperChem) and Exco Resources Limited, capitalised various items of expenditure to the mine development and exploration expenditure asset accounts. The relevant items of expenditure were deemed to be part of the capital cost of developing future mining operations, which would then be amortised over the useful life of the mine. The key judgement applied in considering whether the costs should be capitalised, is that costs are expected to be recovered through either successful development or sale of the relevant mining interest.

Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices.

To the extent that capitalised costs are determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

ii. Impairment of financial assets

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the financial results for the year ended 31 July 2014 include the assessment of the recoverable amounts for financial assets, including investments in long term equities and associates (refer to notes 6 and 38).

iii. Deferred tax asset

Deferred tax assets have been recognised relating to carried forward capital losses, income losses and temporary differences, based on current tax rates. Utilisation of capital tax losses and income losses requires the realisation of capital gains and taxable income respectfully, in subsequent years and the ability to satisfy certain tests at the time the losses are recouped. The actual tax results in future periods may differ from the estimate made at the time the deferred taxes are recognised.

NOTE 3. SEGMENT INFORMATION

Segment information is provided on the same basis as internal management reporting and reflects how the Group is organised and managed.

a) Business Segments

Management have determined the following business activities to be operating segments based on product and service type:

Investing activities

The Group engages in investing activities including cash, term deposits, and equity investments.

Coal operations

The Group engages in coal mining activities which includes exploration, development, production, processing, associated transport infrastructure and ancillary activities. Coal mining operations are managed as a single integrated coal chain including transportation and infrastructure.

Copper operations

The Group engages in copper mining activities which includes exploration, mining and processing of copper ore into copper concentrate and copper sulphide.

Corporate advisory

The Group provides corporate advisory services.

Property

The Group engages in property management activities which includes properties being held, sold or developed to earn rental income or capital appreciation, or both.

Measurement of Segment results

Segment results shown are consistent with internal management reporting. Regular profit and regular profit after tax attributable to members, are the measures of segment profit. These results are non-statutory profit measures and represent profit from continuing operations before non-regular items. The measurement basis in general, excludes the effects of non-regular items of income and expense which by nature are outside the ordinary course of business or are part of ordinary activities but are unusual due their size or nature. The Directors have presented this information as they consider the disclosure enhances the understanding of the results to members and users of the financial statements. Non-regular items are disclosed in note 3b.

The allocation of income and expense items between regular and non-regular profit is consistent with the prior year.

NOTE 3. SEGMENT INFORMATION (continued)

a) Business segments

Year ended 31 July 2014	Investing activities $'000	Coal operations $'000	Copper operations $'000	Corporate advisory $'000	Property $'000	Intersegment /unallocated $'000	Consolidated $'000
Revenue from external customers	**108,876**	**508,210**	**23,728**	**2,241**	**3,723**	**11,338**	**658,116**
Intersegment revenue	23,151	-	-	3,059	-	(26,210)	-
Total revenue	**132,027**	**508,210**	**23,728**	**5,300**	**3,723**	**(14,872)**	**658,116**
Regular profit before income tax	**177,676**	**19,043**	**(33,077)**	**3,903**	**19,036**	**(26,146)**	**160,435**
Non-regular items before tax (note 3b)	40,452	(4,365)	(11,543)	-	-	-	24,544
Profit before income tax	**218,128**	**14,678**	**(44,620)**	**3,903**	**19,036**	**(26,146)**	**184,979**
Less income tax (expense)/benefit	(23,820)	(479)	1,937	(1,318)	(5,711)	-	(29,391)
Profit after tax	**194,308**	**14,199**	**(42,683)**	**2,585**	**13,325**	**(26,146)**	**155,588**
Less (profit) attributable to non-controlling interests	(17,712)	(5,727)	-	(420)	-	-	(23,859)
Profit after tax attributable to members	**176,596**	**8,472**	**(42,683)**	**2,165**	**13,325**	**(26,146)**	**131,729**
Profit after tax attributable to members (as above)	**176,596**	**8,472**	**(42,683)**	**2,165**	**13,325**	**(26,146)**	**131,729**
Non-regular (profit)/loss after tax attributable to members (note 3b)	(21,889)	1,822	11,543	-	-	-	(8,524)
Regular profit after tax attributable to members	**154,707**	**10,294**	**(31,140)**	**2,165**	**13,325**	**(26,146)**	**123,205**
Profit before income tax includes the following items:							
Interest revenue	**50,200**	**156**	**4**	**128**	**1**	**-**	**50,489**
Interest (expense)	**(1,961)**	**(172)**	**(290)**	**-**	**(1,126)**	**-**	**(3,549)**
Depreciation and amortisation (expense)	**(2,080)**	**(59,835)**	**(14,950)**	**(22)**	**(208)**	**-**	**(77,095)**
Impairment (expense)/reversal	**32,183**	**(4,365)**	**(6,444)**	**-**	**-**	**-**	**21,374**
Share of results from equity accounted associates	**55,781**	**-**	**(140)**	**2,427**	**-**	**(2,050)**	**56,018**
Segment assets as at 31 July 2014	**3,160,591**	**1,059,330**	**205,868**	**9,424**	**143,543**	**(212,375)**	**4,366,381**
Total segment assets include:							
Equity accounted associates and joint ventures	940,950	-	1,207	2,569	-	-	944,726
Additions to property, plant, equipment and intangibles							
- purchases	6,619	112,623	49,563	10	71,494	(2,929)	237,380

NOTE 3. SEGMENT INFORMATION (continued)

a) Business segments

Year ended 31 July 2013	Investing activities $'000	Coal operations $'000	Copper operations $'000	Corporate advisory $'000	Intersegment /unallocated $'000	Consolidated $'000
Revenue from external customers	143,117	587,394	47,551	1,844	11,409	791,315
Intersegment revenue	32,196	-	-	3,472	(35,668)	-
Total revenue	175,313	587,394	47,551	5,316	(24,259)	791,315
Regular profit before income tax	204,851	104,821	(20,264)	2,177	(35,941)	255,644
Non-regular items before tax (note 3b)	(61,416)	4,109	(4,474)	-	-	(61,781)
Profit before income tax	143,435	108,930	(24,738)	2,177	(35,941)	193,863
Less income tax (expense)/benefit	(31,034)	(28,680)	752	(649)	-	(59,611)
Profit after tax	112,401	80,250	(23,986)	1,528	(35,941)	134,252
Less (profit)/loss attributable to non-controlling interests	2,386	(32,352)	1,174	(39)	-	(28,831)
Profit after tax attributable to members	114,787	47,898	(22,812)	1,489	(35,941)	105,421
Profit after tax attributable to members (as above)	114,787	47,898	(22,812)	1,489	(35,941)	105,421
Non-regular (profit)/loss after tax attributable to members (note 3b)	53,294	(2,453)	4,401	-	-	55,242
Regular profit after tax attributable to members	168,081	45,445	(18,411)	1,489	(35,941)	160,663
Profit before income tax includes the following items:						
Interest revenue	77,024	-	6	233	(1,376)	75,887
Interest (expense)	(2,514)	-	(1,842)	-	1,376	(2,980)
Depreciation and amortisation (expense)	(1,891)	(48,498)	(8,979)	(19)	-	(59,387)
Impairment (expense)	(58,827)	-	-	-	-	(58,827)
Share of results from equity accounted associates	78,882	-	-	115	-	78,997
Segment assets as at 31 July 2013	3,258,713	987,178	173,429	8,335	(218,328)	4,209,327
Total segment assets include:						
Equity accounted associates and joint ventures	813,505	-	-	143	-	813,648
Additions to property, plant, equipment and intangibles						
- purchases	56,164	128,131	23,264	36	-	207,595
- acquisition of subsidiaries	-	69,594	49,939	583	-	120,116

In 2013, the Investing activities segment includes $52,563,000 of investment property assets. In the 2014 year, Property is disclosed as a separate segment.

NOTE 3. SEGMENT INFORMATION (continued)

b) Analysis of non-regular items excluded from segment results

				Attributable to:	
Year ended 31 July 2014	**Before tax $'000**	**Tax $'000**	**After tax $'000**	**Non-controlling interest $'000**	**Members $'000**
Gain on disposal of long term equity investments	**38,518**	**(2,898)**	**35,620**	**6,741**	**28,879**
Gain on disposals of associates	**1,251**	**(354)**	**897**	**100**	**797**
Fair value gain on acquisition of associate	**6,048**	**(1,815)**	**4,233**	**-**	**4,233**
Recognition of deferred tax assets	**-**	**6,150**	**6,150**	**-**	**6,150**
Impairment (expense)/reversal	**21,374**	**5,196**	**26,570**	**(1,233)**	**27,803**
Share of significant (expenses) from associate entities	**(36,271)**	**-**	**(36,271)**	**-**	**(36,271)**
Deferred tax recognised on equity accounted associate entities	**-**	**(17,074)**	**(17,074)**	**-**	**(17,074)**
Restructuring costs	**(1,165)**	**-**	**(1,165)**	**-**	**(1,165)**
Consulting and legal costs	**(1,264)**	**379**	**(885)**	**-**	**(885)**
Other	**(3,947)**	**4**	**(3,943)**	**-**	**(3,943)**
Total non-regular items – profit	**24,544**	**(10,412)**	**14,132**	**5,608**	**8,524**
Year ended 31 July 2013					
Gain on deemed disposal of an associate	737	(219)	518	-	518
Gain on disposal of associate	2,065	(609)	1,456	-	1,456
Gain on acquisition of controlled entities	5,319	-	5,319	1,656	3,663
De-recognition of deferred taxes	-	(1,742)	(1,742)	-	(1,742)
Impairment (expense)/reversal	(58,827)	5,459	(53,368)	(20,716)	(32,652)
Share of significant (expenses) from associate entities	(6,045)	-	(6,045)	-	(6,045)
Deferred tax recognised on equity accounted associate entities	-	(15,519)	(15,519)	-	(15,519)
Restructuring costs	(2,890)	304	(2,586)	(73)	(2,513)
Other	(2,140)	(44)	(2,184)	224	(2,408)
Total non-regular items – (loss)	(61,781)	(12,370)	(74,151)	(18,909)	(55,242)

Notes to the Financial Statements (continued) For the year ended 31 July 2014

NOTE 4. REVENUE

	2014 $'000	2013 $'000
From operating activities		
Sales revenue	**575,323**	689,050
Other revenue		
Dividends received		
- Other corporations	**23,976**	20,973
Interest received		
- Associates	**-**	121
- Other corporations	**50,489**	75,766
Rental income	**4,270**	821
Other	**4,058**	4,584
Total other revenue	**82,793**	102,265
Total revenue	**658,116**	791,315

NOTE 5. OTHER INCOME

	2014 $'000	2013 $'000
Fair value gain on revaluation of investment properties	**16,781**	-
Gain on deemed disposal of equity accounted associates	**994**	737
Gain/(losses) on investments fair valued through profit and loss	**1,280**	(1,062)
Gain/(losses) on disposal of long term equity investments	**38,518**	(83)
Gain on disposal of equity accounted associate	**257**	2,065
Gain on acquisition of controlled entity	**-**	5,319
Fair value gain on acquisition of equity accounted associate	**6,048**	-
Other items	**92**	222
Total other income	**63,970**	7,198

NOTE 6. EXPENSES

	2014 $'000	2013 $'000
Profit before income tax expense includes the following specific expenses:		
Depreciation		
Buildings	**1,183**	971
Plant and equipment	**60,178**	46,380
Total depreciation	**61,361**	47,351
Amortisation		
Mining reserves and mine development	**11,771**	9,581
Intangible assets	**1,767**	1,404
Oil producing assets	**1,988**	1,051
Lease incentive and leasing fee assets	**208**	-
Total amortisation	**15,734**	12,036
Impairment (reversals)/charges		
Equity accounted associates (a)	**(45,331)**	2,538
Long term equity investments (b)	**8,210**	50,889
Property, plant and equipment	**5,687**	-
Exploration and evaluation assets	**3,465**	-
Other assets	**6,595**	5,400
Total impairment (reversals)/charges	**(21,374)**	58,827
Employee benefits expense	**119,342**	123,651
Finance costs		
Interest and finance charges paid/payable	**3,549**	2,980
Rental expense relating to operating leases	**5,115**	4,883
Exploration costs expensed	**18,227**	14,007

a) The recoverable amount of investments in equity accounted associates has been assessed as at 31 July 2014. Where the carrying values of the investments exceeded the recoverable amounts, the investment has been impaired. At each reporting date, an assessment will be made as to whether there are any circumstances that would indicate that the impairment recognised has decreased or no longer exists. Where evidence supports a reduction in the impairment expense, the impairment expense may be reversed through the income statement. During the year ended 31 July 2014, an impairment reversal of $44.4 million has been recognised in relation to Australian Pharmaceutical Industries Limited. Refer to note 38f.

b) During the year ended 31 July 2014, there were significant decreases in the share prices of certain listed equity investments held by the Group. In accordance with AASB 139, a 'prolonged decline in the fair value of an investment in an equity instrument below its cost is objective evidence of impairment'. Where a long term equity investment's last sale price is lower than the original cost, and the investment is considered by management to be 'impaired', the Group has recognised an impairment expense in respect of these investments. An impairment recognised for a long term equity investment is prohibited from being reversed through profit and loss. Any future increments in the last sale price of these investments will be recognised as a fair value increment in the asset revaluation reserve. During the year ended 31 July 2014, an impairment expense of $8.21 million was recognised for listed equity investments, including Rum Jungle Limited $6.42 million and QBE Insurance Limited $0.948 million.

