Washington H. Soul Pattinson and Company Limited

A.B.N. 49 000 002 728

ASX Code: SOL

Annual Report 2015

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 143 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 and gold exploration, 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.

160 Pitt Street, Sydney Circa 1950

Contents and Corporate Directory

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CORPORATE CALENDAR

Final Dividend	
Record date	16 November 2015
Payment date	7 December 2015
Annual General Meeting	4 December 2015 at 12.00 noon
	Group Company displays open at 10.45am
	The Wesley Theatre
	Wesley Conference Centre
	220 Pitt Street, Sydney

DIRECTORS

Robert D Millner	Chairman - Non-Executive Director
Michael J Hawker	Non-Executive Director
Thomas C D Millner	Non-Executive Director
Warwick M Negus	Non-Executive Director
Melinda R Roderick	Finance Director
Robert G Westphal	Non-Executive Director
David E Wills	Non-Executive Director
Appointed on 14 October 2015	
Todd J Barlow	Managing Director

CHIEF EXECUTIVE OFFICER

Todd J Barlow

COMPANY SECRETARY

Ian D Bloodworth

AUDITORS

Moore Stephens Sydney

Performance Highlights

PERFORMANCE FOR THE 2015 FINANCIAL YEAR

Regular Profit After Tax*	**$156 million**	↑ 27%
Profit After Tax	**$83 million**	↓ 37%
Pre-tax value of portfolio	**$5.5 billion**	↑ 6.1%
Total dividends (fully franked)	**50cps**	↑ 4.2%

PORTFOLIO COMPANIES PERFORMANCE FY2015

26.9% shareholding

NPAT $224m ↑ 31%

Share price ↑ 72%

Value of WHSP holding $2,030m

44.2% shareholding

NPAT[1] $120m ↑ 19%

Share price ↑ 4.2%

Value of WHSP holding $978m

[1] Underlying NPAT

11.1% shareholding

NPAT[2] $43m ↑ 15%

Share price ↑ 3.2%

Value of WHSP holding $108m

[2] Year ended 30 June 2015

20.3% shareholding

NPAT[3] $10m ↑ 106%

Share price ↑ 11%

Value of WHSP holding $61m

[3] Half year ended 31 March 2015

* 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.

Performance Highlights

PERFORMANCE OVER 15 YEARS

Delivered a Total Shareholder Return of 13.4%pa
(compared to the All Ordinaries Accumulation Index growing at 8.2%pa)

Increased dividends every year
(cumulative annual growth rate of 11.3%pa)

PORTFOLIO COMPANIES PERFORMANCE FY2015

59.7% shareholding

NPAT[4] $52m ↑ 25%

Share price ↓ 36%

Value of WHSP holding $947m

[4] Regular NPAT

24.6% shareholding

NPAT[5] $21m ↑ 32%

Share price ↑ 165%

Value of WHSP holding $191m

[5] Half year ended 28 February 2015

30.3% shareholding

NPAT[6] $5m ↓ 7%

Share price ↑ 20%

Value of WHSP holding $55m

[6] Half year ended 30 June 2015

100% held

Sold properties for **$153m**

Profit of **$26m[7]**

[7] Profit before tax taken up over 2014 and 2015 financial years

All results are for the year ended 31 July 2015 unless otherwise stated.

Chairman's Review

Dear Shareholders,

I am pleased to present the 2015 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 regular profit after tax* attributable to shareholders for the year ended 31 July 2015 was $156.4 million, an increase of 27.0% over the $123.2 million for 2014. The result was driven by: another strong contribution by TPG Telecom Limited (up 30.5%); a solid operating result by New Hope Corporation Limited in a very difficult market (up 19.8%); Brickworks Limited capitalised on the improving building sector (up 15.2%); Australian Pharmaceutical Industries Limited continued its recent upward trend in profitability (up 24.3%); and an improved operating result from CopperChem Limited.

The profit after tax (including non-regular items) was $83.3 million, 36.7% lower than the $131.7 million for last year.

The net loss from non-regular items was $73.1 million, compared with a profit of $8.5 million last year.

Comparisons with the prior year are as follows:-

	2015 $'000	2014 $'000	% Change
Regular profit after tax* attributable to shareholders	**156,449**	**123,205**	+ 27.0%
Profit after tax attributable to shareholders	**83,330**	**131,729**	- 36.7%
Interim Dividend (paid in May each year)	**20 cents**	**19 cents**	+ 5.3%
Final Dividend (payable 7 December 2015)	**30 cents**	**29 cents**	+ 3.4%
Total Dividends	**50 cents**	**48 cents**	+ 4.2%

* 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)

Assets of the Parent Company Washington H. Soul Pattinson and Company Limited

The assets of WHSP are summarised below. The value of these assets at 31 July 2015 was $5.50 billion an increase of $318 million or 6.1% compared to $5.18 billion as at 31 July 2014.

As at 31 July 2015	WHSP's Holdings %	Value of WHSP's Holding $m	12 month Movement $m	12 month Movement %
Major Strategic Investments - listed (at market value)				
TPG Telecom Limited	26.9%	2,030	852	72.3%
Brickworks Limited	44.2%	978	39	4.2%
New Hope Corporation Limited	59.7%	947	(540)	(36.3%)
Aust. Pharmaceutical Industries Limited	24.6%	191	119	165.0%
BKI Investment Company Limited	11.1%	108	3	3.2%
Ruralco Holdings Limited	20.3%	61	6	11.0%
Apex Healthcare Berhad	30.3%	55	9	19.8%
		4,370	**488**	**12.6%**
Other Listed Investments (at market value)		629	35	5.8%
Unlisted Investments[1]		254	(71)	(21.9%)
Property[1]		69	(132)	(65.7%)
Cash and net funds on deposit		154	(8)	(4.8%)
Loans and other assets		23	6	37.9%
Gross value of the portfolio (pre-tax)[2]		**5,499**	**318**	**6.1%**

[1] At Directors' valuations

[2] The tax payable if all of these assets had been disposed of on 31 July 2015 would have been approximately $1.10 billion.

The value of the Major Strategic Investments above grew by 12.6% during the year significantly outperforming the ASX All Ordinaries Index which increased by 1.0%.

There were no further investments in the Major Strategic Investments during the year. Acquisitions of other listed investments totalled $75.3 million and included: Insurance Australia Group Limited; Transurban Group; Westfield Corporation; Woolworths Limited; and Challenger Limited. Proceeds from disposals totalled $17.0 million and included ALS Limited and Medibank Private Limited.

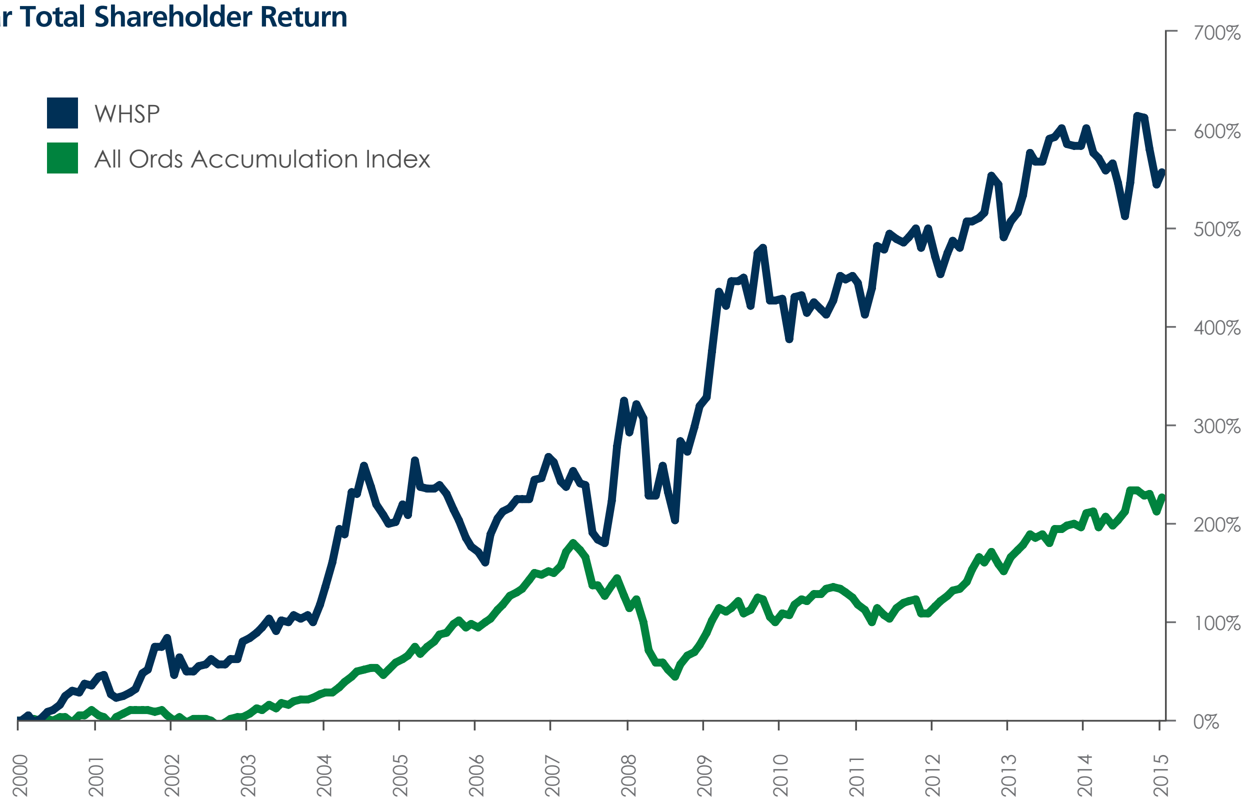
Unlisted investments reduced in value by $71.2 million, primarily as a result of the impairment of copper assets. The sale of the SRG properties resulted in the property portfolio decreasing in value by $132.2 million.

WHSP received interest income (from unrelated entities), dividends and distributions of $166.5 million for the year which was in line with the $170.2 million received last year.

Washington H. Soul Pattinson and Company Limited

The following graph shows the total return over time of an initial investment made in WHSP shares in July 2000 assuming that all dividends received are reinvested in WHSP shares. This return is compared to the ASX All Ordinaries Accumulation Index which also includes the reinvestment of dividends.

15 Year Total Shareholder Return



Source: IRESS - Includes the re-investment of dividends.

WHSP is a long term investor with its focus on providing its shareholders with capital growth and increasing fully franked dividends. This chart demonstrates WHSP's success in significantly outperforming the ASX All Ordinaries Accumulation Index over the last 15 years. Over that time WHSP has provided a total shareholder return of 13.4% per annum well above the All Ordinaries Accumulation Index increase of 8.2% per annum.

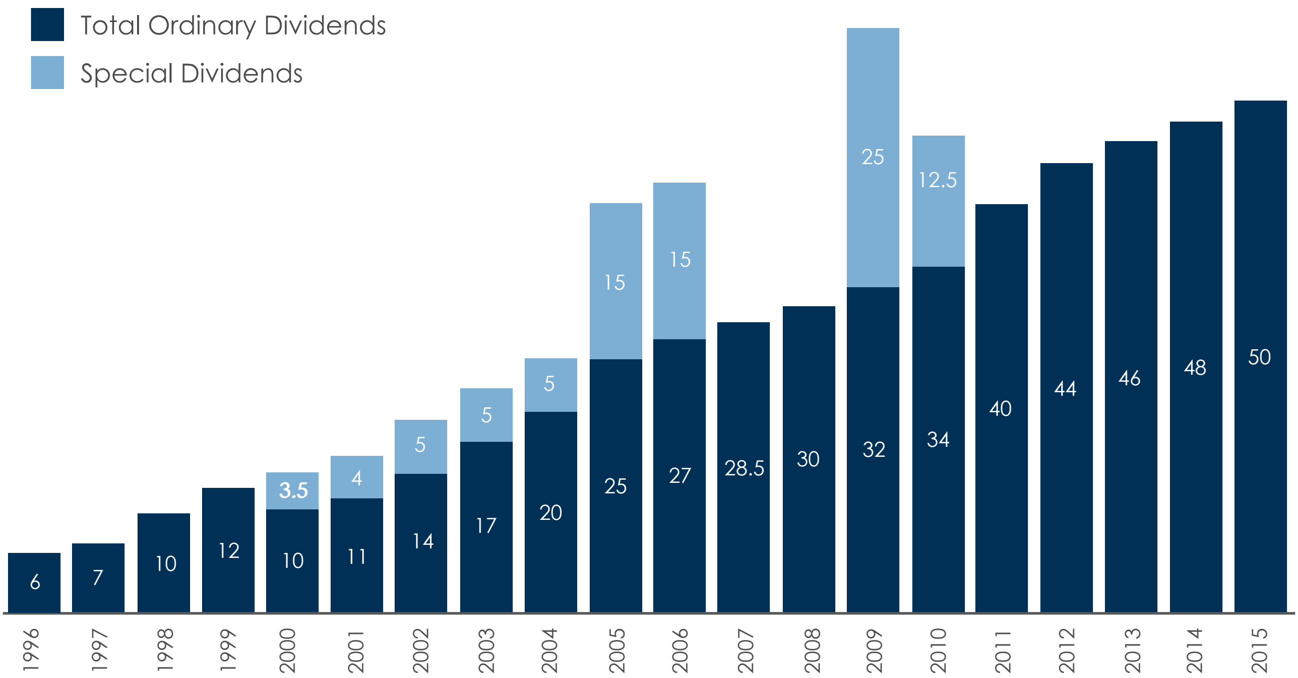
Chairman's Review (continued)

Dividends

The chart below demonstrates WHSP's exceptional history of paying dividends to shareholders. The Company has never missed paying a dividend since listing in 1903 (including during the Great Depression of the 1930s and the Global Financial Crisis of 2007-08).

20 Year Dividend History

Cents per Share



Final Dividend

The Directors have declared a fully franked final dividend of 30 cents per share in respect of the year ended 31 July 2015 (2014: 29 cents fully franked). This brings total dividends for the year to 50 cents fully franked (2014: 48 cents fully franked).

The record date for the final dividend will be 16 November 2015 with payment due on 7 December 2015.

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 and distributions from its investments and interest from funds on deposit. This year it will pay out, as dividends, 87.9% of the ordinary dividends and interest received net of regular operating costs (2014: 81.8%). Property contributed to these inflows with distributions totalling $23.5 million received from the Australian Logistics Property Fund. 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.

* 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 and Management

This financial year we have had a number of changes to the Board of Directors.

Mr. Warwick Negus joined 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.

Ms. Melinda Roderick joined the Board on 1 November 2014 as a Finance Director. Melinda has over 25 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.

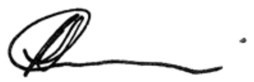
Mr. David Fairfull retired by rotation from the Board at the 2014 Annual General Meeting on 5 December 2014 and did not stand for re-election. Mr. Fairfull joined the Board in 1997 and has served on various Board committees. On behalf of the Board, I wish to thank him for his dedication and significant contribution to the Company over his 17 year tenure.

Mr. Peter Robinson retired from his position as Executive Director of the Company on 31 March 2015. He joined the Company in 1978 at Kingsgrove, later becoming the General Manager and then the Executive Director in 1984. In addition he has taken on leading roles in a number of WHSP's investee companies as the chairman of the board or as a director. These companies include the following which are listed on the ASX: Australian Pharmaceutical Industries Limited; Clover Corporation Limited; New Hope Corporation Limited; SP Telemedia Limited (now TPG Telecom Limited); and TPI Enterprises Limited.

Mr. Robinson has tirelessly served WHSP over the last 37 years. He has utilised his considerable skills to make WHSP a successful and profitable company. The shareholders and staff of WHSP have benefited greatly from his outstanding leadership. On behalf of the Board, I wish to thank him for his wonderful contribution.

Mr. Todd Barlow became the Chief Executive Officer of the Company following Mr. Robinson's retirement. He was previously the Managing Director of Pitt Capital Partners Limited and has an in depth knowledge of WHSP and its investments. On 14 October 2015 Mr Barlow was appointed to the Board, becoming the Managing Director.

On behalf of the Board, I wish to thank the management and staff of the WHSP 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

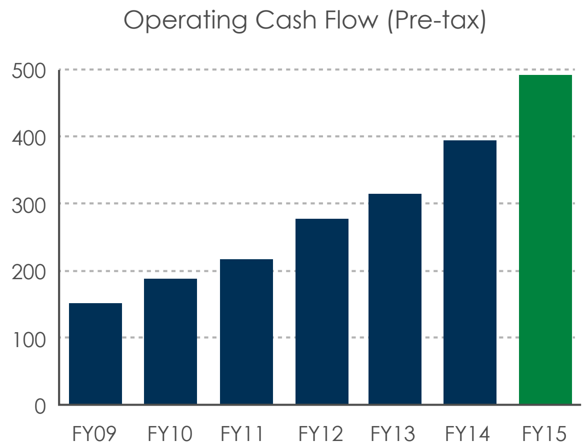
TPG Telecom Limited

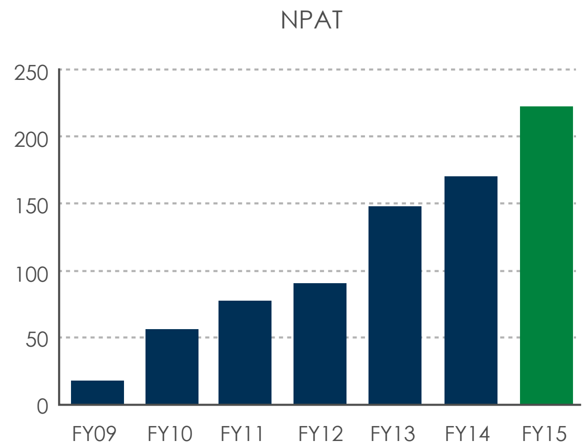
Associated entity: 26.9% held*
Contribution to Group profit: $60.2 million
Total Market Capitalisation: $7.55 billion*
Value of WHSP's Holding: $2.03 billion*

ASX code: TPM

TPG reported a net profit after tax (NPAT) for the year ended 31 July 2015 of $224.1 million, an increase of 31% on last year. Earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 33% to $484.5 million and earnings per share increased by 31% to 28.2 cents per share.

2015 marks TPG's seventh consecutive year of strong growth.





Consumer Business

The consumer division's EBITDA for the year was $239.7 million with no material irregular items. The $205.6 million EBITDA for 2014 included $3.3 million of non-recurring benefits therefore the underlying EBITDA growth for 2015 was $37.4 million or 18.5%. This was driven by ongoing organic broadband subscriber growth as well as an increase in EBITDA contribution per broadband subscriber.

As at 31 July 2015 TPG had 821,000 broadband subscribers and 320,000 mobile subscribers.

Corporate Business

TPG's corporate division achieved an EBITDA of $242.3 million for the year compared to $159.0 million for 2014 representing growth of $83.3 million or 52.4%.

A large component of this EBITDA growth was derived directly from the acquisition of AAPT which contributed for 12 months in 2015 compared to only 5 months in 2014.

TPG has estimated that $42.5 million of the $83.3 million EBITDA growth is attributable to organic revenue growth and margin expansion since the acquisition of AAPT.

Cash Flow

TPG delivered another strong cash flow result in the 2015 financial year with $492.8 million of cash being generated from operations (pre-tax). Free cash flow after tax, capital expenditure and interest for the year was $213.8 million.

This free cash was deployed to; make equity investments in Covata and Amcom of $115.6 million; make debt repayments of $21 million; and pay increased dividends to shareholders of $81.4 million.

* As at 31 July 2015

TPG Telecom Limited (continued)

Acquisition of iiNet

On 7 September 2015 TPG completed its acquisition of the iiNet Group by acquiring all of the share capital in iiNet Limited that it did not already own.

As the change in control occurred subsequent to 31 July 2015 there has been no contribution from iiNet to TPG's 2015 results.

Dividend

In light of TPG's strong cash flow and earnings growth, its board of directors declared an increased final dividend of 6 cents per share fully franked. This brings total dividends for the year to 11.5 cents per share fully franked an increase of 24% over last year.

Outlook

TPG anticipates continued organic growth for the 2016 financial year. TPG is not yet in a position to forecast with sufficient certainty the likely financial results for the combined TPG/iiNet group for the 2016 financial year. On 30 September 2015 TPG and Vodafone announced that they had signed transmission and wholesale agreements with a combined value exceeding $1 billion.

TPG contributed a net profit of $60.2 million to the Group (2014: $46.2 million).

Brickworks Limited

BRICKWORKS LIMITED

Associated entity: 44.2% held*
Contribution to Group profit: $19.5 million
Total Market Capitalisation: $2.21 billion*
Value of WHSP's Holding: $978 million*

ASX code: BKW

Brickworks posted a record underlying net profit after tax (NPAT) for the year ended 31 July 2015 of $120.3 million, up 18.8% on last year. A feature of this result was the diversified earnings contribution, with Building Products, Land and Development and Investments all delivering an uplift in underlying earnings compared to 2014.

After including the impact of significant items statutory NPAT was down 24.0% to $78.1 million. The significant items primarily relate to non-cash impairments in Austral Precast and Auswest Timbers, and in New Hope Corporation, CopperChem Limited and Exco Resources Limited (via WHSP).

On record sales revenue of $700.9 million, Building Products' underlying earnings before interest and tax (EBIT) was $56.4 million, up 25.0% on the prior year. The improved earnings were driven by a combination of continued sales growth and solid price increases in some divisions.

Land and Development underlying EBIT was $64.4 million for the year, driven primarily by a strong revaluation profit in the Joint Venture Industrial Property Trust and the sale of the Coles Chilled Distribution Centre.

Brickworks' operating cash flow increased by 14.4% reflecting the higher level of trading and decreased working capital.

The directors of Brickworks have increased the final dividend by 2 cents per share to 30 cents fully franked. Together with the interim dividend of 15 cents per share, this brings the total dividends paid for the year to 45 cents per share, up 3 cents or 7.1% on last year.

Building Products

Total dwelling commencements for Australia were up 15.8% to 209,601 for the twelve months to 30 June 2015. This level of residential building activity is the highest on record in Australia, with detached housing activity now three years into a recovery and other residential commencements continuing to record unprecedented growth.

* As at 31 July 2015

Review of Group Entities (continued)

Brickworks Limited (continued)

Austral Bricks delivered a 40.5% increase in earnings for the twelve months ended 31 July 2015. Total sales revenue was up 12.7% to $379.7 million, driven by a 9.7% uplift in sales volume and strong selling price increases in most states. Excluding the impact of Western Australia where pricing was flat, the average selling price was up 6.1% compared to last year.

