WASHINGTON H. SOUL PATTINSON AND COMPANY LIMITED

A.B.N. 49 000 002 728

DIRECTORS' ANNUAL REPORT
and
FINANCIAL STATEMENTS
2002

100 Years as a Listed Public Company in 2002

100 Years as a Listed Public Company in 2002

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 some 130 years later their single pharmacy would have evolved into a company as prominent and diversified as Washington H. Soul Pattinson and Company Limited.

Washington H. Soul Pattinson is one of the few successful public companies that has been managed by the same family from the outset - and therein lies the key to its strength. Its leadership has been grounded in successive family members who value the history of the company, yet are able to adapt to changing times and economic conditions. All have had the ability to spot talented people to fill senior and middle management positions. In turn, management has always been supported by able, loyal and long-serving staff.

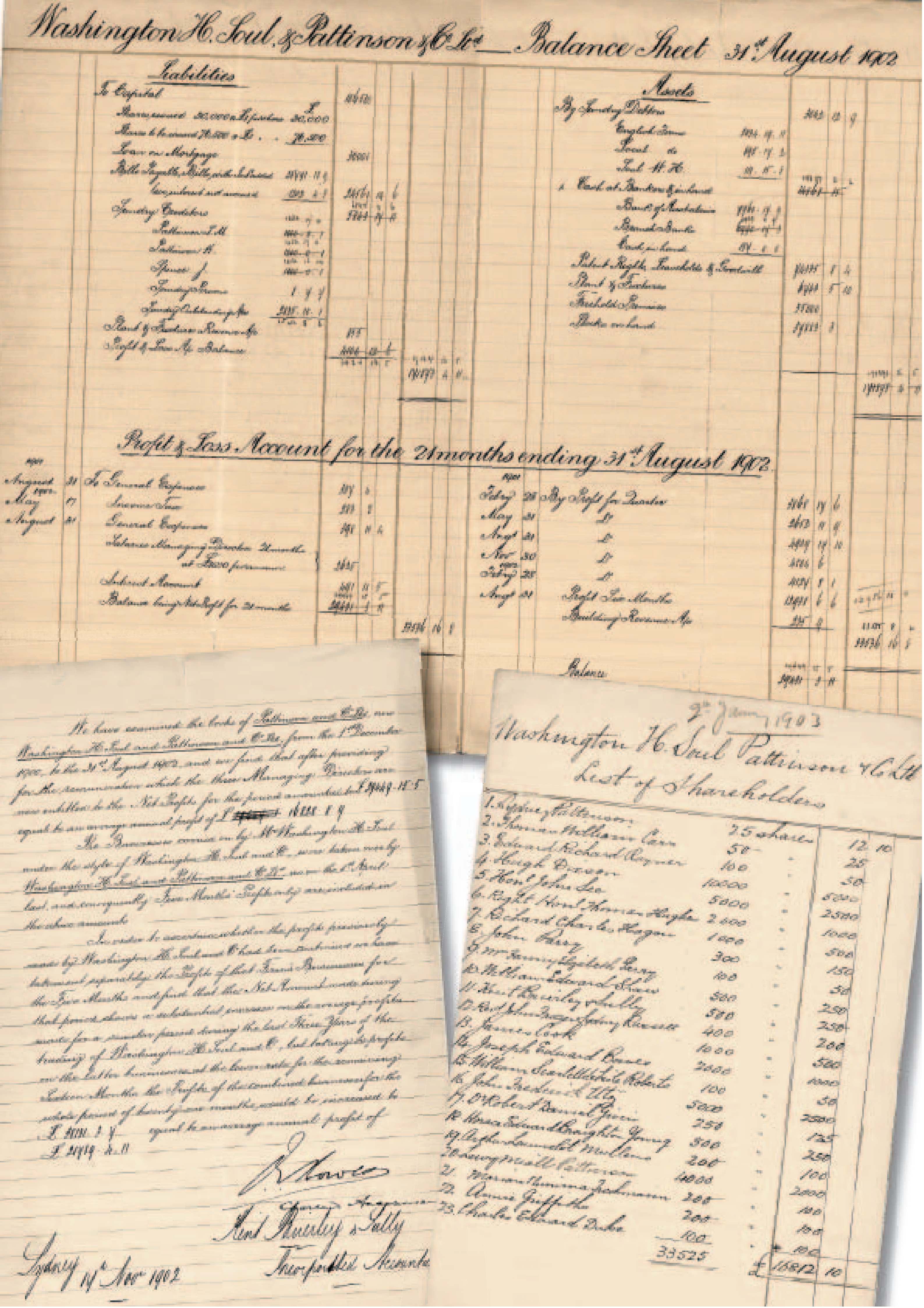
More than 40 employees have worked for the company for over 50 years. Four generations of the Pattinson family have served the company, as have three generations of the Dixson, Spence, Rowe and Letters families.

Washington H. Soul Pattinson is now an investment house with a portfolio encompassing many industries - its traditional field of pharmacy as well as building materials, natural resources, food technology and beverages, equity investments, media and telecommunications.

Gone are the days when the company was known purely as a chain of chemists. In the year 2002 Washington H. Soul Pattinson celebrates 100 years as a listed public company with a market capitalisation of over $1 billion.

Rob Millner
CHAIRMAN

Collage opposite: Extract from audit working papers 1902/1903


Washington H. Soul, & Pattinson & Co. Ltd. Balance Sheet 31st August 1902
Liabilities
Assets
Profit & Loss Account for the 21 months ending 31st August 1902
Balance
9th Jany 1903
Washington H. Soul Pattinson & Co. Ltd.
List of Shareholders
33525
£ 16812 10
Sydney 14th Nov 1902

WASHINGTON H. SOUL PATTINSON AND COMPANY LIMITED
AND CONTROLLED ENTITIES

A.B.N. 49 000 002 728

FINANCIAL SUMMARY

	1998 $000	1999 $000	2000 $000	2001 $000	2002 $000
Before non regular and extraordinary items					
Total sales revenue	693,854	843,340	851,303	906,448	334,307
Operating profit after taxation and excluding outside equity.	35,646	44,594	49,675	45,756	65,987
Total assets employed.	1,033,931	1,106,063	1,206,086	1,381,008	1,090,175
Shareholders' funds.	455,602	491,674	570,592	643,017	668,436
Operating profit after taxation and excluding outside equity as a percentage of shareholders' funds. . .	7.8%	9.1%	8.7%	7.1%	9.9%
Earnings per share on adjusted issued capital (cents).	14.94	18.69	20.82	19.17	27.65
Dividends per share (cents).	7.0	9.0	10.5	11.5	14.0
Special Dividends per share (cents).	3.0	3.5	3.5	4.0	5.0

	1998	1999	2000	2001	2002
After non regular items and before extraordinary items					
Operating profit after taxation and excluding outside equity	40,507	53,037	54,381	56,751	72,741
Earnings per share on adjusted issued capital (cents). . . .	16.97	22.22	22.79	23.78	30.48

WASHINGTON H. SOUL PATTINSON AND COMPANY LIMITED

A.B.N. 49 000 002 728

DIRECTORS:

ROBERT D. MILLNER
Chairman of Directors
Director since 1984

MICHAEL J. MILLNER
Non-Executive Director – Deputy Chairman
Director since 1997

PETER R. ROBINSON
B.Com.
Executive Director
Joined the company 1978
Director since 1984

GRAEME L. ROBERTSON
B.A., M.A.I.E., F.A.I.C.D.
Non-Executive Director
Director since 1997

DAVID J. FAIRFULL
B.Com., A.C.I.S., C.P.A., A.S.I.A.
Non-Executive Director
Director since 1997

SECRETARY:

ROBERT A. O'BRIEN

AUDITORS:

RUWALD & EVANS
Chartered Accountants

REGISTERED OFFICE:

FIRST FLOOR
160 PITT STREET MALL, SYDNEY, N.S.W. 2000

Telephone: (02) 9232 7166
Facsimile: (02) 9235 1747

INTERNET WEBSITE ADDRESS

www.whsp.com.au

SHARE REGISTER:

Computershare Investor Services Pty. Limited
Level 3, 60 Carrington Street, Sydney, N.S.W. 1115
Telephone: 1300 855 5970
International Telephone: 61 2 9615 5970
Facsimile: 61 2 8234 5050
Website: www.computershare.com

WASHINGTON H. SOUL PATTINSON AND COMPANY LIMITED

A.B.N. 49 000 002 728

DIRECTORS' REPORT

The Directors of Washington H. Soul Pattinson and Company Limited present their report and the financial statements of the parent entity and its controlled entities for the financial year ended 31st July, 2002.

DIRECTORS

The Directors of the Company in office at any time during or since the end of the financial year are:

Robert Dobson Millner
Chairman (Non Executive Director since 1984)

Michael John Millner
Deputy Chairman (Non Executive Director since 1997)

Peter Raymond Robinson B. Com.
Executive Director
Joined the Company 1978, appointed Director 1984

Graeme Lance Robertson B.A., M.A.I.E., F.A.I.C.D.
Non Executive Director since 1997

David John Fairfull B.Com., A.C.I.S., C.P.A., A.S.I.A.
Non Executive Director since 1997

DIRECTORS' MEETINGS

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

	Board of Directors	Audit Committee	Remuneration Committee	Nomination Committee
Total number of meetings held:	12	4	1	1
Director:				
Mr. R.D. Millner *	12	4	1	1
Mr. P.R. Robinson	12			
Mr. M.J. Millner *	11	4	1	1
Mr. G.L. Robertson *	12	4	1	1
Mr. D.J. Fairfull *	11	4	1	1

* Denotes member of the Audit, Remuneration and Nomination Committees of Directors.

CONSOLIDATED FINANCIAL PERFORMANCE

The Profit of the Group, after tax before non regular and extraordinary items, attributable to shareholders for the year ended 31 July, 2002 was $66.0 million, an increase of 44.2% over the previous year. The increase in profit is mainly due to a very strong performance from coal operations and telecommunications and improvements in equity accounted Associates.

Shareholders will note a decrease in sales of 63.1% for the year due mainly to New Hope's Indonesian coal mine, P.T. Adaro, being treated as an associated entity this year, whereas last year it was a controlled entity. New Hope now owns 40.8% of P.T. Adaro after selling 9.2% of the company in August, 2001 in compliance with the Coal Co-operation Agreement under which P.T. Adaro operates, which requires at least 51% Indonesian ownership by October, 2002.

The Profit of the Group, after tax and non-regular items, was $72.7 million, an increase of 28.2% over the previous year. During the year the Company sold properties and shares, realising an after tax profit of $6.8 million on those non-regular items.

DIRECTORS' REPORT (Cont.)

CONSOLIDATED FINANCIAL PERFORMANCE continued

Comparisons with last year are as follows:-

	2002 $000	2001 $000	% Change
Sales	**334,307**	906,448	- 63.1%
Profit after tax before non regular items	**65,987**	45,756	+ 44.2%
Profit after tax and non regular items	**72,741**	56,751	+ 28.2%
Earnings per share	**30.5c**	23.8c	+ 28.2%
Final Dividend	**8.0c**	6.5c	+ 23.1%
Interim Dividend	**6.0c**	5.0c	+ 20.0%
Special Dividend	**5.0c**	4.0c	+ 25.0%
Total Dividends	**19.0c**	15.5c	+ 22.6%

SHARE SPLIT

At a General Meeting held on 26 June, 2002, shareholders approved the Directors' recommendation that the Company's ordinary issued shares be split on the basis of 10-for-1. For comparison purposes, statistics in this report have been adjusted to allow for the share split.

DIVIDENDS

Your directors recommend the payment of a final dividend of 8.0 cents per share in respect of the year ended 31st July, 2002 (2001 – 6.5 cents) together with a special dividend of 5.0 cents per share. These dividends, together with the interim dividend of 6 cents per share paid in May, 2002, **will give shareholders a total distribution of 19.0 cents per share for the year** (2001 – 15.5 cents). The final and special dividends will be fully franked at the tax rate of 30%.

The amounts paid or declared by the Company by way of dividend since the commencement of the financial year are:

(i) as proposed in last year's report, a fully franked final dividend of 6.5 cents per share in respect of the year ended 31 July, 2001 was paid on 19 November, 2001.

(ii) a fully franked interim dividend of 6.0 cents per share in respect of the year ended 31st July, 2002 was paid on 9 May, 2002 totalling $14,318,435.

AUDITORS

Arising from a decision by the Company's Auditor, Messrs. Ruwald & Evans, to significantly reduce their involvement in public company audits they have tendered their resignation to take effect from the date of the Annual General Meeting, 22 November, 2002. The Australian Securities and Investments Commission has consented to the resignation. Directors would like to place on record and gratefully acknowledge the long period of 58 years service given to the Company and its shareholders by Ruwald & Evans as Auditors.

At the Annual General Meeting, Directors will be recommending to shareholders the appointment of Messrs. Moore Stephens WI as auditors to replace Ruwald & Evans.

REVIEW OF OPERATIONS

INVESTMENTS

The Company's investment portfolio return for the year, including unrealised gains, was 6.8% compared to the Benchmark S&P/ASX 300 Accumulation Index of negative 3.8% for the same period.

During the year $52.4 million was invested in the equity market. The main purchases were Milton Corporation, Ruralco, Pacific Strategic Investments, API, Macquarie Infrastructure Group and Sydney Aquarium. Sales of equities amounted to $12.2 million and included the sale of Australian Food & Fibre, Brambles, Sydney Aquarium and Wattyl.

The consolidated market value of the listed investment portfolio as at 31 July, 2002 was $948 million.

DIRECTORS' REPORT (Cont.)

ASSOCIATES

Australian Pharmaceutical Industries Limited (API)

During the period under review the Group increased its shareholding in API to 25.6%. API is an integrated healthcare services company with four core business operations – pharmaceutical distribution, manufacturing, retail pharmacy brands and hospital and medical distribution.

API has continued to deliver strong operating performance for the financial year ended 30 April, 2002. Revenue grew to $1.9 billion, a gain on the previous year of $256 million or 15.4%. Net profit of $34.7m. increased by 21.2% over the previous corresponding period whilst earnings per share grew by 19.7% to 17.6 cents per share. On an equity accounted basis the Group's share of API's profit amounted to $8.8 million compared with $7.2 million last year.

API declared a final dividend of 6.75 cents per share taking total dividends to 13 cents per share for the full year, a 5% increase over the previous year.