Notes to the Financial Statements (continued) For the year ended 31 July 2014

NOTE 7. INCOME TAX EXPENSE

	2014 $'000	2013 $'000
a) Income tax expense		
Current tax	**7,882**	48,733
Adjustment in current tax in respect of prior years	**19**	(5,815)
Deferred tax		
- Deferred tax expense relating to the origination and reversal of temporary differences	**28,256**	15,366
- Adjustment in deferred tax in respect of prior years	**507**	2,836
- Petroleum resource rent tax benefit	**(7,317)**	(1,509)
- Under provided in prior year	**44**	-
	29,391	59,611
Deferred income tax (revenue)/expense included in income tax expense		
(Increase) in deferred tax assets – (note 22)	**(15,287)**	(1,789)
Increase in deferred tax liabilities – (note 30)	**36,733**	18,482
	21,446	16,693
b) Reconciliation of income tax expense to prima facie tax payable		
Profit before income tax	**184,979**	193,863
Tax at the Australian tax rate of 30% (2013: 30%)	**55,494**	58,159
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Sale of long term equity investments	**(7,232)**	-
Impairment (reversals)/charges	**(11,608)**	12,605
Franking credits received (excluding controlled and associate entities)	**(9,428)**	(8,241)
Deferred tax asset recognised on losses transferred into the WHSP tax consolidated group	**(3,090)**	-
Deferred tax asset not recognised on current year net losses	**6,612**	6,706
Derecognition of deferred tax asset on consolidation	**-**	1,742
Net effect of New Hope's Petroleum resource rent tax benefit	**(5,122)**	(1,056)
Tax expense on equity accounted associates results, net of imputation credits	**269**	(8,180)
Other	**3,496**	(2,124)
Total tax expense	**29,391**	59,611
The effective tax rates are as follows:	**16%**	31%
c) Amounts recognised directly in equity		
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly charged or credited to equity		
Net deferred tax – charged directly to equity (notes 22 and 30)	**34,291**	16,620
d) Tax effect of impairments and tax losses		
Impairments and unused tax losses for which no deferred tax asset has been recognised	**273,321**	279,775
Potential tax benefit at 30%	**81,996**	83,933

NOTE 8. DIVIDENDS – WASHINGTON H. SOUL PATTINSON AND COMPANY LIMITED

	2014 $'000	2013 $'000
a) Ordinary shares		
Final dividend for the year ended 31 July 2013 of 28 cents (2012 – 27 cents) per fully paid share paid on 9 December 2013 (2012 – 10 December 2012) fully franked based on tax paid at 30%.	**67,031**	64,637
Interim dividend for the year ended 31 July 2014 of 19 cents (2013 – 18 cents) per fully paid share paid on 8 May 2014 (2013 – 9 May 2013) fully franked based on tax paid at 30%.	**45,485**	43,091
Total dividends provided for or paid	**112,516**	107,728
b) Dividends not recognised at year end		
In addition to the above dividends, since year end the Directors have declared the payment of:		
A final dividend of 29 cents per fully paid ordinary share, (2013 – 28 cents) fully franked based on tax paid at 30%.	**69,425**	67,031
This dividend is due to be paid on 8 December 2014 (2013 – 9 December 2013) out of retained profits as at 31 July 2014, and has not been recognised as a liability at year end.		
c) Franked Dividends		
The final dividend for 31 July 2014 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 31 July 2014.		
Franking credits available for subsequent financial years based on a tax rate of 30% (2013 – 30%).	**523,523**	507,487
The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for franking credits that will arise from the payment of provision for income tax, franking debits that will arise from the payment of dividends recognised as a liability at the reporting date, and franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.		
Subsequent to year end, the franking account will be reduced by the final dividend to be paid on 8 December 2014 (2013 – 9 December 2013).	**(29,753)**	(28,727)
	493,770	478,760

d) Dividend reinvestment plans

There were no dividend reinvestment plans in operation at any time during or since the end of the financial year.

Notes to the Financial Statements (continued) For the year ended 31 July 2014

NOTE 9. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	2014 $'000	2013 $'000
Cash at bank and on hand	**64,933**	28,078

a) Reconciliation of cash balance at the end of the year

	2014 $'000	2013 $'000
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:- Cash and cash equivalents	**64,933**	28,078

b) Cash at bank and on hand and cash equivalents

Cash includes deposits for which there is a short term identified use in the operating cashflows of the Group, and attracts interest at rates between 0% and 2.65% per annum (2013: 0% and 2.75%).

c) Risk exposure

Information about the Group's exposure to credit risk and foreign exchange risk is detailed in note 33.

NOTE 10. CURRENT ASSETS – TERM DEPOSITS

	2014 $'000	2013 $'000
Term deposits	**1,272,912**	1,499,724

Term deposits are held to their maturity of less than one year and carry a weighted average interest rate of 3.44% per annum (2013:4.54%).

Due to their short term nature, their carrying value is assumed to approximate their fair value. Information regarding the Group's exposure to credit risk is disclosed in note 33.

NOTE 11. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	2014 $'000	2013 $'000
Trade receivables	**51,519**	47,349
Less: provision for impairment of receivables	**(5)**	(115)
	51,514	47,234
Loans and receivables to related entities	**-**	1,231
Less: impairment loss	**-**	(1,171)
	-	60
Loans to other parties – secured	**6,927**	12,515
Other receivables	**22,961**	23,077
Prepayments	**4,498**	7,477
	85,900	90,363

a) Credit, foreign exchange and interest rate risk

Information about the Group's exposure to these risks in relation to trade and other receivables is provided in note 33.

b) Fair value of receivables

The carrying value less impairment provisions of trade receivables are assumed to approximate their fair values due to their short-term nature.

NOTE 12. CURRENT ASSETS – INVENTORIES

	2014 $'000	2013 $'000
Raw materials and stores – at cost	**29,832**	27,542
Work in progress – at cost	**8,362**	11,834
Finished goods – at cost	**34,765**	40,859
	72,959	80,235

Inventory expense

Inventories recognised as an expense during the year ended 31 July 2014 amounted to $268.482 million (2013: $278.646 million).

Write-down of inventory to net realisable value recognised as an expense during the year amounted to $2.242 million (2013: $nil).

NOTE 13. CURRENT ASSETS – INVESTMENTS FAIR VALUED THROUGH PROFIT AND LOSS

	2014 $'000	2013 $'000
Investments held for the short to medium term		
Listed equity securities	**11,992**	8,714
Other securities	**2,703**	2,065
	14,695	10,779

Information regarding the Group's fair value classification and exposure to price risk is set out in note 33.

Listed equity securities are traded in an active market. The fair value of these investments is based on quoted market prices at the reporting date. The quoted market price used by the Group is the last sale price at reporting date.

Other securities do not trade in an active market, therefore the fair value measurement of other financial assets is approximated by the cost price.

NOTE 14. CURRENT ASSETS – HELD FOR SALE FINANCIAL ASSETS

Listed equity securities	**27,183**	-

The Held for sale financial assets relate to the reclassification during the year of equity securities held in Dart Energy Limited. In the prior year, Dart Energy Limited was classified as a long term equity investment.

Information regarding the Group's fair value classification is set out in note 33.

The Held for sale financial assets are traded in an active market.

The fair value of this investment is based on the quoted market price at the reporting date. The quoted market price used by the Group is the last sale price at reporting date.

Notes to the Financial Statements (continued) For the year ended 31 July 2014

NOTE 15. NON-CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	2014 $'000	2013 $'000
Loans to related entities	**3,332**	12,023
Less impairment on loans to related entities	**(2,146)**	(11,007)
	1,186	1,016
Loans to others – secured	**7,426**	-
Prepayments	**729**	1,244
Other receivables	**3,967**	2,842
	13,308	5,102

a) Impairment – Loan receivables

The provision for impairment relates to loans provided by a controlled entity to its related parties. At reporting date, these loans were determined to be unrecoverable and were fully impaired.

b) Credit, foreign exchange, fair value and interest rate risk.

Information about the Group's exposure to these risks in relation to trade and other receivables is provided in note 33.

The carrying value less impairment provisions of trade receivables are assumed to approximate their fair value.

NOTE 16. NON-CURRENT ASSETS – EQUITY ACCOUNTED ASSOCIATES

	2014 $'000	2013 $'000
Shares in associated companies (refer note 38)	**944,726**	813,648

NOTE 17. NON-CURRENT ASSETS – LONG TERM EQUITY INVESTMENTS

Listed equity securities	**562,205**	542,128
Unlisted equity securities	**3**	3
	562,208	542,131

Information regarding the Group's fair value classification and exposure to price risk is set out in note 33.

Long term equity investments are traded in an active market. The fair value of these investments is based on quoted market prices at the reporting date. The quoted market price used by the Group is the last sale price at reporting date.

NOTE 18. NON-CURRENT ASSETS – OTHER FINANCIAL ASSETS

Other financial assets	**7,659**	22,387

Other financial assets at reporting date do not trade in an active market. The cost or impaired cost approximates the fair value.

Information regarding the Group's fair value classification is set out in note 33.

NOTE 19. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

2014	Land $'000	Buildings $'000	Plant, fixtures, motor vehicles $'000	Oil producing assets $'000	Mining reserves and leases $'000	Mine development $'000	Total $'000
At 1 August 2013							
Cost	144,986	30,429	656,200	62,483	259,072	86,207	1,239,377
Accumulated depreciation/amortisation	-	(5,818)	(284,602)	(1,051)	(13,410)	(51,908)	(356,789)
Net book amount	144,986	24,611	371,598	61,432	245,662	34,299	882,588
Year ended 31 July 2014							
Opening net book amount	144,986	24,611	371,598	61,432	245,662	34,299	882,588
Additions	11,561	623	50,668	32,429	-	31,151	126,432
Transfers in/(out)	1,141	148	(3,288)	101	(2,346)	2,509	(1,735)
Disposal of assets	(4,345)	(820)	(1,303)	-	-	-	(6,468)
Impairment of assets	-	-	-	(900)	-	(4,787)	(5,687)
Depreciation/amortisation charge	-	(1,183)	(60,178)	(1,988)	(3,041)	(8,730)	(75,120)
Closing net book amount	153,343	23,379	357,497	91,074	240,275	54,442	920,010
At 31 July 2014							
Cost	153,343	30,266	701,485	94,113	256,660	115,080	1,350,947
Accumulated depreciation/amortisation	-	(6,887)	(343,988)	(3,039)	(16,385)	(60,638)	(430,937)
Net book amount	153,343	23,379	357,497	91,074	240,275	54,442	920,010

i. Pledged assets

For the year ending 31 July 2014, none of the Group's property, plant and equipment was pledged as security.

NOTE 19. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT (continued)

2013	Land $'000	Buildings $'000	Plant, fixtures, motor vehicles $'000	Oil producing assets $'000	Mining reserves and leases $'000	Mine development $'000	Total $'000
At 1 August 2012							
Cost	139,001	26,093	558,250	-	256,660	79,160	1,059,164
Accumulated depreciation/amortisation	-	(4,847)	(238,222)	-	(10,570)	(45,167)	(298,806)
Net book amount	139,001	21,246	320,028	-	246,090	33,993	760,358
Year ended 31 July 2013							
Opening net book amount	139,001	21,246	320,028	-	246,090	33,993	760,358
Asset acquired by purchase of subsidiaries	989	-	3,205	47,512	-	-	51,706
Additions	4,946	4,538	97,990	14,971	2,412	5,062	129,919
Transfers in/(out)	50	3	(2,165)	-	-	1,985	(127)
Disposal of assets	-	(205)	(1,080)	-	-	-	(1,285)
Depreciation/amortisation charge	-	(971)	(46,380)	(1,051)	(2,840)	(6,741)	(57,983)
Closing net book amount	144,986	24,611	371,598	61,432	245,662	34,299	882,588
At 31 July 2013							
Cost	144,986	30,429	656,200	62,483	259,072	86,207	1,239,377
Accumulated depreciation/amortisation	-	(5,818)	(284,602)	(1,051)	(13,410)	(51,908)	(356,789)
Net book amount	144,986	24,611	371,598	61,432	245,662	34,299	882,588

i. Pledged assets

For the year ending 31 July 2013, $5.094 million of the Group's property, plant and equipment was pledged as security.

NOTE 20. NON-CURRENT ASSETS – INVESTMENT PROPERTIES

	Stabilised property $'000	Properties under development $'000	2014 $'000	2013 $'000
Investment properties	**88,821**	**50,600**	**139,421**	50,223
Reconciliation				
Opening net book amount	**-**	**50,223**	**50,223**	-
Acquisitions	**20,771**	**-**	**20,771**	36,802
Capitalised costs	**271**	**47,523**	**47,794**	13,421
Transfers in/(out)	**55,796**	**(55,796)**	**-**	-
Movement in tenant incentives, contracted rent uplift balances and leasing fee asset	**3,852**	**-**	**3,852**	-
Net fair value gain on investment properties	**8,131**	**8,650**	**16,781**	-
Closing net book amount	**88,821**	**50,600**	**139,421**	50,223

A stabilised property is an investment property that is in a completed state and available to generate rental income.

a) Amounts recognised in income statement for investment properties

	2014 $'000	2013 $'000
Rental income	**3,336**	-
Direct operating expenses from property that generated rental income	**(1,142)**	-
Direct operating expenses from property that did not generate rental income	**(17)**	(45)
Fair value gain recognised in other income	**16,781**	-

Operating expenses for property that generated income includes finance costs of $1.126 million (2013: $Nil). Finance costs capitalised during the construction phase totalled $419,000 (2013: $797,000).

b) Measuring investment properties at fair value

Investment properties are industrial properties that are held for long-term rental yields and are not occupied by the Group. They are carried at fair value. Changes in fair value are presented in the income statement as part of other income.

The Group obtains independent valuations for all investment properties at least annually. Independent valuations have been determined by Registered Property Valuers, CBRE Valuations Pty Limited and Knight Frank Valuations who hold recognised and relevant professional qualifications and have recent experience in the location and categories of the properties held.

At the end of each reporting period, the Directors update their assessment of the fair value of each property, taking into account the most recent independent valuations.

The basis of valuations for investment properties is fair value, being the amounts for which the assets could be exchanged between knowledgeable willing parities in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases. In determining fair value, an appropriate valuation method is used, which may include the discounted cashflow and the capitalisation method. Discount rates and capitalisation rates are determined based on industry experience and knowledge and where possible, a direct comparison to third party rates for similar assets in a comparable location. Rental revenue from current leases and assumptions about future leases, as well as any expected operational cash outflows in relation to the property, are reflected in fair value.