Austral Masonry delivered another increase in earnings, up 9.6% compared to last year, on record sales revenue of $87.1 million. Sales volume increased by 4.0%, with strong growth being recorded in north and south-east Queensland.

Bristile Roofing's earnings increased by 19.8% on last year, with sales revenue up 11.0% to $111.4 million. Higher earnings were driven by strong gains in Queensland and Western Australia, with growth also returning in Victoria following a period of declining earnings in that state.

Austral Precast's revenue was down 5.0% to $66.4 million on flat sales volumes. Conditions varied across the country with increased sales volume in Victoria and Queensland being offset by declines in New South Wales and Western Australia.

Auswest Timbers' sales revenue increased by 17.2% to $55.7 million on record sales of around 63,200 cubic metres.

Land and Development

Land and Development produced an EBIT before significant items of $64.4 million for the year, up 3.1% from $62.4 million last year.

The improved result was primarily due to growth in the Joint Venture Industrial Property Trust (Property Trust) which is a 50/50 partnership between Brickworks and the Goodman Industrial Trust. The Property Trust generated an EBIT of $61.1million, up 40.8% from $43.4 million last year.

In July 2015 the Property Trust sold the Coles Chilled Distribution Centre for $253 million. This price was considerably higher than book value, reflecting a capitalisation rate of 5.7% and generating an EBIT of $12.1 million.

Outlook – Building Products

Current residential building activity is at the highest level on record and continued strong momentum in new building approvals suggests that activity could rise further in the next six months, driven primarily by the major east coast capital cities.

In addition to market driven sales growth, significant success has been achieved in increasing the penetration of Brickworks products in a number of key markets, despite the ongoing competition from alternatives. For example, the use of face brick in high rise residential and commercial developments continues to increase, underpinned by Brickworks' investment in design studios across the country and strong promotional activity to the architectural community.

For further information please refer to Brickworks' announcements to the ASX on 24 September 2015.

Brickworks contributed a net profit of $19.5 million (2014: $23.3 million 44.3% held) and a regular profit of $29.1 million (2014: $25.2 million 44.3% held) to the Group. These contributions exclude the WHSP profit taken up by Brickworks under the equity accounting method.

New Hope Corporation Limited

NEW HOPE GROUP

Controlled entity: 59.7% held*
Contribution to Group result: $13.0 million loss
Total Market Capitalisation: $1.59 billion*
Value of WHSP's Holding: $947 million*

ASX code: NHC

New Hope reported a net profit after tax and before non-regular items of $51.7 million for the year ended 31 July 2015 which was up 24.7% on the 2014 result of $41.5 million. This comprised: profit of $26.0 million from coal mining, marketing and logistics operations; loss of $2.3 million from oil operations; and profit of $28.0 million from investments.

After non-regular items, the result for the year was a net loss after tax of $21.8 million. This result comprised: profit of $9.0 million from coal mining, marketing and logistics operations; loss of $42.4 million from oil operations; and profit of $11.6 million from investments. This result was down 137.3% on the 2014 profit of $58.4 million.

Before non-regular items, basic earnings for 2015 were 6.2 cents per share, compared to 5.0 cents per share in 2014. After non-regular items basic earnings were negative 2.6 cents per share for 2015 against 7.0 cents in 2014.

New Hope has declared a final dividend of 2.5 cents per share (2014: 2 cents) and a special dividend of 3.5 cents per share (2014: 3.5 cents). Both of these dividends are fully franked.

Compared to the previous corresponding period, the 2015 full year result was affected by:

- lower coal sales volumes, including trade coal sales (down 3.0%);
- lower revenues from continuing operations (down 7.9%);
- improved operational cash flows, up $24.1 million on 2014 or 37.5%;
- higher clean coal production (up 2.0%);
- lower costs across all operational sites and the corporate office;
- a non-regular impairment on oil producing tenements and the coal to liquids proof of concept plant; and
- improved health and safety performance across all operations.

Mining Operations

Production for the year was 5.7 million tonnes compared to the 5.6 million tonnes produced during 2014. New Acland and Jeebropilly production was up a combined 2.0% on 2014 production.

Sales for 2015 were 5.8 million tonnes (inclusive of trade coal sales of 0.1 million tonnes), which was below the 6.0 million tonnes sold in 2014 (inclusive of trade coal sales of 0.3 million tonnes).

The New Acland open cut mine produced 5.1 million tonnes of product coal in 2015. This was an increase of 0.2 million tonnes compared to 2014.

Queensland Bulk Handling (QBH)

QBH, New Hope's 100% owned coal terminal at the Port of Brisbane, exported 7.1 million tonnes of coal on 89 vessels. This result was down on last year by approximately 770,000 tonnes, predominantly caused by the closure of Peabody's Wilkie Creek mine. QBH remains essentially a demurrage free port.

New Hope Exploration and Development Projects

New Hope continues an active exploration program utilising its two drilling rigs. Exploration activities during 2015 focussed on resource definition in the Bowen Basin and Surat Basin (MDL244 for the revised New Acland Coal Mine Stage 3 Project) as well as Colton in the Maryborough Basin.

Oil and Gas

Sales revenue for the year was $11.8 million against prior year of $14.6 million, a decrease of 19%. The reduction in sales revenue was entirely a consequence of the precipitous drop in oil prices in late 2014/early 2015. These declines in USD oil prices were partially offset by increased production and a decrease in the Australian dollar.

Capital expenditure during the year was $7.7 million on producing assets and $3.6 million on exploration assets.

* As at 31 July 2015

Review of Group Entities (continued)

New Hope Corporation Limited (continued)

Outlook

In order to extend the life of the New Acland Mine beyond 2018 New Hope is seeking the required approvals for the New Acland Stage 3 Project. Since the end of the financial year the Department of Environment and Heritage Protection has approved the Environmental Authority for the project. New Hope anticipates that certain groups are likely to lodge objections to the approval decision, with any objections expected to be referred to the Land Court for determination in late 2015.

Operationally, New Hope anticipates that group production for 2016 will be similar to the 2015 year. Rehabilitation work currently underway at the West Moreton operations will continue during 2016.

New Hope will continue to develop its portfolio of assets, ensuring prudent expenditure continues on exploration and approvals work to allow new projects to be brought on line when market conditions improve.

On 30 September 2015 New Hope announced that it had reached agreement to purchase a 40% interest in the Bengalla thermal coal mine in the Hunter Valley in New South Wales for $865 million from a subsidiary of Rio Tinto Limited (Rio). Completion of the acquisition is subject to certain conditions precedent including: the remaining participants in the mine not exercising their pre-emptive rights under the joint venture agreement; and a corporate restructure by Rio.

New Hope contributed a net loss of $13.0 million (2014: $34.9 million profit) and a regular profit of $31.8 million (2014: $26.6 million) to the Group.

Australian Pharmaceutical Industries Limited

Associated entity: 24.6% held*
Contribution to Group profit: $11.3 million
Total Market Capitalisation: $776 million*
Value of WHSP's Holding: $191 million*

ASX code: API

API's financial year ended on 31 August 2015. The results for the full year were released to the market on 22 October 2015.

For the six months ended 28 February 2015, API reported overall revenue of $1.7 billion, an increase of 3.2% over the first half last year. Net profit after tax (NPAT) was $21.3 million, up 32.1% on the underlying NPAT of $16.2 million for the first half last year. API attributed this increase to growth in earnings from its core businesses, a stronger financial position and disciplined cost control.

API reduced its average net debt by $29.1 million and its net financing costs reduced by 26.7% to $7 million. Cash generated from operations increased by $18.4 million or 40% compared to the same period in 2014 and was used to accelerate the repayment of debt.

In June 2015 API paid a fully franked interim dividend of 2 cents per share an increase of 33% over last year.

For further information please refer to API's announcements to the ASX on 23 April 2015.

WHSP has equity accounted API's result for the 12 months to 28 February 2015. API contributed a net profit of $11.3 million (2014: $24.9 million loss) and a regular profit of $9.2 million (2014: $7.4 million) to the Group.

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* As at 31 July 2015

BKI Investment Company Limited

Associated entity: 11.1% held*
Contribution to Group profit: $4.8 million
Total Market Capitalisation: $977 million*
Value of WHSP's Holding: $108 million*

ASX code: BKI

For the year ended 30 June 2015 BKI reported a net operating result before special dividend income of $40.9 million, an increase of 13.7% over 2014. Net profit attributable to shareholders increased by 14.8% to $43.0 million and basic earnings per share before special dividend income increased by 3.5% to 7.4 cents per share.

BKI's improved result was driven by higher dividend distributions from BHP Billiton Limited, Woodside Petroleum Limited, APA Group, Commonwealth Bank of Aust., Transurban Group, Suncorp Group Limited, Westpac Banking Corp., ANZ Banking Group Limited, ASX Limited, Wesfarmers Limited and Macquarie Bank Limited.

BKI has paid a fully franked final dividend of 3.65 cents per share, an increase of 4.3%.

WHSP has equity accounted BKI's result for the 12 months to 30 June 2015. BKI contributed a net profit of $4.8 million to the Group (2014: $4.5 million 11.8% held).

Ruralco Holdings Limited

Associated entity: 20.3% held*
Contribution to Group profit: $3.3 million
Total Market Capitalisation: $300 million*
Value of WHSP's Holding: $61 million*

ASX code: RHL

Ruralco's financial year ended on 30 September 2015. Ruralco's results for the full year are not scheduled to be released to the market until 17 November 2015.

Ruralco released its result for the six months to 31 March 2015 on 19 May 2015. Revenue increased by 36.4% to $742.8 million compared to the previous corresponding period. The net profit after tax was $10.5 million an increase of 105.6% compared to the first half last year.

An interim dividend of 9 cents per share fully franked was paid on 26 June 2015 (2014: 8 cents per share).

WHSP has equity accounted Ruralco's result for the 12 months to 31 March 2015. Ruralco contributed a net profit of $3.3 million to the Group (2014: $1.3 million 20.6% held).

Apex Healthcare Berhad

Associated entity: 30.3% held*
Contribution to Group profit: $3.4 million
Total Market Capitalisation: $183 million*
Value of WHSP's Holding: $55 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.

For the six months ended 30 June 2015 Apex generated revenue of $92.2 million, an increase of 9.9% over $83.9 million for the previous corresponding six month period. Net profit after tax was $5.3 million, a decrease of $0.4 million compared to 2014. This result includes losses of $0.7million from associate Straits Apex Sdn Berhad.

An interim dividend of 1.7 cents per share has been paid for the six months ended 30 June 2015 an increase of 48.7% compared to the prior year's interim dividend.

WHSP has equity accounted Apex's result for the 12 months to 30 June 2015. Apex contributed a net profit of $3.4 million to the Group (2014: $3.1 million).

* As at 31 July 2015

Review of Group Entities (continued)

TPI Enterprises Limited

Associated entity: 19.4% held*
Contribution to Group result: $4.4 million loss

ASX code: TPE (listed 13 August 2015)

Founded in 2004, TPI is an Australian company with operations in Tasmania, Victoria and Portugal. It is one of only eight companies worldwide which hold licences to manufacture narcotic raw material from which pain relievers such as morphine, Panadeine and Panadeine Forte are produced.

During the year TPI:

- raised $36.5 million in equity ($7 million contributed by WHSP) to pay down debt, relocate the manufacturing facility and fund European expansion;
- relocated its manufacturing facility from Cressy, Tasmania to expanded premises in Melbourne, Victoria providing significant cost savings and access to a broader market for raw materials;
- established a facility in Portugal to store and export raw material resulting in TPI being the only company with northern and southern hemisphere growing capacity; and
- contracted new growing areas in Australia and Europe to ensure long term sustainability for the supply of raw materials to meet its customer's requirements.

TPI was admitted to the official list of the ASX on 13 August 2015 and trades under the code TPE. TPI released its results for the half year to 30 June 2015 showing a loss of $8.6 million which was primarily driven by a lack of production due to the relocation of the manufacturing facility. TPI has commenced the commissioning of the facility in Victoria and will be in production in 2016.

WHSP is TPI's largest shareholder, holding 19.4% of its issued capital. WHSP's investment in TPI is classified as an investment in an associated company.

WHSP has equity accounted TPI's result for the 12 months to June 2015. TPI contributed a net loss of $4.4 million to the Group (2014: nil).

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* As at 31 July 2015

Review of Group Entities (continued)

CopperChem Limited and Exco Resources Limited

Controlled entities: 100% held*
Contribution to Group result: $67.2 million loss

Unlisted entities

CopperChem and Exco are copper and gold exploration companies which have plant that is capable of producing copper sulphate, copper concentrate, and gold bullion.

The completion of the Mt Colin open-cut mine during the year realised production of 359,538 tonnes of ore at 2.59% copper, producing 9,303 tonnes of copper in feed which was 13% above forecast.

The copper price received by CopperChem fell from US$7,104 per tonne in July 2014 to US$5,456 per tonne in July 2015, a decrease of 23.2%. In response, the copper sulphate production from the solvent extraction (SX) and crystal plants at the Cloncurry Operations has been wound down in preparation for being placed on care and maintenance.

The Cloncurry Operations' copper concentrator remained on care-and-maintenance for the year. Both the copper concentrator and SX/crystal plants remain valuable assets for processing copper ores in the Cloncurry region. CopperChem will review the options of re-starting both facilities, including the option of moving them to one of its project areas, as additional copper resources become available and subject to the prevailing copper price.

Exploration activity is set to ramp up with the drilling of a number of prospective targets in the Cloncurry region.

Revenue from copper sales for the year was $43.9 million driving a much improved operational result. However, earnings were below forecast as a direct result of the drop in the copper price. Unfortunately the price reduction corresponded with the sale of the highest tonnage and grades of ore from the Mt Colin open-cut mine.

The lower copper price also resulted in the carrying values of plant and mining and exploration assets being impaired under accounting standards.

CopperChem and Exco contributed a net loss of $67.2 million to the Group (2014: $40.8 million loss) of which non-regular expenses (including impairments) totalled $59.6 million (2014: $11.5 million loss).

Other Unlisted Investments

	% held*
Ampcontrol Pty. Limited	43.3
Belaroma Coffee Pty. Limited	40.0
Cromford Group Pty. Limited	100
Heritage Brands Limited	25.1
Pitt Capital Partners Limited	100
Specialist Oncology Property Pty. Limited	24.7
Supercorp Pty Limited	29.4

* As at 31 July 2015

Review of Group Entities (continued)

Investment Properties

100% held*

In prior years WHSP purchased land and financed the construction of two distribution centres, one at Erskine Park in New South Wales which was completed in December 2013 and the other at Brendale in Queensland which was completed in November 2014. In November 2014, the two assets were sold for a total consideration of $153 million. The projects generated a net profit before tax of $26 million for the WHSP Group. Of this, $17 million was taken up in the 2014 year as a revaluation gain.

WHSP is continuing to investigate the potential rezoning of a four hectare land parcel with 15,000 square metres of warehouse and 5,000 square metres of office space located in Castle Hill which was purchased in early 2014. The area was announced as an Urban Activation Precinct, now known as Priority Precinct, by the New South Wales Department of Planning in August of 2014.

In October 2015 WHSP completed the acquisition of an office tower located in Pennant Hills. The property will generate strong and sustainable income in the short to medium term and has the potential to benefit from rezoning in the future.

* As at 31 July 2015

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 (the Group), for the financial year ended 31 July 2015.

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

The following persons were appointed as Directors of WHSP on 1 November 2014 and remain Directors at the date of this report:

Mr W M Negus
Ms M R Roderick

The following persons were Directors of WHSP until their retirement during the year:

Mr D J Fairfull – retired 5 December 2014
Mr P R Robinson – retired 31 March 2015

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 2014	29	69,425	100%	8 December 2014
Interim ordinary dividend 2015	20	47,879	100%	14 May 2015
Dealt with in the financial report as dividends	49	117,304		
Declared after the end of the year				
Final ordinary dividend 2015	30	71,819	100%	7 December 2015

REVIEW OF OPERATIONS

The profit after tax attributable to shareholders for the year ended 31 July 2015 was $83.3 million, 36.7% lower than the $131.7 million for the prior year.

The result was impacted by impairments of assets most of which related to New Hope Corporation Limited, CopperChem Limited and Exco Resources Limited. Impairments totalled $196.7 million which were partly offset by the reversal of prior period impairments of $72.9 million to give a net expense for the year of $123.8 million.

Australian Pharmaceutical Industries Limited, TPG Telecom Limited and Ruralco Holdings Limited increased their contributions to Group profit.

Directors' Report (continued)

Comparison with the prior year is as follows:

	2015 $000	2014 $000	% Change
Revenue from continuing operations	**641,604**	685,116	- 6.35%
Profit after tax attributable to shareholders	**83,330**	131,729	- 36.7%
Interim Dividend (paid in May each year)	**20 cents**	19 cents	+ 5.3%
Final Dividend (payable 7 December 2015)	**30 cents**	29 cents	+ 3.4%
Total Dividends	**50 cents**	48 cents	+ 4.2%

For further information regarding the operations of the Group refer to the Chairman's Review and the Review of Group Entities on pages 4 to 17 of this annual report.

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 18 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.

LITIGATION

In October 2013, entities acting on the directions of M.H. Carnegie & Co. Pty. Limited (Carnegie) and Perpetual Investment Management Limited (Perpetual) called a general meeting of Brickworks Limited (Brickworks).

Brickworks commenced proceedings against Carnegie and Perpetual in the Federal Court in connection with the meeting and Carnegie and Perpetual served cross-claims against both Brickworks and WHSP. The meeting has since been cancelled and Brickworks have terminated their proceedings against Carnegie and Perpetual.

Carnegie has terminated its cross-claims against Brickworks and WHSP but Perpetual is proceeding with its cross-claims which seek to have the cross shareholding between WHSP and Brickworks unwound. WHSP is vigorously defending Perpetual's cross-claim.

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 6 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 have 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.

CORPORATE GOVERNANCE STATEMENT

The Parent Company's Corporate Governance Statement may be viewed in the Corporate Governance section of the Company's web site at www.whsp.com.au.

WORKPLACE GENDER EQUALITY

In accordance with the requirements of the Workplace Gender Equality Act 2012, WHSP lodged its annual public report for the year ended 31 March 2015 with the Workplace Gender Equality Agency on 28 May 2015.

The report may be viewed in the Employment section of the Company's web site at www.whsp.com.au.

ENVIRONMENTAL COMPLIANCE

The Group was subject to the reporting requirements of the National Greenhouse and Energy Reporting Act 2007 during the year. This Act 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 2013/14 report to the Greenhouse and Energy Data Officer on 31 October 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 Jondaryan rail loading facility, the Queensland Bulk Handling 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 environmental performance.

Environmental systems

During the year the NHG adopted a new environmental policy aligned with the requirements of the ISO 14001 standard and it has continued the implementation of 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.

CopperChem Limited (CopperChem) and Exco Resources Limited (Exco)

CopperChem's mining operations (Great Australia Operations (GAO) and Mount Colin) and Exco's Queensland exploration tenements 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).

As a result of a series of minor reportable incidents identified at GAO in prior years, the DEHP issued CopperChem an Environmental Evaluation (EE) in June 2014. While CopperChem continues to consult with DEHP over their concerns no infringements have resulted from the evaluation.

Major water infrastructure was constructed at the Mount Colin mine in November 2014 to meet water management objectives and compliance with its Environmental Authority. Environmental monitoring, management and compliance activities are continuing at GAO and Mount Colin.

Exco's mining operations at White Dam Gold Mine (WDGM) and exploration tenements in South Australia are regulated by the Department of State Development (DSD) under South Australia's Mining Act 1971 and the South Australian Environmental Protection Authority under the Environmental Protection Act 1993. WDGM is operated in compliance with its lease conditions and has not received any environmental infringements this year. Regular compliance reports are submitted to DSD in accordance with the lease conditions.

Directors' Report (continued)

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. Chairman of the Investment Committee and member of the Nomination, Remuneration and Risk 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 November 2012 (company delisted January 2013)

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

Non-executive Director since 2012. Chairman of the Nomination and Risk Committees, member of the Audit and Remuneration Committees.

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.

Mr Hawker has been: Chairman of the Insurance Council of Australia; Chairman of the Australian Financial Markets Association; a member of the Australian Governments Financial Sector Advisory Committee; and a member of the Business Council of Australia.

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 2011 and member of the Investment, Nomination and Risk Committees.

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)

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

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

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).

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.

Melinda Rose Roderick B.Econ.(Macq), CA, G.A.I.C.D.

Finance Director since November 2014 and member of the Risk Committee.

Ms Roderick has over 25 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.

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

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, Remuneration and Risk 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:

- 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, Nomination and Risk 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

COMPANY SECRETARY

Ian David Bloodworth

Mr Bloodworth is a Chartered Accountant with more than 30 years accounting and company secretarial experience and was appointed Company Secretary of WHSP 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 for 6 years.

Directors' Report (continued)

DIRECTORS' MEETINGS

The number of Board meetings and meetings of committees of Directors and the number of meetings attended by each of the Directors of the Company during the financial year were:

		Board		Audit Committee		Investment Committee		Nomination Committee		Remuneration Committee		Risk Committee	
1 - Eligible to attend		1		1		1		1		1		1	
2 - Number attended			2		2		2		2		2		2
Mr R D Millner	I,N,Re,Ri	15	15	-	-	1	1	4	4	4	4	1	1
Mr D J Fairfull	A,N,Re	7	7	4	4	-	-	4	4	-	-	-	-
Mr M J Hawker	A,N,Re,Ri	15	15	11	11	-	-	4	4	4	4	1	1
Mr T C D Millner	I,N,Ri	15	15	-	-	1	1	4	4	-	-	1	1
Mr W M Negus	A,I,N,Re,Ri	9	9	7	7	1	1	-	-	4	4	1	1
Mr P R Robinson		13	13	-	-	-	-	-	-	-	-	-	-
Ms M R Roderick	Ri	9	9	-	-	-	-	-	-	-	-	1	1
Mr R G Westphal	A,N,Re,Ri	15	14	11	11	-	-	4	4	4	4	1	-
Mr D E Wills	A,N,Re,Ri	15	13	11	10	-	-	4	3	4	4	1	1

A Member of the Audit Committee of Directors during the year.
I Member of the Investment Committee of Directors during the year.
N Member of the Nomination Committee of Directors during the year.
Re Member of the Remuneration Committee of Directors during the year.
Ri Member of the Risk Committee of Directors during the year.