Brickworks Limited (Brickworks)

The Group held a 49.8% interest in Brickworks as at 31 July, 2002. Brickworks is one of Australia's leading brick and tile manufacturers with its operating division, Austral Bricks, commanding a dominant market share in the eastern states of Australia.

Along with its operating divisions, Brickworks has an investment portfolio of leading Australian listed companies valued at $880.3 million at 30 June, 2002. Included in the portfolio is a 22.3% interest in Bristile Limited, the leading brick producer in Western Australia, valued at $87.0 million as at 30 June, 2002.

Brickworks announced a record profit after tax of $51.9 million in 2002, an increase of 37% on the 2001 result of $38.9 million due to a strong performance from its brick and tile operations. The Group equity accounts its 49.8% share of Brickworks profit. In the year under review the Group's share of Brickworks profit after tax increased by $3.4 million to $13.4 million.

Earnings per share increased to 39.4 cents compared to 28.7 cents last year, allowing a full year dividend of 15.5 cents per share to be paid this year.

The record profit announced by Brickworks was underpinned by a strong domestic economy, the lowest interest rates seen for many years and the continuation of the first home buyers grant. This environment led to a substantial upturn in the housing industry during the year. The 2002 result included a full years contribution from Bowral Bricks and one month of Eureka Tiles Australia.

Eureka Tiles, purchased in May, 2002, is based in Ballarat where it operates a floor tile plant and a bathroom fittings plant.

In January, 2002 Austral commissioned a new floor tile plant at Punchbowl, a suburb of Sydney. As market demand increases, output will be increased accordingly. The unit production cost is substantially below the imported price of equivalent products and below all local competitors.

The combination of Eureka and Austral Tiles has formed Australia's largest floor tile producer with capacity approximating two million square metres per annum.

Clover Corporation Limited (Clover)

Clover operates in the global healthcare and nutrition markets. The company manufactures and supplies refined natural edible oils, in particular those containing high levels of essential fatty acids-lipids such as Omega^3, to the food, nutritional supplement and animal health industries. Clover specialises in delivering natural lipids as powders for use as functional food ingredients. Clover's unique processes mask the natural odour and enhance the stability of these products. Clover makes a point of producing these materials from natural sources such as South Pacific Tuna. The Group has a 28.4% interest in Clover which is listed on both the Australian and London Stock Exchanges.

The 2001-2002 financial year has involved a restructure and reorganization of Clover in order to lower the ongoing cash burn of the Company while sales and marketing initiatives are further developed to ensure future maintainable revenues. Recent revenue generating initiatives have included the national launch by George Weston Foods Limited of their Tip Top Up™ Omega^3 Bread using Clover's unique delivery system and the inclusion of Clover's Omega^3 product in a number of Heinz-Farley baby products.

Clover's net loss for the year was $5.6 million, including non-regular items of $2.4 million, compared with $4.8 million last year . On an equity accounted basis the Group's share of the loss was $1.8 million compared with $1.6 million last year.

DIRECTORS' REPORT (Cont.)

During the financial year Directors have taken a conservative course of action in writing down the carrying value of the majority of intangibles including goodwill by $1.3 million. In addition to this write-down the restructure and reorganization process has cost the company some $1.1 million during the financial year in "one off" and "non-recurring" charges. These measures have ensured that Clover's ongoing operating cost base is more closely aligned with revenue generation and should have a positive effect on ongoing operating cash flows.

COAL (New Hope)

The Group's share of profit after tax and outside equity interest of its 69.3% controlled entity New Hope Corporation Limited amounted to $22.0 million, an increase of 273.7% over the previous corresponding period. The profit result was due to both increased coal production and coal sales at higher prices than those experienced last year. In addition the result was assisted by the strengthening of the Indonesian Rupiah during the year.

Combined coal production of New Hope Australia and its associate P.T. Adaro Indonesia totalled 21.8 million tonnes in 2001-2002, an increase of 9.2% over the previous year's production of 18.9 million tonnes. Coal sales increased to 22.7 million tonnes over the same period representing a 15% improvement on sales last year of 19.8 million tonnes.

In accordance with its strategy, nearly all coal produced by the Group was sold under contract thereby offsetting the adverse impact of low spot market steaming coal prices offered in the market during calendar year 2002.

Australian Operations

New Hope Australia's after tax profit for the year was $7.3 million, an increase of $3.1 million or 73.3% over the previous corresponding period. Sales for the year totalled 2.3 million tonnes, a small increase on last year's figure of 2.2 million tonnes, however, New Hope benefited from higher coal prices to report sales revenue of $103.4 million, an improvement of 13.1% over last year. The profit result was influenced by the substitution of lower cost coal from the Company's New Oakleigh mine as the older and high cost Jeebropilly mine is being phased out.

During the year under review construction commenced on the New Acland mine located 50km from Toowoomba (Qld.). Initial operations will commence in September, 2002 with production forecast to rise to 2.0 million tonnes by 2004 and 4.0 million tonnes by 2006. The mine is located in the eastern part of the Surat Basin and has a resource base of 450 million tonnes of high quality and relatively lower sulphur and nitrogen coal. New Acland is designed to replace output from the Jeebropilly mine near Ipswich by 2003. By the end of calendar year 2003 New Hope Australia plans to increase production to 3.0 million tonnes due to the introduction of the New Oakleigh and New Acland mines.

Associated companies, Queensland Bulk Handling Pty. Ltd. (QBH – 50% owned) and Queensland Commodity Exports Pty. Ltd. (QCE – 33% owned) produced increased profits compared to last year's results. QBH, a joint venture between New Hope and Patrick Corporation Limited operates the common-user coal terminal at the Port of Brisbane which benefited from higher export coal throughput. QCE operates a woodchip export business which provides regular trade with Japanese end-users.

Indonesian Operations

The Indonesian operations of P.T. Adaro Indonesia (Adaro) and P.T. Indonesia Bulk Terminal (IBT) are located in Kalimantan.

New Hope now owns 40.8% of Adaro following the divestment in August, 2001 of 9.2% of its shareholding to an Indonesian shareholder in accordance with contractural obligations with the Indonesian Government.

During the period under review Adaro lifted production by 18.0% to 19.8 million tonnes and coal sales by 16.0% to 20.4 million tonnes. Export sales contributed 59.7% of Adaro's total sales with 40.3% being consumed domestically in Indonesia. A combination of higher coal production and coal sales at higher prices during the second half of the year, together with improved productivity, efficiency gains and a stronger Indonesian currency enabled a substantial lift in the Group's share of Adaro's profit after tax to $8.1 million.

Critical to success in Indonesia is the involvement of Adaro within the local community. During the year Adaro received the Primaniyarta Award from President Megawati Sukarnoputri for its outstanding export and community work in the Province of South Kalimantan. It also received the internationally contested Global Energy Award for Community Development, the only Asian company to succeed in this prestigious Award.

Adaro is maintaining production levels, equivalent to 60,000 tonnes per day to meet export and domestic supply commitments of its ultra clean "Envirocoal" product. At this level of production Adaro is on target to produce and sell 21.0 million tonnes in calendar year 2002, quite an achievement considering the design capacity of the infrastructure was 20.0 million tonnes.

New Hope's 28.6% owned IBT operates the public deepwater coal terminal on Ocean Island (formerly Pulau Laut) in South Kalimantan. IBT increased throughput during the year to 7.1 million tonnes from 5.2 million tonnes last year. Profit after tax for the year was $14.9 million a 162.0% increase over the previous corresponding period. The Group's share of this profit was $3.0 million.

Improved cash flows as a result of higher throughput has enabled IBT to substantially reduce debt from US$100 million at the beginning of 1999 to US$65 million. Debt will be further reduced with US$13 million budgeted for debt retirement by July, 2003.

MEDIA (NBN Television)

In what many have described as one of the most difficult advertising markets for over 10 years, NBN Television's performance has been more than credible. This year's profit after tax of $7.5 million was 14% up on last year's figure of $6.6 million.

This profit result was based on an increase in total revenue of 8.8% on the previous year, with advertising revenue up 8.2%. This result compares more than favourably with other reported media companies and is a reflection of NBN's unique position in the media industry and a reward for its ongoing commitment to localism.

NBN commenced its first digital broadcasts in Newcastle in May of this year. Capital expenditure to date on this project has amounted to $14.5 million. Further expenditure will be required as new transmitters are installed to extend the coverage area across Northern N.S.W.

The digital presentation looks spectacular and NBN is well positioned to capitalize on future opportunities in the media sector with a state of the art digital facility now established.

The ABA's recent "Localism Inquiry" made recommendations in relation to the level of local news and service information that should be provided by regional stations – it is worth noting that NBN already exceeds that level with its comprehensive local service and community projects.

At the beginning of 2002, in recognition of 40 years service to the community, NBN launched one of its most ambitious projects ever – the "NBN Kids Project", incorporating six separate Telethons supporting local youth related projects in each of the regions of its Northern N.S.W./South East Queensland market. This is a first for Australian television with no other station ever undertaking such a major community initiative to broadcast multiple Telethons in the one year. The "Kids Project" is driven by the major impact of issues affecting children in NBN's broadcast area, ranging from high rates of youth unemployment, to abuse, homelessness, drug use and youth suicide.

TELECOMMUNICATIONS (SP Telecommunications Limited (SPT))

SPT is publicly listed on the Australian Stock Exchange with the Group retaining 56.6% ownership.

SPT reported a net profit after tax of $2.2 million compared to last year's start up loss of $1.4 million. SPT (one of the few telecommunications companies in Australia paying income tax) incurred an income tax expense of $782,000. Total revenue for the twelve months was $25.2 million, up 206% on last year. The Group's share of SPT's profit after tax was $1.3 million.

SPT's operating cash flow for the year was $3.4 million. Cash on hand at the end of the year totalled $14.3 million.

As well as providing general telecommunications services to retail and corporate subscribers, SPT has benefited from building a niche business in providing private data networks for corporate customers and government.

SPT boosted earnings significantly during the year due to the commencement of a number of major contracts including ABC Asia Pacific Television Service, digital television distribution services as well as NSW Government business. SPT has secured a number of notable corporate customers on the back of this success. SPT has a number of signed contracts that commenced in the year which will be progressively rolled out in the new financial year.

The joint venture established between the Company and ntl Telecommunications Pty. Limited was a significant event as it has provided the Company with access to, and management of, what is now the second largest regional broadband network in Australia, operating from Melbourne to Cairns.

SPT is trading positively and is in a sound position having established a solid platform from which to build. With surplus cash and a balance sheet free of any intangibles or goodwill, SPT is well placed to take advantage of industry rationalisation, new product development and the expanded network coverage.

PHARMACEUTICAL

The WHSP Branch Pharmacies recorded a modest increase in sales of 2.8% for the period under review. Sales of prescription medicines were well ahead of last year, however, general merchandise sales declined slightly due to increased competition from supermarkets and other health and beauty specialist retailers. Due to a shift in sales mix to prescription medicines, where margins are continually under pressure as a result of government policies to reduce health costs, overall margins declined. As a result of margin decline after tax profit fell to $943,000 which represented an after tax return of 14.8% on funds invested.

CROMFORD PTY. LIMITED

Cromford is a manufacturer and distributor of polyethylene film used in the building industry.

Sales for the year increased by 22.5% to $9.7 million whilst profit after income tax increased by 70.5% to $1.0 million

Government initiatives introduced for first home buyers saw a significant increase in new housing starts throughout the financial year. As a result of this increase and through aggressive marketing of their range of polyethylene building films and dampcourse products, Cromford was able to secure a significant increase in market share nationally.

KEITH HARRIS & CO. LTD.

Washington H. Soul Pattinson and Company Limited owns 84.2% of publicly listed Keith Harris & Co. Ltd.

Group revenue for the full year to 31 July, 2002 increased by 10.1% to $27.8 million. Profit after tax was $3.2 million representing an increase of 37.3% on last year. The Group's share of Keith Harris' profit after tax was $2.7 million.

The Juice Division achieved sales of $12.5 million for the year which was an increase of 5.6% on the previous year's result whilst the operating profit increased to $1.2 million. The profit performance was affected by higher costs associated with the closure and subsequent sale of the citrus processing plant at Griffith, N.S.W. Juice operations have now been consolidated in Redland, Queensland and Thornleigh, Sydney and all juice is now sourced from alternative processors. A profit of $743,500 was made on the disposal of the Griffith facility which is additional to the Juice Division's operating profit as recorded.

Trading was difficult during the year, however, revenues were assisted by sales of bulk concentrates to other manufacturers. The Juice Division is building a presence in this area which is expected to increase in the coming year.

A strong sales and marketing campaign in the Australian Food Division resulted in revenues increasing by 9.5%. Continual cost improvement programs and investment in new product development contributed to a profit after tax of $0.8 million, a 65.9% increase compared with last year.

PRINCIPAL ACTIVITIES

The principal activities of the corporations in the Economic Entity in the course of the financial year were ownership of shares and properties, coal mining, bulk handling, commercial television licensee and operator, program and commercial television production, telecommunications carrier, retailing of pharmaceutical products, manufacture, processing and marketing of seasonings, essences, food colours, perfumes and aromatic chemicals, fruit juices, and reconstitution and extrusion of polyethylene film.

There were no significant changes in the nature of the economic entity's principal activities during the year.

STATE OF AFFAIRS

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

DIRECTORS' REPORT (Cont.)

EVENTS SUBSEQUENT TO BALANCE DATE

Except as disclosed in the Review of Operations, there has not arisen in the interval between the end of the financial year and the date of the report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Parent Entity, to affect substantially the operations of the Economic Entity, the results of those operations or the state of affairs of the Economic Entity in subsequent financial years.

LIKELY DEVELOPMENTS

The Economic Entity will continue to pursue its policy of increasing its strength in its major business sectors in subsequent financial years.

DIRECTORS' INTERESTS

The relevant interest of each Director in the share capital of the Company, as notified to the Australian Stock 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	15,685,300
Mr. M. J. Millner	15,320,280
Mr. P. R. Robinson	74,210
Mr. G. L. Robertson	140,000
Mr. D. J. Fairfull	40,000

DIRECTORS' AND OFFICERS BENEFITS

The remuneration of non-executive directors is determined by the Board within the maximum amount approved by shareholders, from time to time, at Annual General Meetings. In determining the level of fees, the Board has regard to the number of meetings to be attended and the preparation and travelling time involved, including overseas travel. The members of the Parent Board also sit on the Boards of the controlled entities and attend regular board meetings of these companies.