In relation to properties under development, fair value is determined based on the market value of the property on the assumption it had already been completed at the valuation date less costs still required to complete the project, including an appropriate adjustment for profit and risk.

The fair value hierarchy, as discussed in note 33(f) to this report, provides an indication of the observability of inputs used in determining fair value. The fair value estimates for Investment properties are included in level 3 of the hierarchy due to significant unobservable inputs used in the valuation methodologies.

NOTE 20. NON-CURRENT ASSETS – INVESTMENT PROPERTIES (continued)

b) Measuring investment properties at fair value (continued)

The following table summarises the ranges of the significant valuation inputs:

Class of property	Fair value hierarchy	Fair value at 31 July 2014 $'000	Significant unobservable inputs used to measure fair value	Range of inputs
Stabilised	Level 3	88,821	Capitalisation rate	7.00% - 9.50%
Property under development	Level 3	50,600	Estimated costs to completion	$15.116 million
			Capitalisation rate	7.50%
Total		139,421		

Sensitivity to changes in significant valuation inputs

A significant movement in any one of the inputs listed in the table may result in a change in the fair value of the Group's investment properties.

Market approach - Capitalisation valuation methodology

Under the capitalisation approach, fair value is determined by capitalising net rental income in perpetuity. The impact to the valuation of any increase/(decrease) in the capitalisation rate, may be offset by the impact of an increase/(decrease) in the current rental income.

c) Non-current assets pledged as security

For the year ending 31 July 2014, $118.650 million (2013:$50.223 million) of the Group's investment property was pledged as security.

Refer to note 26 for information on non-current assets pledged as security by the Group.

d) Leasing arrangements

The Stabilised investment property is leased to a tenant under a long-term operating lease with rentals payable monthly. Minimum lease payments receivable on this property are as follows:

	2014 $'000	2013 $'000
Minimum lease payments under a non-cancellable operating lease of an investment property not recognised in the financial statements are receivable as follows:		
Within one year	**2,880**	-
Later than one year but not later than five years	**25,423**	-
Later than five years	**52,880**	-
	81,183	-

NOTE 21. NON-CURRENT ASSETS – EXPLORATION AND EVALUATION ASSETS

	2014 $'000	2013 $'000
Exploration and evaluation at cost	**169,726**	129,628
Reconciliation		
Opening net book amount	**129,628**	41,334
Additions	**41,908**	26,602
Asset acquired by purchase of subsidiaries	**-**	63,678
Impairment of asset	**(3,465)**	-
Transfers in/(out)	**1,655**	(1,986)
Closing net book amount	**169,726**	129,628

NOTE 22. NON-CURRENT ASSETS – DEFERRED TAX ASSETS

	2014 $'000	2013 $'000
The balance comprises temporary differences attributed to:		
Amounts recognised in the income statement		
Provisions	**26,955**	24,851
Accrued expenses	**2,306**	1,963
Impairment losses	**14,697**	9,692
Petroleum resource rent tax	**2,614**	-
Tax value of losses carried-forward	**56,440**	48,152
Other	**5,071**	7,891
	108,083	92,549
Amounts recognised directly in equity		
Cash flow hedges	**242**	12,429
Long term equity investments	**5,595**	5,798
Share issue costs	**10**	10
	5,847	18,237
Total deferred tax assets	**113,930**	110,786
Set-off of deferred tax liabilities pursuant to set-off provisions (notes 1f and 30)	**(76,447)**	(89,671)
Net deferred tax assets	**37,483**	21,115
Movements:		
Opening balance at 1 August	**110,786**	96,285
Amounts recognised on acquisition of subsidiaries	**-**	7,282
Credited to the income statement – operating profit (note 7a)	**15,287**	1,789
(Charged)/credited to equity (note 7c)	**(12,143)**	5,430
Closing balance at 31 July	**113,930**	110,786

Notes to the Financial Statements (continued) For the year ended 31 July 2014

NOTE 23. NON-CURRENT ASSETS – INTANGIBLE ASSETS

	Goodwill $'000	Other $'000	Total $'000
At 31 July 2012			
Cost	18,098	11,830	29,928
Accumulated amortisation and impairment	-	(7,931)	(7,931)
Net book amount	18,098	3,899	21,997
Year ended 31 July 2013			
Opening net book amount	18,098	3,899	21,997
Assets acquired on purchase of subsidiary	4,732	-	4,732
Additions	-	851	851
Amortisation (charge)	-	(1,404)	(1,404)
Disposals	-	(2)	(2)
Transfers in	-	2,137	2,137
Closing net book amount	22,830	5,481	28,311
At 31 July 2013			
Cost	22,830	14,816	37,646
Accumulated amortisation and impairment	-	(9,335)	(9,335)
Net book amount	22,830	5,481	28,311
Year ended 31 July 2014			
Opening net book amount	**22,830**	**5,481**	**28,311**
Additions	**-**	**474**	**474**
Amortisation (charge)	**-**	**(1,767)**	**(1,767)**
Disposals	**-**	**(28)**	**(28)**
Transfers in	**-**	**(143)**	**(143)**
Closing net book amount	**22,830**	**4,017**	**26,847**
At 31 July 2014			
Cost	**22,830**	**14,748**	**37,578**
Accumulated amortisation and impairment	**-**	**(10,731)**	**(10,731)**
Net book amount	**22,830**	**4,017**	**26,847**

Amortisation of $1.767 million (2013: $1.404 million) has been charged to the income statement (note 6).

NOTE 23. NON-CURRENT ASSETS – INTANGIBLE ASSETS (continued)

a) Recoverable amount of goodwill

Intangible assets, which have indefinite lives are allocated to the Group's cash generating units (CGU's) identified according to business segment and country of operation.

A segment-level summary of the goodwill allocation is presented below:

	Country of operation	2014 $'000	2013 $'000
Coal mining			
- Goodwill	Australia		
Carrying amount at beginning of year		**22,255**	18,098
Acquisition of subsidiary		-	4,157
		22,255	22,255
Consulting			
- Goodwill	Australia		
Carrying amount at beginning of year		**575**	-
Acquisition of subsidiary		**-**	575
		575	575
Closing net book value		**22,830**	22,830

The recoverable amount of the cash generating units has been determined based on value–in-use calculations and contracted business sales values, as appropriate. Assumptions and methodology applied to each cash-generating unit are as follows:

(i) Coal Mining

Brought forward goodwill relates to the acquisition of Queensland Bulk Handling Pty Ltd, Northern Energy Corporation Limited (NEC) and Bridegport Energy Limited.

The recoverable amount of the NEC cash generating units has been based on fair values less cost to sell. This assessment is determined under Level 2 of the Fair value hierarchy based on observable external market data for reserve and resource transaction multiples, rather than quoted prices (refer note 33f for an explantation on Fair value hierarchy). The transaction multiples observed have included recent transactions only and included similar Australian coal exploration projects, with respect of coal type to the NEC assets.

(ii) Consulting

Brought forward goodwill relates to obtaining control of Pitt Street Real Estate Partners Pty Limited in the prior year.

NOTE 24. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	2014 $'000	2013 $'000
Trade payables and other payables	**74,679**	59,629

Fair value measurement

The carrying value less impairment provisions of trade and other payables are assumed to approximate their fair values due to their short-term nature.

NOTE 25. CURRENT LIABILITIES – INTEREST BEARING LIABILITIES

	2014 $'000	2013 $'000
Deposits accepted - Directors and Director related parties (note 26a)	**44,796**	49,317
Short term borrowings (note 26c)	**-**	1,750
Lease liability (note 26d)	**33**	98
	44,829	51,165

Further information relating to interest bearing liabilities is set out in note 26.

NOTE 26. NON-CURRENT LIABILITIES – INTEREST BEARING LIABILITIES

Long term borrowings (c)	**45,303**	7,806
Lease liabilities (d)	**122**	94
	45,425	7,900

a) Director deposits

The Parent entity accepts deposits from Directors and Director related parties under normal commercial agreements and consistent with deposits received from other parties. Deposits are repayable at call and carry an interest rate of 3.23% per annum (2013: 3.69%) at the reporting date. The effective interest rate applicable to these Directors and Director related deposits is consistent with the interest rate that deposits of the Parent entity receives and ensures a margin of at least 25 basis points is earned by the Parent entity.

b) Fair value disclosures

The carrying value of financial liabilities as disclosed approximates their fair values.

c) Borrowings

Secured financing facilities and assets pledged as security

The total secured financing facilities are as follows:

	2014 $'000	2013 $'000
Bank loan facilities (i)	**68,066**	33,400
Trade finance facility (ii)	**-**	5,000
Business flexible rate loan (ii)	**-**	2,500
Lease liabilities (d)	**155**	192
	68,221	41,092

(i) The bank loan facilities are secured by registered mortgages over the individual properties classified as stabilised properties and investment properties under development in the financial statements (refer note 20). Each facility is for a period of five years with a variable interest rate. To manage fluctuations in interest rates over the term of the facilities, five year interest rate swap arrangements have also been established, effectively fixing interest rates as follows:

	Construction phase interest rate	Stabilised asset interest rate
Stabilised investment property		
- Facility commenced 25 June 2013	6.555% to 25 June 2014	6.155% from 25 June 2014
Property under development		
- Facility commenced 28 May 2014	6.005% (estimated to finalise 24 November 2014)	5.505% from 24 November 2014

NOTE 26. NON-CURRENT LIABILITIES – INTEREST BEARING LIABILITIES (continued)

c) Borrowings (continued)

Secured financing facilities and assets pledged as security

(ii) The Trade finance facility and the business flexible rate loan facility were jointly guaranteed by a subsidiary of Souls Private Equity Limited (SPEL). The two facilities were secured against a fixed and floating charge over the company and a registered mortgage over the property owned by the subsidiary of SPEL. The subsidiary of SPEL was deconsolidated during the year.

d) Lease liabilities

Lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statements and revert to the lessor in the event of default.

e) Other financing arrangements

	2014 $'000	2013 $'000
The Consolidated entity has access to bank overdraft and bank guarantee facilities as follows:		
Bank overdraft		
Total facility	**1,000**	1,000
Used at balance date	**-**	-
Unused at balance date	**1,000**	1,000
Bank guarantees		
Total facilities	**105,738**	79,374
Used at balance date	**(69,674)**	(67,475)
Unused at balance date	**36,064**	11,899
The majority of facilities relate to bank guarantees of New Hope Corporation Limited, are unsecured, for no fixed term and bear variable rates:		
i. Mining restoration and rehabilitation	**39,054**	38,230
The liability has been recognised by New Hope Corporation Limited in relation to its rehabilitation obligations.		
ii. Statutory body suppliers	**24,882**	24,871
No liability was recognised by New Hope Corporation Limited in relation to these guarantees as no losses are foreseen on these contingent liabilities.		
	63,936	63,101

Notes to the Financial Statements (continued) For the year ended 31 July 2014

NOTE 27. DERIVATIVE FINANCIAL INSTRUMENTS

New Hope Corporation Limited and certain of its controlled entities, are parties to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in foreign currency exchange rates.

The Australian Logistics Property Fund and its controlled entities, are also party to derivative financial instruments to hedge exposure to fluctuations in interest rates.

These instruments are used in accordance with the Group's financial risk management policies. The portion of the gain or loss on the hedging instruments that is determined to be an effective hedge is recognised directly in equity. When the cash flows occur, the Group reclassifies the gain or loss into the income statement.

Refer to note 1(n) for additional information on the accounting policy for derivatives.

At reporting date the details of outstanding contracts at fair value are (AUD Equivalents):

	2014 $'000	2013 $'000
Non-current assets		
- Forward exchange contracts	**2,447**	-
Current liabilities		
- Forward exchange contracts	**3,255**	29,721
- Interest rate swaps	**1,688**	816
	4,943	30,537
Non-current liabilities		
- Forward exchange contracts	**-**	11,707
Net derivative financial instruments liability	**2,496**	42,244

Fair value measurement

The fair value meaurement of forward exchange contracts is determined using forward exchange market rates at the reporting date.

The fair value of interest rate swaps is determined using forward interest rates at the reporting date.

Credit risk exposures of derivative financial instruments – forward exchange contracts

Credit risk arises from the potential failure of counterparties to meet their obligations under the respective contracts at maturity. A material exposure arises from forward exchange contracts and the Group is exposed to losses in the event that counterparties fail to deliver the contracted amount. Refer to note 33 for additional information.

At balance date the details of outstanding forward exchange contracts are:

Sell US dollars	**Buy Australian dollars**		**Average exchange rate**	
Maturity	**2014 $'000**	2013 $'000	**2014**	2013
0 to 6 months	**93,974**	129,884	**0.95771**	1.00090
6 to 12 months	**42,242**	121,122	**0.92325**	0.98250
1 to 2 years	**45,954**	130,854	**0.84867**	0.94760
2 to 5 years	**-**	45,955	**-**	0.84870
Receivable	**182,170**	427,815		

NOTE 28. CURRENT LIABILITIES – PROVISIONS

	2014 $'000	2013 $'000
Mining restoration and site rehabilitation	**4,150**	6,415
Employee benefits (i)	**27,845**	28,967
Native title claims	**137**	117
	32,132	35,499

Movements in total provisions 2014	**Native title claims $'000**	**Mining restoration and site rehabilitation $'000**
Carrying amount at beginning of year	**137**	**50,950**
Additional provisions recognised	**10**	**5,449**
Carrying amount at end of year	**147**	**56,399**
Disclosed as:		
Current liabilities	**137**	**4,150**
Non-current liabilities	**10**	**52,249**
	147	**56,399**

Current liabilities not expected to be settled within the next 12 months

(i) The current provision for employee benefits includes accrued annual leave, vested sick leave and long service leave for all unconditional settlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payment in certain circumstances. The entire amount is presented as current, since the Group does not have an unconditional right to defer settlement. However, on past experience, the Group does not expect all employees to take the full amount of accrued long service leave or require payment within the next 12 months.