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	20,898,602
Mr M J Hawker	23,690
Mr T C D Millner	18,182,977
Mr W M Negus	35,000
Ms M R Roderick	5,000
Mr R G Westphal	22,739
Mr D E Wills	376,433
Appointed as a Director on 14 October 2015	
Mr T J Barlow	5,000

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 (retired 5 December 2014)

Mr M J Hawker

Mr W M Negus (appointed 1 November 2014)

Mr T C D Millner

Mr R G Westphal

Mr D E Wills

Executive Directors

Mr P R Robinson (retired 31 March 2015)

Ms M R Roderick – Finance Director and Chief Financial Officer from 1 November 2014, formerly Chief Financial Officer.

Other key management personnel of the Parent Company and Consolidated Entity

Mr T J Barlow	Chief Executive Officer (appointed 1 April 2015)
Mr I D Bloodworth	Company Secretary

Key management personnel of the Consolidated Entity

Mr M J Busch	Chief Financial Officer, New Hope.
Mr B D Denney	Chief Operating Officer, New Hope.
Mr S O Stephan	Managing Director, New Hope, from 20 November 2014, formerly Chief Executive Officer of New Hope.

Remuneration Governance

The Remuneration Committee of WHSP 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 Directors, 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.

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 2014 the remuneration received by Non-executive Directors for the year ended 31 July 2015 was under the 50th percentile for ASX listed Companies with a market capitalisation greater than $3 billion.

Directors' Report (continued)

REMUNERATION REPORT (AUDITED) (continued)

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 (AGM).

During the year ended 31 July 2015 remuneration of the Non-executive Directors by the Parent Company amounted to $1,239,251.

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 31 July 2004 do not qualify for a retiring allowance. Mr David Fairfull was paid a retiring allowance of $162,500 upon his retirement from the Board of Directors on 5 December 2014.

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.

The Finance Director and senior executives of the Parent Company received fixed remuneration packages 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 Executive Directors and senior executives. Based on these publications/surveys for 2014 the remuneration they received for the year ended 31 July 2015 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, 2013 and 2014 Remuneration Reports, Mr Peter Robinson was 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 in 2012. The ETP continued to increase by interest calculated at commercial rates until Mr Robinson's retirement on 31 March 2015. The interest for the financial year was $19,555 (2014: $29,350) and the final amount of the ETP paid was $888,302.

Mr Robinson received total termination payments of $1,773,157 upon retirement. Shareholder approval was not required for these payments under Division 2 of Part 2D.2 of the Corporations Act 2001 as the non-exempt payments did not exceed Mr Robinson's average annual base salary from the Group over the prior three years. The exempt components of the payment were unused annual leave and long service leave which totalled $825,529.

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 are at risk and subject to performance hurdles) for the year ended 31 July 2015 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.

REMUNERATION REPORT (AUDITED) (continued)

Short-term Incentives KPIs	Weighting
New Hope Group Profit, Sales and Investment Performance	60%
New Hope Group Compliance – Safety, Environment and Risk Management	20%
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 86% of their maximum STIs.

Given the historically low coal price and profit performance of New Hope and despite meeting the STI measures, it was recommended by the executive management of New Hope that no STI be paid for the 2015 financial year. The NHRC accepted this proposal resulting in no STI being payable for the 2015 financial year.

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 did not pay bonuses or grant rights or options under long term or short term incentive plans during the year. Since the end of the year, the Parent Company has developed a long term incentive plan linked to its performance which is subject to Shareholder approval at the AGM to be held on 4 December 2015.

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:

	2011 $'000	2012 $'000	2013 $'000	2014 $'000	2015 $'000
Revenue from continuing activities	758,387	912,359	791,315	658,116	641,604
Profit after tax attributable to shareholders	363,871	142,989	105,421	131,729	83,330
Share price at year end	$12.93	$13.15	$13.50	$15.13	$13.70
Ordinary dividends paid/declared	40 cents	44 cents	46 cents	48 cents	50 cents

Voting on the Remuneration Report at the 2014 Annual General Meeting

The Parent Company's Remuneration Report for the 2014 financial year was adopted by a show of hands with no votes against.

Directors' Report (continued)

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**	**Total**
	Salary & Fees $	Cash Bonus $	Non-monetary Benefits (4) $	Super-annuation $	Long Service Leave $		Parent Entity $
Non-executive Directors - 2015							
Mr R D Millner (1)	261,773	-	26,979	18,835	-	-	307,587
Mr D J Fairfull (1)(2) (retired 5 December 2014)	42,618	-	-	4,049	-	162,500	209,167
Mr M J Hawker	135,312	-	-	12,855	-	-	148,167
Mr T C D Millner	102,487	-	30,308	9,538	-	-	142,333
Mr W M Negus (appointed 1 November 2014)	98,021	-	-	9,312	-	-	107,333
Mr R G Westphal	157,381	-	-	14,951	-	-	172,332
Mr D E Wills (1)	139,116	-	-	13,216	-	-	152,332
	936,708	-	57,287	82,756	-	162,500	1,239,251
Executive Directors - 2015							
Mr P R Robinson (1)(3) (retired 31 March 2015)	546,617	-	61,930	18,308	-	1,773,157	2,400,012
Ms M R Roderick – Finance Director	352,073	-	235,211	29,940	11,619	-	628,843
Other Key Management Personnel - 2015							
Mr T J Barlow (1) (appointed 1 April 2015)	277,026	-	-	6,307	31,143	-	314,476
Mr I D Bloodworth	212,387	-	89,596	21,276	5,765	-	329,024
Total	**2,324,811**	**-**	**444,024**	**158,587**	**48,527**	**1,935,657**	**4,911,606**
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**

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

(2) Retiring allowance of $162,500 paid to Mr D J Fairfull upon his retirement from the Board of Directors on 5 December 2014. Refer to the Non-executive Directors section of this report on page 25 for further details.

(3) Termination benefits of $1,773,157 paid to Mr P R Robinson upon retirement on 31 March 2015. Refer to the Executive Director and Senior Executives section of this report on page 25 for further details.

(4) Car and other benefits inclusive of fringe benefits tax payable.

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 Employment Benefits**	**Long Term Benefits**	**Termination Benefits**	**Share Based Payments**	**Total**	**Received From**	
	Salary & Fees $	Cash Bonus $	Non-monetary Benefits (4) $	Super-annuation $	Long Service Leave $	$	Value of Rights $	$	Parent Entity $	Controlled Entities $
Non-executive Directors – 2015										
Mr R D Millner	604,773	-	26,979	42,368	-	-	-	674,120	307,587	366,533
Mr D J Fairfull (1) (retired 5 December 2014)	89,433	-	-	8,496	-	162,500	-	260,429	209,167	51,262
Mr M J Hawker	135,312	-	-	12,855	-	-	-	148,167	148,167	-
Mr T C D Millner	102,487	-	30,308	9,538	-	-	-	142,333	142,333	-
Mr W M Negus (appointed 1 November 2014)	98,021	-	-	9,312	-	-	-	107,333	107,333	-
Mr R G Westphal	157,381	-	-	14,951	-	-	-	172,332	172,332	-
Mr D E Wills	164,116	-	-	15,591	-	-	-	179,707	152,332	27,375
									1,239,251	445,170
Executive Directors – 2015										
Mr P R Robinson (2) (retired 31 March 2015)	669,950	-	61,930	30,025	-	1,773,157	-	2,535,062	2,400,012	135,050
Ms M R Roderick – Finance Director	352,073	-	235,211	29,940	11,619	-	-	628,843	628,843	-
Other Key Management Personnel – 2015										
Mr T J Barlow (appointed 1 April 2015)	331,023	-	-	11,436	31,143	-	-	373,602	314,476	59,126
Mr I D Bloodworth	212,387	-	89,596	21,276	5,765	-	-	329,024	329,024	-
Mr M J Busch (3)	513,950	(9,363)	44,970	18,779	9,716	-	48,492	626,544	-	626,544
Mr B D Denney (3)	673,774	(15,605)	72,920	18,915	6,944	-	75,539	832,487	-	832,487
Mr S O Stephan (3)	1,209,630	(24,967)	42,778	18,915	17,860	-	43,056	1,307,272	-	1,307,272
Total	**5,314,310**	**(49,935)**	**604,692**	**262,397**	**83,047**	**1,935,657**	**167,087**	**8,317,255**	**4,911,606**	**3,405,649**

(1) Retiring allowance of $162,500 paid to Mr D J Fairfull upon his retirement from the Board of Directors on 5 December 2014. Refer to the Non-executive Directors section of this report on page 25 for further details.

(2) Termination benefits of $1,773,157 paid to Mr P R Robinson upon retirement on 31 March 2015. Refer to the Executive Director and Senior Executives section of this report on page 25 for further details.

(3) Cash Bonus for 2015 represents the difference between the accrual for the 2014 STI and the actual payment made during the 2015 financial year. No STI was awarded or accrued in respect of the 2015 year.

(4) Car and other benefits inclusive of fringe benefits tax payable.

Directors' Report (continued)

REMUNERATION REPORT (AUDITED) (continued)

Details of Remuneration (continued)

Key Management Personnel	Short Term Benefits			Post Employ-ment Benefits	Long Term Benefits	Termin-ation Benefits	Share Based Payments	Total	Received From	
	Salary & Fees $	Cash Bonus $	Non-monetary Benefits (1) $	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**

(1) Car and other benefits inclusive of fringe benefits tax payable.

REMUNERATION REPORT (AUDITED) (continued)

Details of Remuneration (continued)

New Hope Corporation Limited

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Name	Fixed Remuneration		At Risk - STI		At Risk - LTI	
	2015	2014	2015	2014	2014	2014
Mr M J Busch	92%	69%	0%	23%	8%	8%
Mr B D Denney	91%	60%	0%	32%	9%	8%
Mr S O Stephan	97%	67%	0%	26%	3%	7%

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 T J Barlow	No fixed term 6 months notice period	$850,000	6 months base remuneration
Mr I D Bloodworth	No fixed term 3 months notice period	$340,000	3 months base remuneration
Ms M R Roderick	No fixed term 3 months notice period	$650,000	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 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 year's remuneration.

REMUNERATION REPORT (AUDITED) (continued)

Share-based Compensation

Parent Company

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

New Hope Corporation Limited

Rights are granted under the New Hope Corporation Limited Employee Performance Rights Share Plan. Rights are granted for no consideration. Rights are granted in accordance with the Rights Plan at the sole discretion of the Directors of New Hope and in accordance with New Hope's reward and retention strategy. They vest and automatically convert to ordinary shares in New Hope following the satisfaction of the relevant performance and service conditions. Performance and service conditions applicable to each issue of Rights are determined by the Directors of New Hope at the time of grant.

The assessed fair value at grant date of Rights granted to executives is allocated equally over the period from grant date to vesting date and these amounts are included in the remuneration of that executive. Fair values at grant date are determined by reference to the relevant volume weighted average price.

Rights granted under the plan carry no dividend or voting rights.

Details of Rights over ordinary shares in New Hope as at 31 July 2015, provided as remuneration to the key management personnel of New Hope are set out below.

The minimum value of the rights yet to vest is nil, as the rights will be forfeited if the vesting conditions are not met. The maximum value of the rights yet to vest has been determined as the amount of the grant date fair value of the right that is yet to be expensed by New Hope.

Name	Grant Date	Vesting Date	Number Granted	Value per Share ($)	Number Vested	Vested %	Number Forfeited	Forfeited %	Maximum value yet to vest
Mr M J Busch	Oct 11	Aug 14	5,020	5.95	5,020	100%	-	-	-
	Dec 11	Aug 14	4,005	5.84	4,005	100%	-	-	-
	Dec 11	Aug 15	4,005	5.84	-	-	-	-	-
	Dec 12	Aug 14	8,408	4.08	8,408	100%	-	-	-
	Dec 12	Aug 15	8,408	4.08	-	-	-	-	-
	Dec 12	Aug 16	8,408	4.08	-	-	-	-	9,326
	Dec 14	Aug 17	50,336	1.58	-	-	-	-	59,678
Mr B D Denney	Dec 11	Aug 14	8,010	5.84	8,010	100%	-	-	-
	Dec 11	Aug 15	8,010	5.84	-	-	-	-	-
	Dec 12	Aug 14	11,211	4.08	11,211	100%	-	-	-
	Dec 12	Aug 15	11,211	4.08	-	-	-	-	-
	Dec 12	Aug 16	11,210	4.08	-	-	-	-	12,474
	Dec 14	Aug 17	83,893	1.58	-	-	-	-	99,463
Mr S O Stephan (1)	Oct 11	Aug 14	10,040	5.95	10,040	100%	-	-	-
	Dec 11	Aug 14	8,432	5.84	8,432	100%	-	-	-
	Dec 11	Aug 15	8,432	5.84	-	-	-	-	-
	Dec 12	Aug 14	11,211	4.08	11,211	100%	-	-	-
	Dec 12	Aug 15	11,211	4.08	-	-	-	-	-
	Dec 12	Aug 16	11,210	4.08	-	-	-	-	12,474

(1) Mr S O Stephan's right relating to the 2014-2016 LTI of 134,228 rights will be put to New Hope shareholders for approval at New Hope's 2015 Annual General Meeting.

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;
- preference shares in Pitt Capital Partners Limited; 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.

Shares in Washington H. Soul Pattinson and Company Limited	Balance at start of year	Acquired during year	Received on the vesting of rights	Disposed of during the year	Balance at end of year
2015					
Directors of Washington H. Soul Pattinson and Company Limited					
Mr R D Millner	20,228,602	650,000	-	-	20,878,602
Mr P R Robinson (retired 31 March 2015)	74,210	-	-	-	N/A
Mr D J Fairfull (retired 5 December 2014)	163,587	-	-	-	N/A
Mr M J Hawker	19,000	-	-	-	19,000
Mr T C D Millner	17,517,977	645,000	-	-	18,162,977
Mr W M Negus (appointed 1 November 2014)	N/A	35,000	-	-	35,000
Ms M R Roderick	500	4,500	-	-	5,000
Mr R G Westphal	22,739	-	-	-	22,739
Mr D E Wills	266,433	110,000	-	-	376,433
Other key management personnel					
Mr T J Barlow (appointed 1 April 2015)	N/A	5,000	-	-	5,000

Shares in New Hope Corporation Limited	Balance at start of year	Acquired during year	Received on the vesting of rights	Disposed of during the year	Balance at end of year
2015					
Directors of Washington H. Soul Pattinson and Company Limited					
Mr R D Millner	3,681,962	100,000	-	-	3,781,962
Mr P R Robinson (retired 31 March 2015)	119,234	-	-	-	N/A
Mr D J Fairfull (retired 5 December 2014)	11,000	-	-	-	N/A
Mr T C D Millner	3,654,368	100,000	-	-	3,754,368
Mr D E Wills	90,670	-	-	-	90,670
Other key management personnel					
Mr M J Busch	681,478	-	17,433	-	698,911
Mr B D Denney	27,231	-	19,221	-	46,452
Mr S O Stephan	72,395	60,000	29,683	-	162,078

Directors' Report (continued)

REMUNERATION REPORT (AUDITED) (continued)

Pitt Capital Partners Limited Class RP01 Preference Shares	Balance at start of year	Acquired during year	Received on the vesting of rights	Disposed of during the year	Balance at end of year
2015					
Key management personnel					
Mr T J Barlow (appointed 1 April 2015)	N/A	-	-	-	1

New Hope Corporation Limited Rights	Balance at start of year	Granted as remuneration	Vested	Balance at end of year	Unvested
2015					
Key management personnel					
Mr M J Busch	38,254	50,336	(17,433)	71,157	71,157
Mr B D Denney	49,652	83,893	(19,221)	114,324	114,324
Mr S O Stephan	60,536	-	(29,683)	30,853	30,853

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 received total termination payments of $1,773,157 upon retirement on 31 March 2015. Shareholder approval was not required for these payments under Division 2 of Part 2D.2 of the Corporations Act 2001. Refer to the Executive Director and Senior Executives section of this report on page 25 for further details.

Unsecured deposits are accepted from some Directors and former Directors of WHSP and their related entities and interest is paid at normal commercial rates. Interest paid during the current financial year amounted to $1,590,264 (2014: $1,732,690). The balance of deposits at 31 July 2015 was $47,326,145 (2014: $44,795,638). 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.

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 $99,500 for providing tax compliance services in respect of the Group. Details of the amounts paid to the auditors are disclosed in note 33 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 2015 has been received and is included on page 35.

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
Director

M R RODERICK
Finance Director

Dated this 23rd day of October 2015.

Auditor's Independence Declaration

MOORE STEPHENS

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Sydney NSW 2000

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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 2015, 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 year.

Moore Stephens Sydney

Moore Stephens Sydney
Chartered Accountants

John Gavljak
Partner

Dated in Sydney, 22nd October 2015

Financial Report
For the year ended 31 July 2015

About this report

This financial report is for the Consolidated entity consisting of Washington H. Soul Pattinson and Company Limited and its controlled entities for the year ending 31 July 2015. Throughout the report, the Consolidated entity is also referred to as the "Group".

We are continuously developing the Group's financial reporting with the aim to enhance our shareholders understanding of the Group and to highlight the parent company information of Washington H. Soul Pattinson and Company Limited, illustrating the market value of our investments and the cash flows generated by them from which dividends to our shareholders are paid.

In this year's report, we have re-ordered the notes to the financial statements to focus on what drives the Group's performance. Please refer to the contents page for how the notes are structured and ordered. In addition to the relevant financial information, the notes now include a description of the accounting policies applied, and where applicable key judgements and estimates used by management in applying these policies.

Consolidated entity perspective

This consolidated financial report combines the operating results, financial positions and cash flows of Washington H. Soul Pattinson and Company Limited (the Parent company) and each entity that it controls (subsidiaries), into a single set of financial statements.

A controlling stake in a subsidiary often occurs where the parent company owns less than 100% of the subsidiary. The term 'non-controlling interest' is used to describe that portion not owned by the parent company. The non-controlling interest's share of the consolidated profit and net assets is disclosed separately in the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position and the consolidated statement of changes in equity.

Investments in which the Parent company or a subsidiary has significant influence but does not have control are termed 'associate entities'. Unlike controlled entities, the individual financial reports of associates are not consolidated. Associates are equity accounted with the Group's share of an associate's result recorded in profit. The investment in associates is disclosed as a line item (equity accounted associates) in the consolidated statement of financial position and is adjusted for the Group's share of the associate's result and decreased by any dividends received. This method treats dividends from associates as if they are a return of capital rather than being recognised in income.

Parent company perspective

Financial information for Washington H. Soul Pattinson and Company Limited, the 'Parent company' has also been provided. In contrast to the consolidated financial report, the Parent company information reflects Washington H. Soul Pattinson and Company Limited's activities as an 'investor' and provides details of its investments (subsidiaries, associate entities and other investments), together with the cash flows generated by them (dividend income).

Washington H. Soul Pattinson and Company Limited is a for profit company limited by shares, incorporated and domiciled in Australia. The shares are publicly traded on the Australian Securities Exchange. Its registered office and principal place of business is as follows:

Washington H. Soul Pattinson and Company Limited
Level 1
160 Pitt Street
SYDNEY NSW 2000

A description of the nature of the Consolidated entity's operations and its principal activities is included in the Directors' report, which is not part of this financial report.

This financial report was authorised for issue in accordance with a resolution of the directors on 23 October 2015.

