Washington H. Soul Pattinson and Company Limited
ABN 49 000 002 728
First Floor, 160 Pitt Street Mall, Sydney NSW 2000

ASX Appendix 4E & Preliminary final report 31 July 2018

Lodged with the ASX under Listing Rule 4.3A

Contents

Reporting Period

The reporting period for this report is the financial year ended 31 July 2018.

The previous corresponding period is the financial year ended 31 July 2017.

Results for Announcement to the Market *(1)*

		Current period 31 July 2018 $'000	Prior period 31 July 2017 $'000	Change $'000
Revenue from operations	**Up 21.4% to**	**1,174,882**	967,570	**207,312**
Profit after tax attributable to members	**Down 20.0% to**	**266,846**	333,611	**(66,765)**
Regular profit after tax attributable to members *(2)*	**Up 17.4% to**	**331,143**	282,019	**49,124**

Dividends

	Cents per share	Franking %
This period		
1. Final dividend *(3)*	**33.0**	**100%**
2. Interim dividend	23.0	100%
Previous corresponding period		
1. Final dividend	32.0	100%
2. Interim dividend	22.0	100%

Record date for determining entitlement to final dividend: **19 Nov 2018**
Date the final dividend is payable: **10 Dec 2018**

Comments on above results

(1) **Refer to Chairman's Review and Review of Group Entities for further details on the results.**

(2) **The regular profit after tax attributable to members of $331.1 million was the Group's highest ever and increased by 17.4% over the $282.0 million for 2017. The net increase in the regular profit was attributable to a number of investments materially increasing contributions, notably:**
- New Hope Corporation Limited up 75%
- APEX Healthcare Berhad up 34%
- Financial Services Portfolio up 19%
- Brickworks Limited up 8%

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

(3) **Final dividend increased by 3.1% to 33 cents per share fully franked.**

Earnings per share

	2018	2017
From operations Basic Earnings per Share Diluted Earnings per Share	**111.47 cents** **111.47 cents**	139.36 cents 139.36 cents
From regular profit after tax attributable to members	**138.32 cents**	117.81 cents

Net tangible assets per security

	2018	2017
Net tangible asset backing per ordinary security * (based on the Consolidated statutory Statement of Financial Position)	**$13.46**	$12.91

* Refer to the Chairman's Review for the market based Net Asset Value of the Group.

Explanation of Profit after tax

For a further explanation of the year's operating results, please refer to the Chairman's Review and Review of Group Entities attached.

Explanation of Net Profit

For a further explanation of the year's operating results, please refer to the Chairman's Review and Review of Group Entities attached.

Review of Operations

For a further explanation of the year's operating results, please refer to the Chairman's Review and Review of Group Entities attached.

Audit

This report is based on accounts which are in the process of being audited.

Washington H. Soul Pattinson and Company Limited

A.B.N. 49 000 002 728

ASX Code: **SOL**

Year Ended 31 July 2018

Chairman's Review

Dear Shareholders,

I am pleased to present the 2018 Washington H. Soul Pattinson and Company Limited (WHSP, Company) Preliminary Final Report on behalf of the Board of Directors of the Company.

Key Highlights

Performance for the Year		
The Group's highest ever regular profit Group Regular profit after tax*	$331.1 million	+ 17.4%
Group Profit after tax	$266.8 million	- 20.0%
WHSP's net asset value (pre-tax)** (tax payable if disposed of on 31 July 2018 $1,082 million)	$5.4 billion	+ 21.8%

Shareholder Returns		
Net regular cash from operations (in line with 2017)	$143.6 million	60 cents per share
Total Dividends (fully franked)	56 cents	+ 3.7%
Dividend growth over 15 years (ordinary dividend compound annual growth rate)	8.3% PA	

Total Shareholder Returns

	WHSP	All Ords. Accum. Index	Out Performance
1 Year	27.5%	14.9%	12.6%
3 Years	20.5% p.a.	8.4% p.a.	12.1% p.a.
15 Years	13.0% p.a.	9.4% p.a.	3.6% p.a.