NOTE 29. NON-CURRENT LIABILITIES – PROVISIONS

	2014 $'000	2013 $'000
Mining restoration and site rehabilitation	**52,249**	44,535
Employment benefits	**6,088**	5,655
Native title claims	**10**	20
	58,347	50,210

Notes to the Financial Statements (continued) For the year ended 31 July 2014

NOTE 30. NON-CURRENT LIABILITIES – DEFERRED TAX LIABILITIES

	2014 $'000	2013 $'000
The balance comprises temporary differences attributed to:		
Amounts recognised in the income statement		
Property, plant and equipment	**35,003**	30,354
Mine reserves	**65,276**	66,899
Capitalised exploration	**24,205**	14,916
Arising on Petroleum resource rent tax	**-**	4,701
Inventories	**7,185**	5,989
Investments	**96,048**	71,144
Receivables	**3,343**	1,626
Other	**4,632**	3,334
	235,692	198,963
Amounts recognised directly in equity		
Long term equity investments	**92,567**	72,981
Property, plant and equipment	**7,160**	7,160
Other investments	**6,868**	4,302
	106,595	84,443
Total deferred tax liabilities	**342,287**	283,406
Set-off of deferred tax liabilities pursuant to set-off provisions (notes 1f and 22)	**(76,447)**	(89,671)
Net deferred tax liabilities	**265,840**	193,735
Movements:		
Opening balance 1 August	**283,406**	235,316
Charged to the income statement – operating profit (note 7a)	**36,733**	18,482
Charged to equity (note 7c)	**22,148**	22,050
Amounts recognised on acquisition of subsidiaries	**-**	7,558
Closing balance at 31 July	**342,287**	283,406

NOTE 31. SHARE CAPITAL

	Parent entity		Parent entity	
	2014 No of shares	**2014 $'000**	2013 No of shares	2013 $'000
(a) Share capital				
Fully paid ordinary shares	**239,395,320**	**43,232**	239,395,320	43,232

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary shares have no par value.

(b) Movements in ordinary share capital

Date	Details	No of shares	$'000
31 July 2013	Closing balance	239,395,320	43,232
31 July 2014	**Closing balance**	**239,395,320**	**43,232**

Capital Management

The Group's capital management approach is conservative with the objective to maintain a strong capital base in order to maintain investor, creditor and market confidence and to sustain the future development of the Consolidated entity.

There were no changes to the Group's approach to capital management during the year.

The Group's capital consists of shareholders' equity net of debt. The movement in shareholders equity is shown in the statement of changes in equity. Refer to page 47.

At 31 July 2014, the Parent entity has no external borrowings from financial institutions. The Parent entity is not subject to any externally imposed capital requirements. The Parent entity has accepted deposits from Directors and their related parties totalling $44.796 million (2013: $49.317 million) refer to note 25 and 26. Non-recourse debt of $45.303 million is used to finance investment properties held within 100% controlled entities.

The Board also monitors the level of dividends ensuring that ordinary dividends are paid from the Parent entity's cash profits before non-regular items.

NOTE 32. RESERVES AND RETAINED PROFITS

	2014 $'000	2013 $'000
a) Reserves		
General reserve	**404,548**	404,548
Asset revaluation reserve	**264,747**	210,361
Capital profits reserve	**11,368**	11,368
Hedging reserve	**(1,877)**	(18,181)
Share-based payments reserve	**525**	1,165
Foreign currency translation reserve	**(537)**	(2,494)
Treasury share reserve	**(327)**	(327)
Equity reserve	**(13,023)**	(9,191)
Balance 31 July	**665,424**	597,249

NOTE 32. RESERVES AND RETAINED PROFITS (continued)

b) Movements:	2014 $'000	2013 $'000
General reserve		
Balance 31 July	**404,548**	404,548
Asset revaluation reserve		
Balance 1 August	**210,361**	117,248
Revaluation of long term equity investments, gross	**73,221**	95,439
Revaluation of long term equity investments, deferred tax	**(19,414)**	(33,896)
Transfer on sale of long term equity investments to profit, gross	**(15,994)**	(67)
Transfer on sale of long term equity investments to profit, deferred tax	**1,767**	(54)
Transfer on impairment of long term equity investments to profit, gross	**7,810**	9,991
Transfer on impairment of long term equity investments to profit, deferred tax	**(2,427)**	2,352
Transfer of Exco Resources Limited to a controlled entity previously classified as a long term equity investment, gross	**-**	6,201
Transfer of Exco Resources Limited to a controlled entity previously classified as a long term equity investment, deferred tax	**-**	(1,864)
Share of associates increments	**9,423**	15,011
Balance 31 July	**264,747**	210,361
Capital profits reserve		
Balance 31 July	**11,368**	11,368
Hedging reserve		
Balance 1 August	**(18,181)**	12,511
Revaluation, gross	**11,469**	(34,767)
Revaluation, deferred tax	**(3,701)**	10,186
Transfer to profit, gross	**11,898**	(8,894)
Transfer to profit, deferred tax	**(3,570)**	2,668
Share of associates increments	**208**	115
Balance 31 July	**(1,877)**	(18,181)
Share-based payments reserve		
Balance 1 August	**1,165**	1,045
Share-based payment and option expense	**401**	617
Transfer to equity	**(1,041)**	(497)
Balance 31 July	**525**	1,165
Foreign currency translation reserve		
Balance 1 August	**(2,494)**	(3,028)
Exchange difference on translation of foreign controlled entity and associates	**-**	(3)
Share of associates increments	**1,957**	537
Balance 31 July	**(537)**	(2,494)
Treasury share reserve		
Balance 31 July	**(327)**	(327)
Equity reserve		
Balance 1 August	**(9,191)**	(4,652)
Share of associates (decrements) and deferred taxes on associates	**(3,832)**	(4,539)
Balance 31 July	**(13,023)**	(9,191)

NOTE 32. RESERVES AND RETAINED PROFITS (continued)

c) Nature and purpose of reserves

General reserve

The general reserve records funds set aside for future requirements of the Group.

Asset revaluation reserve

This reserve includes net revaluation increments and decrements arising from the revaluation of non-current assets. Changes in the fair value and exchange differences arising from translation of investments, such as equities classified as long term equity investments, are taken to the asset revaluation reserve as described in note 1(m). Amounts are recognised in the income statement when the associated assets are sold or impaired.

Capital profits reserve

This reserve represents amounts allocated from retained profits that were profits of a capital nature.

Hedging reserve

The hedging reserve is used to record the gains and losses on a hedging instrument in a cash flow hedge that are recognised directly in equity, as described in note 1(n). Amounts are reclassified to the income statement when the associated hedged transaction affects profit or loss.

Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options issued but not exercised.

Foreign currency translation reserve

The foreign currency translation reserve records the foreign currency differences which arise from the translation of self-sustaining foreign operations, and foreign exchange movements.

Treasury share reserve

The treasury share reserve represents the value of shares held by an equity compensation plan as issued by group or associate entities. The reserve will be reversed against share capital in the relevant entity when the underlying shares vest with employees.

Equity reserve

This reserve includes the tax effect of movements in the carrying value of equity accounted associates where this movement has been recognised directly in equity.

d) Retained profits movements

Increases in ownership of controlled entities

In accordance with AASB 10 *Consolidated Financial Statements* and the Group's accounting policy for changes in ownership of a subsidiary (without gain or loss of control), any excess purchase consideration paid to non-controlling interest holders, over the net assets acquired, is recognised directly in equity as a transaction between equity holders of the Group. The Group applies this policy by adjusting retained profits.

Refer to note 37 for the Parent entity's interest in controlled entities.

Notes to the Financial Statements (continued) For the year ended 31 July 2014

NOTE 33. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks; market risk (including currency risk, price risk and interest risk), credit risk, and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Entities within the Group use derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures. Derivatives are used exclusively for hedging purposes, i.e. not as trading or other speculative instruments. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analyses in the case of interest rate, foreign exchange and other price risks and ageing analyses for credit risk.

Risk management policies cover specific areas, such as mitigating foreign exchange, interest rate and credit risks, use of forward exchange contracts and investment of excess liquidity.

The Group holds the following financial instruments:	**2014 $'000**	2013 $'000
Financial assets		
Cash and cash equivalents	**64,933**	28,078
Term deposits	**1,272,912**	1,499,724
Loans and receivables	**99,208**	95,465
Investments fair valued through profit and loss	**14,695**	10,779
Held for sale financial assets	**27,183**	-
Derivative financial instruments	**2,447**	-
Long term equity investments	**562,208**	542,131
Other financial assets	**7,659**	22,387
Total financial assets	**2,051,245**	2,198,564
Financial liabilities		
Trade and other payables	**74,679**	59,629
Deposits accepted	**44,796**	49,317
Derivative financial instruments	**4,943**	42,244
Borrowings	**45,303**	9,556
Lease liabilities	**155**	192
Total financial liabilities	**169,876**	160,938

a) Market Risk

i. Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The Group is exposed to foreign exchange risk arising from currency exposures to the US Dollar.

Forward contracts are used to manage foreign exchange risk. Senior management is responsible for managing exposures in each foreign currency by using external forward currency contracts. Contracts are designated as cash flow hedges. External foreign exchange contracts are designated at Group level as hedges of foreign exchange risk on specific future transactions.

The Group's export coal sales risk management policy is to hedge up to 65% of anticipated transactions in US Dollars for the subsequent year, up to 57% of anticipated revenue beyond a year but less than two years and up to 50% for revenue beyond two years but less than three years. All hedges of projected export coal sales qualify as "highly probable" forecast transactions for hedge accounting purposes.

The Group's exposure to foreign currency risk at the reporting date was as follows:

US Dollar exposure	**2014 USD $'000**	2013 USD $'000
Cash and cash equivalents	**26,596**	5,919
Trade receivables	**18,003**	21,575
Forward exchange contracts – sell foreign currency (cash flow hedge)	**168,000**	412,000
Trade payables	**12**	-
Total exposure to US Dollar	**212,611**	439,494

NOTE 33. FINANCIAL RISK MANAGEMENT (continued)

a) Market Risk (continued)

Sensitivity analysis

Based on the trade receivables, cash held and trade payables at 31 July 2014, had the Australian dollar weakened/ strengthened by 10% against the US dollar with all other variables held constant, the Group's post-tax profit for the year would have increased/(decreased) by $3.769 million/($3.165 million) (2013: $2.382 million/($1.998 million)), mainly as a result of foreign exchange gains/(losses) on translation of US dollar receivables and cash balances as detailed in the above table. The Group's equity as at reporting date would have increased/(decreased) by the same amounts.

Based on the forward exchange contracts held at 31 July 2014, had the Australian dollar weakened/strengthened by 10% against the US dollar with all other variables held constant, the Group's equity would have increased/ (decreased) by $20.314 million/($16.569 million) (2013: $41.820 million/($46.003 million)). There is no effect on post-tax profits. Equity in 2014 is less sensitive to movements in the Australian dollar / USD exchange rates than in 2013 due to the decreased value of forward exchange contracts in 2014.

ii. Price Risk

The Group is exposed to equity securities price risk. This arises from investments held by the Group and classified in the statement of financial position as long term equity investments, held for sale financial assets or investments fair valued through profit and loss. The majority of the Group's investments are publicly traded on the Australian Securities Exchange.

Investments held for the long-term are classified in the statement of financial position as 'long term equity investments'. As the market value of individual companies fluctuate, the fair value of the portfolio changes with the movement being recognised directly to equity. Where an investment's value falls below its cost, management may consider the investment to be impaired. An impairment expense is recognised in the income statement. Long term equity investments represent 14.6% (2013: 14.5%) of the Group's net assets.

Investments held for the short to medium term are classified in the statement of financial position as 'investments fair valued through profit and loss'. As the market value of individual companies fluctuate, the fair value of this portfolio changes with the movement being recognised through the income statement. 'Investments fair valued through profit and loss' represent 0.4% (2013: 0.3%) of the Group's net assets.

Held for sale financial assets represent an investment in listed equities that is likely to be disposed of due to a takeover offer being accepted by the majority of shareholders post year end.

The performance of the investment portfolios are monitored by the individual Board's of the Group. The Group seeks to reduce market risk by ensuring that it is not exposed to one Group or one particular sector of the market.

Sensitivity analysis

The following table summarises the financial impacts of a hypothetical 5% decrease in the market value of investments for the Group as at reporting date. Where this decrease results in an individual security being valued below its cost, the reduction below cost may be recognised in the income statement where Directors consider the investment to be impaired. For long term equity investments, a 5% increase in market values would have no impact on the income statement as all increases are recognised directly in equity.

	Impact to post-tax profit		**Impact on reserves**	
	2014 $'000	2013 $'000	**2014 $'000**	2013 $'000
Investments fair valued through profit and loss	**(600)**	(305)	**-**	-
Long term equity investments	**(75)**	(1,550)	**(21,289)**	(17,930)
Total	**(675)**	(1,855)	**(21,289)**	(17,930)

iii. Fair value interest rate risk

Refer to (e) below.

b) Credit Risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to export and domestic customers, including outstanding receivables and committed transactions.

The Group has no significant concentrations of credit risk. The Group's derivative counterparties, term deposits and cash transactions are limited to financial institutions with a rating of at least BBB. The Group has policies that limit the maximum amount of credit exposure to any one financial institution.

NOTE 33. FINANCIAL RISK MANAGEMENT (continued)

b) Credit Risk (continued)

Credit risk further arises in relation to financial guarantees given to certain parties (refer note 26e). Such guarantees are only provided in exceptional circumstances and are subject to specific Board approval.

The credit quality of financial assets that are neither past due nor impaired, can be assessed by reference to historical information about counterparty defaults. To mitigate credit risk, management within each of the Group entities apply policies to assess and monitor the credit worthiness of customers and set appropriate credit limits for each customer, taking into account their financial positions, past experience and other factors pertaining to each industry segment.