Financial Report
For the year ended 31 July 2015

CONTENTS

Consolidated Income Statement
For the year ended 31 July 2015

	Notes	2015 $'000	2014 $'000
Revenue from continuing operations	13	**641,604**	658,116
Other income	14	**4,504**	63,970
Cost of sales		**(365,121)**	(415,135)
Selling and distribution expenses		**(142,627)**	(139,572)
Administration expenses		**(39,381)**	(49,343)
Other expenses		**(8,591)**	(6,900)
Impairment (expense)/reversal	15	**(123,801)**	21,374
Finance costs		**(3,063)**	(3,549)
Share of results from equity accounted associates	8b	**95,079**	56,018
Profit before income tax		**58,603**	184,979
Income tax benefit/(expense)	16a	**16,951**	(29,391)
Profit after tax for the year		**75,554**	155,588
Loss/(profit) after tax attributable to non-controlling interests		**7,776**	(23,859)
Profit after tax attributable to members of Washington H. Soul Pattinson and Company Limited		**83,330**	131,729

Earnings per share	**2015 cents**	2014 cents
Basic and diluted earnings per share attributable to ordinary equity holders of Washington H. Soul Pattinson and Company Limited		
Earnings per share from all operations	**34.81**	55.03

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

Consolidated Statement of Comprehensive Income
For the year ended 31 July 2015

	2015 $'000	2014 $'000
Profit after tax for the year	**75,554**	155,588
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	**8,411**	70,244
Transfer to profit and loss on disposal of long term equity investments, net of tax	**(3,950)**	(14,227)
Net movement in hedge reserve, net of tax	**(14,139)**	27,773
Net movement in foreign currency translation reserve, net of tax	**627**	1,957
Net movement in equity reserve, net of tax	**(3,593)**	(3,832)
Total other comprehensive (expense)/income for the year, net of tax	**(12,644)**	81,915
Total comprehensive income for the year	**62,910**	237,503
Total comprehensive expense/(income) attributable to non-controlling interests	**16,091**	(36,959)
Total comprehensive income attributable to members of Washington H. Soul Pattinson and Company Limited	**79,001**	200,544

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 2015

	Notes	**31 July 2015 $'000**	31 July 2014 $'000
Current assets			
Cash and cash equivalents	12	**59,424**	64,933
Term deposits	11	**1,217,011**	1,272,912
Trade and other receivables	26	**74,979**	85,900
Inventories	27	**72,870**	72,959
Trading equities	9	**21,300**	14,695
Held for sale equities	9	**-**	27,183
Current tax asset		**-**	3,693
Other assets		**369**	271
Total current assets		**1,445,953**	1,542,546
Non-current assets			
Trade and other receivables	26	**4,299**	13,308
Equity accounted associates	8	**1,088,592**	944,726
Long term equity investments	9	**615,645**	562,208
Other financial assets	9	**5,425**	7,659
Investment properties	10	**20,720**	139,421
Derivative financial instruments	20	**-**	2,447
Property, plant and equipment	23	**584,703**	701,526
Exploration and evaluation assets	24	**407,831**	388,210
Intangible assets	25	**20,538**	26,847
Deferred tax assets	17	**59,309**	37,483
Total non-current assets		**2,807,062**	2,823,835
Total assets		**4,253,015**	4,366,381
Current liabilities			
Trade and other payables	28	**49,329**	74,679
Interest bearing liabilities	21	**47,347**	44,829
Derivative financial instruments	20	**23,144**	4,943
Current tax liabilities		**4,903**	61
Provisions	29	**36,675**	32,132
Total current liabilities		**161,398**	156,644
Non-current liabilities			
Interest bearing liabilities	21	**104**	45,425
Deferred tax liabilities	17	**253,042**	265,840
Provisions	29	**64,036**	58,347
Total non-current liabilities		**317,182**	369,612
Total liabilities		**478,580**	526,256
Net assets		**3,774,435**	3,840,125
Equity			
Share capital	5	**43,232**	43,232
Reserves	4	**661,279**	665,424
Retained profits		**2,322,067**	2,334,728
Parent entity interest		**3,026,578**	3,043,384
Non-controlling interests		**747,857**	796,741
Total equity		**3,774,435**	3,840,125

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

Consolidated Statement of Changes in Equity
As at 31 July 2015

	Share capital	Retained profits	Reserves	Total Parent entity interest	Non-controlling interest	Total equity
Year ended 31 July 2015	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Total equity at the beginning of the year – 1 August 2014	**43,232**	**2,334,728**	**665,424**	**3,043,384**	**796,741**	**3,840,125**
Net profit for the year after tax	**-**	**83,330**	**-**	**83,330**	**(7,776)**	**75,554**
Other comprehensive income for the year						
Net movement in asset revaluation reserve, net of tax	**-**	**-**	**6,495**	**6,495**	**(2,034)**	**4,461**
Net movement in hedge reserve, net of tax	**-**	**-**	**(7,858)**	**(7,858)**	**(6,281)**	**(14,139)**
Net movement in foreign currency translation reserve, net of tax	**-**	**-**	**627**	**627**	**-**	**627**
Net movement in equity reserve, net of tax	**-**	**-**	**(3,593)**	**(3,593)**	**-**	**(3,593)**
Total comprehensive income for the year	**-**	**83,330**	**(4,329)**	**79,001**	**(16,091)**	**62,910**
Transactions with owners						
Dividends declared and paid	**-**	**(95,126)**	**-**	**(95,126)**	**(33,892)**	**(129,018)**
Net movement in share-based payments reserve	**-**	**(865)**	**184**	**(681)**	**800**	**119**
Non-controlling interests share of subsidiaries	**-**	**-**	**-**	**-**	**(26)**	**(26)**
Equity transfer from members on issue of share capital in controlled entity	**-**	**-**	**-**	**-**	**325**	**325**
Total equity at the end of the year – 31 July 2015	**43,232**	**2,322,067**	**661,279**	**3,026,578**	**747,857**	**3,774,435**
Year ended 31 July 2014						
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 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**

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 2015

	Notes	2015 $'000	2014 $'000
Cash flows from operating activities			
Receipts from customers inclusive of GST		**592,947**	595,627
Payments to suppliers and employees inclusive of GST		**(502,923)**	(526,459)
		90,024	69,168
Dividends received		**94,648**	82,148
Interest received		**46,393**	51,682
Finance costs		**(1,438)**	(1,444)
Income taxes paid		**(6,937)**	(25,965)
Net cash inflow from operating activities	12	**222,690**	175,589
Cash flows from investing activities			
Payment for property, plant and equipment and intangibles		**(77,430)**	(121,854)
Proceeds from sale of property, plant and equipment		**336**	504
Payments for exploration and evaluation activities		**(60,350)**	(42,722)
Net proceeds from term deposits		**52,933**	225,357
Payments for equity investments		**(80,905)**	(29,419)
Proceeds from sale of long term equity investments		**29,222**	42,028
Payments to acquire equity accounted associates		**(5,014)**	(34,982)
Payment for acquisition and development of investment properties		**(31,204)**	(62,433)
Proceeds from sale of investment properties		**153,069**	-
Loans advanced		**(17,843)**	(11,859)
Loan repayments received		**3,554**	6,624
Proceeds from sale of non-current assets		**-**	23,000
Net cash (outflow) from investing activities		**(33,632)**	(5,756)
Cash flows from financing activities			
Joint venture partner contributions		**-**	108
Dividends paid to our shareholders		**(117,304)**	(112,516)
Dividends paid by subsidiaries to non-controlling interests		**(33,891)**	(54,097)
Proceeds/(payments) for interest bearing liabilities		**1,238**	(6,081)
Payment on close out of interest rate swap		**(2,112)**	-
Proceeds from external borrowings		**11,572**	40,886
Repayment of external borrowings		**(56,951)**	(121)
Net cash (outflow) from financing activities		**(197,448)**	(131,821)
Net (decrease)/increase in cash and cash equivalents		**(8,390)**	38,012
Cash and cash equivalents at the beginning of the year		**64,933**	28,078
Effects of exchange rate changes on cash and cash equivalents		**2,881**	(1,157)
Cash and cash equivalents at the end of the year	12	**59,424**	64,933

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

Notes to the financial statements For the year ended 31 July 2015

Basis of preparation

This financial report is a general purpose financial report which:

- has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB);
- complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB);
- has been prepared on a for profit basis;
- is presented in Australian dollars with all values rounded to the nearest thousand dollars ($'000), or in certain cases, to the nearest dollar, unless otherwise stated, in accordance with ASIC Class Order 98/100;
- presents reclassified comparative information where required for consistency with the current year's presentation;
- adopts all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Group and effective for reporting periods beginning on or after 1 August 2014;
- does not adopt any Accounting Standards and Interpretations that have been issued or amended but are not yet effective such as AASB 15 Revenue from Contracts with Customers and AASB 9 Financial Instruments (December 2010) as amended by 2013-9. Refer to note 32 Other accounting policies for more information; and
- has been prepared on a historical cost basis except for the following items, which are measured on an alternative basis.

Item	Measurement basis
Long term equity investments	Fair value
Held for sale equities	Fair value
Trading equities	Fair value
Investment properties	Fair value

- where Parent company information is disclosed, relevant accounting policies are described when different to the Group accounting policies.

Basis of consolidation

The consolidated financial statements of the Group incorporate the financial statements of Washington H. Soul Pattinson and Company Limited and its subsidiaries, and equity accounts its associates. A diagram is set out in note 3, listing the main subsidiaries and associates.

i. Controlled entities (subsidiaries)

Subsidiaries are all 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 involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are consolidated from the date on which control is obtained to the date on which control is disposed.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

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.

Basis of preparation (continued)

ii. Associates

Associates are all entities over which the Group has significant influence and are neither subsidiaries nor jointly controlled. 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.

iii. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated. Unrealised gains arising from transactions with an associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated in the same way as unrealisd gains, but only to the extent that there is no evidence of impairment. Where practical, accounting policies of the associates have been changed to ensure consistency with the policies adopted by the Group.

Other accounting policies

Significant and other accounting policies relevant to gaining an understanding of the financial statements have been grouped with the relevant notes to the financial statements.

Notes to the financial statements (continued) For the year ended 31 July 2015

Key judgements and 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 within the following notes:

Parent Company information

NOTE 1.

PARENT COMPANY FINANCIAL INFORMATION

Source of shareholders dividends

The Board declares dividends having regard to regular operating cash flows before non-regular items. The following information has been provided to demonstrate the underlying value of the Parent company's investments and the regular profit and cash flows generated by them.

Regular profit after tax is a measure of the Parent company's performance. This measurement 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 operations but are unusual due to their size.

The classification of income and expenses as regular or non-regular is consistent with the Consolidated entity's measurement of segment results.

Accounting policies – Parent company

The statement of financial position, profit after tax and total comprehensive income for the Parent company, have been prepared on the same basis as the consolidated financial statements except for Investments in controlled entities (subsidiaries) and Investments in associates.

In the Parent company, investments in subsidiaries and associates are carried at the lower of cost or impaired cost. Dividends from these entities are recognised as income within profit. This approach reflects Washington H. Soul Pattinson and Company Limited's activities as an investor.

The consolidated financial statements recognises the individual assets, liabilities, income and expenses of the controlled entities. Associates are equity accounted, with the initial investment being increased/(decreased) by profits/(losses) recognised in the income statement, movements in other comprehensive income and decreased by dividends received. Dividends from both controlled entities and associates are not recognised in the consolidated income statement.

STATEMENT OF FINANCIAL POSITION

As at 31 July 2015	2015 $'000	2014 $'000
Current assets		
Cash and term deposits	**165,855**	166,583
Other current assets	**46,300**	27,044
Total current assets	**212,155**	193,627
Non-current assets		
Long term equity investments - measured at market value	**608,030**	560,324
Other financial assets		
– Listed controlled and associated entities - measured at the lower of cost or impaired value	**526,002**	433,426
– Unlisted entities - measured at the lower of cost or impaired value	**297,410**	348,951
Other non-current assets	**115,309**	148,080
Total non-current assets	**1,546,751**	1,490,781
Total assets	**1,758,906**	1,684,408
Total current liabilities	**48,676**	46,819
Total non-current liabilities	**107,359**	81,836
Total liabilities	**156,035**	128,655
Net assets	**1,602,871**	1,555,753
Equity		
Share capital	**43,232**	43,232
Reserves	**610,339**	611,117
Retained profits	**949,300**	901,404
Total Equity	**1,602,871**	1,555,753

INCOME STATEMENT

	2015 $'000	2014 $'000
Profit after tax	**165,200**	174,016
Less: Non-regular items after tax		
Special dividends received from New Hope	**(17,349)**	(24,785)
Net gain on disposal of investments	**(1,595)**	(18,910)
Net impairment (reversal)/expense on investments	**(14,837)**	9,450
Deferred taxes transferred in	**-**	(3,090)
Other expenses	**229**	885
Regular profit after tax	**131,648**	137,566
Other comprehensive income		
Net movement in the fair value of the listed investment portfolio	**(776)**	42,551

Notes to the financial statements (continued) For the year ended 31 July 2015

Parent Company Information

As at 31 July 2015		31 July 2015 $'000
Cash and term deposits		**165,855**
Market value of listed investments as at 31 July 2015 (based on ASX closing prices 31 July 2015)		
Long term equity investments		**$'000**
Milton Corporation Limited		161,580
Commonwealth Bank of Australia		68,919
BHP Billiton Limited		41,047
National Australia Bank Limited		30,311
Perpetual Limited		27,499
Lindsay Australia Limited		24,709
Telstra Corporation Limited		24,441
Wesfarmers Limited		21,280
Bank of Queensland Limited		20,618
Brambles Limited		17,621
Other listed entities		170,005
Market value of long term equity investments		**608,030**
Listed controlled and associated entities	**Holding**	
TPG Telecom Limited	26.9%	2,029,441
Brickworks Limited	44.2%	978,113
New Hope Corporation Limited	59.7%	946,780
Australian Pharmaceutical Industries	24.6%	191,142
BKI Limited	11.1%	108,371
Ruralco Holdings Limited	20.3%	60,921
Apex Healthcare Berhad	30.3%	55,364
Clover Limited	28.6%	8,017
Market value of listed controlled and associated entities		**4,378,149**
Total market value of WHSP's listed investments		**4,986,179**

Tax payable if WHSP's listed investments were disposed of:

WHSP is a long term equity investor.

If WHSP had disposed of its listed investments on 31 July 2015, a capital gains tax liability of approximately $1.188 billion would have arisen based on market values as at 31 July 2015. Of this amount, only $76.357 million has been recognised in the Parent company accounts at 31 July 2015.

The market values of the listed investments are based on the last sale prices as quoted on the ASX on 31 July 2015 and are therefore subject to price fluctuations.

REGULAR PROFIT AFTER TAX AND REGULAR OPERATING CASH FLOWS

For the year ended 31 July 2015		2015 $'000
Interest income		**7,413**
Dividend and distribution income	**$'000**	
Milton Corporation Limited	6,147	
Commonwealth Bank of Australia	3,274	
BHP Billiton Limited	2,222	
National Australia Bank Limited	1,598	
Perpetual Limited	1,288	
Lindsay Australia Limited	937	
Telstra Corporation Limited	1,130	
Wesfarmers Limited	1,091	
Bank of Queensland Limited	1,050	
Brambles Limited	445	
Other listed entities	6,284	
TPG Telecom Limited	21,874	
Brickworks Limited	28,227	
New Hope Corporation Limited	29,742	
Australian Pharmaceutical Industries	4,809	
BKI Limited	4,353	
Ruralco Holdings Limited	2,711	
Apex Healthcare Berhad	1,155	
Clover Limited	236	
Unlisted controlled and associates	23,500	
Total dividend and distribution income		**142,073**
Net pharmacy profit		**1,457**
Other revenue		**826**
Fair value losses on equities		**(6,018)**
Other expenses		**(6,271)**
Finance costs		**(1,592)**
Regular profit before tax		**137,888**
Income tax (expense)		**(6,240)**
Regular profit after tax		**131,648**
Non-cash fair value losses on equities		6,018
Net movements in working capital		(1,462)
Regular operating cash flows		**136,204**

The Board declares dividends having regard to the Parent company's regular operating cash flows.

Dividends paid/payable

- Interim of 20 cents per share paid 14 May 2015	47,879
- Final of 30 cents per share payable 7 December 2015	71,819
Total dividends paid/payable	**119,698**

Payout ratio

Dividends as a percentage of regular operating cash flows	87.9%

Parent Company Information

NOTE 1. PARENT COMPANY FINANCIAL INFORMATION (continued)

a) Interest bearing liabilities

The Parent company accepts deposits from its Directors and Director-related parties under normal commercial terms and conditions. As at 31 July 2015, the balance of these deposits was $47.326 million (2014: $44.796 million) refer note 21.

At 31 July 2015, the Parent company has no external borrowings from financial institutions and is not subject to any externally imposed capital requirements.

b) Guarantees entered into by the Parent company

The Parent company provides cash backed guarantees for environmental bonds that are required by CopperChem Limited. During the year, these guarantees were increased by $639,000 to $5.013 million.

c) Contingent liabilities of the Parent company

Washington H. Soul Pattinson and Company Limited is in litigation with Perpetual Limited which is proceeding with cross-claims in seeking to have the cross-shareholding between Washington H. Soul Pattinson and Company Limited and Brickworks Limited unwound.

Washington H. Soul Pattinson and Company Limited is vigorously defending Perpetual Limited's cross-claim.

The Parent company did not have any contingent liabilities as at 31 July 2014.

d) Contractual commitments for the acquisition of property, plant or equipment

The Parent company did not have any contractual commitments as at 31 July 2015 or 31 July 2014.

Parent Company Information

NOTE 2. PAYMENT OF DIVIDENDS TO SHAREHOLDERS

Accounting policy

A liability is recognised for the amount of any dividend declared on or before the end of the financial year but not distributed at reporting date. As the final dividend was declared by Directors after year end, the final dividend has not been recognised as a liability.

	2015 $'000	2014 $'000
a) Ordinary shares		
Final dividend for the year ended 31 July 2014 of 29 cents (2013 – 28 cents) per fully paid share paid on 8 December 2014 (2013 – 9 December 2013) fully franked based on tax paid at 30%.	**69,425**	67,031
Interim dividend for the year ended 31 July 2015 of 20 cents (2014 – 19 cents) per fully paid share paid on 14 May 2015 (2014 – 8 May 2014) fully franked based on tax paid at 30%.	**47,879**	45,485
Total dividends paid	**117,304**	112,516
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 30 cents per fully paid ordinary share, (2014 – 29 cents) fully franked based on tax paid at 30%.	**71,819**	69,425

This dividend is due to be paid on 7 December 2015 (2014 – 8 December 2014) out of retained profits as at 31 July 2015, and has not been recognised as a liability at year end.

c) Franking of dividends

The final dividend for 31 July 2015 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 2015.

<u>Franking credits available for future dividend payments</u>

	2015 $'000	2014 $'000
Franking credits available for subsequent financial years based on an Australian company tax rate of 30% (2014 – 30%).	**529,996**	523,523
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 7 December 2015 (2014 – 8 December).	**(30,779)**	(29,753)
Balance of franking credits available after payment of the final dividend	**499,217**	493,770

Group Structure and Performance

NOTE 3. SEGMENT INFORMATION – how the Group is organised and managed

How the group is organised - Corporate structure

The Parent company invests in a diversified range of companies.

Larger holdings in a single entity are classified as follows:

Controlled entities: (subsidiaries)	The Parent company is able to control the activities of the organisation.
Associates:	The Parent company has significant influence but does not control the activities of the organisation.

There were no significant changes to the Group structure in the current financial year.

How the Group is managed - Segment reporting

The Parent company, its subsidiaries and associates operate within five segments. Segments are based on product and service type and are predominantly based in Australia.

The level of ownership determines the extent to which the Parent company is able to manage the underlying operations of its investment. The Group is managed by operating segment.

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 and the Chief Executive Officer.

As the Chief Operating Decision Maker is not regularly provided with the operating results from the listed associates (material contributors to reported profit) these associates are included within the Investing activities segment except for Syndicated Metals Limited, which is included within the Copper and gold operations segment. Results for listed associates are sourced from publicly available information. Unlisted associates are considered not to be material contributors to the Group. These have been included within segments as disclosed in the diagram on the following page:

The Group's operating segments are described as:

Investing activities

The Group invests in cash, term deposits, and equity investments.

Energy

The Group engages in coal, oil and gas activities which include exploration, development, production, processing, associated transport infrastructure and ancillary activities.

Copper and gold operations

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

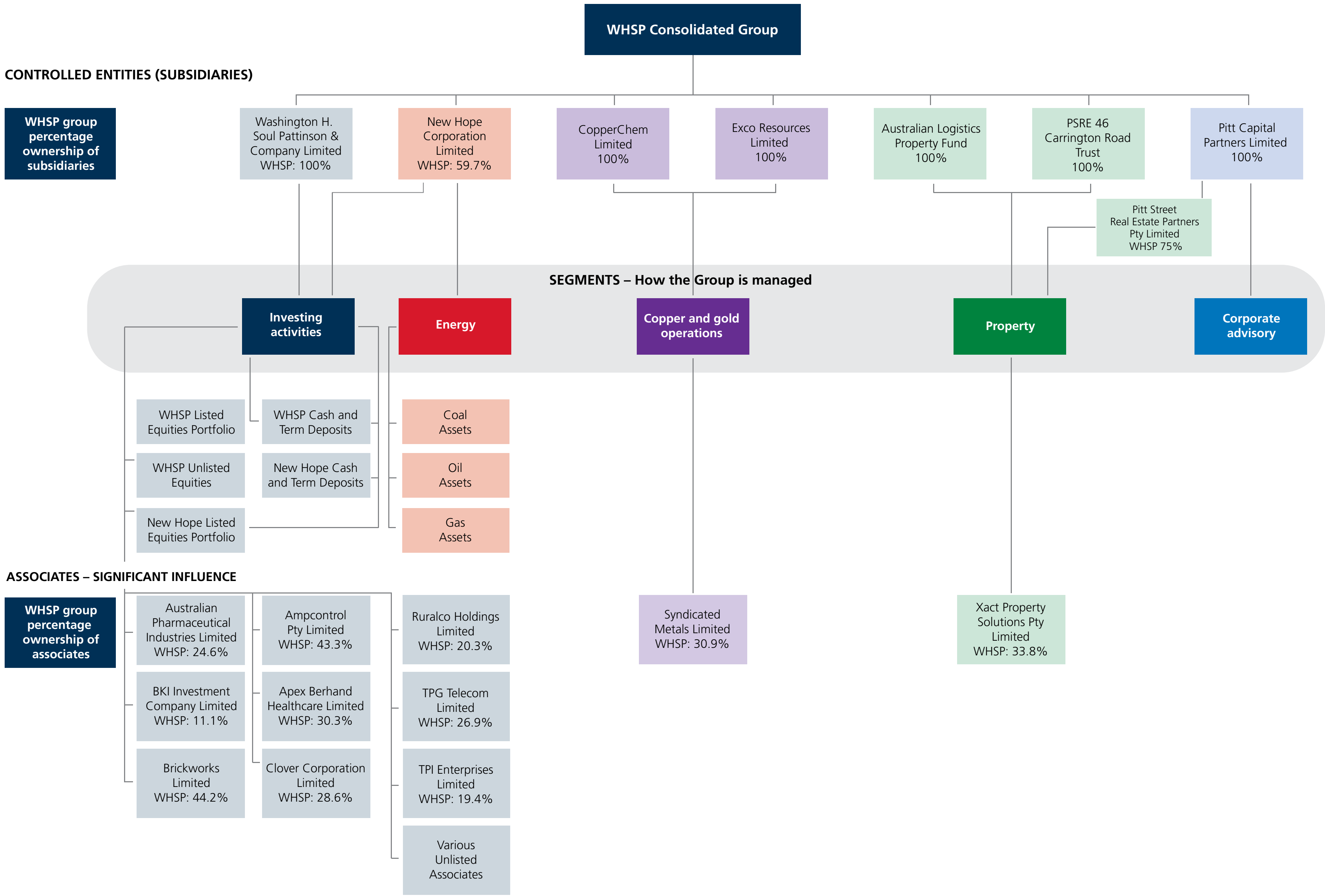
Corporate advisory

The Group provides corporate advisory services.

Property

The Group engages in property investment activities including the identification and management of real estate to be held, sold or developed to earn rental income or capital appreciation, or both.

Group Structure and Performance



Group Structure and Performance

NOTE 3. SEGMENT INFORMATION - how the Group is organised and managed (continued)

Business performance - measurement of segment results

Segment performance is measured by regular profit and regular profit after tax attributable to members. 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 part of ordinary activities but are unusual due to their size.

Regular profit after tax attributable to members is the main measure of segment profit.

A reconciliation between regular profit after tax attributable to members and profit after tax is set out on page 53, and for each segment is set out in note 3a.

The Directors have presented this information which is used by the Chief Operating Decision Maker, 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. Transactions between business segments are on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transactions between business segments. These transfers are eliminated on consolidation.