The remuneration of non executive directors and senior executives is reviewed annually by the Board after receiving recommendations from the Remuneration Committee. The policy of the Remuneration Committee in setting remuneration levels includes, whilst not exclusively, reference to individual performance, the trading performance of the economic entity, either in part or in whole, and annual movements in the Consumer Price Index.

Details of the nature and amount of each major element of the remuneration of each director of the Company and each of the named officers of the Company and the consolidated entity are disclosed in Note 30 of the Financial Statements.

INDEMNIFICATION OF DIRECTORS AND OFFICERS

Indemnification

The 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, Washington H. Soul Pattinson and Company Limited has a Directors' and Officers' Liability policy covering directors and officers of the Parent Company and its controlled entities. The insurance policy prohibits disclosure of the nature of the liability insured against and the amount of the premium.

DIRECTORS' REPORT (Cont.)

ENVIRONMENTAL COMPLIANCE

New Hope Corporation Limited's operations are subject to regulation under the Queensland Mineral Resources Act (1989) administered by the Department of Mines and Energy, and the Environmental Protection Act 1994 administered by the Environmental Protection Agency. The controlled entity is operating under a transitional authority and is required to comply with an approved Environmental Management Overview Strategy and a Plan of Operations. Audits are conducted from time to time and the controlled entity has complied in all material respects with these regulations.

There were no fines, reportable breaches or prosecutions incurred under environmental laws and regulations in the year. There were also no environmentally significant incidents that occurred during the year.

ROUNDING OFF

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 98/0100.

Dated at Sydney this 9th day of October, 2002.

Signed in accordance with a resolution of the Directors:

R.D. MILLNER

M.J. MILLNER

WASHINGTON H. SOUL PATTINSON AND COMPANY LIMITED AND CONTROLLED ENTITIES

STATEMENTS OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31st JULY, 2002

		Consolidated		Company	
		2002	2001	**2002**	2001
	Note	**$000**	$000	**$000**	$000
Operating Profit after Income Tax before Non Regular Items		**65,987**	45,756	**39,372**	45,364
Non Regular Items after Income Tax	2d	**6,754**	10,995	**4,762**	9,998
Revenues	2a	**391,515**	944,199	**99,730**	109,504
Less Expenses excluding Borrowing Costs	2b	**306,596**	864,858	**53,061**	56,785
Less Borrowing Costs	2b	**8,911**	18,516	**130**	331
Share of Net Profits of Associates	10	**34,936**	15,643	**–**	–
Share of Partnership Profits		**3,123**	2,862	**–**	–
Operating Profit before Income Tax		**114,067**	79,330	**46,539**	52,388
Less Income Tax Expense/(Benefit)	3	**25,824**	10,912	**2,405**	(2,974)
Net Profit Before Extraordinary Item		**88,243**	68,418	**44,134**	55,362
Profit from Extraordinary Item after Income Tax		**–**	–	**–**	–
Net Profit Before Outside Equity		**88,243**	68,418	**44,134**	55,362
Less Net Profit attributable to Outside Equity Interests		**15,502**	11,667	**–**	–
Net Profit attributable to Soul Pattinson Shareholders		**72,741**	56,751	**44,134**	55,362
Decrease in Asset Revaluation Reserve	24	**–**	(9,251)	**–**	–
Net exchange difference on translation of controlled entities	24	**(8,352)**	8,965	**–**	–
Total attributable to Soul Pattinson Shareholders recognised directly in equity		**(8,352)**	(286)	**–**	–
Total Net Profit and Items Recognised Directly in Equity		**64,389**	56,465	**44,134**	55,362

EARNINGS PER SHARE:

	2002	2001
Basic and Diluted earnings per share (cents per share)	**30.5**	23.8
Weighted average number of shares on issue	**238,640,580**	238,640,580

The Directors have enlarged the Statement of Financial Performance to highlight the Operating Profit after Income Tax and before Non Regular Items. The Company is a long-term investor and does not seek to increase its operating profit by the sale of investments when the share market rises but to make its profit from the receipt of dividend income.

The accompanying notes form part of these financial statements.

WASHINGTON H. SOUL PATTINSON AND COMPANY LIMITED AND CONTROLLED ENTITIES

STATEMENTS OF FINANCIAL POSITION AS AT 31st JULY, 2002

		Consolidated		Company	
		2002	2001	**2002**	2001
	Note	**$000**	$000	**$000**	$000
CURRENT ASSETS					
Cash	1q,11	**20,021**	62,204	**219**	187
Receivables	5	**97,628**	235,874	**21,575**	46,654
Investments - Associates	6,10	**–**	184	**–**	184
Inventories	12	**23,981**	29,919	**7,162**	7,251
Other	11,16	**3,685**	27,242	**162**	154
TOTAL CURRENT ASSETS		**145,315**	355,423	**29,118**	54,430
NON-CURRENT ASSETS					
Receivables	5	**7,811**	9,958	**23,221**	28,472
Investments - Associates	6,10	**324,819**	252,301	**192,992**	184,783
- Other	7,8,9	**159,796**	107,106	**224,810**	190,555
Property, plant and equipment	11,13	**358,633**	552,375	**7,453**	7,722
Intangibles	14	**78,926**	81,421	**3,488**	4,044
Tax	15	**14,085**	21,535	**7,099**	6,442
Other	16	**790**	889	**–**	–
TOTAL NON-CURRENT ASSETS		**944,860**	1,025,585	**459,063**	422,018
TOTAL ASSETS		**1,090,175**	1,381,008	**488,181**	476,448
CURRENT LIABILITIES					
Accounts Payable	17	**32,683**	223,921	**9,929**	9,975
Interest Bearing	18	**38,939**	28,256	**3,510**	4,926
Provisions	20	**40,219**	24,546	**32,092**	16,625
Tax	21	**12,499**	5,693	**1,467**	2,731
Other	22	**714**	6,797	**–**	–
TOTAL CURRENT LIABILITIES		**125,054**	289,213	**46,998**	34,257
NON-CURRENT LIABILITIES					
Accounts Payable	17	**–**	9,713	**–**	–
Interest Bearing	18	**169,508**	202,038	**–**	–
Provisions	20	**8,655**	6,992	**800**	600
Tax	21	**14,204**	70,887	**–**	–
Other	22	**5,255**	10,002	**–**	–
TOTAL NON-CURRENT LIABILITIES		**197,622**	299,632	**800**	600
TOTAL LIABILITIES		**322,676**	588,845	**47,798**	34,857
NET ASSETS		**767,499**	792,163	**440,383**	441,591
EQUITY					
Contributed Equity	23	**32,900**	32,900	**32,900**	32,900
Reserves	24	**439,239**	447,563	**402,494**	402,494
Retained Profits	25	**196,297**	162,554	**4,989**	6,197
Equity attributable to Soul Pattinson Shareholders		**668,436**	643,017	**440,383**	441,591
Outside equity interest in controlled entities	27	**99,063**	149,146	**–**	–
TOTAL EQUITY		**767,499**	792,163	**440,383**	441,591

Commitments and Contingent Liabilities 29

The accompanying notes form part of these financial statements.

WASHINGTON H. SOUL PATTINSON AND COMPANY LIMITED
AND CONTROLLED ENTITIES

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31st JULY, 2002

	Consolidated		Company	
	2002	2001	**2002**	2001
	Inflows (Outflows) $000	Inflows (Outflows) $000	**Inflows (Outflows) $000**	Inflows (Outflows) $000
Cash Flows From Operating Activities				
Receipts from customers	**350,284**	901,318	**51,199**	58,607
Payments to suppliers and employees	**(264,113)**	(777,782)	**(45,528)**	(55,289)
	86,171	123,536	**5,671**	3,318
Dividends Received	**35,407**	31,915	**35,654**	40,413
Interest Received	**3,984**	7,641	**3,333**	5,896
Borrowing costs paid	**(9,728)**	(16,642)	**(136)**	(418)
Income Tax paid	**(15,216)**	(14,679)	**(3,510)**	(3,701)
Net Cash Inflow from Operating Activities	**100,618**	131,771	**41,012**	45,508
Cash Flows From Investing Activities				
Payments for property, plant and equipment	**(60,516)**	(50,157)	**(1,377)**	(894)
Proceeds from sale of property, plant & equipment	**5,828**	3,734	**3,469**	2,784
Payments for investments	**(73,605)**	(15,784)	**(52,407)**	(15,187)
Proceeds from sale of investments	**12,241**	8,666	**12,241**	8,569
Loans advanced	**(1,831)**	–	**(1,600)**	(7,000)
Repayment of loans advanced	**3,041**	6,180	**5,028**	3,589
Sale of businesses	**25**	1,526	**–**	1,339
Sale of controlled entities	**(32,521)**	198	**45**	198
Acquisition of controlled entities	**(132)**	(388)	**(132)**	(388)
Net Cash Inflow (Outflow) from Investment Activities	**(147,470)**	(46,025)	**(34,733)**	(6,990)
Cash Flows From Financing Activities				
Proceeds from Issue of Shares	**47**	18,170	**–**	–
Proceeds from borrowings	**55,865**	13,224	**–**	–
Repayment of borrowings	**(49,180)**	(43,332)	**(1,417)**	(3,308)
Repayment of lease liabilities	**(55)**	(18)	**–**	–
Dividends paid	**(31,450)**	(46,339)	**(29,830)**	(35,795)
Net Cash Inflow (Outflow) from Financing Activities	**(24,773)**	(58,295)	**(31,247)**	(39,103)
Net Increase in Cash Held	**(71,625)**	27,451	**(24,968)**	(585)
Cash at the beginning of the financial year	**137,714**	100,296	**40,187**	40,772
Effect of exchange rate changes on cash	**(1,802)**	9,967	**–**	–
Cash at the end of the financial year	**64,287**	137,714	**15,219**	40,187

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 31st JULY, 2002

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are a general purpose financial report and have been prepared in accordance with the Corporations Act 2001 and applicable accounting standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views).

They have been prepared in accordance with the historical cost convention except for certain assets which are at valuation. The assumption is made that the economic entity will continue as a going concern.

Additional information has been provided to present what the directors believe to be the true and fair position of the Company's performance.

The consolidated accounts include those of the parent entity and all of its controlled entities as listed in Note 8 . Where controlled entities are acquired during a financial year their results are included only from the date of acquisition and where controlled entities are disposed of during a financial year their results are included to the date of disposal. All intercompany transactions and unrealised profits have been eliminated.

The parent entity holds 49.84 % of the issued capital of Brickworks which in turn holds 42.85% of the issued capital of the parent entity. The directors believe its interest in Brickworks should be reported as an associated entity together with other entities in which it has a significant influence.

Set out below is a summary of the significant accounting policies adopted by the economic entity, and in particular the accounting policy adopted where there exists a choice between two or more acceptable methods.

(a) **Non Current Assets** – Where the carrying amount of a non-current asset is materially greater than its recoverable amount the asset is revalued to its recoverable amount. The decrement is recognised as an expense in the statement of financial performance.

The expected net cash flows included in determining recoverable amounts of non-current assets have not been discounted to their present values.

(b) **Depreciation** – Depreciation is calculated so as to write off the value of each non-current asset excluding freehold land over its estimated useful life. Components of major assets that have materially different useful lives, are separately depreciated.

(c) **Inventories** – Raw materials are valued at the lower of cost and net realisable value. Work in progress, finished goods and trading shares are valued at the lower of cost or net realisable value. Cost consist of direct material, labour and includes an appropriate allocation of production overheads. Costs are assigned based on normal operating capacity.

(d) **Taxation** – The economic entity adopts the principles of tax effect accounting. Income tax on net cumulative timing differences is set aside to deferred income tax and future tax benefit accounts at declared rates prevailing when those timing differences are expected to reverse.

The group provisions of the Income Tax Assessment Act have been utilised so that tax losses in some entities are to be recouped against tax payable in the current year by other entities.

(e) **Investments:**

Partnership – Andrew Wright Holdings Pty Ltd holds a 50% interest in a partnership named Bulk Terminal Services Partnership. Contribution to consolidated operating profit was a profit of $2,162,627 (2001-$1,984,511). The partnership year end is 30th June. .

Associated Entities – An associate is an entity, other than a partnership, over which the consolidated entity exercises significant influence and includes joint venture entities.

Investments in associates are accounted for using equity accounting principles. The consolidated entity's share of the associates' net profit or loss after tax is recognised in the consolidated financial performance statement. The carrying amount is reduced to the recoverable amount if lower.

Joint Venture Operation – The proportionate interests in the assets, liabilities and expenses of a joint venture operation have been incorporated in the financial statements under the appropriate headings. Details are set out in note 11.

Other Companies – Investments in listed and unlisted corporations are carried at cost with provision made where appropriate when it is considered amounts will not be recovered. Dividends are brought to account when declared.

(f) **Restoration, Rehabilitation and Environmental Expenditure** – Restoration, Rehabilitation and Environmental expenditure to be incurred during the production phase of operations is expensed as part of the cost of production of the mine property concerned.

An entity may also have obligations for restoration and rehabilitation of mining areas and decommissioning of plant following the completion of production. Such obligations are being accrued in proportion to production and the accrual will be adequate to meet those obligations once production from the mineral resource is completed. These obligations include profiling, stabilisation and revegetation of the completed area.

Costs are estimated on the basis of current undiscounted costs, current statutory requirements and current technology. Changes in estimates of costs relating to producing areas are dealt with prospectively over the remaining mine life.

(g) **Mine Properties, Mine Development Costs, Mining Reserves and Mining Leases** – Mining Reserves, Leases and Mine Development costs are amortised over the estimated productive life of each applicable mine on the unit of production basis or years of operation basis as appropriate.. Amortisation commences when a mine commences commercial production.

Development expenditure incurred by the economic entity 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. Revenue earned while the mine is being developed is offset.

Interest and foreign exchange differences are classified as part of Mine Development costs where they relate to funds borrowed specifically for developing those projects. Interest earned on the temporary investment of such funds prior to commencement of mining is deducted from the amounts so capitalised.

Capitalised interest is amortised over the same period as the asset to which it relates is depreciated.

(h) **Exploration and Evaluation Expenditure** – Exploration, Evaluation and relevant acquisition costs are accumulated separately for each area of interest. They comprise acquisition costs, direct exploration and evaluation costs and an appropriate portion of related overhead expenditure. Costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:-

i) Such costs are expected to be recouped through successful development and exploitation or from sale of the area; and

ii) Exploration and Evaluation activities in the area at balance date have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations in, or relating to, the area are continuing.