The maximum exposure to credit risk at the reporting date is the carrying amount of assets as stated in the statement of financial position. The following table summarises these assets:

	2014 **$'000**	2013 $'000
Cash and cash equivalents	**64,933**	28,078
Term deposits	**1,272,912**	1,499,724
Loans and receivables	**99,208**	95,465
Derivative financial instruments	**2,447**	-
	1,439,500	1,623,267

The loans and receivables balances as stated above reflect the recoverable value and are net of any impairments or provisions. Refer notes 11 and 15 for further description on certain impairments.

c) Liquidity risk

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

Prudent liquidity risk management is adopted by the Group through maintaining sufficient cash and marketable securities, the ability to borrow funds from credit providers and to close-out market positions.

The Group entities manage liquidity risk by continually monitoring forecast and actual cashflows and matching maturity profiles of financial assets and liabilities. Surplus funds are only invested in conservative financial instruments such as term deposits with major banks.

In addition, 15.7% (2013: 14.8%) of the Group's net assets are in the form of readily tradeable listed investments which could be liquidated through on-market sales if necessary.

Financing arrangements

Details of financial facilities available are set out in note 26.

d) Maturity of financial liabilities

The Group's trade and other payables are all payable within one year.

The Group's maturity analysis for derivative financial instrument is set out in note 27.

The Group's maturity analysis for other financial liabilities is described in note 26.

e) Cash flow and fair value interest rate risk

The Group currently has significant interest-bearing assets which are placed with reputable investment counterparties for up to 12 months. The Group has treasury investment policies approved by each of the relevant entity's Board which stipulates the maximum exposure to each financial institution. Significant changes in market interest rates may have an effect on the Group's income and operating cash flows. Cash flow interest rate risk is managed by placing excess funds in term deposits and other fixed interest bearing assets. Refer to notes 9 and 10 for details. Based on the deposits held at reporting date, the sensitivity to a hypothetical 1% per annum increase or decrease in interest rates would increase/(decrease) after tax profit by $9.365 million (2013: $10.695 million). This scenario assumes all cash and term deposits at balance date continue to remain invested for the whole year.

The Group is exposed to interest rate risk arising from long term borrowings. Long term borrowing facilities have been issued at variable rates. The Group has hedged the majority of the Group's exposure to cash flow interest rate risk by entering into a derivative financial instrument, an interest rate swap, to effectively convert the variable interest rate facility into a fixed interest rate facility. Refer to note 26c for further details.

NOTE 33. FINANCIAL RISK MANAGEMENT (continued)

f) Fair value estimation

The fair value of certain assets and liabilities must be estimated for recognition and measurement or for disclosure purposes.

Fair value hierarchy

Judgements and estimates are made in determining the fair values of assets and liabilities. To provide an indication of the reliability of the inputs used in determining fair value, the Group categorises each asset and liability into one of the following three levels as prescribed by accounting standards:

Level 1: Fair value is determined by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities as at the end of the reporting period.

Level 2: Fair value is determined by using valuation techniques incorporating observable market data inputs.

Level 3: Fair value is determined by using valuation techniques that rely on inputs that are not based on observable market data.

Fair value measurements

The following table presents the Group's assets measured and recognised at fair value as at 31 July 2014 and 31 July 2013.

As at 31 July 2014	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets		**$'000**	**$'000**	**$'000**	**$'000**
Investments held for short to medium term fair valued though profit and loss	13	**11,992**	**-**	**2,703**	**14,695**
Held for sale financial asset	14	**27,183**	**-**	**-**	**27,183**
Long term equity investments	17	**562,205**	**-**	**3**	**562,208**
Other financial assets – equity investments	18	**-**	**-**	**7,659**	**7,659**
Derivatives - Foreign exchange hedge	27	**-**	**2,447**	**-**	**2,447**
Non-financial assets					
Investment properties	20	**-**	**-**	**139,421**	**139,421**
Total assets		**601,380**	**2,447**	**149,786**	**753,613**
Financial liabilities					
Derivatives - Foreign exchange hedge	27	**-**	**3,255**	**-**	**3,255**
Derivatives – Interest rate swaps	27	**-**	**1,688**	**-**	**1,688**
Total liabilities		**-**	**4,943**	**-**	**4,943**
As at 31 July 2013					
Financial assets					
Investments held for short to medium term fair valued through profit and loss	13	8,714	-	2,065	10,779
Long term equity investments	17	542,128	-	3	542,131
Other financial assets – equity investments	18	-	-	22,387	22,387
Non-financial assets					
Investment properties	20	-	-	50,223	50,223
Total assets		550,842	-	74,678	625,520
Financial liabilities					
Derivatives - Foreign exchange hedge	27	-	41,428	-	41,428
Derivatives – Interest rate swaps	27	-	816	-	816
Total liabilities		-	42,244	-	42,244

Notes to the Financial Statements (continued) For the year ended 31 July 2014

NOTE 33. FINANCIAL RISK MANAGEMENT (continued)

The following table presents the changes in level 3 financial assets and liabilities for the years ended 31 July 2014 and 31 July 2013. Changes in Investment properties are included in note 20.

Level 3 - Financial assets	Unlisted equity securities fair valued through profit and loss $'000	Unlisted long term equity investments fair valued through equity $'000	Other Financial assets $'000	Total $'000
Opening balance 1 August 2012	1,662	3	17,601	19,266
Acquisitions	403	-	9,786	10,189
Impairment expense	-	-	(5,000)	(5,000)
Closing balance 31 July 2013	**2,065**	**3**	**22,387**	**24,455**
Additions	**800**	**-**	**2,177**	**2,977**
Transfer (to) Level 1 (listed equities)	**(162)**	**-**	**-**	**(162)**
Impairment expense	**-**	**-**	**(5,338)**	**(5,338)**
Transfer to Equity accounted associate	**-**	**-**	**(11,567)**	**(11,567)**
Closing balance 31 July 2014	**2,703**	**3**	**7,659**	**10,365**

NOTE 34. CONTINGENT LIABILITIES

The Group had contingent liabilities at 31 July in respect of:

	2014 $'000	2013 $'000
Not secured by a charge on the Consolidated entity's assets		
i. Undertakings and guarantees issued by a Controlled entity's bankers to the Department of Minerals & Energy, Statutory Power Authorities and various other entities.	**19,206**	19,196
ii. Undertakings and guarantees issued by a Controlled entity's bankers for stages 1 and 2 of the Wiggins Island Coal Export Terminal expansion project and expansion of rail facilities	**10,049**	10,049
	29,255	29,245

For contingent liabilities relating to associates refer to note 38e.

NOTE 35. COMMITMENTS FOR EXPENDITURE

	2014 $'000	2013 $'000
a) Capital commitments		
Capital expenditure contracted for at the reporting date		
Property, plant and equipment and investment properties under development		
Payable:		
Within one year	**24,301**	82,983

b) Lease commitments:

Commitments in relation to leases consist of:

i. Operating leases

The Group's main leases relates to the leasing of port facilities under non-cancellable operating leases expiring within one to fifteen years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	2014 $'000	2013 $'000
Within one year	**6,966**	7,137
Later than one year but not later than five years	**23,562**	15,928
Later than five years	**48,915**	48,012
	79,443	71,077

ii. Finance leases

The Consolidated entity leases various plant and equipment under finance leases expiring within one to five years.

Commitments for minimum lease payments in relation to finance leases are payable as follows:

	2014 $'000	2013 $'000
Within one year	**34**	106
Later than one year but not later than five years	**138**	99
	172	205
Future finance charges	**(17)**	(13)
Recognise as a liability	**155**	192
Representing lease liabilities:		
Current (note 25)	**33**	98
Non-current (note 26)	**122**	94
	155	192

The weighted average interest rate implicit in the leases is 7.74% per annum (2013: 9.04%)

For commitments relating to associates refer to note 38d.

Notes to the Financial Statements (continued) For the year ended 31 July 2014

NOTE 36. PARENT ENTITY FINANCIAL INFORMATION

a) Summary financial information

The individual financial statements for the Parent entity show the following aggregate amounts:

Statement of financial position	2014 $'000	2013 $'000
Current assets		
Cash and cash equivalents	**3,583**	2,182
Term deposits	**163,000**	226,000
Trade and other receivables	**11,213**	14,114
Inventories	**1,136**	1,064
Investments fair valued through profit and loss	**14,695**	10,779
Current tax asset	**-**	3,277
Total current assets	**193,627**	257,416
Non-current assets		
Trade and other receivables	**95,249**	69,653
Long term equity investments	**560,324**	512,287
Other financial assets	**782,377**	695,354
Property, plant and equipment	**2,598**	2,789
Deferred tax assets	**50,233**	27,331
Total non-current assets	**1,490,781**	1,307,414
Total assets	**1,684,408**	1,564,830
Current liabilities		
Trade and other payables	**1,258**	1,069
Interest bearing liabilities	**44,877**	69,065
Provisions	**684**	720
Total current liabilities	**46,819**	70,854
Non-current liabilities		
Interest bearing liabilities	**18,686**	-
Deferred tax liabilities	**60,901**	40,217
Provisions	**2,249**	2,057
Non-current liabilities	**81,836**	42,274
Total liabilities	**128,655**	113,128
Net assets	**1,555,753**	1,451,702
Equity		
Share capital	**43,232**	43,232
Reserves		
General reserve	**402,206**	402,206
Asset revaluation reserve	**208,911**	166,360
Retained profits	**901,404**	839,904
Total equity	**1,555,753**	1,451,702
Profit for the year	**174,016**	194,931
Other comprehensive income		
Net movement in the fair value of long term equity investments, net of tax	**42,551**	80,925
Total comprehensive income for the year	**216,567**	275,856

NOTE 36. PARENT ENTITY FINANCIAL INFORMATION (continued)

b) Guarantees entered into by the Parent entity

During the prior year, the Parent entity provided a guarantee for an environmental bond of $504,000 to CopperChem Limited. Total guarantees provided by the Parent entity for CopperChem Limited amount to $4.374 million.

No further guarantees were provided by the Parent entity during the current financial year.

c) Contingent liabilities of the Parent entity

The Parent entity did not have any contingent liabilities as at 31 July 2014 or 31 July 2013.

d) Contractual commitments for the acquisition of property, plant or equipment

The Parent entity did not have any contractual commitments as at 31 July 2014 or 31 July 2013.

NOTE 37. SUBSIDIARIES

Name of entity	Country of incorporation	Equity holding in subsidiaries 2014 %	2013 %
a) Parent entity			
Washington H. Soul Pattinson and Company Limited*	Australia		
b) Controlled entities			
SP Laboratories Pty. Limited*	Australia	**100.0**	100.0
SP Newcastle Pty. Limited*	Australia	**100.0**	100.0
SP Runaway Bay Pty. Limited*	Australia	**100.0**	100.0
Exco Resources Limited*	Australia	**100.0**	100.0
Boomara Mines Pty Limited*	Australia	**100.0**	100.0
Eliza Creek Mines Limited*	Australia	**100.0**	100.0
Exco Cloncurry Operations Pty Limited*	Australia	**100.0**	100.0
Exco Operations (SA) Limited*	Australia	**100.0**	100.0
Exco Resources (QLD) Pty Limited*	Australia	**100.0**	100.0
Exco Resources (SA) Pty Limited*	Australia	**100.0**	100.0
Exco Resources (WA) Pty Limited*	Australia	**100.0**	100.0
Mitchell River Exploration Pty Limited*	Australia	**100.0**	100.0
Polymetals (White Dam) Pty Limited*	Australia	**100.0**	100.0
Polymetals Operations Pty Limited*	Australia	**100.0**	100.0
CopperChem Limited	Australia	**100.0**	100.0
Souls Private Equity Limited*	Australia	**100.0**	100.0
PCP Holdings 1 Pty. Limited*	Australia	**100.0**	100.0
PCP Holdings 2 Pty. Limited*	Australia	**100.0**	100.0
Cromford Group Pty. Limited*	Australia	**100.0**	100.0
Cromford Pipe Pty Limited*	Australia	**100.0**	100.0
Food and Beverage Company Limited	Australia	**100.0**	100.0
Austgrains Pty Limited	Australia	-	51.0
Pitt Capital Partners Limited	Australia	**100.0**	100.0
Corporate & Administrative Services Pty. Ltd	Australia	**100.0**	100.0
Pitt Capital Nominees Pty. Ltd	Australia	**100.0**	100.0
Pitt Street Real Estate Partners Pty Limited	Australia	**75.0**	75.0
ALPF Head Trust Company Pty. Limited	Australia	**100.0**	100.0
Pitt Street Real Estate #1 Pty Limited	Australia	**100.0**	100.0
Australian Logistics Property Fund*	Australia	**100.0**	100.0
ALPF No. 1 SRG Sydney Trust*	Australia	**100.0**	100.0
ALPF No. 2 SRG Brisbane Trust*	Australia	**100.0**	100.0
PSRE No. 8 Dev Co Pty Limited*	Australia	**100.0**	-

NOTE 37. SUBSIDIARIES (continued)