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

** *Refer to the table on page 6 for details.*

Consolidated Financial Performance

The regular profit after tax* increased by 17.4% to $331.1 million. This is the Group's highest ever regular profit and was primarily attributable to:

- New Hope Corporation Limited (New Hope) up by 74.7%, continued to capitalise on the recovery in coal prices and its Bengalla joint venture;
- Apex Healthcare Berhad was up 33.6%. Its share price also performed well, increasing by 50.4%.
- The Financial Services Portfolio was up 19.3%, driven by the performance of the merged Pengana Capital Group; and
- Brickworks Limited was up 8.0% due to strong building activity on the east coast and growth of its property trust.

The profit after tax attributable to shareholders for the year ended 31 July 2018 was $266.8 million, down 20.0% on the previous corresponding period. Profit after tax was impacted by non-regular losses of $64.3 million (2017: $51.6 million profit) predominantly relating to New Hope's impairment of an undeveloped exploration project in Queensland.

During the year, WHSP reduced its holding in New Hope from 59.6% to 50.0%. The sale provided proceeds of $175.7 million and a pre-tax gain of $172.8 million to WHSP. It should be noted that this gain is not reflected in the consolidated results because New Hope is a member of the WHSP consolidated group.

Comparisons with the prior year are as follows:-

	2018 $'000	**2017** $'000	**%** Change
Regular profit after tax* attributable to shareholders	**331,143**	282,019	+ 17.4%
Profit after tax attributable to shareholders	**266,846**	333,611	- 20.0%
Interim Dividend (paid in May each year)	**23 cents**	22 cents	+ 4.5%
Final Dividend (payable 11 December 2017)	**33 cents**	32 cents	+ 3.1%
Total Dividends	**56 cents**	54 cents	+ 3.7%

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

Net Assets of the Parent Company - WHSP

The assets of WHSP are summarised below. The net asset value as at 31 July 2018 was $5.4 billion, an increase of $1.0 billion or 21.8% compared to $4.5 billion as at 31 July 2017. This increase was mainly attributable to strong share price performances by New Hope Corporation and Brickworks.

As at 31 July 2018	WHSP's Holding %	Value of WHSP's Holding $m	12 month Movement $m	12 month Movement %
TPG Telecom[1]	25.3%	1,350	45	3.5%
New Hope Corporation[1] (59.6% held 31 July 2017)	50.0%	1,326	533	67.2%
Brickworks[1]	43.9%	1,023	156	18.0%
Financial Services Portfolio[1 & 2]	-	414	5	1.2%
Australia Pharmaceutical Industries [1]	19.3%	161	(6)	(3.7%)
Round Oak Minerals[2] formerly CopperChem and Exco Resources	100%	154	71	84.3%
Apex Healthcare Berhad[1]	30.3%	83	34	70.0%
TPI Enterprises[1] (18.9% held 31 July 2017)	19.9%	21	(20)	(48.7%)
Other Listed Equities Portfolio[1]		515	68	15.3%
Other Unlisted Equities Portfolio[2]		93	21	28.4%
Property Portfolio[2] (net of borrowings)		183	(25)	(12.2%)
Cash and other net assets		116	90	354.9%
Net asset value (pre-tax)[3&4]		**5,439**	**972**	**21.8%**

[1] At market value.

[2] At Directors' valuations.

[3] The tax payable if all of these assets had been disposed of on 31 July 2018 would have been approximately $1,082 million.

[4] Net asset value (pre-tax) is the value of all of WHSP's assets less all of its liabilities (other than the tax payable upon the sale of its assets). Assets are valued at market value or Directors' valuation as shown.

In November 2017, we reduced our holding in New Hope from 59.6% to 50.0% in order to assist the free float and liquidity of its shares. The sale provided proceeds of $175.7 million and a pre-tax gain of $172.8 million.

The financial services portfolio consists of BKI Investment Company, Milton Corporation, Pengana Capital Group, Pengana International Equities and URB Investments which are listed on the ASX and Contact Asset Management, Ironbark Asset Management (Ironbark) and Pitt Capital Partners which are unlisted. The Company acquired a 14.5% holding in Ironbark during the period.

WHSP invested further in the 100% owned Round Oak Minerals (formerly CopperChem and Exco Resources). This investment funded Round Oak's acquisition of the Stockman copper-zinc project in north-east Victoria and the Jaguar underground copper-zinc operation in Western Australia.