Exploration and Evaluation expenditure which does not satisfy these criteria is written off.

(i) **Maintenance and Repairs** – Maintenance, repair costs and minor renewals are charged as expenses as incurred except where they relate to the replacement of a component of an asset, in which case they are capitalised.

(j) **Acquisitions** – On acquisition of controlled entities or assets of another entity the excess of the purchase consideration plus incidental expenses over the fair value of the identifiable net assets acquired, ***goodwill***, is amortised on a straight line basis over a period of twenty years, during which the benefits are expected to arise. ***Discount*** on acquisition is written off against non-monetary assets at date of acquisition.

(k) **Goodwill** – Goodwill acquired is amortised over a period of between 10 and 20 years unless it is immediately expensed.

(l) **Foreign Currency** – Foreign currencies are converted into Australian currency at the rate of exchange at the date of the transaction. At balance date amounts payable or receivable by the economic entity in foreign currencies have been translated to Australian currency at rates of exchange ruling at year end. Gains and losses are charged against operating profit.

Specific Commitment – Hedging is undertaken in order to avoid or minimise possible adverse effects of movements in exchange rates. Gains or losses arising upon entry into a hedging transaction, together with subsequent gains or losses resulting from those transactions are deferred and included in the measurement of the purchase or sale. When anticipated sale transactions have been hedged , actual sales which occur during the hedged period are accounted for as having been hedged until the amounts of those transactions are fully allocated against the hedged amounts.

General Commitment – Exchange gains and losses on other hedge transactions, are brought to account in the profit and loss account in the financial year in which the exchange rates change. Gains or losses arising on entry into hedges of general commitments are brought to account at the time of entry into the hedges and are amortised over the period of the hedge.

Foreign Controlled Entities – Assets and liabilities of overseas controlled entities which are financially and operationally independent have been translated at the rate of exchange ruling at balance date or appropriate rates as required by AASB 1012. Revenue and Expenses are translated at the weighted average of rates during the year. Exchange differences arising on translation are taken directly to foreign currency exchange reserve.

(m) **Employee Benefits** – Provision is made for employees' entitlements to annual, sick and long service leave, potential retirement benefits and redundancy entitlements at current rates of pay and include applicable oncosts. The contributions made to superannuation funds by entities within the economic entity are charged against profits.

(n) **Leased Non-Current Assets** – Distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of the leased property, and operating leases under which the lessor effectively retains all such risks and benefits. Where non-current assets are acquired by means of finance leases, the present value of minimum lease payments is established as a non-current asset at the beginning of the lease term and amortised on a straight line basis over its expected useful life. A corresponding liability is also established and each lease payment is allocated between such liability and interest expense. Operating lease payments are charged to the profit and loss account in the period in which they are incurred.

(o) **Benching and Forward Overburden Removal** – The costs of overburden removed in advance and establishment of work benches have been prepaid and will be absorbed in the subsequent year on the basis of saleable tonnes produced.

(p) **Television Licence** – The commercial Television Licence held by a controlled entity is not amortised as the directors believe it will exist in perpetuity and its value will not diminish over time. Not withstanding this, the depreciable amount of the television licence has been determined based on directors assessments of the residual value of the licence at the end of years 10, 20 and 40, in current dollar terms. At each of these time periods, the residual value approximates the current carrying amount of the licence giving rise to an immaterial depreciable amount. As a result there is no amortisation charge to be recognised.

An assessment of the recoverable amount of the licence is made each reporting period to ensure this is not less than carrying amount. The recoverable amount is determined based on the net amount expected to be recovered through the net cash inflows arising from the continued use of the licence and subsequent disposal where applicable, discounted to their present values using a risk adjusted discount rate.

(q) **Cash Flows** – In the preparation of cash flows, cash is defined to include cash on hand and at bank and short term deposits, net of bank overdrafts. These items are all readily convertible to cash and are used in the day to day cash management.

(r) **Right of Use Assets** – P.T. Adaro Indonesia under the terms of its Coal Co-Operation Agreement is required to provide plant and equipment for use in its Indonesian mining operations. Ownership of these assets is vested in the Indonesian state owned coal company P.T. Tambang Batubara Bukit Asam as soon as they are acquired in or imported into Indonesia. However Adaro retains the exclusive right to use the assets in its mining operations. The amount classified as Right of Use Assets, being the historical cost of these assets, is being amortised on the basis of the estimated useful lives to the economic entity, of the underlying assets.

(s) **Port Development Costs** – Development expenditure incurred in respect to a Port Loading facility is accumulated. Direct development expenditure, pre-operating start-up costs and an appropriate portion of related overhead expenditure are capitalised until the facility is in commercial operation. Amortisation and depreciation commences when the facility is in commercial operation.

(t) **Development Costs** – Costs incurred in the development of the enlarged service area on aggregation of television services and other significant items of expenditure related to establishment of this market, having a benefit or relationship to more than one accounting period, have been deferred and amortised over the period of that expected benefit, but not exceeding twenty years.

(u) **Debtors** – Debtors are recognised at the amount receivable as they are generally due for settlement 30 days from the end of month in which the invoice is raised. Collectibility of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful debts is maintained to cover the estimate of the amount of these debts which may be uncollectable.

(v) **Trade and other Creditors** – These amounts represent liabilities for goods and services provided to the economic entity to the end of the financial year and which are unpaid.

(w) **Revenue** – Comprises revenue earned (net of returns and allowances) from the provision of products to entities outside the consolidated entity. It is recognised when the control passes to the customer .

(x) **Goods and Services Tax** – The net amount of GST recoverable from or payable to the ATO is shown as a current asset or liability. The amounts in the financial performance statement are net of GST unless non recoverable. In the statement of cash flow, the GST component has been classified as operating cash flow.

(y) **Comparative Amounts** – Last year figures have been reclassified where necessary to facilitate proper comparison.

2. In arriving at profit for the year the following items of revenue and expense have been taken into account.

	Consolidated		**Company**	
	2002	2001	**2002**	2001
	$000	$000	**$000**	$000
(a) Revenue				
Ordinary Operations				
Sales from Operations	**334,307**	906,448	**42,784**	47,702
Sales of Investments	**30,876**	8,768	**12,286**	8,393
Sale of Businesses	**–**	1,339	**–**	1,339
Sale of Land and Buildings	**3,782**	2,419	**2,893**	2,375
Sale of Plant and Equipment	**2,048**	1,385	**575**	409
Other Revenue –				
Dividend Income –				
Associates	**–**	–	**16,144**	24,102
Related Entities	**–**	–	**10,561**	5,279
Other Persons	**8,625**	10,989	**8,060**	10,339
Interest Received –				
Related Entities	**–**	–	**1,178**	2,814
Other Persons	**5,012**	7,825	**2,128**	2,880
Rental Income	**1,934**	2,061	**1,334**	1,615
Sundry Income	**4,931**	2,965	**1,787**	2,257
Total Revenue	**391,515**	944,199	**99,730**	109,504
Profit on Sale of Plant and Equipment	**241**	254	**12**	243

2. (cont.)

	Consolidated		Company	
	2002	2001	**2002**	2001
	$000	$000	**$000**	$000
(b) Expenses				
Cost of Sales	**238,704**	525,108	**40,122**	42,723
Selling and Distribution	**51,182**	321,741	**9,048**	9,944
Administration	**16,127**	17,195	**3,308**	3,304
Property Rental	**583**	814	**583**	814
Borrowing Costs –				
Controlled Entities	**–**	–	**–**	2
Directors and Director Related Entities	**104**	291	**104**	291
Other Related Parties	**11**	12	**11**	12
Other Persons	**8,796**	18,213	**15**	26
Total Expenses Including Borrowing Costs	**315,507**	883,374	**53,191**	57,116
Depreciation – Property	**403**	281	**18**	21
– Plant and fixtures	**22,149**	27,826	**820**	890
Amortisation –				
Goodwill	**557**	1,231	**557**	632
Leasehold equipment	**20**	749	**–**	51
Mining reserves and mine development	**2,375**	9,192	**–**	–
Development Costs	**88**	89	**11**	12
Port Development Costs	**1,438**	1,438	**–**	–
Provisions for–				
Employee Entitlements	**4,035**	2,539	**189**	26
Doubtful Debts – Trade Debtors	**157**	24	**–**	–
Unearned Revenue	**(215)**	519	**–**	–
Net Foreign Exchange Losses (Gains)	**10,364**	(18,645)	–	–
Loss on Sale of Plant & Equipment	**221**	242	**1**	39
Bad Debts Written Off (Net) – Trade Debtors	**123**	1,234	**–**	–
Rental Expense on Operating Leases	**2,994**	2,843	**1,683**	1,877
Finance Charges – Finance Leases	**4**	9	**–**	5
Write Down – Inventory	**202**	9	**234**	1,299
– Plant and Fixtures	**1,133**	–	**–**	–
(c) Remuneration of Auditors –				
Auditing Services –				
Auditors of Parent Entity	**87**	76	**75**	64
Other Auditors	**313**	290	**–**	–
Other Services –				
Auditors of Parent Entity	**2**	–	**2**	–
Other Auditors	**450**	616	**–**	–

(The Auditors received no other benifits)

2. (cont.)

(d) In arriving at the profit for the year the following non regular items have been taken into account.

	Consolidated		Company	
	2002	2001	**2002**	2001
	$000	$000	**$000**	$000
Profit on Disposal of Land and Buildings	**3,086**	1,516	**2,701**	1,493
Income Tax applicable	**274**	555	**158**	547
	2,812	961	**2,543**	946
Profit on Sale of Investments	**7,073**	2,175	**2,427**	1,961
Income Tax applicable	**3,128**	(807)	**205**	(781)
	3,945	2,982	**2,222**	2,742
Profit on Disposal of Business	**(4)**	319	**(4)**	414
Income Tax applicable	**(1)**	**(6,733)**	**(1)**	**(5,896)**
	(3)	7,052	**(3)**	6,310
Total	**6,754**	**10,995**	**4,762**	**9,998**

3. INCOME TAX EXPENSE:

The aggregate amount of income tax attributable to the financial year differs by more than 15% from the amount of prima facie tax payable on the operating profit. The difference is reconciled as follows:–

	Consolidated		Company	
	2002	2001	**2002**	2001
	$000	$000	**$000**	$000
Operating profit before Income Tax	**114,067**	79,330	**46,539**	52,388
Prima facie tax payable at 30% (2001 – 34%)	**34,220**	26,972	**13,961**	17,812
Rebateable Dividends	**(2,461)**	(3,373)	**(10,306)**	(13,154)
Capital Gains not assessable	**1,050**	(2,740)	**(1,177)**	(1,916)
Investment Allowance	**–**	(995)	**–**	–
Change in Tax Rate	**–**	530	**–**	1,137
Overseas Tax Rate Differential	**(12)**	(47)	**–**	–
Sundry Items	**732**	1,483	**(49)**	(105)
Profit of Associates	**(10,481)**	(5,319)	**–**	–
Prior Year Adjustments	**2,776**	(5,590)	**(24)**	(6,748)
Quarantined Expenditure now allowable	**–**	(9)	**–**	–
Income Tax attributable to operating profit	**25,824**	10,912	**2,405**	(2,974)

4. SEGMENT OPERATIONS:

	Consolidated							
	2002	2001	**2002**	2001	**2002**	2001	**2002**	2001
	$000	$000	**$000**	$000	**$000**	$000	**$000**	$000
Primary Reporting Industry Segments								
	Revenue		**Profit After Tax**		**Total Assets**		**Total Liabilities**	
Coal Mining	**189,543**	763,140	**21,227**	16,857	**388,037**	772,242	**244,275**	534,300
Investment	**26,180**	28,314	**13,219**	18,085	**189,752**	183,458	**3,512**	4,926
Media	**68,899**	63,713	**7,538**	6,595	**122,668**	118,287	**45,850**	44,718
Telecommunications	**25,178**	8,217	**2,852**	(1,284)	**34,522**	26,612	**7,060**	1,930
Fruit Products	**14,293**	12,278	**1,391**	785	**7,811**	8,827	**1,232**	1,043
Flavours and Fragrances	**12,551**	11,550	**970**	875	**11,058**	10,784	**3,556**	3,770
Pharmaceutical	**41,131**	45,584	**940**	7,606	**16,123**	15,879	**5,352**	5,294
Property	**4,227**	3,990	**4,088**	2,514	**7,452**	7,722	**–**	–
Unallocated	**12,164**	12,506	**1,082**	742	**10,465**	10,236	**34,371**	19,710
Associates (Note a)	**–**	–	**34,936**	15,643	**324,819**	252,301	**–**	–
Intersegment (Note b)	**(2,651)**	(5,093)	**–**	–	**(22,532)**	(25,340)	**(22,532)**	(26,846)
Group Totals	**391,515**	944,199	**88,243**	68,418	**1,090,175**	1,381,008	**322,676**	588,845

	Acquisition Non Current Assets (Note e)		**Depreciation/ Amortisation**		**Other Non Cash Expenditure**	
Coal Mining	**41,261**	24,708	**20,174**	34,127	**1,360**	1,267
Media	**9,565**	9,008	**2,958**	2,699	**(118)**	431
Telecommunications	**6,095**	16,943	**1,184**	505	**(6)**	971
Fruit Products	**864**	1,391	**437**	426	**24**	32
Flavours and Fragrances	**569**	1,323	**475**	494	**27**	44
Pharmaceutical	**–**	–	**568**	645	**189**	26
Property	**844**	593	**838**	962	**–**	–
Unallocated	**216**	210	**396**	393	**67**	82
Group Totals	**59,414**	54,176	**27,030**	40,251	**1,543**	2,853

Secondary Reporting Geographical Segments	**Revenue**		**Acquisition Non Current Assets (Note e)**		**Total Assets**	
Australia	**305,727**	270,659	**54,708**	45,676	**798,155**	710,114
South East Asia	**85,788**	673,540	**4,706**	8,500	**292,020**	670,894
Group Totals	**391,515**	944,199	**59,414**	54,176	**1,090,175**	1,381,008

Products and Services

Investment	Investment in shares and short-term deposits.
Coal Mining	Coal mining in Australia and Indonesia.
Media	Television advertising and commercial and program production.
Pharmaceutical	Pharmaceutical – retailing.
Telecommunications	Licensed carrier and retailer of telecommunication services and products.
Fruit Products	Fruit product processing sales and distribution.
Flavours and Fragrances	Flavours, fragrances, aromatic chemicals and essential oil manufacture.
Property	Sale and rental of properties.