Name of entity	Country of incorporation	Equity holding in subsidiaries 2014 %	2013 %
b) Controlled entities (continued)			
PSRE 46 Carrington Road Trust*	Australia	**100.0**	-
New Hope Corporation Limited*	Australia	**59.7**	59.7
Jeebropilly Collieries Pty. Limited*	Australia	**59.7**	59.7
Fowlers Engineering Pty. Limited*	Australia	**59.7**	59.7
Tivoli Coal (Hawaii) Pty. Limited*	Australia	**59.7**	59.7
New Hope Collieries Pty. Limited*	Australia	**59.7**	59.7
Tivoli Collieries Pty. Limited*	Australia	**59.7**	59.7
Andrew Wright Holdings Pty. Limited*	Australia	**59.7**	59.7
Tetard Holdings Pty. Limited*	Australia	**59.7**	59.7
Queensland Bulk Handling Pty. Limited	Australia	**59.7**	59.7
New Oakleigh Coal Pty. Limited*	Australia	**59.7**	59.7
New Hope Exploration Pty. Limited*	Australia	**59.7**	59.7
Seven Mile Coal Pty. Limited*	Australia	**59.7**	59.7
New Acland Coal Pty. Limited*	Australia	**59.7**	59.7
Acland Pastoral Co. Pty Limited*	Australia	**59.7**	59.7
Arkdale Pty. Limited*	Australia	**59.7**	59.7
New Lenton Coal Pty. Limited*	Australia	**59.7**	59.7
New Saraji Coal Pty. Limited*	Australia	**59.7**	59.7
New Hope Water Pty. Limited*	Australia	**59.7**	59.7
New Hope Coal Marketing Pty. Limited*	Australia	**59.7**	59.7
New Hope Energy Pty. Limited*	Australia	**59.7**	59.7
New Hope Energy (USA) Inc	USA	**59.7**	59.7
New Hope Services Pty. Limited*	Australia	**59.7**	59.7
Hueridge Pty. Limited*	Australia	**59.7**	59.7
Uniford Pty. Limited*	Australia	**59.7**	59.7
eCOALogical Pty. Limited*	Australia	**59.7**	59.7
Lenton Management and Marketing Pty Limited*	Australia	**59.7**	59.7
Krestlake Pty Limited*	Australia	**59.7**	59.7
Mattvale Pty Limited*	Australia	**59.7**	59.7
Estwood Pty Limited*	Australia	**59.7**	59.7
Northern Energy Corporation Limited*	Australia	**59.7**	59.7
Taroom Coal Proprietary Limited *	Australia	**59.7**	59.7
Colton Coal Pty Limited*	Australia	**59.7**	59.7
Yamala Coal Pty Limited*	Australia	**59.7**	59.7
Elimatta Pastrol Pty Limited*	Australia	**59.7**	59.7
Elmsvale Pty Limited*	Australia	**59.7**	59.7
Bridgeport Energy Limited*	Australia	**59.7**	59.7
Bridgeport Drilling Pty Limited*	Australia	**59.7**	59.7
Bridgeport Eromanga Pty Limited*	Australia	**59.7**	59.7
Bridgeport Energy (QLD) Pty Limited*	Australia	**59.7**	59.7
Bridgeport (Cooper Basin) Pty Limited*	Australia	**59.7**	59.7
Oilwells Inc of Kentucky (Sole Risk) Pty Limited*	Australia	**59.7**	59.7
Oilwells Inc of Kentucky	USA	**59.7**	59.7

*Companies marked with an asterisk are part of tax consolidation groups.

NOTE 37. SUBSIDIARIES (continued)

c) Acquisition of controlled entities

i) Acquisitions during the year included:

The Group did not acquire control of any entities during the year ended 31 July 2014.

ii) Details of acquisitions completed during the prior year include:

During the year ended 31 July 2013, the Group acquired control of the following entities:

Bridgeport Energy Limited – held by a subsidiary of New Hope Corporation Limited

On 1 August 2012, New Hope Corporation Limited's wholly owned subsidiary, Mattvale Pty Ltd, acquired 69.62% of the issued share capital of Bridgeport Energy Limited. Bridgeport Energy Limited is an oil and gas exploration company with interests in a portfolio of projects in Queensland that are being progressed towards development.

Details of the purchase consideration and the net assets acquired are as follows:

Purchase consideration (refer below (i))	2013 $'000
Previously held interest	18,876
Revaluation of previous interest to $0.41 cents per share	4,109
Cash paid – current year	45,488
	68,473

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair Value $'000
Cash	1,228
Trade receivables	685
Term deposits	838
Other receivables and prepayments	157
Inventory	87
Oil producing assets	47,512
Exploration assets	16,807
Property, plant and equipment	1,118
Accounts payables	(968)
Provisions	(1,768)
Deferred tax liabilities	(1,380)
Net identifiable assets acquired	64,316
Add: Goodwill	4,157
Net assets acquired	68,473

Goodwill arising on consolidation of $4.157 million is calculated in accordance with the requirement in IFRS to recognise a deferred tax liability on the difference between the provisional fair value of newly consolidated assets and liabilities and their tax base. None of the goodwill is expected to be deductible for tax purposes.

Revenue and profit contribution

The revenues and profits contributed by Bridgeport Energy Limited to WHSP consolidated revenues and profits for the full year ended 31 July 2013 are considered to be of an immaterial nature.

(i). Purchase consideration

Outflow of cash to acquire subsidiary, net of cash acquired

	2013 $'000
Total cash consideration	45,488
Less: Cash balances acquired	(1,228)
Outflow of cash – investing activities	44,260

Notes to the Financial Statements (continued) For the year ended 31 July 2014

NOTE 37. SUBSIDIARIES (continued)

c) Acquisition of controlled entities (continued)

Bridgeport Energy Limited – held by a subsidiary of New Hope Corporation Limited (continued)

Acquisition related costs

Acquisition costs of $3.199 million are included in other expenses in the income statement and in operating cash flows in the statement of cash flows.

Exco Resources Limited (Exco) – held by WHSP

On 9 November 2012, Washington H. Soul Pattinson and Company Limited's (WHSP) holding in Exco had increased to 90%. As a result, WHSP was required to acquire the remaining shares in Exco which it did not already own. The acquisition was completed by 28 December 2012.

Exco is an exploration and mining company with exploration interests in northwest Queensland and a gold mine at White Dam in South Australia.

Details of the purchase consideration and the net assets acquired are as follows:

Purchase consideration (refer below (i))	2013 $'000
Previously held interest	11,366
Revaluation of previous interest to $0.265 cents per share	7,410
Cash paid	78,555
	97,331

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair Value $'000
Cash	51,353
Trade and other receivables	2,829
Inventory	2,859
Property, plant and equipment	1,713
Exploration and evaluation assets	46,871
Deferred tax asset	806
Trade and other payables	(4,534)
Income tax payable	(3,442)
Provisions	(830)
Deferred tax liability	(294)
Net identifiable assets acquired	97,331

Revenue and profit contribution

The revenues and profits contributed by Exco to WHSP consolidated revenues and profits for the full year ended 31 July 2013 are considered to be of an immaterial nature.

(i). Purchase consideration

Outflow of cash to acquire subsidiary, net of cash acquired

	2013 $'000
Total cash consideration	78,555
Less: Cash balances acquired	(51,353)
Outflow of cash – investing activities	27,202

Acquisition related costs

There were no external acquisition costs included in other expenses in the income statement and in operating cash flows in the statement of cash flows.

NOTE 37. SUBSIDIARIES (continued)

d) New Group entities

i) Transactions during the year

PSRE 46 Carrington Road Trust – held by WHSP

On 31 March 2014, Washington H. Soul Pattinson and Company Limited established PSRE 46 Carrington Road Trust. The trust was established to purchase and hold the industrial property situated at 46 Carrington Road, Castle Hill. This property is classified as an investment property. Refer to note 20 for further information.

ii) Transactions during the the prior year

Australian Logistics Property Fund – held by WHSP

In the prior year, on 27 February 2013, Washington H. Soul Pattinson and Company Limited established the Australian Logistics Property Fund to construct distribution centres in Sydney and Brisbane which will be leased to Super Retail Group Limited. The Sydney distribution centre was completed and leased in December 2013. Brisbane distribution centre was currently under construction as at 31 July 2014.

e) Loss of control and disposals of controlled entities

i) Transactions during the year:

On 18 June 2014, a controlled entity of Washington H Soul Pattinson and Company, Souls Private Equity Limited finalised the disposal of Austgrains Limited.

ii) Transactions during the prior year:

The Group did not dispose of any controlled entities during the prior year.

f) Changes in ownership of controlled entities

i) Transactions during the year:

The Group did not change ownership of any controlled entities during the current year.

ii) Changes in ownership of controlled entities in the prior year

Washington H. Soul Pattinson and Company Limited's - Increase in share holding of CopperChem Limited

On 27 May 2013, Washington H. Soul Pattinson and Company Limited's shareholding in CopperChem Limited increased from 93.4% to 100% on acquisition of the remaining ordinary shares for $3 million. The acquisition was recognised by the Group as an increase in non-controlling interests of $1.897 million and decrease in equity attributable to owners of $4.897 million.

NOTE 37. SUBSIDIARIES (continued)

g) Deed of cross guarantee

During 2012, Washington H. Soul Pattinson and Company Limited and Souls Private Equity Limited entered into a deed of cross guarantee under which each company guarantees the debts of the other. During 2013, Exco Resources Limited and its wholly-owned subsidiaries became party to the deed of cross guarantee.

By entering into the deed, Souls Private Equity Limited and Exco Resources Limited are relieved from the requirements to prepare a financial report and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

i) Consolidated income statement, statement of comprehensive income and summary of movements in consolidated retained profits and consolidated balance sheet

The above companies represent a 'closed group' for the purposes of the Class Order, and as there are no other parties to the deed of cross guarantee that are controlled by Washington H. Soul Pattinson and Company Limited, they also represent the 'extended closed group'.

Set out below is a consolidated income statement, a consolidated statement of comprehensive income, a summary of movements in consolidated retained earnings for the year ended 31 July 2014 of the closed group and a consolidated balance sheet as at 31 July 2014 for the closed group.

	2014 $'000	2013 $'000
Consolidated income statement – closed group		
Profit before income tax	**166,044**	210,903
Income tax benefit/(expense)	**3,514**	(1,105)
Profit after income tax	**169,558**	209,798
Profit after tax attributable to parties outside the closed group	**-**	-
Profit after tax attributable to closed group	**169,558**	209,798
Other comprehensive income		
Net movement in fair value of long term equity investments, net of tax	**51,970**	95,935
Share of other comprehensive income movements, net of tax	**(1,672)**	(4,023)
Total other comprehensive income for the year, net of tax	**50,298**	91,912
Total comprehensive income attributable to the closed group	**219,856**	301,710
Summary of movements in consolidated retained earnings		
Retained profits attributable to the closed group		
Retained profits at the beginning of the year	**1,165,655**	1,043,150
Profit for the year	**169,558**	209,798
Dividends declared and paid	**(91,185)**	(87,293)
Retained profits at the end of the year	**1,244,028**	1,165,655

NOTE 37. SUBSIDIARIES (continued)

g) Deed of cross guarantee (continued)

	2014 $'000	2013 $'000
Consolidated balance sheet – closed group		
Current assets		
Cash and cash equivalents	**3,835**	2,299
Term deposits	**202,121**	266,500
Trade and other receivables	**10,861**	16,762
Inventories	**2,512**	3,017
Investments fair valued through profit and loss	**14,695**	10,779
Current tax asset	**-**	3,391
Total current assets	**234,024**	302,748
Non-current assets		
Trade and other receivables	**99,559**	106,019
Equity accounted associates	**948,452**	821,956
Long term equity investments	**559,952**	511,916
Other financial assets	**167,904**	129,726
Property, plant and equipment	**10,761**	5,888
Exploration and evaluation costs	**59,459**	52,298
Deferred tax assets	**28,373**	28,491
Total non-current assets	**1,874,460**	1,656,294
Total assets	**2,108,484**	1,959,042
Current liabilities		
Trade and other payables	**9,852**	2,578
Interest bearing liabilities	**44,877**	51,293
Provisions	**2,242**	1,446
Total current liabilities	**56,971**	55,317
Non-current liabilities		
Deferred tax liabilities	**133,178**	114,253
Provisions	**2,249**	2,057
Total non-current liabilities	**135,427**	116,310
Total liabilities	**192,398**	171,627
Net assets	**1,916,086**	1,787,415
Equity		
Share capital	**43,232**	43,232
Reserves	**628,826**	578,528
Retained profits	**1,244,028**	1,165,655
Total equity	**1,916,086**	1,787,415

Notes to the Financial Statements (continued) For the year ended 31 July 2014

NOTE 38. INVESTMENTS IN ASSOCIATES

a) Carrying amounts

Investments in associates are accounted for using the equity method of accounting. Information relating to investments in associates is set out in (f) below.

b) Movement in carrying amounts	2014 $'000	2013 $'000
Carrying amount at 1 August	**813,648**	782,506
New investments during the period	**36,603**	49,630
Reclassification of unlisted investment to equity accounted associate	**11,567**	-
Bridgeport Energy Limited transferred from an equity accounted associate to a controlled entity	**-**	(68,473)
Gain on deemed disposal of equity accounted associates	**994**	737
Fair value gain on acquisition of an equity accounted associates	**6,048**	-
Other equity accounted associate transferred (to) controlled entity	**-**	(354)
Share of profits after income tax, before write downs	**56,018**	78,997
Impairment reversal/(expense) of equity accounted associate	**45,331**	(2,538)
Dividends received/receivable	**(58,213)**	(54,644)
Add back share of dividends received by associate	**21,331**	20,435
Share of associates increment in reserves	**12,042**	15,789
Disposal of equity accounted associates	**(643)**	(8,437)
Carrying amount at 31 July	**944,726**	813,648

c) Summarised share of associates financial information

Assets	**2,202,945**	2,025,426
Liabilities	**(841,822)**	(727,478)
Net assets	**1,361,123**	1,297,948
Revenue	**1,809,441**	1,710,542
Profit before income tax	**89,285**	106,820
Income tax expense	**(33,267)**	(27,823)
Profit after income tax	**56,018**	78,997

NOTE 38. INVESTMENTS IN ASSOCIATES (continued)

c) Summarised share of associates financial information (continued)

The tables below provides summarised financial information for those associates that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant associates, amended to reflect adjustments made by the Group in applying the equity method.