Notes to the financial statements (continued) For the year ended 31 July 2015

Group Structure and Performance

NOTE 3. SEGMENT INFORMATION - how the Group is organised and managed (continued)

Business performance - measurement of segment results (continued)

Reconciliation between regular profit after tax attributable to members and profit after tax

	2015 $'000	2014 $'000
Regular profit after tax attributable to members	**156,449**	123,205
Non-regular items – net of tax		
Gain on disposal of equity investments	**2,410**	28,879
Gain on disposal of associate	**-**	153
Gain on deemed disposal of associates	**1,450**	644
Fair value gain on acquisition of associate	**-**	4,233
Recognition of deferred tax assets	**-**	6,150
Impairment reversal on equity accounted associates	**72,947**	45,331
Impairment (expense) on long term equity investments	**(16,170)**	(5,747)
Impairment (expense) on oil producing and exploration assets	**(21,949)**	(1,823)
Impairment (expense) on goodwill	**(2,480)**	-
Impairment (expense) on non-current assets – coals to liquids facility	**(10,638)**	-
Impairment (expense) on non-current assets – copper assets	**(58,114)**	(4,787)
Impairment (expense) on other assets	**(6,632)**	(5,171)
Share of significant (expenses) from associate entities	**(17,435)**	(36,271)
Deferred tax (expense) recognised on equity accounted associate entities	**(13,902)**	(17,074)
Restructuring costs	**(1,217)**	(1,165)
Consulting and legal costs	**(227)**	(885)
Other	**(1,162)**	(3,943)
Total non-regular (losses)/profits after tax attributable to members	**(73,119)**	8,524
Profit after tax attributable to members	**83,330**	131,729

NOTE 3. SEGMENT INFORMATION (continued)

a) Reporting segments	Investing activities $'000	Energy $'000	Copper and gold operations $'000	Corporate advisory $'000	Property $'000	Intersegment /unallocated $'000	Consolidated $'000
Year ended 31 July 2015							
Revenue from external customers	**108,679**	**465,420**	**51,636**	**1,949**	**2,290**	**11,630**	**641,604**
Intersegment revenue	37,758	-	-	6,152	2,100	(46,010)	-
Total revenue	**146,437**	**465,420**	**51,636**	**8,101**	**4,390**	**(34,380)**	**641,604**
Regular profit/(loss) before income tax	**203,334**	**31,546**	**(9,967)**	**4,866**	**9,251**	**(41,897)**	**197,133**
Non-regular items before tax (note 3b)	29,913	(79,880)	(88,563)	-	-	-	(138,530)
Profit/(loss) before income tax	**233,247**	**(48,334)**	**(98,530)**	**4,866**	**9,251**	**(41,897)**	**58,603**
Less income tax benefit/(expense)	(28,773)	14,898	24,884	(296)	(831)	7,069	16,951
Profit/(loss) after tax	**204,474**	**(33,436)**	**(73,646)**	**4,570**	**8,420**	**(34,828)**	**75,554**
Less loss/(profit) attributable to non-controlling interests	(4,687)	13,493	-	-	(1,030)	-	7,776
Profit/(loss) after tax attributable to members	**199,787**	**(19,943)**	**(73,646)**	**4,570**	**7,390**	**(34,828)**	**83,330**
Profit/(loss) after tax attributable to members (as above)	**199,787**	**(19,943)**	**(73,646)**	**4,570**	**7,390**	**(34,828)**	**83,330**
Non-regular loss/(profit) after tax attributable to members (note 3b)	(25,604)	35,066	63,657	-	-	-	73,119
Regular profit/(loss) after tax attributable to members	**174,183**	**15,123**	**(9,989)**	**4,570**	**7,390**	**(34,828)**	**156,449**
Profit/(loss) before income tax includes the following items:							
Interest revenue	**43,803**	**230**	**11**	**163**	**109**	**-**	**44,316**
Interest (expense)	**(1,595)**	**(1)**	**(825)**	**-**	**(642)**	**-**	**(3,063)**
Depreciation and amortisation (expense)	**(2,267)**	**(61,181)**	**(19,181)**	**(16)**	**(104)**	**-**	**(82,749)**
Impairment (expense)/reversal	**42,189**	**(79,880)**	**(86,110)**	**-**	**-**	**-**	**(123,801)**
Share of results from equity accounted associates	**90,122**	**-**	**(249)**	**-**	**3,156**	**2,050**	**95,079**

NOTE 3. SEGMENT INFORMATION (continued)

a) Reporting segments	Investing activities $'000	Energy $'000	Copper and gold operations $'000	Corporate advisory $'000	Property $'000	Intersegment /unallocated $'000	Consolidated $'000
Year ended 31 July 2014							
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/(loss) 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/(loss) 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/(loss) 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/(loss) after tax attributable to members	176,596	8,472	(42,683)	2,165	13,325	(26,146)	131,729
Profit/(loss) 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/(loss) after tax attributable to members	154,707	10,294	(31,140)	2,165	13,325	(26,146)	123,205
Profit/(loss) 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 reversal/(expense)	32,183	(4,365)	(6,444)	-	-	-	21,374
Share of results from equity accounted associates	55,781	-	(140)	-	2,427	(2,050)	56,018

NOTE 3. SEGMENT INFORMATION (continued)

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

				Attributable to:	
Year ended 31 July 2015	**Before tax $'000**	**Tax $'000**	**After tax $'000**	**Non-controlling interest $'000**	**Members $'000**
Gain on disposal of equity investments	**3,408**	**(534)**	**2,874**	**464**	**2,410**
Gain on deemed disposal of associates	**2,076**	**(626)**	**1,450**	**-**	**1,450**
Impairment reversal on equity accounted associate	**72,947**	**-**	**72,947**	**-**	**72,947**
Impairment (expense) of assets	**(196,748)**	**49,960**	**(146,788)**	**(30,805)**	**(115,983)**
Share of significant (expenses) from associate entities	**(17,435)**	**-**	**(17,435)**	**-**	**(17,435)**
Deferred tax recognised on equity accounted associate entities	**-**	**(13,902)**	**(13,902)**	**-**	**(13,902)**
Restructuring costs	**(1,291)**	**74**	**(1,217)**	**-**	**(1,217)**
Consulting and legal costs	**(325)**	**98**	**(227)**	**-**	**(227)**
Other	**(1,162)**	**-**	**(1,162)**	**-**	**(1,162)**
Total non-regular items – (loss)	**(138,530)**	**35,070**	**(103,460)**	**(30,341)**	**(73,119)**

Year ended 31 July 2014					
Gain on disposal of long term equity investments	38,518	(2,898)	35,620	6,741	28,879
Gain on disposal 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 reversal/(expense)	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

Group Structure and Performance

NOTE 4. ACCOUNTING MOVEMENTS IN VALUE THAT ARE NOT REFLECTED IN PROFIT: RESERVES

Accounting policies - Reserves

Reserves represent the portion of the consolidated entity's reserves that are attributable to our shareholders. Certain changes in values of assets and liabilities are not recognised in the income statement but are instead included in other comprehensive income.

The Group's share of movements in the reserves of equity accounted associates are also included within the reserves.

Asset Revaluation reserve

Changes in the fair value of certain assets including long term equity investments are not recognised in the income statement but instead are recognised in other comprehensive income and accumulated in the asset revaluation reserve within equity. Amounts are reclassified to the profit or loss when the investment is sold or impaired. Refer note 9.

Hedge Reserve

The hedge reserve records the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges, as described in note 20. The gain or loss relating to the ineffective portion is recognised in the income statement.

	2015 $'000	2014 $'000
a) Reserves		
General reserve	**404,548**	404,548
Asset revaluation reserve	**271,242**	264,747
Capital profits reserve	**11,368**	11,368
Hedge reserve	**(9,735)**	(1,877)
Share-based payments reserve	**709**	525
Foreign currency translation reserve	**90**	(537)
Treasury share reserve	**(327)**	(327)
Equity reserve	**(16,616)**	(13,023)
Balance 31 July	**661,279**	665,424

b) Major movements in reserves consist of:

Asset revaluation reserve

Balance 1 August	**264,747**	210,361
Revaluation of long term equity investments, gross	**(5,933)**	73,221
Revaluation of long term equity investments, deferred tax	**(60)**	(19,414)
Transfer on sale of long term equity investments to profit, gross	**(4,691)**	(15,994)
Transfer on sale of long term equity investments to profit, deferred tax	**1,205**	1,767
Transfer on impairment of long term equity investments to profit, gross	**8,138**	7,810
Transfer on impairment of long term equity investments to profit, deferred tax	**(2,444)**	(2,427)
Share of associates increments	**10,280**	9,423
Balance 31 July	**271,242**	264,747

At balance date, the asset revaluation reserve is predominantly related to the unrealised gains and losses of Washington H. Soul Pattinson and Company Limited's long term equity investments.

Group Structure and Performance

NOTE 4. ACCOUNTING MOVEMENTS IN VALUE THAT ARE NOT REFLECTED IN PROFIT: RESERVES (continued)

	2015 $'000	2014 $'000
Hedge reserve		
Balance 1 August	**(1,877)**	(18,181)
Revaluation, gross	**(27,115)**	11,469
Revaluation, deferred tax	**8,638**	(3,701)
Transfer to profit, gross	**15,471**	11,898
Transfer to profit, deferred tax	**(4,599)**	(3,570)
Share of associates (decrements)/increments	**(253)**	208
Balance 31 July	**(9,735)**	(1,877)

The hedge reserve predominantly relates to New Hope Corporation Limited's derivative financial instruments which are used to hedge exposures to foreign currency exchange rates. Refer to note 20 for further details.

c) Nature and purpose of other reserves

General reserve

The general reserve records funds set aside for future requirements of the Group and relate to Washington H. Soul Pattinson and Company Limited (the Parent company).

Capital profits reserve

This reserve represents amounts allocated from retained profits that were profits of a capital nature.

Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options issued to employees but not yet 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.

Notes to the financial statements (continued) For the year ended 31 July 2015

Group Structure and Performance

NOTE 5. SHARE CAPITAL AND CAPITAL MANAGEMENT

Accounting policy - 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.

	Group and Parent company		Group and Parent company	
	2015	**2015**	2014	2014
	No of shares	**$'000**	No of shares	$'000
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.

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 41.

At 31 July 2015, the Parent entity has no external borrowings from financial institutions and is not subject to any externally imposed capital requirements. The Parent entity has accepted deposits from Directors and their related parties totalling $47.326 million (2014: $44.796 million) refer to note 21.

In the prior year, non-recourse debt of $45.303 million was used to finance investment properties held within 100% controlled entities. In November 2014, these investment properties were sold for a total consideration of $153 million and the non-recourse debt repaid.

The Board also monitors the level of dividends ensuring that ordinary dividends are paid from the Parent company's regular operating cash flows, refer to note 1.

Group Structure and Performance

NOTE 6. 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:

New Hope Corporation Limited reaches agreement to acquire 40% interest in Bengalla Coal Mine

On 30 September 2015 New Hope Corporation Limited announced that it had reached agreement to purchase a 40% interest in the Bengalla thermal coal mine in the Hunter Valley in New South Wales for $865 million from a subsidiary of Rio Tinto Limited. Completion of the acquisition is subject to certain conditions precedent including: the remaining participants in the mine not exercising their pre-emptive rights under the joint venture agreement; and a corporate restructure by Rio Tinto Limited.

If none of the remaining participants in the Bengalla joint venture exercise their pre-emptive rights, and all conditions precedent are satisfied or waived, the parties expect completion of the purchase will take place in the first quarter of 2016.

TPG Telecom Limited acquisition of iiNet Limited

On 7 September 2015 TPG Telecom Limited completed its acquisition of iiNet Limited by acquiring all of the share capital in iiNet Limited that it did not already own.

TPG Telecom Limited and Vodafone Hutchison Australia sign transmission and wholesale agreements

On 30 September 2015 TPG and Vodafone announced that they had signed transmission and wholesale agreements with a combined value exceeding $1 billion.

Notes to the financial statements (continued) For the year ended 31 July 2015

Accounting for Our Investments

The Group invests in equities (subsidiaries, associated entities, and other equity investments), investment properties, term deposits and cash. This section describes how each of these investments are recognised and measured in the consolidated financial statements.

NOTE 7. INVESTMENTS IN CONTROLLED ENTITIES (Subsidiaries)

Accounting policy – Investments in controlled entities

Investments in controlled entities such as New Hope Corporation Limited, the Australian Logistics Property Fund and CopperChem Limited (refer to segment information in note 3 for the corporate structure) are not recognised as individual investments in the consolidated financial statements. The assets and liabilities of each controlled entity are instead recognised in the statement of financial position. Dividends from controlled entities are not recognised in the consolidated income statement, instead the results from each controlled entity are included in profit and loss.

NOTE 8. INVESTMENTS IN ASSOCIATES

Accounting policy – Investments in associates

Associates are equity accounted, with the initial investment being increased/(decreased) by the Group's share of the associate's profits/(losses) as recognised in the income statement, movements in their reserves (other comprehensive income) and decreased by dividends received. Dividends from associates are not recognised in the consolidated income statement.

As the accounting policy for Investments in associates is considered key to understanding the Group's results and financial position, the detailed accounting policy is set out in the basis of preparation at the beginning of this financial report.

	2015 $'000	2014 $'000
Equity accounted associates	**1,088,592**	944,726

The equity accounted carrying amount of an associate does not reflect the fair value of the Group's investment in the associate. Details of the fair value of investments in listed associates are provided in note 8b.

a) Movements in equity accounted carrying values

	2015 $'000	2014 $'000
Carrying amount at 1 August	**944,726**	813,648
New investments during the period	**13,059**	36,603
Reclassification of unlisted investment to equity accounted associate	**-**	11,567
Fair value gain on acquisition of an equity accounted associates	**-**	6,048
Gain on deemed disposal of equity accounted associates	**2,076**	994
Share of profits after income tax, before write downs	**95,079**	56,018
Impairment reversal of equity accounted associate	**72,947**	45,331
Dividends received/receivable	**(69,339)**	(58,213)
Add back share of dividends received by associate	**22,178**	21,331
Share of associates increment in reserves	**7,866**	12,042
Disposal of equity accounted associates	**-**	(643)
Equity accounted carrying amount at 31 July	**1,088,592**	944,726

Notes to the financial statements (continued) For the year ended 31 July 2015

Accounting for Our Investments

NOTE 8. INVESTMENTS IN ASSOCIATES (continued)

b) Details of investments and results in associates

Name of associated entity	Balance date	Group's percentage of holding at balance date*		Contribution to Group net profit for the year **						Fair value of listed investments***	
		July 2015	July 2014	**2015**			2014			**July 2015**	July 2014
				Regular	**Non-Regular#**	**Total**	Regular	Non-regular#	Total		
		%	%	**$'000**	**$'000**	**$'000**	$'000	$'000	$'000	**$'000**	$'000
Associates – held by WHSP											
Apex Healthcare Berhad *Pharmaceutical manufacturer and distributor*	**31 Dec**	**30.3**	30.3	**3,381**	**-**	**3,381**	3,144	-	3,144	**55,364**	46,201
Australian Pharmaceutical Industries Limited *Pharmaceutical wholesaler*	**31 Aug**	**24.6**	24.6	**9,186**	**2,118**	**11,304**	7,390	(32,265)	(24,875)	**191,142**	72,129
BKI Investment Company Limited *(iii)* *Listed investment company*	**30 June**	**11.1**	11.8	**4,777**	**-**	**4,777**	4,491	-	4,491	**108,371**	104,974
Brickworks Limited *(iii)* *Manufacturer of clay products*	**31 July**	**44.2**	44.3	**29,089**	**(9,558)**	**19,531**	25,241	(1,980)	23,261	**978,113**	938,725
Clover Corporation Limited *Refinement and processing of natural oil*	**31 July**	**28.6**	28.6	**3**	**-**	**3**	276	-	276	**8,017**	19,808
Ruralco Holdings Limited *(iii)* *Rural supplies and services*	**30 Sept**	**20.3**	20.6	**3,735**	**(473)**	**3,262**	2,800	(1,469)	1,331	**60,921**	54,860
TPG Telecom Limited *Telecommunications and internet provider*	**31 July**	**26.9**	26.9	**60,245**	**-**	**60,245**	46,153	-	46,153	**2,029,441**	1,179,972
TPI Enterprises Limited *Manufacturer of narcotic concentrate from poppy straw*	**31 Dec**	**19.4**	19.4	**(2,585)**	**(1,779)**	**(4,364)**	-	-	-	**n/a**	n/a
Associates – held by controlled entities											
Ampcontrol Pty Limited *(ii)* *Supplier of electrical and electronic products*	**30 June**	**43.3**	43.3	**(751)**	**(7,743)**	**(8,494)**	2,022	(734)	1,288	**n/a**	n/a
Belaroma Coffee Company Pty Ltd *Coffee roaster and distributor*	**30 June**	**40.0**	40.0	**615**	**-**	**615**	563	-	563	**n/a**	n/a
Heritage Brands Limited *(ii)* *Distributor of hair care and skin care products*	**30 June**	**25.1**	25.1	**293**	**-**	**293**	7	-	7	**n/a**	n/a
Specialist Oncology Property Pty Limited *(iii)* *Specialist medical services*	**30 June**	**24.7**	25.5	**228**	**-**	**228**	230	-	230	**n/a**	n/a
Supercorp Pty Limited *Financial services administration*	**30 June**	**29.4**	29.4	**(659)**	**-**	**(659)**	(87)	-	(87)	**n/a**	n/a
Syndicated Metals Limited *(i)* *Explorator/developer of copper-gold deposits*	**30 June**	**30.9**	18.9	**(249)**	**-**	**(249)**	(141)	-	(141)	**2,659**	2,495
Xact Property Solutions Pty Limited *Property management services*	**30 June**	**33.8**	33.8	**5,206**	**-**	**5,206**	377	-	377	**n/a**	n/a
Share of results from equity accounted associates before impairment reversal				**112,514**	**(17,435)**	**95,079**	92,466	(36,448)	56,018		
Impairment reversal of investment in associates *(refer note 3b and key estimate and judgements)*											
- Australian Pharmaceutical Industries Limited				**-**	**72,947**	**72,947**	-	44,373	44,373		
- Other equity accounted associate				**-**	**-**	**-**	-	958	958		
Total impairment reversal of investment in associates				**-**	**72,947**	**72,947**	-	45,331	45,331		
Share of results and impairment reversal from equity accounted associates				**112,514**	**55,512**	**168,026**	92,466	8,883	101,349		

* The percentage holding represents the Group's total holding in each Associate.

** Contribution to Group net profit represents the amount included in profit after tax before non-controlling interest. As the Group does not control associates, an associates' balance date may not be the same as the Group's balance date. An associate's contribution to Group profit is based on the annual result reported for each associate, adjusted for any change in the Group's holding of that associate.

*** Fair value of listed investments represents the last sale price of listed associates at balance date. These investments are subject to capital gains tax and other transaction costs.

\# Non-regular items defined in note 3. All associates are incorporated in Australia except for Apex Healthcare Berhad (incorporated in Malaysia).

Accounting for Our Investments

NOTE 8. INVESTMENTS IN ASSOCIATES (continued)

b) Details of investments and results in associates (continued)

(i) *Syndicated Metals Limited holding increase to 30.9% (up from 18.9%)*

During the year, Syndicated Metals Limited completed a non-renounceable entitlement offer. Pitt Capital Partners Limited, a controlled entity of Washington H. Soul Pattinson and Company Limited were the underwriters of this offer.

CopperChem Limited, a controlled entity of Washington H. Soul Pattinson and Company Limited participated in the offer and Pitt Capital Partners Limited took up the short fall from the entitlement offer, resulting in the Group's holding in Syndicated Metals Limited to increase from 18.9% to 30.9%.

(ii) The following associates issued shares by way of a capital raising:

- Ampcontrol Pty Limited; and
- Heritage Brands Limited.

Washington H. Soul Pattinson and Company Limited participated in the issue of shares, accordingly there has been a change in the Group's holding in each of these investments.

(iii) The following associates issued shares by way of a dividend reinvestment plan, employee share scheme or capital raising:

- BKI Investment Company Limited;
- Brickworks Limited;
- Ruralco Holdings Limited; and
- Specialist Oncology Property Pty Limited.

Washington H. Soul Pattinson and Company Limited did not participate in the above share issues. As a result there has been a change in the Group's holding in each of these investments.

Key estimate and judgements

Fair value – Reversal of previously recognised impairment

The recoverable amount of investments in equity accounted associates is reviewed at each reporting date after taking into consideration any applicable impairment indicators. Judgement was used when reversing the impairment previously recognised on Australian Pharmaceutical Industries Limited. During the year ended 31 July 2015, $72.947 million (2014: $44.373 million) of previously recognised impairment has been reversed increasing the equity accounted carrying value to $152.316 million or $1.27 per share. At 31 July 2015, the last sale price of Australian Pharmaceutical Industries Limited was $1.59 per share. The previous impairment recognised on Australian Pharmaceutical Industries Limited has now been reversed in full.

	2015 $'000	2014 $'000
c) Groups share of associates' expenditure commitments		
Capital commitments	**56,962**	20,428
Lease commitments	**155,695**	149,741
d) Group's share of associates' contingent liabilities		
Share of contingent liabilities incurred jointly with other investors of the associate	**15,141**	17,768

Notes to the financial statements (continued) For the year ended 31 July 2015

Accounting for Our Investments

NOTE 8. INVESTMENTS IN ASSOCIATES (continued)

	2015 $'000	2014 $'000
e) Summarised Group's share of associates financial information		
Assets	**2,258,532**	2,202,945
Liabilities	**(830,422)**	(841,822)
Net assets	**1,428,110**	1,361,123
Revenue	**1,983,496**	1,809,441
Profit before income tax	**136,051**	89,285
Income tax expense	**(40,972)**	(33,267)
Profit after income tax	**95,079**	56,018

f) Extract of financial information as reported by associates that are material to the Group

The information disclosed reflects the total amounts reported in the financial statements of Brickworks Limited and TPG Telecom Limited amended to reflect adjustments made by the Group in applying the equity method.

	Brickworks Limited		**TPG Telecom Limited**	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Current assets	**316,851**	317,364	**253,900**	221,459
Non-current assets	**1,055,363**	994,223	**1,399,900**	1,287,835
Current liabilities	**(183,480)**	(157,545)	**(258,100)**	(257,840)
Non-current liabilities	**(333,864)**	(332,488)	**(392,500)**	(419,032)
Net assets	**854,870**	821,554	**1,003,200**	832,422
Group's percentage holding	**44.23%**	44.34%	**26.88%**	26.88%
Group's share of total net assets	**378,109**	364,277	**269,660**	223,755
Goodwill	**15,085**	14,139	**1,140**	1,119
Equity accounted carrying value	**393,194**	378,416	**270,800**	224,874
Fair value (note 8b)	**978,113**	938,725	**2,029,441**	1,179,972
Revenue	**723,611**	670,268	**1,270,600**	970,920
Profit after tax from continuing operations	**78,090**	102,755	**224,100**	171,679
Other comprehensive income	**(1,732)**	20,866	**31,900**	12,573
Total comprehensive income	**76,358**	123,621	**256,000**	184,252
Dividends received by Washington H. Soul Pattinson Company Limited from the associate	**28,227**	26,915	**21,874**	18,139

Refer to note 8b) for associates profit contributions to the Group.