4. SEGMENT OPERATIONS (Cont).:

	Consolidated	
	2002	2001
	$000	$000

(a) Associates (Refer note 10)

Revenue from associates is not included in total Revenue.

Total assets includes the company's share of associates increase in post acquisition profits and reserves.

Profit after Tax is split as follows

	2002 $000	2001 $000
Coal Mining	**14,672**	106
Clay Products	**10,253**	6,501
Pharmaceuticals	**6,949**	5,582
Investment	**2,584**	3,454
Property	**561**	–
Telecommunications	**(83)**	–
	34,936	15,643

(b) Split of Intersegment revenue is as follows:

	2002 $000	2001 $000
Investment	**2,335**	4,699
Property	**316**	345
Unallocated	**–**	2
Media	**–**	47
	2,651	5,093

All Intersegment revenue is based on commercial rates

(c) Split of outside equity interest is as follows:

	2002 $000	2001 $000
Coal Mining	**13,895**	11,075
Telecommunications	**1,027**	51
Flavours and Fragrances	**219**	285
Fruit Products	**220**	124
Investment	**141**	132
	15,502	11,667

(d) Split of non regular items is as follows:

	2002 $000	2001 $000
Investment	**2,252**	3,725
Property	**2,543**	946
Coal Mining	**1,692**	14
Fruit Products	**270**	–
Pharmaceutical	**(3)**	6,310
	6,754	10,995

(e) Acquisition non-current assets excludes investments.

(f) P.T. Adaro Indonesia in the current year changed from being a controlled entity to being an associated entity.

5. RECEIVABLES:

	Consolidated		Company	
	2002	2001	**2002**	2001
	$000	$000	**$000**	$000
Current:				
Trade Debtors.	**48,118**	159,364	**4,556**	4,107
Less Provision for Doubtful Debts	**3,298**	3,545	**25**	25
	44,820	155,819	**4,531**	4,082
Short Term Deposits.	**47,266**	75,517	**15,000**	40,000
Loans Receivable Secured by Mortgages over Real Estate and other Contracts	**237**	660	**237**	660
Loans Receivable – Unsecured	**1,623**	168	**1,623**	156
Amounts Owing by Controlled Entities	**–**	–	**123**	1,741
Other Amounts Receivable	**3,682**	3,710	**61**	15
	97,628	235,874	**21,575**	46,654

5. RECEIVABLES (Cont.):

	Consolidated		Company	
	2002	2001	**2002**	2001
	$000	$000	**$000**	$000
Non-Current:				
Loans Receivable Secured by Mortgages over Real Estate and other Contracts	**824**	3,181	**824**	3,181
Loans Receivable – Unsecured	**364**	580	**–**	97
Amounts Owing by Controlled Entities	**–**	–	**22,397**	25,194
Other Amounts Receivable	**6,623**	6,197	**–**	–
	7,811	9,958	**23,221**	28,472

Trade debtors of $22,279,436 in the New Hope group have been pledged as security for a loan to a third party.

6. INVESTMENTS - ASSOCIATES:

	Consolidated		Company	
	2002	2001	**2002**	2001
	$000	$000	**$000**	$000
Current:				
Listed at Cost	**–**	184	**–**	184
Total Current	**–**	184	**–**	184
Non - Current:				
Equity Accounted -				
Listed	**269,460**	250,696	**–**	–
Unlisted	**55,359**	1,605	**–**	–
At Cost -				
Listed	**–**	–	**192,992**	184,783
Unlisted	**–**	–	**–**	–
	324,819	252,301	**192,992**	184,783
Market Value of Listed Investments	**575,621**	580,211	**574,685**	580,211

7. INVESTMENTS - OTHER:

	Consolidated		Company	
	2002	2001	**2002**	2001
	$000	$000	**$000**	$000
Non - Current:				
Shares in Other Companies at Cost				
Listed	**132,059**	98,218	**123,928**	90,512
Unlisted	**26,237**	6,388	8,134	6,383
	158,296	104,606	**132,062**	96,895
Shares in Controlled Entities at Cost				
Listed	**–**	–	**20,949**	20,817
Unlisted	**–**	–	**71,799**	72,843
	–	–	**92,748**	93,660
Interest in Partnership	**1,500**	2,500	**–**	–
Total Non - Current	**159,796**	107,106	**224,810**	190,555
Market Value of Listed Investments				
Other Corporations	**290,097**	247,966	**274,777**	234,175
Controlled Entities	**–**	–	**105,421**	54,421

Unlisted Investment of $17,994,789 has been pledged as security for a loan to a third party.

8. PARTICULARS RELATING TO CONTROLLED ENTITIES:

Name of Entity	Country of Incorporation	Parent Entity's Interest 2002 %	Parent Entity's Interest 2001 %
(a) Parent Entity			
Washington H. Soul Pattinson and Company Limited	Australia	**–**	–
(b) Controlled Entities			
SP Finance Pty. Limited	Australia	**100**	100
SP Laboratories Pty. Limited	Australia	**100**	100
SP Newcastle Pty. Limited	Australia	**100**	100
SP Runaway Bay Pty. Limited	Australia	**100**	100
Cromford Pty. Limited	Australia	**100**	100
Souls Management Limited (in Vol. Liq.)	Australia	**–**	100
SP Telecommunications Limited	Australia	**56.6**	56.2
and its 100% owned controlled entities			
Kooee Communications Pty. Limited	Australia	**56.6**	56.2
Soul Pattinson Telecommunications Pty. Limited	Australia	**56.6**	56.2
New Hope Corporation Limited	Australia	**69.3**	69.3
Spring Mt. Collieries Pty. Limited	Australia	**69.3**	69.3
Jeebropilly Collieries Pty. Limited	Australia	**69.3**	69.3
Fowlers Engineering Pty. Limited	Australia	**69.3**	69.3
Tivoli Coal (Hawaii) Pty. Limited	Australia	**69.3**	69.3
New Hope Collieries Pty. Limited	Australia	**69.3**	69.3
Tivoli Collieries Pty. Limited	Australia	**69.3**	69.3
Andrew Wright Holdings Pty. Limited	Australia	**69.3**	69.3
Tetard Holdings Pty. Limited	Australia	**69.3**	69.3
Berralink Pty. Limited	Australia	**69.3**	69.3
Consolidated Bulk Handling Pty. Limited	Australia	**69.3**	69.3
P.T. Indonesia Bulk Terminal	Indonesia	**19.8**	19.8
New Hope Finance Pty. Limited	Australia	**69.3**	69.3
Indonesia Coal Pty. Limited	Australia	**69.3**	69.3
and its 50% owned entity			
P.T. Adaro Indonesia	Indonesia	**–**	34.7
Thor Earthmovers Pty. Limited	Australia	**69.3**	69.3
New Hope Energy Pty. Ltd.	Australia	**69.3**	69.3
CBH Design Services Pty. Ltd.	Australia	**69.3**	69.3
New Oakleigh Coal Pty. Ltd.	Australia	**69.3**	69.3
New Haenke Coal Pty. Ltd.	Australia	**69.3**	69.3
New Hill Coal Pty. Ltd.	Australia	**69.3**	69.3
New Hope Exploration Pty. Ltd.	Australia	**69.3**	69.3
Minerva Coal Pty. Ltd.	Australia	**48.5**	48.5
Seven Mile Coal Pty. Ltd.	Australia	**69.3**	69.3
New Acland Coal Pty. Ltd.	Australia	**69.3**	69.3
Keith Harris & Co. Limited	Australia	**84.2**	84.2
Jusfrute Limited	Australia	**84.2**	84.2
United Beverages Pty. Limited	Australia	**84.2**	84.2
Redland Industries Pty. Limited	Australia	**84.2**	84.2
Keith Harris Extracts Pty. Limited	Australia	**84.2**	84.2
Quotidian No. 115 Pty. Limited	Australia	**84.2**	84.2
Keith Harris & Co. (Far East) Pte. Ltd.	Singapore	**50.5**	50.5
NBN Enterprises Pty. Limited	Australia	**100**	100
NBN Limited	Australia	**100**	100
NBN Investments Pty. Limited	Australia	**100**	100
NBN Staff Investments Pty. Limited	Australia	**100**	100
NBN Productions Pty. Limited	Australia	**100**	100
NBN Holdings Pty. Limited	Australia	**100**	100

Souls Management Limited ceased to be part of the Economic Entity during the year ended 31st July, 2002.
P.T. Adaro, Indonesia became an associated entity during the year ended 31st July, 2002 following the sale of 9.17% of the company in August, 2001 in compliance with the Coal Co-operation Agreement under which P.T. Adaro operates which required at least 51% ownership by October, 2002.

9. ACQUISITION OF CONTROLLED ENTITIES:

	Consolidated 2002 $000	2001 $000
The group increased its holding in SP Telecommunications Limited to 56.6% in the current financial year.		
Purchase Price paid in cash	**132**	–
Outside Equity value acquired	**103**	–
Discount on Consolidation	**(29)**	–

DISPOSAL OF CONTROLLED ENTITIES:
Souls Management Limited was liquidated during the current year. $45,000 was received by way of return of capital.

On 17 August 2001 Indonesia Coal Pty Limited, a wholly owned subsidiary of New Hope Corporation Limited, sold 9.17% of its shareholding in P.T. Adaro Indonesia. That company is now treated as an associate.
Cash balance of Adaro at that time was $51.2 million.

10. INVESTMENT IN ASSOCIATES:

	Consolidated 2002 $000	2001 $000
Share of Associates Retained Profits at beginning of year	**48,082**	3,592
Share of Associates Retained Profits at the end of year	**66,913**	48,082
Share of Associates Reserves:		
Asset Revaluation	**11,752**	11,752
Capital Profit	**6,191**	6,191
Foreign Currency	**(2,603)**	–
	15,340	17,943
Schedule of Movements in Carrying Amount		
Balance at beginning of the financial year	**252,485**	206,651
Adjustment from the disposal of the controlling interest in an equity investment	**47,543**	–
Investments - Acquired	**8,563**	1,344
- Sold	**–**	–
Share of associates profit before tax	**49,454**	22,040
Share of associates income tax expense	**(14,518)**	(6,397)
Dividends from associates	**(22,476)**	(24,102)
Adjustment to initial adoption	**–**	45,304
Share of dividends received by associate	**6,371**	7,645
Share of movements in reserves	**(2,603)**	**–**
Balance at end of financial year	**324,819**	252,485
Contingent Liabilities:		
Share of associates contingent liabilities-		
Bank Guarantees	**24,253**	22,534
Bank Performance Bonds	**7,269**	–
	31,522	22,534

10. INVESTMENT IN ASSOCIATES (cont.):

	Consolidated 2002 $000	2001 $000
Joint Venture Entity		
SPT Telecommunications Pty Ltd ia a joint venture entity.		
Share of Results:		
Revenue	**48**	–
Less Expenses	**131**	–
Loss	**83**	–
Share of Assets and Liabilities:		
Current Assets	**326**	–
Non-Current Assets	**8**	–
Total Assets	**334**	–
Current Liabilities	**134**	–
Net Assets	**200**	–

Details of Investments in Associates

Name and Principal Activity	Balance Date	Ownership Interest 2002 %	Ownership Interest 2001 %	Ownership Interest Associate Balance Date 2002 %	Ownership Interest Associate Balance Date 2001 %	Share of Associates Net Profit 2002 $000	Share of Associates Net Profit 2001 $000	Dividends Received from Associates 2002 $000	Dividends Received from Associates 2001 $000	Carrying Amount 2002 $000	Carrying Amount 2001 $000
Australian Pharmaceutical Industries Ltd - Pharmaceutical wholesaler	30th April	**25.6**	25.2	**25.7**	25.1	**8,775**	7,175	**6,572**	9,004	**103,514**	97,781
Queensland Bulk Handling Pty Ltd- Coal mining	30th June	**34.7**	34.7	**34.7**	34.7	**153**	107	**–**	–	**1,758**	1,605
Queensland Commodity Exports Pty Ltd - Wood chip handling	30th June	**23.1**	23.1	**23.1**	23.1	**476**	—	**–**	–	**476**	–
Clover Corporation Ltd - Manufacture and distribution of nutritional supplements	30th June	**28.4**	27.9	**28.4**	27.9	**(1,826)**	(1,593)	**–**	–	**7,892**	9,448
Brickworks Ltd - Manufacture of clay products	30th June	**49.8**	49.8	**49.8**	49.8	**13,369**	9,954	**9,519**	15,098	**153,871**	143,651
Pacific Strategic Investments Limited - Investor	30th June	**24.9**	—	**24.9**	—	**29**	–	**72**	–	**4,182**	–
SPT Telecommunications Pty Ltd - Telecommunications Carrier	30th June	**28.2**	—	**28.2**	—	**(83)**	–	**–**	–	**417**	–
P.T. Adaro Indonesia- Coal mining	31st July	**28.3**	—	**28.3**	—	**8,063**	–	**5,140**	–	**47,876**	–
Vindoor Investments (Mauritius) Ltd - Investor	31st July	**28.3**	—	**28.3**	—	**5,980**	–	**1,173**	–	**4,833**	–
						34,936	15,643	**22,476**	24,102	**324,819**	252,485

During the year an associated company, P.T. Adaro Indonesia has recognized in its accounts VAT receivable amounting to US$19,437,106.

Indonesian Government Regulation No. 144/2000 which is effective from 1st January 2001, stipulates that coal is no longer VAT-able and as a result the associated company is unable to seek registration for VAT input incurred from this date onwards.

Management of the associated company has had discussions with the Dept. of Mines, during which it was agreed with the Dept. of Mines that the VAT could be offset against production sharing payments due by the associated company to the Dept. of Mines. However, the Dept. of Finance has not yet agreed in writing to the offsetting arrangement with the Dept. of Mines. The associated company has been offsetting this amount and as at 31st July 2002, the associated company had a balance of US $220,762 to be offset against production sharing in its accounts. Also, in January 2002, the Directorate General of Taxation confirmed in writing to the associated company, that VAT is not part of the Coal Co Operation Agreement.

It is on this basis that the Directors of the associated company believe that there will be no adverse effect on their financial statements in relation to the abovementioned VAT.