	Brickworks Limited		TPG Telecom Limited	
	2014 $'000	2013 $'000	**2014 $'000**	2013 $'000
Current assets	**317,364**	307,240	**221,459**	154,516
Non-current assets	**994,223**	950,029	**1,287,835**	844,300
Current liabilities	**(157,545)**	(166,591)	**(257,840)**	(194,836)
Non-current liabilities	**(332,488)**	(312,100)	**(419,032)**	(88,014)
Net assets	**821,554**	778,578	**832,422**	715,966
Group's percentage holding	**44.34%**	44.41%	**26.88%**	26.88%
	$'000	$'000	**$'000**	$'000
Group's share of total net assets	**364,277**	345,766	**223,755**	192,452
Goodwill	**14,139**	14,808	**1,119**	1,119
Equity accounted carrying value	**378,416**	360,574	**224,874**	193,571
Revenue	**670,268**	606,509	**970,920**	724,533
Profit after tax from continuing operations	**102,755**	85,165	**171,679**	149,165
Other comprehensive income	**20,866**	19,335	**12,573**	24,458
Total comprehensive income	**123,621**	104,500	**184,252**	173,623
Dividends received by WHSP from the associate	**26,915**	26,586	**18,139**	13,338

Refer to note 38 (f) for associates profit contributions to the Group.

	2014 $'000	2013 $'000
d) Share of associates' expenditure commitments		
Capital commitments	**20,428**	17,532
Lease commitments	**149,741**	135,764
e) Contingent liabilities of associates		
Share of contingent liabilities incurred jointly with other investors of the associate	**17,768**	10,369

Notes to the Financial Statements (continued) For the year ended 31 July 2014

NOTE 38. INVESTMENTS IN ASSOCIATES (continued)

f) Details of investments and results in associates

Name and principal activity	Balance date	Group's percentage of holding at balance dates: Balance date Company 2014 %	Balance date Company 2013 %	Balance date Associate 2014 %	Balance date Associate 2013 %	Contribution to Group net profit 2014 $'000	Contribution to Group net profit 2013 $'000	Fair value of listed investments 2014 $'000	Fair value of listed investments 2013 $'000
Associates – held by WHSP									
Apex Healthcare Berhad									
Pharmaceutical manufacturer and distributor	**31 Dec**	**30.3**	30.3	**30.3**	30.3	**3,144**	2,921	**46,201**	46,970
Australian Pharmaceutical Industries Limited									
Pharmaceutical wholesaler	**31 Aug**	**24.6**	24.6	**24.6**	24.6	**(24,875)**	6,115	**72,129**	52,895
BKI Investment Company Limited (i)									
Listed investment company	**30 June**	**11.8**	13.0	**11.8**	13.0	**4,491**	4,422	**104,974**	92,611
Brickworks Limited (ii)									
Manufacturer of clay products	**31 July**	**44.3**	44.4	**44.3**	44.4	**23,261**	13,632	**938,725**	800,871
Clover Corporation Limited									
Refinement and processing of natural oil	**31 July**	**28.6**	28.6	**28.6**	28.6	**276**	1,735	**19,808**	25,467
KH Roberts Group Pte Ltd. (iii)									
Manufacturer of flavours, essences and colours	**31 July**	**-**	-	**-**	-	**-**	586	n/a	n/a
Ruralco Holdings Limited (iv)									
Rural supplies and services	**30 Sept**	**20.6**	23.5	**20.6**	23.5	**1,331**	790	**54,860**	40,757
TPG Telecom Limited									
Telecommunications and internet provider	**31 July**	**26.9**	26.9	**26.9**	26.9	**46,153**	40,169	**1,179,972**	783,181
TPI Enterprises Limited (v)									
Manufacturer of concentrate of poppy straw	**31 Dec**	**19.4**	-	**19.4**	-	**-**	-	n/a	n/a
Associates – held by 100% controlled entities									
Ampcontrol Pty Limited									
Supplier of electrical and electronic products	**30 June**	**43.3**	43.3	**43.3**	43.3	**1,288**	6,855	n/a	n/a
Belaroma Coffee Pty Ltd									
Coffee roaster and distributor	**30 June**	**40.0**	40.0	**40.0**	40.0	**563**	411	n/a	n/a
InterRISK Australia Pty Ltd (vi)									
Insurance broker	**30 June**	**-**	-	**-**	-	**-**	935	n/a	n/a
Heritage Brands Limited									
Distribution of hair care and skin care products	**30 June**	**25.1**	25.1	**25.1**	25.1	**7**	96	n/a	n/a
Specialist Oncology Property Pty Limited (vii)									
Specialist medical services	**30 June**	**25.5**	26.1	**25.5**	26.1	**230**	208	n/a	n/a
Supercorp Pty Limited (viii)									
Financial services administration	**30 June**	**29.4**	34.6	**29.4**	34.6	**(87)**	393	n/a	n/a
Syndicated Metals Limited (ix)									
Explorator/developer of copper-gold deposits	**30 June**	**18.9**	-	**18.9**	-	**(141)**	-	**2,495**	n/a
Pitt Street Real Estate Partners Pty Limited (x)									
Property investment advisory service	**31 July**	**-**	-	**-**	-	**-**	(28)	n/a	n/a
Associate – held by 75% controlled entity									
Xact Property Solutions Pty Limited									
Property management services	**30 June**	**33.8**	33.8	**33.8**	33.8	**377**	143	n/a	n/a
Associates – held by New Hope Corporation Limited									
Quantex Energy Inc (xi)									
Developing Coal to liquid oil technologies	**31 July**	**-**	25.0	**-**	25.0	**-**	(386)	n/a	n/a
Quantex Research Inc (xi)									
Researching Coal to liquid oil technologies	**31 July**	**-**	25.0	**-**	25.0	**-**	-	n/a	n/a
Share of results from equity accounted associates before impairment						**56,018**	78,997		
Impairment reversal/(expense)									
- Australian Pharmaceutical Industries Limited						**44,373**	10,614		
- Quantex Energy Inc						-	(13,286)		
- Other associates						**958**	134		
Total impairment reversal/(expense) of investment in associates						**45,331**	(2,538)		
Share of results and impairment from equity accounted associates						**101,349**	76,459		

NOTE 38. INVESTMENTS IN ASSOCIATES (continued)

f) Details of investments and results in associates (continued)

All associates are incorporated in Australia except for Apex Healthcare Berhad (incorporated in Malaysia), KH Roberts Group Pte Ltd (incorporated in Singapore), and Quantex Energy Inc and Quantex Research Inc (both incorporated in Canada).

The percentage holding of each Associate represents the Group's total holding in each associate.

Contribution to Group net profit represents the amount included in profit after tax including the non-controlling interest's share.

(i) During the year, WHSP did not participate in BKI Investment Company Limited's (BKI) dividend reinvestment plans issued on 28 August 2013 and 27 February 2014.

On 5 September 2013, BKI announced a placement to sophisticated and professional investors of which WHSP did not participate and a non-renounceable entitlement offer to eligible shareholders for which WHSP did participate.

On 4 April 2014, BKI issued shares as part of an acquisition of an unlisted investment company.

As a result of these issues of shares, WHSP decreased its shareholding from 13.0% (31 July 2013) to 11.8%.

(ii) On 27 September 2013, Brickworks Limited issued shares as part of its employee share scheme. As a result of this transaction, WHSP's percentage holding in Brickworks decreased by 0.07% to 44.34%.

(iii) In the prior year, on 2 May 2013, WHSP disposed of its equity accounted associate, KH Roberts Group Pte Ltd.

(iv) On 18 December 2013, Ruralco Holdings Limited (RHL) issued shares as part of an institutional placement of which WHSP did not participate. As a result of this placement, WHSP decreased its shareholding from 23.5% to 20.6%.

On 21 February 2014, RHL announced a non-renounceable pro-rata entitlement offer for new shares in RHL of which WHSP participated. As a result of this new issue of shares, WHSP's shareholding was maintained at 20.6%.

(v) On 28 January 2014, TPI Enterprises Limited (TPI) issued shares as part of a capital raising of which WHSP participated. As a result of the capital raising, WHSP's shareholding increased to 19.4%. In addition, WHSP has one Director on the TPI Board. WHSP recognised TPI as an associate from this date.

(vi) In the prior year, on 12 June 2013, a controlled entity of WHSP, Souls Private Equity Limited (SPEL), disposed of an equity accounted associate, InterRISK Australia Pty Ltd and recognised a net gain after tax of $2.5 million.

(vii) At various times throughout the period, Specialist Oncology Property Limited issued shares to medical practitioners operating in its facilities, diluting the shareholding held by WHSP.

(viii) In August 2013, a controlled entity of WHSP, Souls Private Equity Limited's (SPEL) shareholding in Supercorp Pty Limited was diluted from 34.6% to 29.4% as a result of an issue of shares to a new shareholder.

(ix) On 16 September 2013, Syndicated Metals Limited (Syndicated) announced a joint venture with CopperChem Limited (CopperChem), a controlled entity of WHSP. As part of a broader agreement between the two parties, Copperchem participated in a share placement and agreed to an off-market purchase of shares from an existing shareholding owning 7%. As a result of these two transactions, CopperChem's shareholding at 31 July 2014 was 18.9% and Syndicated is therefore deemed to be an associate. WHSP has one Director on the Syndicated Board. Results from Syndicated have been equity accounted.

(x) During the prior year ended 31 July 2013, a controlled entity of WHSP, Pitt Capital Partners Limited, increased its interest in Pitt Street Real Estate Partners Pty Limited from 50% to 75%. From this date, Pitt Street Real Estate Partners Pty Limited was accounted for as a controlled entity.

(xi) During the period, a controlled entity of WHSP, New Hope Corporation Limited, disposed of Quantex Energy and Quantex Research Corporation. From 10 March 2014, both entities were no longer accounted for as equity accounted associates.

g) Fair value

The recoverable amount of investments in equity accounted associates is reviewed at each reporting date after taking into consideration of any applicable impairment indicators. During the year ended 31 July 2014, $45.331 million (2013: $10.748 million) of previously recognised impairment has been reversed. During the prior year, an impairment expense of $13.289 million was recognised in relation to Quantex Energy Inc.

The fair value of listed equity accounted investments represents unadjusted quoted prices in active markets where the quoted price is readily available and the price represents actual and regularly occurring market transactions on an arm's length basis.

NOTE 39. INTERESTS IN JOINT ARRANGEMENTS

a) Lenton Joint Venture

A subsidiary of New Hope Corporation Limited has entered into a joint venture to develop the Lenton project. The subsidiary has a 90% participating interest in this joint venture and is entitled to 90% of the output of the Lenton project. The Group's interests employed in the joint venture are included in the statement of financial position, in accordance with the accounting policy described in note 1(b).

b) Taroom-Yamala Joint Venture

In March 2006, New Hope Corporation Limited, entered into a joint venture in relation to its Yamala (EPC927) project on the follow terms:

An external company will earn a 30% Joint Venture interest in the Yamala project (EPC927) through sole funding a three-stage $5.80 million exploration and evaluation programme designed to take the project from its current status as an exploration target to completion of a bankable feasibility study for establishment of a mine within the tenement. On completion of the funding of the $5.80 million farm-in, the external company will have the option to acquire a further 19% joint venture interest for $6.65 million.

As at 31 July 2014 the concept study for establishment of a mine within the tenement had been completed along with the funding of the $5.80 million farm-in and the external company had earned a 30% interest in the project. At 31 July 2014 $nil is carried as exploration expenditure in relation to EPC927.

c) Utopia Joint Venture

A subsidiary of New Hope Corporation has a 60% interest in the Utopia Joint Venture. The principal activity of this joint operation is to extract oil from PL 124 of which the subsidiary is entitled to 60% of the output. The joint venture also conducts oil exploration on ATP 560 of which the subsidiary is entitled to 60% of the output. The Group's interests in the joint operation are included in the statement of financial position in accordance with the accounting policy described in note 1(b).

d) Cuisiner Joint Venture

During the year, a subsidiary of New Hope Corporation Limited entered into a joint operation in relation to the Cuisiner project. The principal activity of this joint operation is to extract oil from PL 303. This project also includes the Barta project which conducts oil exploration on ATP752 Barta and the Wompi project which conducts oil exploration on ATP752 Wompi. The subsidiary has a 15% participating interest in Cusinier and Barta projects of 17.5% in the Wompi project and is entitled to 15% and 17.5% of the output respectively. The Group's interests in the joint operation are included in the statement of financial position in accordance with the accounting policy described in note 1(b).

e) Barbara Joint Venture

During the year, a subsidiary of WHSP, CopperChem Limited entered into a joint venture to explore and develop the Barbara Copper-Gold project. The subsidiary has an earn in agreement with the external company to acquire 50% share of the Barbara project. The subsidiary is funding and managing a Feasibility Study over the Barbara project up to a decision to mine the tenements. The subsidiary is also funding 50% share of the exploration expenditure in surrounding prospects.

As at 31 July 2014 the concept study for establishment of a mine within the Barbara project tenement had not been completed and the subsidiary continues to meet costs associated with the earn in of 50% share of the Barbara project. At 31 July 2014 $1.03 million is carried as exploration expenditure in relation to EPM 16112 and 15564.

NOTE 40. RELATED PARTIES

a) Parent entity

The ultimate Parent entity is Washington H. Soul Pattinson and Company Limited.

b) Subsidiaries, Associates and Joint arrangements

Interests in Subsidiaries, Associates and Joint Arrangements are set out in note 37, note 38 and note 39 respectively.

c) Key management personnel (KMP) compensation

	Paid to KMP of the Consolidated entity		Paid to KMP of the Parent entity	
	2014 $'000	2013 $'000	**2014 $'000**	2013 $'000
Short-term employee benefits	**7,552**	7,439	**3,315**	3,223
Post-employment benefits	**263**	247	**199**	181
Long-term employee benefits	**178**	93	**50**	61
Termination benefits	**176**	203	**-**	203
Share-based payments	**683**	1,259	**-**	-
	8,852	9,241	**3,564**	3,668

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report on pages 25 to 34.

d) Related parties transactions and balances

Details of loans to and transactions with key management personnel are included in the Directors report on page 26.

i. Subsidiaries

Transactions between the Parent entity and its subsidiaries and between subsidiaries are at normal commercial terms and conditions. Transactions consist of the transfer of funds for day to day financing, provision of consulting, management and advisory services, loans advanced and repaid, interest, dividend and rental payments.