Accounting for Our Investments

NOTE 9. OTHER EQUITY INVESTMENTS

Accounting policies - other equity investments (excluding controlled entities and associates)

Recognition

Purchases of equity investments are recognised on trade date being the date on which the Group commits to purchase the asset.

Classification

The Group classifies its equity investments into the following categories: long term equity investments, trading equities and held for sale equities. The classification depends on the purpose for which the investments are acquired. Management determines the classification of its investments at initial recognition.

Trading equities

Trading equities are initially recognised at fair value and any transaction costs are immediately expensed. The portfolio consists of equities that are principally held for the purpose of selling in the short to medium term. Trading equities are included in current assets.

Held for sale equities

Where there is an intention to sell a long term equity investment, these financial assets have been reclassified from non-current to current assets and are disclosed as held for sale equities. Held for sale equities are 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 write-down of the asset to fair value less cost to sell. A gain is recognised for any subsequent increase 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.

Long term equity investments

Long term equity investments are initially recognised at fair value plus any transaction costs. These investments are intended to be held for the long term for capital growth and dividend income. These investments are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date at which time they are transferred to held for sale equities.

Subsequent measurement

At each balance date, trading equities and long term equity investments are remeasured to fair value. Gains or losses arising from changes in the fair value of trading equities are recognised 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 after allowing for deferred capital gains tax. All long term equities are subject to capital gains tax.

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 unless the asset has previously been revalued through the asset revaluation reserve, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised in the income statement. An impairment recognised for a long term equity investment is prohibited from being reversed through profit and loss. Any future increments in the fair value of these investments will be recognised as a fair value increment in the asset revaluation reserve.

Dividend income

Dividend income is recognised as revenue when the right to receive the dividend is established, and is generally the ex-date.

Derecognition

Equity investments are derecognised when the rights to receive cash flows from the equity investments 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.

Accounting for Our Investments

NOTE 9. OTHER EQUITY INVESTMENTS (continued)

	2015 $'000	2014 $'000
CURRENT ASSETS		
Trading equities - Listed	**12,956**	11,992
Trading equities - Unlisted	**8,344**	2,703
Total Trading equities	**21,300**	14,695
Held for sale equities - Listed	**-**	27,183
NON-CURRENT ASSETS		
Long term equity investments - Listed	**615,642**	562,205
Long term equity investments - Unlisted	**3**	3
Total long term equity investments	**615,645**	562,208
Other financial assets - unlisted equity investments	**5,425**	7,659

Information regarding the Group's exposure to price risk is set out in note 18 and fair value classification is set out in note 19.

The fair value of listed investments is based on quoted market prices being the last sale price, at the reporting date. Listed equities are traded in an active market, with the majority of the Group's investments being publicly traded on the Australian Securities Exchange.

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

Long term equity investments - Listed

At 31 July 2015, Washington H. Soul Pattinson and Company Limited (the Parent company) held $608.030 million (2014: $560.324 million) of long term equity investments.

Listed and unlisted trading equities

Represents equities held by the Washington H. Soul Pattinson and Company Limited (the Parent company).

Held for sale equities

In the prior year, the held for sale equities related to Dart Energy Limited which had been reclassified from long term equity investments. This investment was held by New Hope Corporation Limited and was disposed of in the current year.

Key estimate and judgements

Impairment of financial assets

In the 2015 financial statements, the Group made significant judgements about the impairment of a number of its long term equity investments.

Where there was a decrease in the share price below the cost of a long term equity investment, judgement was made as to whether the decrease was 'significant and prolonged', and if so the investment was considered to be impaired.

Accounting for Our Investments

NOTE 10. INVESTMENT PROPERTIES

Accounting policy – 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. Other costs capitalised into the carrying value of investment properties include development, construction, redevelopment, refurbishment (other than repairs and maintenance) and interest (until the property is ready for its intended use).

Investment properties are subsequently stated at fair value. Changes in fair value are recognised as gains or losses in the Income Statement as part of 'Other income'.

Valuations are obtained periodically, and at least every three years, from independent Registered Property Valuers who hold recognised and relevant qualifications and have recent valuation experience in the location and categories of each property held.

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

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 rental income. Rental income is recognised on a straight line basis within Revenue.

On disposal of an investment property, a gain or loss is recognised in the income statement in the year of disposal. It is calculated as the difference between the carrying amount of the asset at the date of disposal and the net proceeds received.

	2015	2014
	$'000	$'000
NON-CURRENT ASSETS		
Investment properties		
Industrial property - completed	**20,720**	88,821
Properties under development	**-**	50,600
	20,720	139,421
Reconciliation		
Opening net book amount	**139,421**	50,223
Acquisitions	**-**	20,771
Capitalised costs	**26,844**	47,794
Movement in tenant incentives, contracted rent uplift balances and leasing fee asset	**1,649**	3,852
Fair value gains recognised through the Income statement	**-**	16,781
Disposal of investment properties	**(147,194)**	-
Closing net book amount	**20,720**	139,421

In November 2014, the Australian Logistics Property Fund, a 100% controlled entity, sold two distribution warehouses for consideration of $153 million. In the current year, a pre tax gain on disposal (after applicable disposal costs) of $4.991 million has been recognised. In the prior year a $16.781 million fair value gain was recognised for these properties. In addition, an equity accounted associate earned management and development fees of $4.189 million from these projects. The cumulative pre-tax gain on these properties attributable to members amounted to $25.961 million (recognised over the 2014 and 2015 years).

Accounting for Our Investments

NOTE 10. INVESTMENT PROPERTIES (continued)

a) Measuring investment properties at fair value

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.

Castle Hill industrial property

For the year ended 31 July 2015, the Industrial Property represents land and buildings (including 15,000 square metres of warehouse and 5,000 square metres of office space) located in the Castle Hill industrial zone. This property was purchased in April 2014. In August 2014, this area was announced as an Urban Activation Precinct (now known as Priority Precinct) by the New South Wales Department of Planning. The Group is continuing to investigate the potential rezoning of this property and the Directors have therefore determined that at balance date, there had been no material change in its fair value and hence continue to carry the property at its cost of $20.720 million.

Distribution warehouses

The distribution warehouses were sold in November 2014 for $153 million.

For the year ended 31 July 2014, the combined fair value of the distribution warehouses was $118.701 million after allowing for $15.116 million in costs required to complete the project.

Fair value was determined by using the capitalisation method, capitalising net rental income in perpetuity. Capitalisation rates between 7.00% and 7.50% used and were determined based on industry experience and knowledge and where possible, a direct comparison to third party rates for similar assets in comparable locations. Rental revenue from current leases and assumptions about future leases, as well as any expected operational cash outflows in relation to the property, were reflected in fair value.

The fair value of the completed warehouse was $68.101 million. The fair value of the warehouse under development was $50.600 million and was based on the market value of the property on the assumption it had already been completed at the valuation date less costs to complete of $15.116 million, including an appropriate adjustment for profit and risk.

The fair value hierarchy, as discussed in note 19 to this report, provides an indication about the reliability of the 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 (capitalisation rates and costs to complete) used in the valuation methodology.

b) Non-current assets pledged as security

In the prior year ending 31 July 2014, $118.650 million of the Group's investment property was pledged as security.

Refer to note 21 for information on non-current assets pledged as security by the Group.

c) Leasing arrangements

In the prior year, the industrial property was leased to a tenant under a long term operating lease with rentals payable monthly. Minimum lease payments (rental income) from this property but not recognised as a receivable in the financial statements, totaled $81.183 million (comprising $2.880 million receivable within one year, $25.423 million receivable between one and five years, and $52.880 million receivable later than five years). The Group's right to receive this future income was terminated on the date of sale of this property.

Accounting for Our Investments

NOTE 11. CURRENT ASSETS – TERM DEPOSITS

Accounting policy – 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

A term deposit is recognised on the date when the cash funds are deposited with the bank. The term deposit is derecognised on the term maturity date of the deposit.

Subsequent measurement

Term deposits are carried at amortised cost using the effective interest method.

	2015	2014
	$'000	$'000
Term deposits	**1,217,011**	1,272,912

Term deposits are held to their maturity of less than one year and carry a weighted average interest rate of 2.77% per annum (2014: 3.44%).

Term deposits in the statement of financial position at reporting date include term deposits held by the Parent company and its controlled entities.

At 31 July 2015, New Hope Corporation, a controlled entity of Washington H. Soul Pattinson and Company Limited held $1.040.480 million (2014: $1.067.241 million) of the consolidated balance.

Notes to the financial statements (continued) For the year ended 31 July 2015

Accounting for Our Investments

NOTE 12. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

Accounting policy – cash and cash equivalents

Cash and cash equivalents includes cash on hand, cash at bank, and deposits held with financial institutions for which there is a short-term identified use in the operating cash flows of the Group. Bank overdrafts, should they occur, are shown within borrowings in current liabilities in the statement of financial position.

	2015 $'000	2014 $'000
Cash at bank and on deposit	**59,424**	64,933

Cash at bank and on deposit attracts interest at rates between 0% and 2.93% per annum (2014: 0% and 2.65%).

Cash at bank in the statement of financial position at reporting date includes cash held by the Parent company and its controlled entities. At 31 July 2015, New Hope Corporation Limited, a controlled entity of Washington H. Soul Pattinson and Company Limited held $24.789 million (2014: $57.015 million) of the consolidated balance.

Reconciliation of profit after income tax to net cash inflow from operating activities	**2015 $'000**	2014 $'000
Profit after tax for the year	**75,554**	155,588
Adjustments for non-cash items:		
Depreciation and amortisation	**82,749**	77,095
Impairment charges/(reversals)	**123,801**	(21,374)
Net (gain) on disposal of long term equity investments	**(5,543)**	(38,518)
Fair value loss/(gain) on revaluation of trading equities	**6,018**	(1,280)
Loss on disposal of unlisted investments	**2,135**	-
Net (gain) on sale of held for sale assets	**(1,151)**	-
Net (gain) on disposal of investment properties	**(4,991)**	-
Fair value (gain) on revaluation of investment properties	**-**	(16,781)
Revaluation of interest rate swap	**2,112**	-
Share of (profits)/losses of associates not received as dividends or distributions	**(27,815)**	146
Net foreign exchange (gain)/losses	**(2,881)**	1,157
Fair value (gain) on acquisition of equity accounted entity	**-**	(6,048)
(Gain) on sale and deemed disposal of associates	**(2,076)**	(1,251)
Other non-cash items	**(331)**	600
Changes in operating assets and liabilities, net of effects from purchase and sales of business		
Decrease/(increase) in trade debtors, other debtors and prepayments	**19,832**	(3,400)
Decrease in inventory	**89**	7,276
(Decrease)/increase in trade creditors and accruals	**(21,350)**	14,318
Increase in employee entitlements, other liabilities and provisions	**2,627**	4,770
Decrease in current tax asset	**3,693**	708
Increase/(decrease) in current tax payable	**4,842**	(18,863)
(Decrease)/increase in deferred tax liability	**(12,798)**	36,733
(Increase) in deferred tax asset	**(21,826)**	(15,287)
Net cash inflow from operating activities	**222,690**	175,589

Revenue and Expenses

NOTE 13. REVENUE

Accounting policy - revenue

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.

- Coal sales revenue is recognised at the time the risks and benefits of ownership have been transferred to the customer in accordance with the sale terms. For export sales this is normally at the time of loading the shipment, and for domestic sales this is generally at the time the coal is delivered to the customer.
- 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, including consulting and management fee income, is recognised as the services are performed.
- 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. As earnings from controlled entities and associates are included in consolidated profit, dividends from controlled entities and associates are not included in consolidated revenue.
- Rental income is recognised on a straight-line basis over the lease term.

	2015	2014
	$'000	$'000
From continuing operating activities		
Sales revenue		
Sale of goods	**537,583**	547,488
Services	**25,192**	27,835
Total Sales revenue	**562,775**	575,323
Other revenue		
Dividends received		
- Other corporations	**25,491**	23,976
Interest received		
- Other corporations	**44,316**	50,489
Rental income	**2,695**	4,270
Other	**6,327**	4,058
Total other revenue	**78,829**	82,793
Total revenue	**641,604**	658,116

Revenue Composition

Significant portion of Group sales revenue is derived from New Hope Corporation Limited $441.009 million (2014: $478.138 million) through the sale of:

- Coal, both internationally and domestically; and
- Oil and gas, domestically.

Sales revenue also includes the sale of:

- Pharmaceutical products sold through Washington H. Soul Pattinson and Company Limited's Pitt Street chemist;
- Copper concentrate and copper sulphate sold domestically and internationally through CopperChem Limited;
- Gold, domestically through Exco Resources Limited; and
- Sales of Pipe and film, domestically through Cromford Pty Limited.

Notes to the financial statements (continued) For the year ended 31 July 2015

Revenue and Expenses

NOTE 14. OTHER INCOME

Accounting policies – other income

Other income represents gains or losses made on:

- changes in fair value for certain assets including trading equities, unlisted investments, investment property and where a previously held equity investment becomes an equity accounted associate.
- the sale of an asset including the sale of equity investments, investment property and equity accounted associates. With the exception of the long term equity investments, the gain or (loss) is calculated as the difference between the proceeds received and the carrying value of the asset. For the sale of long term equity investments, whilst the gain is calculated in the same manner, it also includes any fair value changes that have previously been recognised in equity (through reserves). As these amounts have not previously been recognised in the profit and loss, they are included in the gain when the long term equity investment is sold.
- deemed disposals of equity accounted associates. This occurs when the Group's percentage holding in an associate decreases but there has not been a loss of significant influence. The Group continues to equity account the associate.

	2015 $'000	2014 $'000
Gain on sale of investment properties	**4,991**	-
Fair value gain on revaluation of investment properties	**-**	16,781
Gain on deemed disposal of equity accounted associates	**2,076**	994
(Loss)/gain on trading equities fair valued through profit and loss	**(6,018)**	1,280
Gain on disposal of long term equity investments	**5,543**	38,518
Gain on disposal of equity accounted associate	**-**	257
Fair value gain on acquisition of equity accounted associate	**-**	6,048
(Loss) on disposal of unlisted investment	**(2,135)**	-
Other items	**47**	92
Total other income	**4,504**	63,970

Revenue and Expenses

NOTE 15. EXPENSES

Accounting policies - expenses

Depreciation and amortisation

Depreciation and amortisation expenses are non-cash expenses and represent the allocation of the cost of certain fixed assets such as buildings, plant and equipment and mining reserves and development, over the time that the asset is expected to generated revenue for the Group.

Different depreciation rates apply to each asset and are included within the notes for each asset.

Impairment

Impairment charges are non-cash expenses and are recognised when the carrying value of an asset or group of assets is no longer recoverable either through the use or sale of the asset. Recoverable value assessment for each asset class is discussed within the notes for each asset.

Impairment losses are expensed to the income statement unless the asset has been previously revalued. Where the asset has been previously revalued, the reduction in value is recognised as a reversal to the extent of the previous revaluation, and any residual is recognised as an impairment expense.

An impairment expense recognised on goodwill or a long term equity investment is permanent and is prohibited from being reversed.

For all other assets, an assessment is made at each reporting date as to whether an impairment loss recognised in a prior period no longer exists or has decreased. If it is determined that the impairment is no longer required, the carrying value of the asset is increased and the previously recognised impairment expense is reversed in the income statement.

Employee benefits expense

Employee benefits expense includes the payment of salary and wages (including the value of non-cash benefits such as share-based payments), sick leave and accruals for annual leave and long service leave.

Finance costs

Finance costs are expensed when incurred, except for interest incurred on borrowings that relate to the construction of Investment properties. This interest was included in the cost of the properties.

Exploration costs expensed

Exploration costs that do not satisfy the criteria to be capitalised are expensed. Refer note 24 for discussion on the criteria.

Key Estimate

Recoverable value and impairment

The assessments of the recoverable value of non-current assets involves significant areas of estimation and judgement by management. Valuations have an element of uncertainty and therefore may not reflect the actual values of these assets in the future.

Notes to the financial statements (continued) For the year ended 31 July 2015

Revenue and Expenses

NOTE 15. EXPENSES (continued)

	Note	2015 $'000	2014 $'000
Profit before income tax expense includes the following specific expenses:			
Depreciation			
Buildings		**1,261**	1,183
Plant and equipment		**58,018**	60,178
Total depreciation		**59,279**	61,361
Amortisation			
Mining reserves and mine development		**18,805**	11,771
Intangible assets		**1,568**	1,767
Oil producing assets		**2,993**	1,988
Lease incentive and leasing fee assets		**104**	208
Total amortisation		**23,470**	15,734
Impairment (reversals)/charges			
Equity accounted associates *(i)*		**(72,947)**	(45,331)
Long term equity investments *(ii)*		**25,697**	8,210
Oil producing assets *(iii)*		**51,456**	4,365
Goodwill *(iii)*		**4,157**	-
Non-current assets - coal to liquids facility *(iv)*		**24,267**	-
Non-current assets – copper assets *(v)*		**83,021**	4,787
Other assets		**8,150**	6,595
Total impairment charges/(reversals)		**123,801**	(21,374)
Impairment is allocated to asset classes:			
Equity accounted associates	8	**(72,947)**	(45,331)
Long term equity investments		**25,697**	8,210
Other equity investments		**-**	4,938
Property, plant and equipment	23	**127,801**	5,687
Exploration and evaluation assets	24	**34,800**	3,465
Intangible assets - goodwill	25	**4,157**	-
Intangible assets – other	25	**1,018**	-
Other operating assets		**3,275**	1,657
Total impairment charges/(reversals)		**123,801**	(21,374)
Employee benefits expense *(vi)*		**107,823**	119,342
Finance costs *(vii)*		**3,063**	3,549
Rental expense relating to operating leases		**4,811**	5,115
Exploration costs expensed *(viii)*		**15,976**	18,227

Revenue and Expenses

NOTE 15. EXPENSES (continued)

i) Impairment reversal on equity accounted associates

In prior years, an impairment expense had been recognised for several equity accounted associates, including Australian Pharmaceutical Industries Limited (API). At the reporting date, API's share price (ASX code: API) was $1.59 per share which was above API's impaired carrying value. As the API share price was above the carrying value, it was determined that the recoverable value of API had increased and therefore the previously recognised impairment was to be reversed by $72.947 million (2014: $44.373 million). The previous impairment recognised on API has now been reversed in full.

ii) Impairment of long term equity investments

During the year ended 31 July 2015, there were significant and prolonged decreases in the share prices of listed equity investments held by the Group. Management has determined the recoverable value of these investments to be below their costs and have therefore recognised an impairment expense in respect of these investments. Impairments were recognised by WHSP ($8.139 million) and New Hope Corporation Limited ($17.558 million). The impairment loss after tax impacted the result attributable to members by $16.170 million.

iii) Impairment of goodwill and oil producing assets

During the year ended 31 July 2015, New Hope Corporation Limited determined that the significant decline in global oil prices and reduction in reserves estimates in the Cooper Basin assets, indicated the carrying value of goodwill arising on the Bridgeport Energy Limited acquisition and certain oil producing assets were impaired.

New Hope Corporation Limited classified its Cooper Basin assets as separate cash generating units (CGU) on a per field basis and has measured the recoverable amount of each CGU using the Fair value less cost of disposal method with all fair value measurements categorised as level 3 in the fair value hierarchy. The impairment loss of $55.613 million constitutes $4.157 million on goodwill and $51.456 million on Oil producing assets. The impairment loss after tax impacted the result attributable to members by $24.429 million.

iv) Impairment of non-current assets - coal to liquids facility

New Hope Corporation Limited has assessed the recoverable value of its coal to liquids proof of concept plant, and impaired these assets by $24.267 million. The impairment loss after tax impacted the result attributable to members by $10.638 million.

v) Impairment of non-current assets - copper assets

As a result of significant declines in the global copper price, the Group has determined that the carrying values of certain copper mining and exploration assets were no longer economically viable and therefore impaired. The recoverable value of copper assets have been assessed as one cash generating unit (CGU). The Group has measured the copper CGU on a value in use basis and has estimated future cash flows by making assumptions in respect of key variables including commodity prices, foreign exchange rates, operating costs, future development costs and economically recoverable resource tonnage. Copper prices and foreign exchange rates assumptions have been based on consensus market data. The copper assets recoverable value has been assessed at $91.800 million resulting in an impairment loss of $83.021 million recognised on these assets. The impairment has reduced the carrying value of property, plant equipment by $47.203 million (2014: $4.787 million), exploration and evaluation assets by $34.800 million (2014: $nil) and other intangible assets by $1.018 million (2014: $nil). The impairment loss after tax impacted the result attributable to members by $58.114 million.

vi) Employee benefits expense

Includes $86.573 million (2014: $93.571 million) relating to New Hope Corporation Limited.

vii) Finance costs

The Parent company incurred interest of $1.592 million on interest bearing deposits from Directors and their related parties. A 100% controlled entity, the Australian Logistics Property Fund incurred $0.642 million relating to the Investment properties (industrial warehouses). These properties were sold in November 2014.

viii) Exploration costs expensed

Includes exploration costs expensed, $15.976 million (2014: $18.195 million) relating to New Hope Corporation Limited.

Notes to the financial statements (continued) For the year ended 31 July 2015

Taxation

NOTE 16. INCOME TAX EXPENSE

Accounting policy – income tax expense

The income tax expense or benefit for the period represents the tax payable on the current period's taxable income based on the Australian corporate income tax rate (30%) 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 interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

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 under tax funding agreements, for funding their share of tax payments that are required to be made by the head entity in their tax consolidation group. These tax amounts are measured as if each entity in the tax consolidated groups continues to be a stand-alone tax payer in their own right.

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 differences 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.