11. JOINT VENTURE OPERATION:

A controlled entity has entered into a joint venture opreration called Reorganic Energy Swanbank to develop a landfill gas project. The controlled entity has a 33.33% participating interest in the joint venture and is entitled to 33.33% of its output. The group interest in the assets employed in the joint venture are included in the statement of financial position under the following classifications.

	Consolidated	
	2002 $000	2001 $000
Current Assets:		
Cash	**67**	–
Other	**175**	–
Total Current Assets	**242**	–
Non-Current Assets:		
Plant and Fixtures at cost	**376**	–
Less Accumulated Depreciation	**6**	–
Total Non-Current Assets	**370**	–
Total Assets	**612**	–

12. INVENTORIES:

	Consolidated		Company	
	2002 $000	2001 $000	**2002 $000**	2001 $000
Current:				
Trading shares at lower of cost and market value	**2,970**	2,834	**2,970**	2,834
Raw Materials	**7,637**	7,133	**–**	–
Work in Progress	**135**	87	**–**	–
Finished Goods	**13,409**	20,365	**4,362**	4,917
	24,151	30,419	**7,332**	7,751
Less Provision for Fluctuation in value of Finished Goods	**170**	500	**170**	500
	23,981	29,919	**7,162**	7,251

13. PROPERTY, PLANT AND EQUIPMENT:

	Consolidated		Company	
	2002	2001	**2002**	2001
	$000	$000	**$000**	$000
Land:				
At Cost	**33,483**	28,938	**2,516**	2,708
Buildings:				
At Cost	**17,527**	17,791	**2,181**	2,018
Less Provision for Depreciation	**4,168**	4,123	**433**	448
	13,359	13,668	**1,748**	1,570
Total Land and Buildings	**46,842**	42,606	**4,264**	4,278
Plant, Fixtures & Motor Vehicles:				
At Cost	**392,088**	342,761	**7,046**	6,706
Less Provision for Depreciation	**140,840**	109,854	**3,857**	3,262
Total Plant, Fixtures & Motor Vehicles	**251,248**	232,907	**3,189**	3,444
Leasehold Equipment - At Cost	**–**	20,398	**–**	–
Less Amortisation	**–**	15,926	**–**	–
Total Leasehold Equipment	**–**	4,472	**–**	–
Right of Use Assets				
Infrastructure – At Cost	**–**	146,264	**–**	–
Less Amortisation	**–**	29,810	**–**	–
Plant & Equipment – At Cost	**–**	53,640	**–**	–
Less Amortisation	**–**	13,096	**–**	–
Mine Development – At Cost	**–**	69,709	**–**	–
Less Amortisation	**–**	19,868	**–**	–
Total Right of Use	**–**	206,839	**–**	–
Mining Reserves & Leases:				
At Cost	**9,813**	9,813	**–**	–
Less Amortisation	**150**	150	**–**	–
Total Mining Reserves	**9,663**	9,663	**–**	–
Mine Development				
At Cost	**24,594**	28,204	**–**	–
Less Amortisation	**19,497**	19,084	**–**	–
Total Mine Development	**5,097**	9,120	**–**	–
Port Development - At Cost	**16,473**	16,478	**–**	–
Port Infrastructure - At Cost	**41,445**	40,116	**–**	–
	57,918	56,594	**–**	–
Less Amortisation	**12,135**	9,826	**–**	–
Total Port Development	**45,783**	46,768	**–**	–
Total Property, Plant & Equipment	**358,633**	552,375	**7,453**	7,722

Valuation of Land and Buildings: The Market Value of land and buildings excluding land and buildings held for mining (book value) based on independent valuations during 2002 and movements since at cost was:–

Consolidated – $50,626,000

Company – $30,545,000

13. PROPERTY, PLANT AND EQUIPMENT (Cont.):

	Consolidated		Company	
	2002	2001	**2002**	2001
	$000	$000	**$000**	$000
Reconciliations				
Land:				
Carrying amount at beginning of year	**28,938**	25,006	**2,708**	3,060
Additions	**4,801**	4,295	**–**	–
Disposals	**(256)**	(363)	**(192)**	(352)
Carrying amount at end of year	**33,483**	28,938	**2,516**	2,708
Buildings:				
Carrying amount at beginning of year	**13,668**	13,534	**1,570**	2,122
Additions	**528**	1,186	**196**	–
Disposals	**(434)**	(771)	**–**	(531)
Depreciation	**(403)**	(281)	**(18)**	(21)
Carrying amount at end of year	**13,359**	13,668	**1,748**	1,570
Plant, Fixtures & Motor Vehicles:				
Carrying amount at beginning of year	**232,907**	201,182	**3,444**	3,907
Additions	**54,311**	40,174	**648**	593
Disposals	**(3,333)**	(1,131)	**(71)**	(166)
Depreciation	**(21,528)**	(27,826)	**(832)**	(890)
Foreign Exchange Differences	**(9,975)**	20,508	**–**	–
Writedown	**(1,134)**	–	**–**	–
Carrying amount at end of year	**251,248**	232,907	**3,189**	3,444
Leasehold Equipment:				
Carrying amount at beginning of year	**4,472**	5,221	**–**	51
Disposals	**(4,452)**	–	**–**	–
Amortisation	**(20)**	(749)	**–**	(51)
Carrying amount at end of year	**–**	4,472	**–**	–
Right of Use Assets:				
Carrying amount at beginning of year	**206,839**	186,243	**–**	–
Additions	**–**	7,413	**–**	–
Disposals / equity entity	**(206,839)**	(1,158)	**–**	–
Depreciation	**–**	(13,597)	**–**	–
Foreign Exchange Differences	**–**	27,938	**–**	–
Carrying amount at end of year	**–**	206,839	**–**	–
Mining Reserves & Leases:				
Carrying amount at beginning of year	**9,663**	23,750	**–**	–
Recoverable Amount Writedown	**–**	(745)	**–**	–
Change in Accounting Policy	**–**	(13,342)	**–**	–
Carrying amount at end of year	**9,663**	9,663	**–**	–
Mine Development:				
Carrying amount at beginning of year	**9,120**	12,069	**–**	–
Additions	**20**	922	**–**	–
Disposals	**(1,668)**	–	**–**	–
Depreciation	**(2,375)**	(3,871)	**–**	–
Carrying amount at end of year	**5,097**	9,120	**–**	–
Port Development and Infrastructure:				
Carrying amount at beginning of year	**46,766**	44,781	**–**	–
Additions	**4,181**	18	**–**	–
Amortisation	**(2,724)**	(2,721)	**–**	–
Foreign Exchange Differences	**(2,440)**	4,688	**–**	–
Carrying amount at end of year	**45,783**	46,766	**–**	–

14. INTANGIBLES:

	Consolidated		Company	
	2002	2001	**2002**	2001
	$000	$000	**$000**	$000
Television Licence	**75,438**	75,438	**–**	–
Goodwill	**6,402**	11,248	**5,566**	5,566
Less Amortisation	**2,914**	5,265	**2,078**	1,522
	3,488	5,983	**3,488**	4,044
	78,926	81,421	**3,488**	4,044

15. TAX ASSETS:

	Consolidated		Company	
	2002	2001	**2002**	2001
	$000	$000	**$000**	$000
Non-Current:				
Future Income Tax Benefit	**14,085**	21,535	**7,099**	6,442

16. OTHER ASSETS: .

	Consolidated		Company	
	2002	2001	**2002**	2001
	$000	$000	**$000**	$000
Current:				
Prepayments	**3,685**	27,242	**162**	154
Non-Current:				
Development Costs	**1,603**	1,625	**–**	–
Less Amortisation	**813**	736	**–**	–
	790	889	**–**	–

17. ACCOUNTS PAYABLE:

	Consolidated		Company	
	2002	2001	**2002**	2001
	$000	$000	**$000**	$000
Current:				
Trade Creditors and Accrued Expenses	**21,731**	212,082	**3,486**	3,581
Amounts owing to controlled entities	**–**	–	**6,443**	6,394
Other Amounts Payable	**10,952**	11,839	**–**	–
	32,683	223,921	**9,929**	9,975
Non-Current:				
Other Amounts Payable	**–**	9,713	**–**	–

18. INTEREST BEARING LIABILITIES:

	Consolidated		Company	
	2002	2001	**2002**	2001
	$000	$000	**$000**	$000
Current:				
Bank Overdraft – Unsecured	**–**	7	**–**	–
Bank Loans – Secured	**29,037**	19,821	**–**	–
Other Loans – Secured	**6,392**	3,486	**–**	–
– Unsecured				
– directors	**3,096**	4,540	**3,096**	4,540
– other related parties	**205**	160	**205**	160
– other	**209**	226	**209**	226
Lease Liabilities	**–**	16	**–**	–
	38,939	28,256	**3,510**	4,926
Non-Current:				
Bank Loans – Secured	**123,750**	170,000	**–**	–
Other Loans – Secured	**21,044**	7,262	**–**	–
– Unsecured	**24,714**	24,740	**–**	–
Lease Liabilities	**–**	36	**–**	–
	169,508	202,038	**–**	–

Loans are secured by a fixed and floating charge over the assets, uncalled capital and undertakings of various entities in the economic entity.

The Company accepts deposits from Directors and Director related entities under normal commercial arrangements and consistent with deposits received from other persons.

19. RECEIVABLES AND PAYABLES DENOMINATED IN FOREIGN CURRENCY:

Amounts not effectively hedged	Consolidated		Company	
	2002	2001	**2002**	2001
	$000	$000	**$000**	$000
Receivables:				
Current				
United States Dollars	**16,128**	81,737	**–**	–
Rupiah	**135**	50,867	**–**	–
Payables:				
Current				
United States Dollars	**56,365**	208,634	**–**	–
Rupiah	**305**	17,144	**–**	–
Non-Current				
United States Dollars	**117,290**	210,781	**–**	–

20. PROVISIONS:

	Consolidated		Company	
	2002	2001	**2002**	2001
	$000	$000	**$000**	$000
Current:				
Proposed Dividends	**31,023**	15,512	**31,023**	15,512
Employee Entitlements	**8,892**	8,515	**1,069**	1,113
Unearned Revenue	**304**	519	**–**	–
	40,219	24,546	**32,092**	16,625
Non-Current:				
Employee Entitlements	**7,619**	6,055	**800**	600
Television License Fee	**1,036**	937	**–**	–
	8,655	6,992	**800**	600
Aggregate Employee Entitlement Liability	**16,511**	14,570	**1,869**	1,713
Number of Employees at year end	**781**	723	**202**	177

21. TAX LIABILITIES:

	Consolidated		Company	
	2002	2001	**2002**	2001
	$000	$000	**$000**	$000
Current:				
Income Tax	**12,499**	5,693	**1,467**	2,731
Non-Current:				
Deferred Income Tax	**14,204**	70,887	**–**	–

22. OTHER LIABILITIES:

	Consolidated		Company	
	2002	2001	**2002**	2001
	$000	$000	**$000**	$000
Current:				
Deferred Revenue	**–**	5,953	**–**	–
Restoration Costs accrued (Note 1f)	**714**	844	**–**	–
	714	6,797	**–**	–
Non-Current:				
Deferred Revenue	**–**	5,195	**–**	–
Restoration Costs accrued (Note 1f)	**5,255**	4,807	**–**	–
	5,255	10,002	**–**	–

23. CONTRIBUTED EQUITY:

	Consolidated		Company	
	2002	2001	**2002**	2001
	$000	$000	**$000**	$000
Share Capital:				
238,640,580 – (2001 – 23,864,058) Ordinary Shares Issued and Fully Paid	**32,900**	32,900	**32,900**	32,900

In June 2002 a share split of 10 for 1 was approved.
The number of shares held by associates - 102,257,830. (2001 - 10,225,783)

24. RESERVES:

	Consolidated		Company	
	2002	2001	**2002**	2001
	$000	$000	**$000**	$000
General	**403,994**	403,982	**400,426**	400,414
Capital	**15,730**	15,702	**–**	–
Asset Revaluation	**13,345**	13,357	**2,068**	2,080
Foreign Currency	**6,170**	14,522	**–**	–
	439,239	447,563	**402,494**	402,494
Material Movements to:				
General Reserve:				
From Retained Profits	**–**	15,000	**–**	15,000
From Asset Revaluation Reserve	**12**	–	**12**	–
Foreign Currency Reserve:				
Net exchange difference on translation of controlled entities	**(8,352)**	8,965	**–**	–
Capital Reserve:				
To General Reserve	**–**	136,185	**–**	136,185
From Retained Profits	**27**	–	**–**	–
Asset Revaluation Reserve:				
Change in Accounting Policy	**–**	(9,251)	**–**	–

24. RESERVES (cont.):

Nature and Purpose of Reserves

General

Amounts allocated from Retained Profits as reserved for the future general needs of the operations of the entity.

Capital

This reserve represents amounts allocated from Retained Profits that were profits of a capital nature. Where appropriate it is intended to transfer the balance to General Reserve.

Asset Revaluation

This reserve includes net revaluation increments and decrements arising from the revaluation of non-current assets. Upon the disposal of revalued assets, any related revaluation increment standing to the credit of the asset revaluation reserve is transferred to capital/general reserve. The reserve relates to assets previously revalued now deemed to be at cost in adopting accounting standard AASB1041.

Foreign Currency

The foreign currency reserve records the foreign currency differences arising from the translation of self-sustaining foreign operations.

25. RETAINED PROFITS:

	Consolidated		Company	
	2002	2001	**2002**	2001
	$000	$000	**$000**	$000
Retained Profits at Beginning of the Financial Year	**162,554**	104,843	**6,197**	2,824
Current Year Profit	**72,741**	56,751	**44,134**	55,362
Transfers to Reserves (Note 24)	**(27)**	(15,000)	**–**	(15,000)
Dividends paid or provided for (Note 26)	**(38,971)**	(29,344)	**(45,342)**	(36,989)
Adjustment to initial adoption of Equity Accounting	**–**	45,304	**–**	–
Retained Profits at the end of the Financial Year	**196,297**	162,554	**4,989**	6,197

26. DIVIDENDS PAID OR PROVIDED FOR:

	Consolidated		Company	
	2002	2001	**2002**	2001
	$000	$000	**$000**	$000
Interim fully franked ordinary dividend 6 cents (2001 - 5 cents) franked at tax rate of 30% (2001 - 34%)	**14,319**	11,932	**14,319**	11,932
Interim fully franked special dividend (2001 - 4 cents) franked at tax rate of 34%	**–**	9,546	**–**	9,546
Proposed final fully franked ordinary dividend 8 cents (2001 - 6.5 cents) franked at tax rate of 30% (2001 - 30%)	**19,091**	15,511	**19,091**	15,511
Proposed final fully franked special dividend 5 cents franked at tax rate of 30%	**11,932**	–	**11,932**	–
Share of Dividends Received by Associate	**(6,371)**	(7,645)	**–**	–
	38,971	29,344	**45,342**	36,989
Balance of franking accounts at year end adjusted for franking credits arising from payment of income tax and dividend provisions	**130,249**	282,644	**79,590**	185,356

As at 30 June 2002 franking accounts have been converted to a tax paid basis.