Transactions between parent entities and subsidiaries, are eliminated on consolidation and are not disclosed in this note.

ii. Associates

Transactions with associates are at normal commercial terms and conditions.

Transactions consist of the supply of pharmaceutical products to the Parent entity, advisory, consulting, underwriting, management fees, rent and insurance commissions received from/paid to associates, loans advanced and repaid, interest and dividend payments.

	2014 $'000	2013 $'000
Summary of transactions		
Advisory, consulting, underwriting and management fees:		
- received by subsidiaries from associates	**2,194**	1,537
- received by associates from subsidiaries	**8,678**	1,516
- rent income received by Parent entity from associate	**10**	7
Purchases of pharmaceutical products from associate	**5,472**	5,653
Insurance commissions paid by Parent entity/subsidiaries to associate	**-**	211
Interest income from associate	**198**	101

NOTE 40. RELATED PARTIES (continued)

Unrealised profits and losses resulting from transactions between the Consolidated entity and an associate are eliminated to the extent of the Consolidated entity's interest in the associate.

Xact Property Solutions Pty Limited (XPS), is an equity accounted associate of the controlled entity PCP. XPS provided project management and related services for the properties under development that are held within the 100% controlled entity, Australian Property Logistics Fund (ALPF).

These costs are capitalised in the carrying value of the investment properties and recognised in XPS as income. During the current year, fees incurred by ALPF totalled $8.678 million (2013: $1.076 million). As a result of the Group's 45% holding in XPS, 45% of these fees, being $2.928 million (2013: $484,000) cannot be recognised by XPS as income until such time that the investment property is no longer controlled by the Group. This amount has therefore been excluded from both current year income of the associate and from capitalised costs of the investment property.

Loans to associates

During the year, the Parent entity converted a loan balance of $10,750,000 owed from TPI Enterprises Limited (TPI) to equity. Outstanding accrued interest of $215,480 was repaid. Interest was charged at market rates.

During the prior year, Pitt Capital Partners Limited provided a loan to Pitt Street Real Estate Partners Pty Limited (PSREP) (75% owned by PCP) of $1.262 million (2013: $1.194 million). Pitt Street Real Estate Partners Pty Limited became a controlled entity as of 26 April 2013.

During the prior year, the Parent entity was repaid the outstanding loan balance of $127,000 and interest of $10,123 from KH Roberts Private Limited. Interest was charged at market rates.

NOTE 41. REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor.

	2014 $'000	2013 $'000
a) Audit Services		
Moore Stephens Sydney for audit and review of financial reports and other audit work under the Corporations Act 2001	**479**	531
Other audit firms for the audit or review of financial reports of any entity in the Group	**511**	434
Total remuneration for audit services	**990**	965
b) Other services		
Moore Stephens Sydney		
Tax compliance services	**176**	170
Other auditors		
Transaction advisory services	**436**	421
Tax compliance services	**140**	433
Other services	**280**	334
Total remuneration for other services	**1,032**	1,358

NOTE 42. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2014 $'000	2013 $'000
Profit after tax for the year	**155,588**	134,252
Adjustments for non-cash items:		
Depreciation and amortisation	**77,095**	59,387
Impairment (reversals)/charges	**(21,374)**	58,827
Bad and doubtful debts	**-**	144
Dividends received (non-cash)	**-**	(1)
Net (gain)/losses on disposal of long term equity investments	**(38,518)**	359
Net (profit) on sale of non-current assets	**(84)**	(184)
Fair value (gain) on revaluation of investment properties	**(16,781)**	-
Share based payments	**684**	1,259
Share of losses/(profits) of associates not received as dividends or distributions	**146**	(24,353)
Net exchange losses/(gain)	**1,157**	(2,895)
Fair value (gain) on acquisition of equity accounted entity	**(6,048)**	-
(Gain) on acquisition of controlled entity	**-**	(5,319)
Net (profit) on sale of equity accounted associate	**(257)**	(2,065)
(Gain) on deemed disposal of associate	**(994)**	(737)
Changes in operating assets and liabilities, net of effects from purchase and sales of business		
(Increase) in trade debtors, other debtors and prepayments	**(3,400)**	(37,723)
Decrease in inventory	**7,276**	4,804
Increase/(decrease) in trade creditors and accruals	**13,038**	(2,313)
Increase in employee entitlements, other liabilities and provisions	**4,770**	17,150
Decrease/(increase) in current tax asset	**708**	(4,401)
(Decrease) in current tax payable	**(18,863)**	(4,322)
Increase in deferred tax liability	**36,733**	18,842
(Increase) in deferred tax asset	**(15,287)**	(1,789)
Net cash inflow from operating activities	**175,589**	208,922

NOTE 43. SHARE-BASED PAYMENTS

New Hope Corporation Limited grants rights under the New Hope Corporation Ltd Employee Performance Rights Share Plan. Membership of the Plan is open to those senior employees and those Directors of New Hope Corporation Limited, its subsidiaries and associated bodies corporate whom, the Directors believe have a significant role to play in the continued development of the Group's activities.

Rights are granted for no consideration. Rights will vest and automatically convert to ordinary shares in New Hope Corporation Limited following the satisfaction of the relevant service conditions. Service conditions applicable to each issue of rights are determined by the New Hope Corporation Limited's Board at the time of the grant. Total expense arising from rights issued under the employee performance share rights plan during the financial year was $684,000 (2013: $1.259 million).

Notes to the Financial Statements (continued) For the year ended 31 July 2014

NOTE 43. SHARE-BASED PAYMENTS (continued)

Performance rights

Set out below are the summaries of rights granted under the plan:

	2014		2013	
	Average price per share	**Number of rights**	Average exercise price per share	Number of rights
As at 1 August	**$4.774**	**518,202**	$5.587	389,751
Granted during the year	**-**	**-**	$4.030	280,269
Exercised during the year	**$4.806**	**(369,760)**	$5.489	(151,818)
As at 31 July	**$4.694**	**148,442**	$4.774	518,202

The weighted average share price at the date of exercise of rights vested during the 2014 year was $3.56 (2013:$4.02)

Share rights outstanding at the end of the year have the following expiry date and fair value at grant date:

Grant date	**Vesting date**	**Value of right at grant date**	**Share Rights**	
			2014 number	2013 number
27 Oct 2011	1 Aug 2013	$5.170	**-**	64,059
27 Oct 2011	1 Aug 2014	$5.170	**15,060**	39,458
17 Dec 2011	1 Aug 2013	$6.020	**-**	56,984
17 Dec 2011	1 Aug 2014	$6.020	**20,447**	56,985
17 Dec 2011	1 Aug 2015	$6.020	**20,447**	20,447
17 Dec 2012	1 Aug 2013	$4.030	**-**	30,830
17 Dec 2012	1 Aug 2014	$4.030	**30,830**	30,830
17 Dec 2012	1 Aug 2015	$4.030	**30,830**	30,830
17 Dec 2012	1 Aug 2016	$4.030	**30,828**	30,828
15 Nov 2013	1 Dec 2013	$4.030	**-**	52,317
15 Nov 2013	1 Jan 2014	$4.030	**-**	52,317
15 Nov 2013	1 Jan 2015	$4.030	**-**	52,317
Total			**148,442**	518,202

Weighted average remaining contractual life of rights outstanding at end of period	0.8 years	0.9 years

NOTE 44. EVENTS AFTER THE REPORTING DATE

Since the end of the financial year the following matters or circumstances not referred to elsewhere in this report have arisen that have or will significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years:

On 28 August 2014, an expression of interest campaign was opened for the sale of SRG Sydney and SRG Brisbane investment properties.

Dart Energy Limited (held by New Hope Corporation Limited and classified as a held for sale investment at 31 July 2014) was removed from the official list of the Australian Stock Exchange as of Tuesday 21 October 2014, following implementation of the scheme of arrangement whereby IGas Energy plc acquired all of the ordinary shares in Dart Energy Limited.

Directors' Declaration

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 43 to 111 are in accordance with the Corporations Act 2001 and:
   a) comply with Accounting Standards and the Corporations Regulations 2001;
   b) give a true and fair view of the financial position as at 31 July 2014 and the performance for the year ended on that date of the Consolidated entity;
   c) 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; and
   d) at the date of this declaration, there are reasonable grounds to believe that the Company and the wholly owned subsidiaries identified in note 37 to the financial statements as being parties to a Deed of Cross Guarantee will be able to meet any obligations or liabilities to which they are, or may become subject to, by virtue of the Deed.
2. the Chief Executive Officer and Chief Financial Officer have each declared that:
   a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
   b) the financial statements and notes for the financial year comply with Accounting Standards; and
   c) the financial statements and notes for the financial year give a true and fair view.

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

R D MILLNER
Director

P R ROBINSON
Director

Dated this 24th day of October 2014.

Independent Auditor's Report

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Independent Auditor's Report
To the Members of Washington H. Soul Pattinson and Company Limited
A.B.N. 49 000 002 728

Report on the Financial Report

We have audited the accompanying financial report of Washington H. Soul Pattinson and Company Limited, which comprises the consolidated statement of financial position as at 31 July 2014, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising Washington H. Soul Pattinson and Company Limited and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of Washington H. Soul Pattinson and Company Limited are responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with *Australian Accounting Standards and the Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state that, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 judgement, 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 controls 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 controls. 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Washington H. Soul Pattinson and Company Limited on 23 October 2014, would be in the same terms if provide to the directors as at the date of signing this auditors report.

MOORE STEPHENS

Auditor's Opinion

In our opinion,

a. the financial report of Washington H. Soul Pattinson and Company Limited and its controlled entities is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity’s financial position as at 31 July 2014 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 25 to 34 of the directors’ report for the year ended 31 July 2014. The directors of Washington H. Soul Pattinson and Company Limited are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor’s Opinion

In our opinion, the Remuneration Report of Washington H. Soul Pattinson and Company Limited for the year ended 31 July 2014, complies with section 300A of the *Corporations Act 2001*.

Moore Stephens Sydney
Chartered Accountants

John Gavljak
Partner

Dated in Sydney this 24th day of October 2014.

ASX Additional Information

DISTRIBUTION OF EQUITY SECURITIES AS AT 1 OCTOBER 2014

Size of Shareholding	Number of Shareholders	Number of Shares
1 – 1,000	5,071	2,555,103
1,001 – 5,000	4,281	10,852,423
5,001 – 10,000	1,001	7,507,404
10,001 – 100,000	836	21,399,363
100,001 and over	89	197,081,027
TOTAL	**11,278**	**239,395,320**
Holding less than a marketable parcel	202	961

SUBSTANTIAL SHAREHOLDERS AS AT 1 OCTOBER 2014

As disclosed in notices received by the Company.

	Ordinary Shares Held	% of Issued Shares
Brickworks Limited and its subsidiaries	102,257,830	42.72
Perpetual Limited and subsidiaries (Perpetual Group)	29,318,700	12.25

By reason of an agreement with Perpetual Investment Management Limited the Carnegie Group lodged a substantial holder notice in respect of 28,553,113 ordinary shares held by the Perpetual Group. The notice was lodged on 26 November 2012 and may be viewed on the ASX announcements list for WHSP (ASX code: SOL).

Mr Robert Dobson Millner	19,921,975	8.32
Mr Thomas Charles Dobson Millner	17,211,350	7.19

17,502,592 of the above ordinary shares in which Mr R Millner and Mr T Millner have an interest relate to holdings by the same entities.

For further details refer to the notices lodged on 3 March 2014 on the ASX announcements list for WHSP (ASX code: SOL).

ASX Additional Information (continued)

TOP 20 SHAREHOLDERS AS AT 1 OCTOBER 2014

		Ordinary Shares Held	% of Issued Shares
1	Brickworks Limited	102,257,830	42.72
2	RBC Dexia Investor Services Australia Nominees Pty Limited (PI Pooled A/C)	13,478,899	5.63
3	Milton Corporation Limited	9,174,640	3.83
4	Dixson Trust Pty Limited	8,499,940	3.55
5	J S Millner Holdings Pty Limited	8,172,859	3.41
6	J P Morgan Nominees Australia Limited	5,278,288	2.21
7	Citicorp Nominees Pty Limited	4,914,663	2.05
8	T G Millner Holdings Pty Limited	3,271,051	1.37
9	Hexham Holdings Pty Limited	2,843,127	1.19
10	National Nominees Limited	2,703,479	1.13
11	Mr Robert Dobson Millner & Mr Michael John Millner (Est James S Millner A/C)	2,522,092	1.05
12	RBC Investor Services Australia Nominees Pty Limited (PIIC A/C)	2,185,117	0.91
13	Argo Investments Limited	2,182,606	0.91
14	BNP Paribas Noms Pty Ltd (DRP)	1,991,229	0.83
15	Australian Foundation Investment Company Limited	1,708,571	0.71
16	Farjoy Pty Ltd	1,344,463	0.56
17	UBS Nominees Pty Ltd	1,327,759	0.55
18	HSBC Custody Nominees (Australia) Limited	1,317,758	0.55
19	Dixson Trust Pty Limited (A/C NO 1)	1,175,290	0.49
20	Mary Millner Holdings Pty Limited	1,106,860	0.46

VOTING RIGHTS

Votes of Members – The Company's Constitution provides:

a) on a show of hands, each member has one vote;

(b) subject to section 250L(4) on a poll, each member has:

(i) for each fully paid share held by the member, one vote; and

(ii) for each partly-paid share held by the member, a fraction of a vote equivalent to the proportion which the amount paid (not credited nor paid in advance of a call) is of the total amounts paid and payable (excluding amounts credited) for the share.

UNQUOTED EQUITY SECURITIES

The Company had no unquoted equity securities at any time during the year ended 31 July 2014 or for the period to the date of this report.

ON-MARKET BUY-BACK

No on-market buy-back was current at any time during the year ended 31 July 2014 or during the period to the date of this report.

AUSTRALIAN SECURITIES EXCHANGE LISTING

Washington H. Soul Pattinson and Company Limited shares are listed on the Australian Securities Exchange under the ASX Code: SOL.

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