	2015 $'000	2014 $'000
a) Income tax (benefit)/expense comprises:		
Current income tax (benefit)/expense		
Current year	**18,152**	7,882
Adjustments in respect of prior years	**(3,422)**	63
Deferred income tax (benefit)/expense		
- Relating to the origination and reversal of temporary differences	**(30,720)**	28,256
- Adjustments in respect of prior years	**-**	507
- Petroleum resource rent tax benefit	**(961)**	(7,317)
Income tax (benefit)/expense recognised in the income statement	**(16,951)**	29,391

Deferred income tax (benefit)/expense included in income tax expense comprises:

(Increase) in deferred tax assets	**(19,188)**	(15,287)
(Decrease)/increase in deferred tax liabilities	**(12,493)**	36,733
	(31,681)	21,446

Taxation

NOTE 16. INCOME TAX EXPENSE (continued)

	2015 $'000	2014 $'000
b) Reconciliation of prima facie tax expense to income tax (benefit)/expense:		
Profit before income tax	**58,603**	184,979
Tax at the Australian tax rate of 30% (2014: 30%)	**17,581**	55,494
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Sale of long term equity investments	**(345)**	(7,232)
Net impairment (reversal)	**(13,662)**	(11,608)
Franking credits received (excluding controlled and associate entities)	**(9,965)**	(9,428)
Deferred tax asset recognised on losses transferred into the Washington H. Soul Pattinson and Company Limited tax consolidated group	**-**	(3,090)
Deferred tax asset not recognised on current year net losses	**3,749**	6,612
Net effect of New Hope's Corporation Limited's Petroleum Resource Rent Tax benefit	**(673)**	(5,122)
Tax (benefit)/expense on carrying value of equity accounted associates	**(14,622)**	269
Other	**986**	3,496
Total income tax (benefit)/expense	**(16,951)**	29,391
The effective tax rates are as follows:	**(29%)**	16%

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

	2015 $'000	2014 $'000
(Charged)/credited to deferred tax assets	**(3,638)**	12,143
Credited to deferred tax liabilities	**695**	22,148
Net deferred tax – (credited)/charged directly to equity	**(2,943)**	34,291

d) Tax effect of impairments and tax losses

	2015 $'000	2014 $'000
Impairments and unused tax losses for which no deferred tax asset has been recognised	**237,732**	273,321
Potential tax benefit at 30%	**71,320**	81,996

Key Estimates:

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 in the income tax expense accounting policy. As such, the Group has recorded current and deferred tax assets and liabilities relating to PRRT at the prevailing PRRT rate at 31 July 2015 and 31 July 2014.

A subsidiary of the Group, New Hope Corporation Limited (New Hope), as head company of the 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 2015 and 31 July 2014. New Hope has accounted for its PRRT tax balances in accordance with the stand alone taxpayer method in alignment with the tax funding arrangements.

Taxation

NOTE 17. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Accounting policy – deferred tax assets and deferred tax liabilities

Deferred tax assets and liabilities are calculated on the differences (temporary differences) between the carrying amount of assets and liabilities as recognised in the consolidated financial statements and their tax cost base multiplied by the tax rate expected to apply when these assets are recovered or liabilities are settled. The current Australian corporate tax rate is 30%.

Deferred tax assets or liabilities are provided in full, using the liability method. 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.

	2015 $'000	2014 $'000
Deferred tax assets temporary differences attributed to:		
Amounts recognised in the income statement		
Provisions	**29,559**	26,955
Accrued expenses	**1,979**	2,306
Impairment losses	**29,286**	14,697
Capitalised exploration	**6,479**	-
Property, plant and equipment	**696**	-
Petroleum resource rent tax	**3,574**	2,614
Tax value of losses carried-forward	**48,674**	56,440
Other	**7,142**	5,071
	127,389	108,083
Amounts recognised directly in equity		
Cash flow hedges	**6,943**	242
Long term equity investments	**2,414**	5,595
Share issue costs	**10**	10
	9,367	5,847
Total deferred tax assets	**136,756**	113,930
Set-off of deferred tax liabilities pursuant to set-off provisions	**(77,447)**	(76,447)
Net deferred tax assets	**59,309**	37,483
Movements:		
Opening balance at 1 August	**113,930**	110,786
Credited to the income statement – operating profit (note 16a)	**19,188**	15,287
Credited/(charged) to equity (note 16c)	**3,638**	(12,143)
Closing balance at 31 July	**136,756**	113,930

Taxation

NOTE 17. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES (continued)

Key Estimate and judgement

Deferred tax assets

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.

	2015 $'000	2014 $'000
Deferred tax liabilities temporary differences attributed to:		
Amounts recognised in the income statement		
Property, plant and equipment	**14,591**	35,003
Mine reserves	**345**	65,276
Capitalised exploration	**90,013**	24,205
Inventories	**6,933**	7,185
Investments	**105,687**	96,048
Receivables	**440**	3,343
Other	**5,192**	4,632
	223,201	235,692
Amounts recognised directly in equity		
Long term equity investments	**90,684**	92,567
Property, plant and equipment	**7,160**	7,160
Other investments	**9,444**	6,868
	107,288	106,595
Total deferred tax liabilities	**330,489**	342,287
Set-off of deferred tax liabilities pursuant to set-off provisions	**(77,447)**	(76,447)
Net deferred tax liabilities	**253,042**	265,840
Movements:		
Opening balance 1 August	**342,287**	283,406
Charged to the income statement – operating profit (note 16a)	**(12,493)**	36,733
Charged to equity (note 16c)	**695**	22,148
Closing balance at 31 July	**330,489**	342,287

It is important to note, that the deferred tax liability as recognised above does not represent the total tax that would be incurred if all assets of the Group were to be disposed. This is predominantly due to subsidiaries and the associate entities not being carried at their market value in the consolidated financial statements. The market values of the listed investments together with the estimate of capital gains tax payable thereon is set out in note 1, Parent Company financial information.

Notes to the financial statements (continued) For the year ended 31 July 2015

Risk Management

NOTE 18. 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:	**2015 $'000**	2014 $'000
Financial assets		
Cash and cash equivalents	**59,424**	64,933
Term deposits	**1,217,011**	1,272,912
Loans and receivables	**79,278**	99,208
Trading equities	**21,300**	14,695
Held for sale equities	**-**	27,183
Derivative financial instruments	**-**	2,447
Long term equity investments	**615,645**	562,208
Other financial assets	**5,425**	7,659
Total financial assets	**1,998,083**	2,051,245
Financial liabilities		
Trade and other payables	**49,329**	74,679
Deposits accepted	**47,326**	44,796
Derivative financial instruments	**23,144**	4,943
Borrowings	**-**	45,303
Lease liabilities	**125**	155
Total financial liabilities	**119,924**	169,876

a) Market risk

i. Foreign exchange risk

Foreign exchange risk arises when in local currency terms that the value of a financial commitment or a recognised asset or liability, will fluctuate due to changes in foreign currency exchange rates. The Group is exposed to foreign exchange risk arising from currency exposures to the US Dollar. Sales of coal and copper related products are quoted in US Dollars.

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	**2015 USD $'000**	2014 USD $'000
Cash and cash equivalents	**3,867**	26,596
Trade receivables	**11,383**	18,003
Forward exchange contracts – sell foreign currency (cash flow hedge)	**137,000**	168,000
Trade payables	**11**	12

Risk Management

NOTE 18. FINANCIAL RISK MANAGEMENT (continued)

a) Market Risk (continued)

Sensitivity analysis

Based on the trade receivables, cash held and trade payables at 31 July 2015, 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 $1,638,000/($1,380,000) (2014: $3.769 million/($3.165 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 2015, 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 $21.075 million/($17.208 million) (2014: $20.314 million/($16.569 million)). There is no effect on post-tax profits.

ii. Price Risk

The Group is an investment company and is exposed to equity securities price risk. 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.

Investments held for the short to medium term are classified in the statement of financial position as trading equities. As the market value of individual companies fluctuate, the fair value of this portfolio changes with the movement being recognised through the income statement.

In the prior year, held for sale equities represented an investment that was disposed of following the completion of a takeover in the current year.

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**	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Trading equities	**(648)**	(600)	**-**	-
Long term equity investments	**-**	(75)	**(21,578)**	(21,289)
Total	**(648)**	(675)	**(21,578)**	(21,289)

iii. Fair value interest rate risk Refer to (e)

Notes to the financial statements (continued) For the year ended 31 July 2015

Risk Management

NOTE 18. FINANCIAL RISK MANAGEMENT (continued)

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.

Credit risk further arises in relation to financial guarantees given to certain parties (refer note 21b). 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:

	2015 $'000	2014 $'000
Cash and cash equivalents	**59,424**	64,933
Term deposits	**1,217,011**	1,272,912
Loans and receivables	**79,278**	99,208
Derivative financial instruments	**-**	2,447
	1,355,713	1,439,500

The loans and receivables balances as stated above reflect the recoverable value and are net of any impairments or provisions. Refer note 26 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.

Financing arrangements

Details of financial facilities available are set out in note 21.

Risk Management

NOTE 18. FINANCIAL RISK MANAGEMENT (continued)

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 instruments is set out in note 20.

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 11 and 12 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 $8.935 million (2014: $9.365 million). This scenario assumes all cash and term deposits at balance date continue to remain invested for the whole year.

Investment properties were partly funded by borrowings. These borrowings were extinguished following the sale of the industrial warehouses in November 2014. The long term borrowings were issued at variable rates and the Group hedged its exposure to interest rate risk by using a derivative financial instrument, an interest rate swap, to effectively convert the variable interest rate facility into a fixed interest rate facility. This interest rate swap was also closed out following the disposal of the properties. Refer to note 21a for further details.

NOTE 19. FAIR VALUE ESTIMATION

Accounting policy - fair value estimation

Throughout this financial report, the fair value of financial assets and financial liabilities are required to 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 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.

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.

Notes to the financial statements (continued) For the year ended 31 July 2015

Risk Management

NOTE 19. FAIR VALUE ESTIMATION (continued)

Fair value measurements

The following table presents the Group's assets and liabilities measured and recognised at fair value as at 31 July 2015 and 31 July 2014.

	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
As at 31 July 2015					
Financial assets					
Trading equities	9	**12,956**	**-**	**8,344**	**21,300**
Long term equity investments	9	**615,642**	**-**	**3**	**615,645**
Other financial assets - equity investments	9	**-**	**-**	**5,425**	**5,425**
Non-financial assets					
Investment properties	10	**-**	**-**	**20,720**	**20,720**
Total assets		**628,598**	**-**	**34,492**	**663,090**
Financial liabilities					
Derivatives - Foreign exchange hedge	20	**-**	**23,144**	**-**	**23,144**
Total liabilities		**-**	**23,144**	**-**	**23,144**
As at 31 July 2014					
Financial assets					
Trading equities	9	11,992	-	2,703	14,695
Held for sale equity	9	27,183	-	-	27,183
Long term equity investments	9	562,205	-	3	562,208
Other financial assets - equity investments	9	-	-	7,659	7,659
Derivatives - Foreign exchange hedge	20	-	2,447	-	2,447
Non-financial assets					
Investment properties	10	-	-	139,421	139,421
Total assets		601,380	2,447	149,786	753,613
Financial liabilities					
Derivatives - Foreign exchange hedge	20	-	3,255	-	3,255
Derivatives - Interest rate swaps	20	-	1,688	-	1,688
Total liabilities		-	4,943	-	4,943

Risk Management

NOTE 20. DERIVATIVE FINANCIAL INSTRUMENTS

Accounting policy – derivative financial instruments

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.

At reporting date the outstanding contractual receivables/payables at fair value are (AUD Equivalents):

	2015	2014
	$’000	$’000
NON-CURRENT ASSETS		
- Forward exchange contracts	**-**	2,447
CURRENT LIABILITES		
- Forward exchange contracts	**23,144**	3,255
- Interest rate swaps	**-**	1,688
	23,144	4,943

Fair value measurement

The fair value measurement 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.

New Hope Corporation Limited and 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.

In the year ended 31 July 2014, the Australian Logistics Property Fund and its controlled entities were also party to derivative financial instruments to hedge exposure to fluctuations in interest rates. During the current year the derivative financial instruments were closed out following the sale of these investment properties in November 2014.

These instruments are used in accordance with the Group’s financial risk management policies.

Notes to the financial statements (continued) For the year ended 31 July 2015

Risk Management

NOTE 20. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

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 18 for additional information.

At balance date the details of outstanding forward exchange contracts are:

	Sell US dollars Buy Australian dollars		Average exchange rate	
	2015 $'000	2014 $'000	**2015**	2014
Maturity				
0 to 6 months	**82,116**	93,974	**0.84027**	0.95771
6 to 12 months	**84,188**	42,242	**0.80771**	0.92325
1 to 2 years	**-**	45,954	**-**	0.84867
	166,304	182,170		

NOTE 21. INTEREST BEARING LIABILITIES

Accounting policy – interest bearing liabilities

Interest bearing liabilities are initially recognised at fair value, net of any transactions costs incurred. These balances are subsequently 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.

	2015 $'000	2014 $'000
CURRENT LIABILITIES		
Deposits accepted - Directors and Director related parties (refer below)	**47,326**	44,796
Lease liabilities	**21**	33
	47,347	44,829
NON-CURRENT LIABILITIES		
Long term borrowings (refer note 21a)	**-**	45,303
Lease liabilities	**104**	122
	104	45,425

Fair value disclosures

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

Director deposits

The Parent company accepts deposits from Directors and Director related parties under normal commercial terms and consistent with deposits received from other parties. Deposits are repayable at call and carry a market interest rate of 2.56% per annum (2014: 3.23%) 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 company receives and ensures a margin of at least 25 basis points is earned by the Parent company. Refer to note 15 for interest incurred on Director related deposits.

Risk Management

NOTE 21. INTEREST BEARING LIABILITIES (continued)

a) Borrowings

Financing facilities secured by assets pledged as security

The total secured financing facilities are as follows:

	2015	2014
	$'000	$'000
Bank loan facilities (i)	**-**	68,066
Lease liabilities	**125**	155
	125	68,221

(i) In the prior year, bank loan facilities were in place in relation to the Industrial warehouses which were classified as Investment properties within the financial statements. Following the sale of these warehouses in November 2014, the bank facilities were terminated. These properties were disposed of earlier than planned which resulted in an interest rate swap expense of $2.112 million being incurred and charged as an expense to the income statement in the current year. The bank loan facilities were secured by registered mortgages over these properties (refer note 10). Each facility was 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 were also established, effectively fixing interest rates as follows:

Industrial property	**Construction phase interest rate**	**Interest rates there after**
Facility commenced 25 June 2013	6.555% per annum to 25 June 2014	6.155% per annum from 25 June 2014
Property under development		
Facility commenced 28 May 2014	6.005% per annum	not applicable as property had been disposed off

Notes to the financial statements (continued) For the year ended 31 July 2015

Risk Management

NOTE 21. INTEREST BEARING LIABILITIES (continued)

b) Other financing arrangements

The Consolidated entity has access to bank overdraft and bank guarantee facilities as follows:

	2015 $'000	2014 $'000
Bank overdraft		
Total facility	**1,000**	1,000
Used at balance date	**-**	-
Unused at balance date	**1,000**	1,000
Bank guarantees		
Total facility	**106,377**	105,738
Used at balance date	**(82,276)**	(69,674)
Unused at balance date	**24,101**	36,064
Bank guarantees include:		
Unsecured facilities, for no fixed term and bear variable rates:		
i. Mining restoration and rehabilitation - coal operations	**50,836**	39,054
The liability has been recognised by New Hope Corporation Limited in relation to its rehabilitation obligations.		
ii. Statutory body suppliers	**25,063**	24,882
No liability was recognised by New Hope Corporation Limited in relation to these guarantees as no losses are foreseen on these contingent liabilities.		
Secured, for no fixed term and bear variable rates:		
iii. Environmental bond		
The net present value of this liability has been recognised by CopperChem Limited in relation this guarantee. The guarantee has been provided by Washington H. Soul Pattinson and Company Limited (the parent company).	**5,013**	4,374
	80,912	68,310

NOTE 22. CONTINGENT LIABILITIES

The Group had contingent liabilities at 31 July in respect of:

	2015 $'000	2014 $'000
i. Undertakings and guarantees issued by a Controlled entity's bankers to the Department of Minerals & Energy, Statutory Power Authorities and various other entities	**20,981**	19,206
ii. Undertakings and guarantees issued by a Controlled entity's bankers for stages 1 and stages 2 of the Wiggins Island Coal Export Terminal expansion project and expansion of rail facilities	**9,095**	10,049
	30,076	29,255

The contingent liabilities as described above are not secured by any charges on the Consolidated entity's assets.

For contingent liabilities relating to associates refer to note 8d.

Fixed Assets

NOTE 23. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

Accounting policy - property, plant and equipment

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

Property, plant and equipment, (excluding investment properties, refer to note 10), 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 relating to 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 buildings and capitalised lease assets, but excluding freehold land, is depreciated commencing from the time the asset is held ready for use.

Depreciation is calculated so as to write off the cost of each item of property, plant and equipment during its expected economic life to the Consolidated entity. Each item's useful life has due regard both to its own physical life limitations and to present assessments of economically recoverable resources (when related to mining activities). Estimates of residual values and remaining useful lives are made on an annual basis. The straight line method is predominantly used (Copper float and solvent extraction plants are depreciated on the units of production method). The expected useful life of plant and equipment is 4 to 20 years, buildings is 25 to 40 years and motor vehicles is 4 to 8 years. Land is not depreciated.

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.

Accounting policy - mine development, mining reserves and leases and oil producing assets

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.

Oil producing assets are amortised on a unit of production basis. The method uses the actual costs of the asset to date plus all its projected future costs. Amortisation commences when an area of interest is ready for use.

NOTE 23. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT (continued)

2015	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 2014							
Cost	153,343	30,380	702,277	95,013	38,242	119,867	1,139,122
Accumulated depreciation/amortisation	-	(7,001)	(344,780)	(3,939)	(16,451)	(65,425)	(437,596)
Net book amount	153,343	23,379	357,497	91,074	21,791	54,442	701,526
Year ended 31 July 2015							
Opening net book amount	153,343	23,379	357,497	91,074	21,791	54,442	701,526
Additions	11,322	306	44,006	11,208	530	19,061	86,433
Transfers in/(out)	-	3,222	(4,155)	(489)	-	7,396	5,974
Disposal of assets	-	-	(352)	-	-	-	(352)
Impairment of assets	-	(5,180)	(33,905)	(51,456)	(5,677)	(31,583)	(127,801)
Depreciation/amortisation charge	-	(1,261)	(58,018)	(2,993)	(2,989)	(15,816)	(81,077)
Closing net book amount	164,665	20,466	305,073	47,344	13,655	33,500	584,703
At 31 July 2015							
Cost	164,665	33,908	741,776	105,732	38,772	146,324	1,231,177
Accumulated depreciation/amortisation	-	(13,442)	(436,703)	(58,388)	(25,117)	(112,824)	(646,474)
Net book amount	164,665	20,466	305,073	47,344	13,655	33,500	584,703

i. Pledged assets

For the year ending 31 July 2015, none of the Group's property, plant and equipment was pledged as security.

NOTE 23. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT (continued)

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	40,588	86,207	1,020,893
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	27,178	34,299	664,104
Year ended 31 July 2014							
Opening net book amount	144,986	24,611	371,598	61,432	27,178	34,299	664,104
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	21,791	54,442	701,526
At 31 July 2014							
Cost	153,343	30,380	702,277	95,013	38,242	119,867	1,139,122
Accumulated depreciation/amortisation	-	(7,001)	(344,780)	(3,939)	(16,451)	(65,425)	(437,596)
Net book amount	153,343	23,379	357,497	91,074	21,791	54,442	701,526

i. Pledged assets

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

Fixed Assets

NOTE 23. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT (continued)

Reclassification of asset balance from mining reserves and leases to exploration and evaluation assets

During the current year, mining reserve assets acquired in prior periods by New Hope Corporation Limited, which relate to exploration programs rather than coal mining operations, have been reclassified from Property, plant and equipment – mining reserves and leases to Exploration and evaluation assets (note 24). The total amount reclassified is $218.484 million. This reclassification has been made to provide clearer and more relevant disclosure in the financial statements regarding the Group's exploration and evaluation assets. There has been no change in the accounting policy relating to Exploration and evaluation assets.

The prior year comparatives have been adjusted to ensure consistent classification year on year. The impact of this reclassification on the prior year comparatives is:

Property, plant and equipment - mining reserves and leases as at 31 July 2014 has been reduced by $218.484 million to $21.791 million.

Exploration and evaluation assets (note 24) as at 31 July 2014 has increased by $218.484 million to $388.210 million.

Impairments of Property plant and equipment

During the year impairment charges of Property, plant and equipment include write downs on copper assets of $47.203 million (2014: $4.787 million), Oil producing assets of $51.456 million (2014:$900,000) and Coal to liquid assets of $24.267 million (2014: $nil). Refer to note 15 for details.

Copper assets include the copper sulphate plant and solvent extraction plants which have now been placed on care and maintenance.

Key estimates in determining the recoverable value of non-current assets

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.

New Acland Coal Stage 3 approvals

A subsidiary of Washington H. Soul Pattinson and Company Limited, New Hope Corporation Limited (New Hope) has coal operations that assumes the Acland Coal Stage 3 approvals will be received with sufficient time to allow the uninterrupted operation of the mine. During the year and up to the date of this report there have been no matters come to the attention of New Hope that suggest that approvals will not be received in a timely manner.

Oil producing assets

Key assumptions and estimates relating to recoverable value are detailed in note 25, intangible assets.

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

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 impaired carrying value of the copper processing plant, equipment and capitalised mine development costs at 31 July 2015 is appropriate.

Fixed Assets

NOTE 24. NON-CURRENT ASSETS – EXPLORATION AND EVALUATION ASSETS

Accounting policy – exploration and evaluation assets

Exploration, evaluation and relevant acquisition costs are accumulated separately for each area of interest for which mining tenement is current. They are initially recognised at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching, sampling 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 to the development of a mine, the relevant exploration and evaluation costs for that area of interest are transferred to mine development (disclosed within note 23- Property, plant and equipment).

	2015 $'000	2014 $'000
Exploration and evaluation at cost	**407,831**	388,210
Reconciliation		
Opening net book amount (a)	**388,210**	348,112
Additions	**60,565**	41,908
Impairment (b)	**(34,800)**	(3,465)
Transfers (out)/in	**(6,144)**	1,655
Closing net book amount	**407,831**	388,210

Exploration and evaluation assets includes New Hope Corporation Limited of $377.120 million (2014: $323.816 million) and Exco Resources Limited of $19.436 million (2014: $55.535 million).

(a) Refer to Property, plant and equipment (note 23) in relation to reclassification of mining reserve assets acquired in prior periods by New Hope Corporation Limited, which relate to exploration programs rather than coal mining operations, have been reclassified from Property, plant and equipment – mining reserves and leases to Exploration and evaluation – mining reserves. The total amount reclassified is $218.484 million.