27. OUTSIDE EQUITY INTERESTS:

	Consolidated	
	2002	2001
	$000	$000
Contributed Equity	**27,919**	31,110
Reserves	**11,046**	40,476
Retained Profits	**60,098**	77,560
	99,063	149,146

28. FINANCIAL INSTRUMENTS:

(a) **Credit Risk Exposure**

The credit risk on financial assets of the economic entity which have been recognised in the balance sheet, other than investments in shares, is generally the carrying amount net of any provision for doubtful debts.

For off balance sheet financial instruments, including derivatives which are deliverable, credit risk also 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 economic entity is exposed to loss in the event that the counterparties fail to deliver the contracted amount. At 31st July 2002 an amount of $117,842,018 (Australian Dollar Equivalents) (2001 - $114,965,312) is receivable.

The economic entity transacts across a range of industries and operates predominately in Australia and South East Asia. It is not materially exposed to an individual customer apart from that disclosed in note 33.

(b) **Foreign Exchange Risk**

Certain controlled entities are parties to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in the foreign exchange rates.

The sales revenue of the New Hope Corporation Limited economic entity is predominately denominated in United States Dollars. In order to protect against adverse rate movements, a proportion of the anticipated revenue of future financial periods has been sold under foreign exchange contracts. The contracts are timed to mature to match expected USD revenue streams. At 31st July 2002, details of outstanding contracts in Australia were:

Sell US Dollars	**Buy Australian Dollars**		**Average Exchange Rate**	
	2002	2001	**2002**	2001
Maturity				
0 to 6 Months	**15,043,382**	20,641,389	**0.59827**	0.70247
6 to 12 Months	**23,504,706**	15,001,436	**0.55308**	0.69993
1 to 2 Years	**22,947,873**	20,642,601	**0.56650**	0.62977
2 to 5 Years	**54,599,343**	33,611,191	**0.53114**	0.59504

As these contracts are hedging anticipated future sales, any unrealised gains and losses on these contracts, together with the costs of contracts, are deferred and will be recognised in the measure of underlying transactions. Included in the amounts deferred are any gains and losses on hedging contracts terminated prior to maturity where the related hedge transaction is still expected to occur.

The net unrecognised loss relating to these contracts at 31 July 2002 is $1,746,814 (2001 loss of $25,068,695).

(c) **Interest Rate Exposure**

Exposure arises predominately from assets and liabilities bearing variable interest rates as the economic entity intends to hold fixed rates assets and liabilities to maturity.

Financial assets consist of cash, receivables and investments as shown in the balance sheet. Investments are principally of a non interest bearing nature, short-term deposits have maturities between 11 am and 180 day. Interest rates on cash at bank and short term deposits range from 2.6% to 5.0%. Debtors are generally non interest bearing. Loans receivable have a maximum period of 10 years and are based on bank bill or bank loan base rates.

Financial liabilities consist of creditors, bank overdraft and loans as shown in the balance sheet. Creditors are non interest bearing. Bank overdraft is the cashbook balance and as such is non interest bearing.

Other Loans

	2002 $000	2001 $000	**2002 Weighted average % Interest Rate**	2001 Weighted average % Interest Rate
Floating Interest rate	**8,828**	206,372	**4.1**	5.4
Fixed Interest Maturities				
Less than 1 year	**143,187**	–	**3.1**	–
1 to 5 years	**10,920**	–	**6.9**	–
More than 5 years	**45,190**	23,863	**8.0**	8.0
Non Interest Bearing	**11,274**	21,552	**–**	–
	219,399	251,787		

28. FINANCIAL INSTRUMENTS (Cont.):

			2002 $000	2001 $000
Reconciliation to balance sheet				
Other Loans	-Current	Note 18	**9,902**	8,412
	-Non Current	Note 18	**45,758**	32,002
Bank Loans	-Current	Note 18	**29,037**	19,821
	-Non Current	Note 18	**123,750**	170,000
Other Amounts Payable				
	-Current	Note 17	**10,952**	11,839
	-Non Current	Note 17	**–**	9,713
			219,399	251,787

(d) **Net Fair value of financial assets and liabilities**

The net fair value of cash and cash equivalents and non interest bearing monetary financial assets and financial liabilities for the economic entity approximate their carrying value.

The net fair value of other monetary financial assets and financial liabilities is based on a review of the current carrying value of assets and liabilities and the assessment of the value reported by the economic entity. Listed investments are valued at cost and the market value disclosed in Notes 6 & 7.

29. COMMITMENTS AND CONTINGENT LIABILITIES:

A. Superannuation Commitments

The Economic Entity participates in a number of superannuation funds, most of which were established and are sponsored by the Economic Entity. The funds provide benefits either on a defined benefit or cash accumulation basis for employees or their dependents on retirement, resignation, disablement or death. The funds provide benefits in the form of lump sum payments.

The Economic Entity and employee members make contributions as specified in the rules of the respective funds. Although the Economic Entity is committed to make contributions to the various funds these obligations are not legally enforceable except in respect of the provision of defined benefits. An independent actuarial assessment of the level of contributions to the Economic Entity's sponsored defined benefit fund is performed annually by the AMP Life Limited.

	Estimate of Maximum Amount			
	Consolidated		**Company**	
	2002 $000	2001 $000	**2002 $000**	2001 $000
B. Capital Expenditure Commitments				
Estimated capital expenditure contracted for at balance date but not provided for, payable				
– Not later than one year	**30,531**	3,302	**4,250**	–
– One year or later and no later than five years.....	**1,795**	–	**–**	–
	32,326	3,302	**4,250**	–
C. Lease Commitments				
(i) Operating Leases:				
Amount due within one year....................	**2,781**	2,650	**1,959**	1,863
Amount due later than one year, not later than five years..	**6,859**	6,838	**4,573**	4,838
Amount due later than five years................	**3,389**	3,955	**1,210**	1,807
	13,029	13,443	**7,742**	8,508

The consolidated entity leases property under operating leases expiring from one to ten years. Leases generally provide the consolidated entity with a right of renewal at which time all terms are negotiated. Lease payments comprise a base amount plus an incremental contingent rental. Contingent rentals are based on either movements in the Consumer Price Index or operating criteria.

29. COMMITMENTS AND CONTINGENT LIABILITIES (Cont.):

	Estimate of Maximum Amount			
	Consolidated		Company	
	2002	2001	**2002**	2001
	$000	$000	**$000**	$000
(ii)Finance Leases:				
Included as lease liabilities are the present values of future rentals for leased assets capitalised				
Current	**–**	16	**–**	–
Non Current	**–**	36	**–**	–
Total	**–**	52	**–**	–
Finance Lease Commitments:				
Amount due within one year	**–**	19	**–**	–
Amount due later than one year, not later than five years	**–**	38	**–**	–
Amount due later than five years	**–**	–	**–**	–
Minimum Lease payments	**–**	57	**–**	–
Less: Future finance charges	**–**	5	**–**	–
	–	52	**–**	–

The consolidated entity leases production plant and equipment under finance leases expiring from one to three years. At the end of the lease term the consolidated entity has the option to purchase the equipment at a price deemed to be a bargain purchase option. Some leases involve lease payments comprising a base amount plus an incremental contingent rental. Contingent rentals are based on the Consumer Price Index

D. **Contingent Liabilities:**

	Consolidated 2002 $000	Consolidated 2001 $000	Company 2002 $000	Company 2001 $000
(a) Secured by a charge on the Economic Entity's Assets.				
(i) The Parent Entity has provided a guarantee and Indemnity to National Australia Trustees Limited, secured by an Equitable Mortgage over certain Investments, for the provision of finance amounting to US$100 million by National Australia Bank Limited and Banque Nationale de Paris to P.T. Indonesia Bulk Terminal for the construction of the coal loading facility at Pulau Laut. Outstanding principal and interest accrued as at 31st July, 2002.	**–**	–	**120,188**	152,443
(ii) Undertakings and guarantees issued by a Controlled Entity's bankers to Department of Minerals & Energy, Statutory Power Authorities and various other entities	**4,091**	4,229	**–**	–
(iii) A controlled entity has issued a bank guarantee relating to a coal sales contract in the amount of RP Nil (2001 RP59,399,506,497)	**–**	11,774	**–**	–
(iv) A controlled entity has issued bank guarantees relating to coal sales contracts in the amount of US Nil (2001 US$2,779,750)	**–**	5,510	**–**	–
(v) A controlled entity has given security in respect of a loan to a third party	**19,495**	–	**–**	–
(b) Not secured by a charge on the Economic Entity's Assets.				
(i) Bank guarantees issued in the normal course of business	**2**	2	**2**	2
(ii) In addition to the above, legal actions against members of the Economic Entity are outstanding which are not provided for in the financial statements. They are being defended, liability denied and no loss is expected	**–**	–	**–**	–
	23,588	21,515	**120,190**	152,445

NO LOSSES ARE ANTICIPATED IN RESPECT OF ANY OF THE ABOVE CONTINGENT LIABILITIES.

30. DIRECTORS' AND EXECUTIVES REMUNERATION:

	Consolidated 2002 $000	Consolidated 2001 $000	Company 2002 $000	Company 2001 $000
Remuneration of Directors				
The number of Directors of the Parent Entity whose income from the Parent Entity and related corporations falls within the following bands are as follows:				
$40,000 – $49,999			**–**	1
$50,000 – $59,999			**1**	–
$100,000 – $109,999			**–**	1
$130,000 – $139,999			**1**	1
$160,000 – $169,999			**1**	–
$210,000 – $219,999			**–**	1
$250,000 – $259,999			**1**	–
$310,000 – $319,999			**–**	1
$400,000 – $409,999			**1**	–
Total income paid or payable, or otherwise made available to Directors by entities in the economic entity and related parties	**1,502**	1,161	**1,008**	817
Remuneration of Executives				
The number of Executive Officers whose remuneration from entities in the economic entity and related parties falls within the following bands are as follows:				
$100,000–$109,999	**1**	3	**1**	1
$110,000–$119,999	**1**	2	**–**	–
$120,000–$129,999	**2**	1	**–**	–
$130,000–$139,999	**1**	5	**–**	1
$140,000–$149,999	**2**	1	**–**	–
$150,000–$159,999	**1**	1	**1**	1
$160,000–$169,999	**–**	2	**–**	–
$170,000–$179,999	**1**	1	**–**	–
$180,000–$189,999	**2**	1	**1**	–
$190,000–$199,999	**2**	1	**–**	–
$250,000–$259,999	**1**	–	**–**	–
$270,000–$279,999	**–**	1	**–**	–
$280,000–$289,999	**1**	–	**–**	–
$300,000–$309,999	**1**	–	**–**	–
$310,000–$319,999	**–**	1	**–**	1
$330,000–$339,999	**–**	1	**–**	–
$340,000–$349,999	**1**	–	**–**	–
$400,000–$409,999	**1**	–	**1**	–
$480,000–$489,999	**1**	–	**–**	–
Total remuneration received, or due and receivable, from entities in the economic entity and related parties by Executive Officers whose income exceeds $100,000	**4,044**	3,438	**845**	707

Details of the nature and amount of each major element of the remuneration of each Director of the Company and each of the five named officers of the Company and the consolidated entity receiving the highest remuneration are:-

	Fixed Renumetation $000	Bonuses $000	Super-annuation $000	Non Cash Benefits $000	Total $000
Directors' Benefits					
R.D. Millner	214	–	17	26	257
M.J. Millner	151	–	12	–	163
P.R. Robinson	319	–	41	42	402
D.J. Fairfull	126	–	8	–	134
G.L. Robertson	53	–	–	–	53
Officers' Benefits - The Company					
N.L Smallbone	135	–	22	25	182
R.A. O'Brien	109	–	10	34	153
J.G.Riley	81	–	15	11	107
Officers' Benefits - The Consolidated Entity					
D. Ledbury	404	–	50	29	483
B.E.McLellan	303 **	–	20	19	342
R.C. Neale	191	–	87	22	300
J. Eather	216	22	30	21	289
M. Simmons	170	40	27	20	257

Note: ** includes Retirement Benifits

31. NOTES TO THE STATEMENTS OF CASH FLOWS:

	Consolidated		Company	
	2002 Inflows (Outflows) $000	2001 Inflows (Outflows) $000	**2002 Inflows (Outflows) $000**	2001 Inflows (Outflows) $000
Reconciliation of Net Cash Inflow from Operating Activities to Operating Profit After Income Tax				
Operating profit after income tax	**88,243**	68,418	**44,134**	55,362
Gains on non-current assets	**(11,814)**	(4,070)	**(5,128)**	(3,868)
(Profit)/Loss on Sale of Plant and Equipment	**636**	(73)	**(11)**	(204)
Income tax in accounts	**25,824**	10,912	**2,405**	(2,974)
Income tax paid	**(15,216)**	(14,679)	**(3,510)**	(3,701)
Depreciation and amortisation	**27,047**	41,555	**1,385**	1,606
Net foreign exchange gain/(loss)	**(892)**	(269)	**–**	–
Partnership income	**(3,123)**	(2,862)	**–**	–
Amounts set aside to provisions	**1,025**	1,954	**423**	26
Amounts paid direct from provision	**(569)**	–	**(33)**	–
Share of profit of associates not received as dividends	**(9,671)**	8,459	**–**	–
Changes in operating assets and liabilities				
(Increase)/Decrease in debtors	**(3,578)**	(37,530)	**1,903**	1,963
(Increase)/Decrease in inventories	**(128)**	3,868	**39**	10
(Increase)/Decrease in prepayments	**(625)**	(9,801)	**(8)**	(11)
Increase/(Decrease) in creditors	**3,459**	65,889	**(587)**	(2,701)
Net Cash Provided by Operating Activities	**100,618**	131,771	**41,012**	45,508

Reconciliation of Cash

Cash at the end of the financial year as shown in the statement of Cash Flows is reconciled to the balance sheet as follows:

	Consolidated 2002 $000	Consolidated 2001 $000	Company 2002 $000	Company 2001 $000
Cash	**14,271**	62,204	**219**	187
Short term deposits (Note 5)	**50,016**	75,517	**15,000**	40,000
Bank overdrafts (Note 18)	**–**	(7)	**–**	–
Balance as per Statement of Cash Flows	**64,287**	137,714	**15,219**	40,187

Financing Facilities

The economic entity has access to facilities as follows:

	Consolidated 2002 $000	Consolidated 2001 $000	Company 2002 $000	Company 2001 $000
Bank overdraft	**1,000**	1,000	**1,000**	1,000
Loan facilities	**69,313**	17,835	**–**	–
Bank loan facilities	**180,518**	214,643	**–**	–
Unused at balance date:				
Bank overdraft	**1,000**	1,000	**1,000**	1,000
Loan facilities	**50,996**	3,180	**–**	–
Bank loan facilities	**159,703**	13,714	**–**	–

Facilities may be drawn at any time in either Australian or United States currency and may be payable on demand. They are subject to review on a regular basis. Interest rates on facilities are both fixed and variable.

32. RELATED PARTIES:

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

(a) **Controlled Entities.**

Information related to controlled entities is set out in Note 8. Transactions between the parent entity and its wholly owned and partly owned controlled entities and between related entities are at normal commercial rates except that there may be no fixed terms for repayment of loans. Transactions consist of the transfer of funds for day to day financing, the sale of goods and services, loans advanced and repaid, interest and dividend payments, rent and management fees.

(b) **Directors and Director Related Entities.**

The names of persons who were directors of Washington H. Soul Pattinson and Company Limited during the financial year are:–
R.D. MILLNER, P.R. ROBINSON, M.J. MILLNER, G.L. ROBERTSON, D.J. FAIRFULL.

The following information is provided to the best of their knowledge with regard to directors and their related entities:
Aggregate number of fully paid ordinary shares and options in:

	Acquired	Sold	Held 31.07.02
Shares:			
Washington H. Soul Pattinson & Co. Ltd.	126,680	223,910	15,977,490
Keith Harris & Co. Ltd.	–	–	8,000
New Hope Corporation Ltd.	–	–	16,078,570
SP Telecommunications Ltd.	40,000	–	380,000
Options:			
SP Telecommunications Ltd.	–	–	34,000

Other Transactions

The Directors and their related entities received dividends during the year in respect of their shareholdings in the group consistent with other shareholders. Unsecured deposits are accepted from Directors and their related entities and interest is paid at normal commercial rates. The aggregate amounts of interest paid for the year and the balance of deposits on hand at the end of the year are disclosed in Notes 2 and 18 respectively.

Deposits were received from: R.D. Millner, M.J. Millner, P.R. Robinson and/or their related entities.

Loans made to Directors of a controlled entity by a controlled entity at balance date amount to $127,430. The total amount of loan repayments during the financial year were $8,100. The secured loan is repayable by weekly instalments and interest is charged at 5% per annum.

Mr. G.L. Robertson is a Director. His father is governing Director of Farjoy Pty. Ltd. New Hope Corporation Limited and some of its controlled entities have transactions with Farjoy Pty. Ltd. which include payment of dividends.

Messrs G.L. Robertson, A.C. Buckler and M.T. Smith have an interest in an entity which has had transactions with a controlled entity. These transactions are for the supply of management services.

Mr. K.P. Standish is a Director of a controlled entity. He is a partner in the firm Standish Partners Solicitors which has provided legal services to New Hope Corporation Limited and certain of its controlled entities for several years.

During the prior year SP Telecommunications Limited granted options over 4 million unissued shares under the Employee Share Option Plan. Of those options 1,100,000 were granted to Mr D. Ledbury. The options have been escrowed for a period of two years from 10th May 2001 and expire on 10th May 2006.

32. RELATED PARTIES (Cont.):

Aggregate amounts of transactions are as follows:	Consolidated	
	2002	2001
	$000	$000
Management Fees	**–**	2,080
Legal Fees	**169**	146
Loan Repayments	**358**	8

All transactions are based on normal commercial terms and conditions and at market rates.

(c) **Other Related Parties**

	Consolidated	
	2002	2001
	$000	$000
Aggregated amounts included in the determination of operating profit before income tax from associated companies:–		
Dividend revenue	**22,476**	24,102
Handling and Commission Expense	**4,737**	4,606
Handling and Commission Revenue	**53,251**	–
Management fees received	**1,876**	450
Partnership income received	**3,119**	2,862
Aggregated amounts brought to account in relation to other transactions with associated companies:–		
Loan advanced	**3,119**	2,862
Repayment of loans advanced	**3,675**	3,531

All transactions are based on normal commercial terms and conditions and at market rates.

33. ECONOMIC DEPENDENCY:

NBN Limited acquires the majority of the television programs it broadcasts from the NINE Network pursuant to a program supply agreement. The agreement expires in June 2008.

Kooee Communications Pty. Limited is dependent upon telecommunication services rendered by Primus Telecommunications Pty. Limited pursuant to a virtual service provider agreement which is due to expire on 31st July 2003.

DIRECTORS' DECLARATION

In the opinion of the Directors of Washington H. Soul Pattinson and Company Limited:

(a) the financial statements and notes, set out on pages 12 to 39 are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the financial position of the Company and consolidated entity as at 31st July, 2002 and of their performance as represented by the results of their operations and their cash flows, for the year ended on that date, and

(ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001, and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors, for and on behalf of the Board by:

R.D. Millner
Director

M.J. Millner
Director

Dated at Sydney this 9th day of October, 2002.

INDEPENDENT AUDIT REPORT

To the members of Washington H. Soul Pattinson & Company Limited

Scope

We have audited the financial report of Washington H. Soul Pattinson & Company Limited and controlled entities for the financial year ended 31st July, 2002 consisting of the statements of financial performance, statements of financial position, statements of cash flows, accompanying notes 1 to 33, and the directors' declaration. The financial report includes the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at the end of the year or from time to time during the financial year. The company's directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of Washington H. Soul Pattinson & Company Limited is in accordance with:

(a) The Corporations Act 2001, including:

- (i) giving a true and fair view of the company's and the consolidated entity's financial position as at 31 July, 2002 and of their performance for the year ended on that date; and
- (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements in Australia.

Inherent Uncertainty Regarding Recoverable Amount of Investment in Associated Company

Without qualification to the statement expressed above, attention is drawn to the following matter. As discussed in Note 10 to the financial report, recoverability of a receivable relating to VAT Input paid by an Associated Company is the subject of discussions with the Indonesian Government. The outcome of these discussions and any action that may be taken by the Indonesian Government is uncertain. As the ultimate outcome of this matter cannot presently be determined with an acceptable degree of reliability, no adjustment to the carrying amount of investments in associated companies that may result from adverse action by the Indonesian Government has been made in the financial report.

Sydney, 10th October, 2002

RUWALD & EVANS
BRUCE HOUSTON, Partner
Chartered Accountants

CORPORATE GOVERANCE STATEMENT

This statement outlines the Company's main Corporate Governance practices. Unless otherwise stated, all practices were in place for the entire year.

The Board of Directors

The Board of Directors is ultimately responsible for the overall Corporate Governance of the economic entity and operates in accordance with the following broad principles:-

- In accordance with the Company's Constitution, the Board should comprise no less than 3 or more than 6 Directors.
- A majority of the Board should be non-executive Directors.
- The Chairman should be a non-executive Director.
- Equity participation by Directors is mandatory under the Constitution of the Company.
- The Board should comprise Directors with a broad range of skills and experience.

In order to carry out its duties, the Board meets at least 12 times a year. The Board has established nomination, remuneration and audit committees consisting of non-executive directors to assist the full Board in examining these particular areas. Each committee has its authority delegated to it by the Board.

At all times during the year there was a significant majority of non-executive Directors on the Board. At the date of signing the Directors' Report, the Board consisted of four non-executive Directors and one executive Director.

Directors are initially appointed by the full Board, subject to election by shareholders at the next Annual General Meeting. Under the Constitution, one third of the Board of Directors retire from office each year and submit themselves for re-election by shareholders at the Annual General Meeting.

Chairman

The Chairman of the Board is a non-executive Director who is elected by the full Board.

Executive Director

The performance of the Executive Director is reviewed by the nomination committee on an ongoing basis.

Non-Executive Directors

The performance of the non-executive Directors is reviewed by the Chairman on an ongoing basis. Any Director whose performance is considered unsatisfactory is asked to resign.

Non-executive Directors are expected to spend at least 40 days per year preparing for, and attending, Board and committee meetings and associated activities.

Independent Professional Advice

In the discharge of their duties and responsibilities, the Directors individually (as well as the Board) have the right to seek independent professional advice at the company's expense. However, for such advice to individual Directors prior approval of the Chairman is required, which is not to be unreasonably withheld.

Nomination Committee

The nomination committee consists of the non-executive Directors.

The main responsibilities of the committee are to periodically review the membership of the Board, having regard for the Company's particular needs, both present and future. Where necessary, advice is sought from independent consultants.

Remuneration Committee

The remuneration committee consists of the non-executive Directors. The main responsibility of the committee is to make recommendations to the full Board on remuneration matters and other terms of employment for executive Directors, senior executives and non-executive Directors.

Remuneration of non-executive Directors is determined by the Board within the maximum amount approved by shareholders from time to time.
Further information on Directors' and executives' remuneration is set out in Note 30 to the financial statements.

Audit Committee

The audit committee consists of the non-executive Directors of the Board.
The main responsibilities of the audit committee are to:-

- Review and report to the Board on the annual report and financial statements.
- Provide assurance to the Board that it is receiving adequate, up to date and reliable information.
- Assist the Board in reviewing the effectiveness of the Company's internal control procedures covering efficiency and reliability of operations, financial reporting and compliance with applicable laws and regulations.
- Assist the Board in reviewing the work of risk management.

It is also the responsibility of the committee to recommend to the Board the appointment, removal and remuneration of the external auditors, to review the terms of their engagement and the scope and quality of the external audit.

The committee meets on a regular basis, usually every two months, and at least annually with the internal and external auditors. The Executive Director, the Internal Auditor, the Company Secretary and the Financial Controller are invited to attend Audit Committee meetings at the discretion of the Committee.

The internal and external auditors have a clear line of direct communication at any time to the Chairman of the Board.

The Committee has authority, within the scope of its responsibilities, to seek information it requires from any employee or external party and to obtain external legal or other independent professional advice.

The Committee reports to the full Board after each committee meeting and relevant papers and minutes are provided to all Directors.

Risk Assessment and Management

The Board has in place a number of arrangements and policies to identify and manage areas of significant business risk. These include:-

- Regular detailed financial, budgetary and management reporting.
- Procedures to manage financial and operational risks.
- Established organizational structures, procedures and policies.
- Comprehensive insurance and risk management programs.
- Procedures requiring Board approval for all borrowings, guarantees and capital expenditure beyond minor levels.
- Where applicable, the utilisation of specialised staff and external advisors.

Ethical Standards

All Directors, executives, managers and employees are expected to act with integrity and maintain appropriate ethical standards. The Company has policies dealing with the conduct of the Company's affairs including:-

- Professional conduct.
- Standards of workplace behaviour and equal opportunity.
- Compliance with laws and regulations.
- Relationships with customers, suppliers and competitors.
- The environment.
- Conflicts of interest.

The standards on trading in company securities prohibit the purchase and sale of securities during certain time periods and when individuals are in possession of price sensitive information.

SHARE REGISTER INFORMATION

As at 1st October, 2002, there were 5,302 holders of Ordinary Shares in the Company.

Votes of Members – Article 24.4 of the Company's Constitution provides –

Subject to any rights or restrictions attached to any share or class of shares in respect of voting, and subject to these Articles, on a show of hands every member has the right to vote and every member present in person or by proxy or attorney, and each authorised representative of a corporation, at a general meeting shall have one vote and in the case of a poll every member present in person or by proxy or attorney and every authorised representative of a corporation shall have:

(a) one vote for each fully paid share held by that member; and

(b) for each contributing share held by that member a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the share.

DISTRIBUTION OF SHAREHOLDERS AS AT 1st OCTOBER, 2002.

Size of Shareholding	Number of Shareholders	Number of Shares
1 – 1,000	892	657,142
1,001 – 5,000	2,455	7,193,823
5,001 – 10,000	903	7,276,533
10,001 – 100,000	946	25,425,958
100,001 – and over	106	198,087,124
TOTAL	**5,302**	**238,640,580**
Holding less than a marketable parcel	15	660

Substantial shareholders as at 1st October, 2002 as disclosed by notices received by the Company were:

		%
Brickworks Limited and its wholly owned controlled entity, Carrington Brick Co. Pty. Ltd.	102,257,830	42.85
Perpetual Trustees Australia Limited	28,821,716	12.08

LIST OF TOP 20 SHAREHOLDERS AS AT 1st OCTOBER, 2002.

	No. of Shares	%
Brickworks Limited	98,280,130	41.18
RBC Global Services Australia Nominees Pty. Ltd. (PIPOOLED A/c)	13,430,230	5.63
Dixson Trust Pty. Limited	8,417,990	3.53
J.S. Millner Holdings Pty. Limited	6,626,790	2.78
J.P. Morgan Nominees Australia Limited	5,304,330	2.22
Choiseul Investments Limited	4,251,690	1.78
Carrington Brick Co. Pty. Limited	3,977,700	1.67
Lewyheirs Pty. Limited	3,628,150	1.52
Westpac Custodian Nominees Limited	3,313,855	1.39
T.G. Millner Holdings Pty. Limited	3,092,920	1.30
Perpetual Trustee Company Limited	2,987,924	1.25
MLC Limited	2,878,620	1.21
Hexham Holdings Pty. Limited	2,700,090	1.13
Mr. James Sinclair Millner	2,202,810	0.92
National Nominees Limited	2,022,605	0.85
RBC Global Services Australia Nominees Pty. Ltd. (PIIC A/c)	2,018,290	0.85
AMP Life Limited	1,837,489	0.77
Dixson Trust Pty. Limited (No. 1 A/c)	1,365,400	0.57
Cogent Nominees Pty. Limited	1,290,598	0.54
University of Melbourne	1,176,090	0.49

STOCK EXCHANGE LISTING

Washington H. Soul Pattinson and Company Limited shares are listed on the Australian Stock Exchange and trade under the ASX code SOL.