The prior year comparatives have been adjusted to ensure consistent classification year on year. The impact of this reclassification on the prior year comparatives is:

Property, plant and equipment - mining reserves and leases (note 23) as at 31 July 2014 has been reduced by $218.484 million to $21.791 million.

Exploration and evaluation – mining reserves acquired as at 31 July 2014 has increased by $218.484 million to $388.210 million.

(b) Impairment expense of $34.800 million in the current year relates to Copper exploration assets which are allocated to the copper cash generating unit for the purpose of assessing recoverable value. Refer to note 15. Prior year impairment of $3.465 million relates to oil producing assets.

Key Estimate

Exploration and evaluation expenditure

During the year, the controlled entities New Hope Corporation Limited, CopperChem Limited and Exco Resources Limited, capitalised various items of expenditure to exploration and evaluation assets. 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 (through mining operations) or sale of the relevant mining interest.

Factors that could impact the exploration and evaluation costs being transferred to future mine operations include the level of reserves and resources, changes in commodity prices and foreign exchange rates, future legal changes and any future technology changes.

Fixed Assets

NOTE 25. INTANGIBLE ASSETS

Accounting policy – intangible assets

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 cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units or group of cash generating units that are expected to benefit from the business combination in which the goodwill arose. Cash generating units are discussed in the impairment section below.

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

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.

Other intangible assets

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

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

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). Intangible assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment losses for intangible assets are recognised in the income statement.

Fixed Assets

NOTE 25. INTANGIBLE ASSETS (continued)

	Goodwill $'000	Other $'000	Total $'000
Non-current assets			
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 (charged) to the income statement (refer note 15)	-	(1,767)	(1,767)
Disposals	-	(28)	(28)
Transfers (out)	-	(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
Year ended 31 July 2015			
Opening net book amount	**22,830**	**4,017**	**26,847**
Additions	**-**	**264**	**264**
Amortisation (charged) to the income statement (refer note 15)	**-**	**(1,568)**	**(1,568)**
Impairments (charged) to the income statement (refer note 15)	**(4,157)**	**(1,018)**	**(5,175)**
Transfers in	**-**	**170**	**170**
Closing net book amount	**18,673**	**1,865**	**20,538**
At 31 July 2015			
Cost	**22,830**	**15,182**	**38,012**
Accumulated amortisation and impairment	**(4,157)**	**(13,317)**	**(17,474)**
Net book amount	**18,673**	**1,865**	**20,538**

Fixed Assets

NOTE 25. 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	2015	2014
		$'000	$'000
Energy			
- Goodwill	Australia		
Carrying amount at beginning of year		**22,255**	22,255
Impairment		**(4,157)**	-
		18,098	22,255
Consulting			
- Goodwill	Australia		
Carrying amount at beginning of year		**575**	575
Closing net book value		**18,673**	22,830

The recoverable amount of the cash generating units for which goodwill has been allocated is determined based on fair value less cost of disposal method. Assumptions and methodology applied to each cash-generating unit are as follows:

(i) Energy

Brought forward balance of goodwill relates to prior years acquisitions by New Hope Corporation Limited, including Queensland Bulk Handling Pty Limited (goodwill of $5.596 million), Northern Energy Corporation Limited (goodwill of $12.271 million) and Bridgeport Energy Limited (goodwill of $4.157 million).

Impairment of goodwill and oil producing assets (arising from the acquisition of Bridgeport Energy Limited)

The Group has determined that the significant decline in global oil prices and resultant reduction in reserves estimates in Cooper Basin assets indicate the carrying value of goodwill arising on the Bridgeport acquisition and certain oil producing assets may be impaired.

The Group has classified its Cooper Basin assets as separate Cash Generating Units (CGU) on a per field basis and has measured the recoverable amount of each CGU using the Fair value less cost of disposal method with all fair value measurements categorised as Level 3 in the fair value hierarchy. All CGU's are included in the Energy segment.

The Group has estimated the future cash flows of each CGU making assumptions in respect of key variables including: economically recoverable reserves, future production profiles, commodity prices, foreign exchange rates, operating costs and future development costs necessary to produce the reserves. The commodity price and foreign exchange assumptions have been based on consensus market data in the range of oil prices of USD $62- USD $91 (before escalation) and AUD/USD exchange rates of 0.75-0.93. The future cash flows have been discounted using an after tax discount rate of 10% (2014: 10%). The recoverable amount and impairment loss calculated under the Fair value less cost of disposal method of the CGUs determined to be impaired are:

	Recoverable amount/(liability)	Impairment loss on goodwill and oil producing assets
	$'000	**$'000**
Cooper Basin PL98	12,869	51,410
Cooper Basin PL214	6,719	1,545
Cooper Basin PL24-26, PL35, PL36, PL62, PL76-79, PL82,PL87, PL105, PL107, PL109, PL133, PL149, PL175, PL181, PL182, PL189 and PL302	(277)	1,613
Cooper Basin PL15	-	1,045
	19,311	**55,613**

Fixed Assets

NOTE 25. INTANGIBLE ASSETS (continued)

The total impairment loss on these assets of $55.613 million constitutes $4.157 million of goodwill and $51.456 million of Oil producing assets. This has been recognised as an expense in the income statement. Refer note 15.

Impairment assessment on the goodwill arising on the acquisition of Northern Energy Corporation Limited (NEC)

The recoverable amount of the CGU to which the NEC goodwill is attributable has been based on the Fair value less cost of disposal method. This assessment is determined under Level 2 of the fair value hierarchy based on observable external market data for reserve and resources transaction multiples, rather than quoted prices (refer note 19 for an explanation on Fair value hierarchy). The transaction multiples observed are based on recent transactions only for similar coal type of the CGU and for Australian coal exploration projects.

Impairment assessment on goodwill on Queensland Bulk Handling Pty Ltd (QBH)

The recoverable amount of QBH cash generating units has been based on value in use calculations using discounted cash flow model. The future cash flows have been discounted using a post-tax rate of 10% (2014: 10%).

(ii) Consulting

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

Key Estimates

Impairment of goodwill

At each reporting date the Group considers the recoverable value of goodwill. Goodwill is allocated to cash generating units for which the recoverable value is determined. The recoverable value may be determined based on fair value less costs to sell and is estimated based on recent market transaction information or value in use. These calculations require the use of assumptions.

Other Operating Assets and Liabilities

NOTE 26. TRADE AND OTHER RECEIVABLES

Accounting policy – trade and other 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.

Classification

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

	2015 $'000	2014 $'000
CURRENT		
Trade receivables	**35,827**	51,519
Less impairment of receivables	**(1,733)**	(5)
	34,094	51,514
Loans to other parties – secured	**22,246**	6,927
Other receivables	**13,942**	22,961
Prepayments	**4,697**	4,498
Total current receivables	**74,979**	85,900
NON-CURRENT		
Loans to related entities	**112**	3,332
Less impairment on loans to related entities	**-**	(2,146)
	112	1,186
Loans to others – secured	**-**	7,426
Prepayments	**213**	729
Other receivables	**3,974**	3,967
Total non-current receivables	**4,299**	13,308

a) Impairment – non-current 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.

Other Operating Assets and Liabilities

NOTE 26. TRADE AND OTHER RECEIVABLES (continued)

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

Key Estimate

Recoverability of amounts owing from Peabody (Wilke Creek) Pty Limited to – Coal

As at reporting date, trade receivables past due but not impaired were $6.498 million. These receivables relate to invoices issued by Queensland Bulk Handling Limited (QBH) (wholly owned subsidiary of New Hope Corporation) to Peabody (Wilkie Creek) Pty Limited for coal port services. The balances outstanding with Peabody are the subject of an action in the Supreme Court of Queensland brought by QBH. At the date of this report, all amounts invoiced are considered to be recoverable.

NOTE 27. INVENTORIES

Accounting policy - inventory

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.

	2015	2014
	$'000	$'000
CURRENT ASSETS		
Raw materials and stores – at cost	**28,348**	29,832
Work in progress – at cost	**7,714**	8,362
Finished goods – at cost	**36,808**	34,765
	72,870	72,959

Inventory expense

Inventories recognised as an expense during the year ended 31 July 2015 amounted to $227.428 million (2014: $268.482 million).

Write-down of inventory to net realisable value recognised as an expense during the year amounted to $666,000 (2014: $2.242 million).

NOTE 28. TRADE AND OTHER PAYABLES

	2015	2014
	$'000	$'000
CURRENT LIABILITIES		
Trade and other payables	**49,329**	74,679

Trade and other payables

The balance at 31 July 2015 mainly relates to New Hope Corporation Limited's $42.512 million and Souls Private Equity Limited's $6.668 million.

In the prior year, the balance is predominantly due to New Hope Corporation Limited's $42.504 million, CopperChem Limited's $13.645 million, Souls Private Equity Limited's $7.894 million and Australian Logistics Property Fund (ALPF) balance of $9.903 million when the fund was still constructing the industrial property warehouses. There is no current year balance, as ALPF sold these warehouses in November 2014.

Other Operating Assets and Liabilities

NOTE 29. PROVISIONS

Accounting policy - 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.

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 progressively 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.

Employee entitlements

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.

Other long-term employee benefit obligations

The liabilities 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.

	2015	2014
	$'000	$'000
CURRENT LIABILITIES		
Mining restoration and site rehabilitation *(ii)*	**6,156**	4,150
Employee benefits *(i)*	**30,382**	27,845
Native title claims	**137**	137
	36,675	32,132
NON-CURRENT LIABILITIES		
Mining restoration and site rehabilitation *(ii)*	**59,280**	52,249
Employment benefits	**4,746**	6,088
Native title claims	**10**	10
	64,036	58,347

Other Operating Assets and Liabilities

NOTE 29. PROVISIONS (continued)

i) **Employee benefits**

Current liabilities not expected to be settled within the next 12 months

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.

ii) **Mining restoration and site rehabilitation reconciliation**	**2015 $'000**	2014 $'000
Carrying amount at beginning of year	**56,399**	50,950
Additional provisions recognised	**8,687**	5,709
Additional provisions credited to income statement	**(2,348)**	(2,295)
Charged to income statement – unwinding of discount	**2,698**	2,035
Carrying amount at end of year	**65,436**	56,399

Disclosed as:		
Current liabilities	**6,156**	4,150
Non-current liabilities	**59,280**	52,249
	65,436	56,399

Key Estimate

Mining restoration and site 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.

Other Notes

NOTE 30. RELATED PARTIES

a) Parent company

The ultimate Parent company is Washington H. Soul Pattinson and Company Limited.

b) Subsidiaries and Associates

Interests in Subsidiaries and Associates are set out in note 3.

c) Key management personnel (KMP) compensation

	Paid to KMP of the Consolidated entity		Paid to KMP of the Parent company	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Short-term employee benefits	**5,869**	7,552	**3,361**	3,315
Post-employment benefits	**262**	263	**206**	199
Long-term employee benefits	**83**	178	**48**	50
Termination benefits	**1,936**	176	**1,936**	-
Share-based payments	**167**	683	**-**	-
	8,317	8,852	**5,551**	3,564

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report on pages 24 to 33.

d) Related parties transactions and balances

Details of loans to and transactions with key management personnel are included in the Directors report on page 33.

The Parent company accepts deposits from Director and Director related parties on normal commercial terms. Refer to note 21 for further details.

i. Subsidiaries

Transactions between the Parent company 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 members of the Group which 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 company, advisory, consulting, underwriting, management fees, rent and insurance commissions received from/paid to associates, loans advanced and repaid, interest and dividend payments.

Other Notes

NOTE 30. RELATED PARTIES (continued)

	2015 $'000	2014 $'000
Summary of transactions		
Advisory, consulting, underwriting and management fees:		
- received by subsidiaries from associates	**262**	2,194
- received by associates from subsidiaries	**10,349**	8,678
- rent income received by Parent company from associate	**12**	10
Purchases of pharmaceutical products from associate	**5,671**	5,472
Interest income from associate	**248**	198

The controlled entity, Pitt Capital Partners Limited (PCP) owns 45% of Xact Property Solutions Pty Limited (XPS). As a result of this ownership, XPS is an associate of PCP and the Group has equity accounted its share of the results of XPS.

XPS provided project management and related services for the development of the distribution warehouses that were held within the 100% controlled entity, Australian Property Logistics Fund (ALPF). These properties were sold in November 2014. Costs charged by XPS were capitalised in the carrying value of investment properties and recognised as income in the accounts of XPS.

During the year, total fees charged by XPS to ALPF totalled $10.349 million (2014: $8.678 million).

Unrealised profits and losses resulting from transactions between the Group and an equity accounted associate are eliminated to the extent of the Group's interest in the associate. In the prior year, this accounting treatment was applicable to the fees charged by XPS to ALPF as the industrial warehouses were not sold until the current year. The Group's share of these fees ($2.928 million) was deferred from being recognised as fee income of the associate and as a cost of the investment property until the current year.

Loans to associates

During the year, the Parent company converted a loan balance of $7.0 million owed from TPI Enterprises Limited (TPI) to equity. Outstanding accrued interest of $77,000 was repaid. Interest was charged at market rates.

NOTE 31. COMMITMENTS FOR EXPENDITURE

	2015 $'000	2014 $'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	**7,002**	24,301

Capital commitments at 31 July 2015 relate mainly to New Hope Corporation Limited for plant and equipment $7.002 million (2014: $10.014 million). At 31 July 2014, the Australian Logistics Property Fund had committed costs of $13.942 million to complete the construction of the Industrial warehouses that were sold in November 2014.

Other Notes

NOTE 31. COMMITMENTS FOR EXPENDITURE (continued)

b) Lease commitments:

Commitments in relation to leases consist of:

i. Operating leases

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	2015	2014
	$'000	$'000
Within one year	**4,589**	6,966
Later than one year but not later than five years	**20,047**	23,562
Later than five years	**41,389**	48,915
	66,025	79,443

For commitments relating to associates refer to note 8c.

The Group's main leases relates to the leasing of port facilities (operated by New Hope Corporation Limited) 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.

NOTE 32. OTHER ACCOUNTING POLICIES

a) New accounting standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 July 2015 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below:

i. ***AASB 15 Revenue from Contracts with Customers***

This standard outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. It supersedes current revenue recognition guidance including AASB 118 Revenues, AASB 111 Construction Contracts and related interpretations. The core principle is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This standard also allows costs associated with obtaining a contract to be capitalized and amortised over the life of the new contract. The Group has not yet assessed how its own revenue recognition would be affected by the new rule. The Group does not intend on adopting the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 31 July 2018.

ii. ***AASB 9 Financial Instruments***

This standard will be applicable retrospectively and includes revised classification, measurement and derecognition of financial assets and financial liabilities and simplified requirements for hedge accounting. The Group does not intend on adopting the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 31 July 2018.

The Group 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 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.

Other Notes

NOTE 32. OTHER ACCOUNTING POLICIES (continued)

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.

b) 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 entities

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.

Other Notes

NOTE 32. OTHER ACCOUNTING POLICIES (continued)

c) 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.

d) 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 Australian Interpretation 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.

e) 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.

Other Notes

NOTE 32. OTHER ACCOUNTING POLICIES (continued)

f) 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.

g) 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.

h) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to members, 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.

i) 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.

Notes to the financial statements (continued) For the year ended 31 July 2015

Other Notes

NOTE 33. REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor.

	2015 $'000	2014 $'000
a) Audit Services		
Moore Stephens Sydney for audit and review of financial reports and other audit work under the Corporations Act 2001	**466**	479
Other audit firms for the audit or review of financial reports of any entity in the Group	**300**	511
	766	990
b) Other services		
Moore Stephens Sydney		
Tax compliance services	**100**	176
Other auditors		
Transaction advisory services	**-**	436
Tax compliance services	**-**	140
Other services	**23**	280
Total remuneration for other services	**123**	1,032

NOTE 34. 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 $167,000 (2014:$ 684,000). The total value of the performance rights outstanding at year end was $583,000 (2014: 696,000). Further details are provided in the Remuneration report pages 31 to 33.

Other Notes

NOTE 35. 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 statement of financial position

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 2015 of the closed group and a consolidated statement of financial position as at 31 July 2015 for the closed group.

	2015	2014
	$'000	$'000
Consolidated income statement – closed group		
Profit before income tax	**123,263**	166,044
Income tax benefit	**17,718**	3,514
Profit after income tax attributable to the closed group	**140,981**	169,558
Other comprehensive income		
Net movement in fair value of long term equity investments, net of tax	**9,504**	51,970
Share of other comprehensive income movements, net of tax	**(3,220)**	(1,672)
Total other comprehensive income for the year, net of tax	**6,284**	50,298
Total comprehensive income attributable to the closed group	**147,265**	219,856
Summary of movements in consolidated retained earnings		
Retained profits attributable to the closed group		
Retained profits at the beginning of the year	**1,244,028**	1,165,655
Profit for the year	**140,981**	169,558
Dividends declared and paid	**(95,126)**	(91,185)
Retained profits at the end of the year	**1,289,883**	1,244,028

Notes to the financial statements (continued) For the year ended 31 July 2015

Other Notes

NOTE 35. DEED OF CROSS GUARANTEE (continued)

	2015 $'000	2014 $'000
Consolidated statement of financial position – closed group		
Current assets		
Cash and cash equivalents	**27,492**	3,835
Term deposits	**154,831**	202,121
Trade and other receivables	**19,296**	10,861
Inventories	**2,205**	2,512
Trading equities	**21,300**	14,695
Total current assets	**225,124**	234,024
Non-current assets		
Trade and other receivables	**43,313**	99,559
Equity accounted associates	**1,093,408**	948,452
Long term equity investments	**608,030**	559,952
Other financial assets	**108,533**	167,904
Property, plant and equipment	**10,634**	10,761
Exploration and evaluation costs	**23,360**	59,459
Deferred tax assets	**68,683**	28,373
Total non-current assets	**1,955,961**	1,874,460
Total assets	**2,181,085**	2,108,484
Current liabilities		
Trade and other payables	**8,078**	9,852
Interest bearing liabilities	**47,407**	44,877
Provisions	**2,038**	2,242
Total current liabilities	**57,523**	56,971
Non-current liabilities		
Deferred tax liabilities	**154,181**	133,178
Provisions	**877**	2,249
Total non-current liabilities	**155,058**	135,427
Total liabilities	**212,581**	192,398
Net assets	**1,968,504**	1,916,086
Equity		
Share capital	**43,232**	43,232
Reserves	**635,389**	628,826
Retained profits	**1,289,883**	1,244,028
Total equity	**1,968,504**	1,916,086

Directors' Declaration

In the opinion of the Directors of the Company:

1. the financial statements and notes, as set out on pages 36 to 111 are in accordance with the Corporations Act 2001, including:

    a) complying with Accounting Standards and the Corporations Regulations 2001;

    b) giving a true and fair view of the financial position as at 31 July 2015 and the performance for the year ended on that date of the consolidated entity;

2. 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

3. at the date of this declaration, there are reasonable grounds to believe that the Company and the wholly owned subsidiaries identified in Note 35 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.

The Basis of Preparation on page 43 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the Corporations Act 2001.

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

R D MILLNER
Director

M R RODERICK
Finance Director

Dated this 23rd day of October 2015.

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 2015, 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 the Basis of Preparation on page 43, the directors also state that, in accordance with Australian 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.

MOORE STEPHENS

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 22 October 2015, would be on the same terms if provided to the directors as at the date of signing this audit report.

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 2015 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 the Basis of Preparation on page 43.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 24 to 33 of the directors' report for the year ended 31 July 2015. 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 2015, complies with section 300A of the Corporations Act 2001.

Moore Stephens Sydney

Moore Stephens Sydney

Chartered Accountants

John Gavljak

Partner

Dated in Sydney, this 23 October 2015

Additional ASX Information

DISTRIBUTION OF EQUITY SECURITIES AS AT 1 OCTOBER 2015

Size of Shareholding	Number of Shareholders	Number of Shares
1 – 1,000	5,335	2,597,581
1,001 – 5,000	4,410	11,134,982
5,001 – 10,000	1,007	7,542,695
10,001 – 100,000	833	21,197,387
100,001 and over	90	196,922,675
TOTAL	**11,675**	**239,395,320**
Holding less than a marketable parcel	201	731

SUBSTANTIAL SHAREHOLDERS AS AT 1 OCTOBER 2015

As disclosed in notices received by the Company.

	Ordinary Shares Held	% of Issued Shares	Notice Received
Brickworks Limited and its subsidiaries	102,257,830	42.72	18 Nov 2013
Perpetual Limited and subsidiaries	23,542,033	9.83	10 Apr 2015
Mr Robert Dobson Millner	19,921,975	8.32	3 Mar 2014
Mr Thomas Charles Dobson Millner	17,211,350	7.19	3 Mar 2014

17,195,965 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).

Additional ASX Information (continued)

TOP 20 SHAREHOLDERS AS AT 1 OCTOBER 2015

		Ordinary Shares Held	% of Issued Shares
1	Brickworks Limited	102,257,830	42.72
2	RBC Investor Services Australia Nominees Pty Limited (PI Pooled A/C)	11,005,258	4.60
3	Milton Corporation Limited	9,174,640	3.83
4	Dixson Trust Pty Limited	8,611,540	3.60
5	J S Millner Holdings Pty Limited	8,537,859	3.57
6	Citicorp Nominees Pty Limited	5,520,565	2.31
7	J P Morgan Nominees Australia Limited	3,730,728	1.56
8	T G Millner Holdings Pty Limited	3,361,051	1.40
9	National Nominees Limited	3,296,356	1.38
10	Hexham Holdings Pty Limited	2,913,127	1.22
11	Mr Robert Dobson Millner & Mr Michael John Millner (Est James S Millner A/C)	2,522,092	1.05
12	BNP Paribas Noms Pty Ltd (DRP)	2,365,174	0.99
13	Argo Investments Limited	2,182,606	0.91
14	UBS Nominees Pty Ltd	1,901,345	0.79
15	HSBC Custody Nominees (Australia) Limited	1,784,364	0.75
16	Australian Foundation Investment Company Limited	1,708,571	0.71
17	RBC Investor Services Australia Nominees Pty Limited (PIIC A/C)	1,671,144	0.70
18	Farjoy Pty Ltd	1,344,463	0.56
19	Dixson Trust Pty Limited (A/C NO 1)	1,175,290	0.49
20	Mary Millner Holdings Pty Limited	1,156,860	0.48

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) of the Corporations Act 2001, 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 2015 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 2015 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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