During the year, the Company agreed the sale of two properties, one of which was the head office building at 160 Pitt Street. As this sale was completed in August 2018 it will be accounted for in the 2019 financial year.

Cash and other net assets increased by $90.4 million, mainly due to additional loans advanced and the repayment of $40.0 million of borrowings.

Washington H. Soul Pattinson and Company Limited

WHSP is a long-term investor with a strong focus on providing its shareholders with capital growth and increasing fully franked dividends. WHSP has consistently outperformed the ASX All Ordinaries Accumulation Index over the long term.

Total shareholder return (TSR) measures share price movement and assumes the reinvestment of all dividends. It does not account for franking credits also passed onto shareholders.

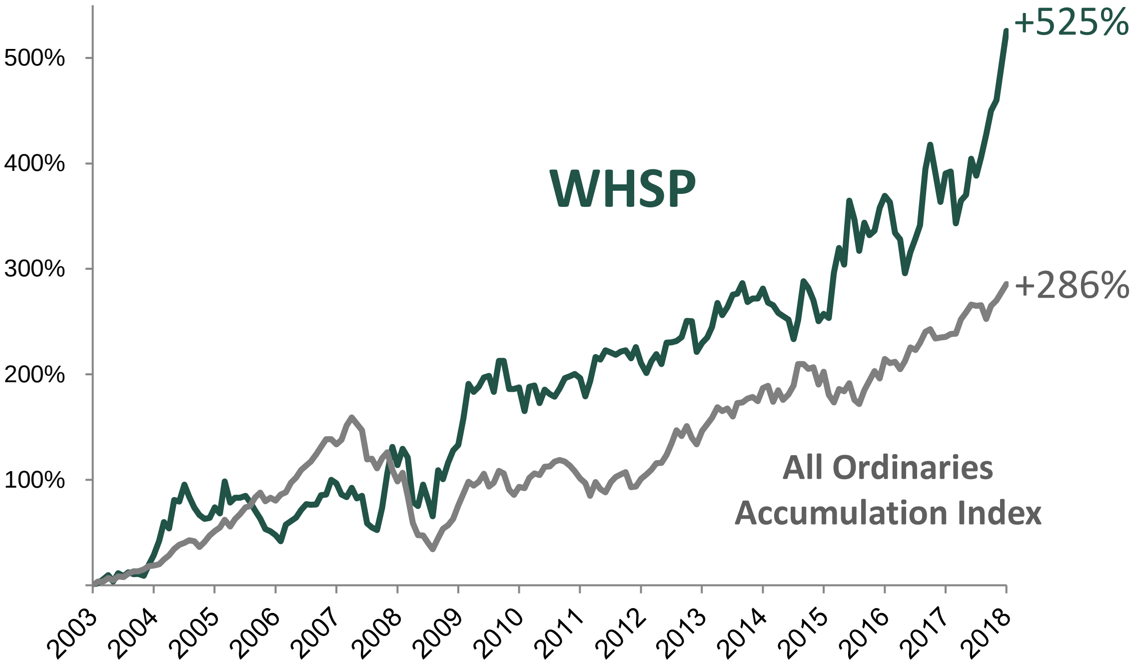
The table below shows the TSRs for WHSP shares for various periods and compares them to the ASX All Ordinaries Accumulation Index which also includes the reinvestment of dividends.

Total Shareholder Returns to 31 July 2018

Annual Return	**1 Year**	**3 Years p.a.**	**5 Years p.a.**	**10 Years p.a.**	**15 Years p.a.**
WHSP	**27.5%**	**20.5%**	**13.7%**	**11.3%**	**13.0%**
All Ordinaries Accumulation Index	14.9%	8.4%	9.4%	6.9%	9.4%
Out Performance	**12.6%**	**12.1%**	**4.3%**	**4.4%**	**3.6%**

The following chart shows the 15 year total shareholder return of an investment made in WHSP shares in July 2003 compared to the ASX All Ordinaries Accumulation Index. An investment in WHSP over this period has increased by more than five times while the index has increased by less than three times.

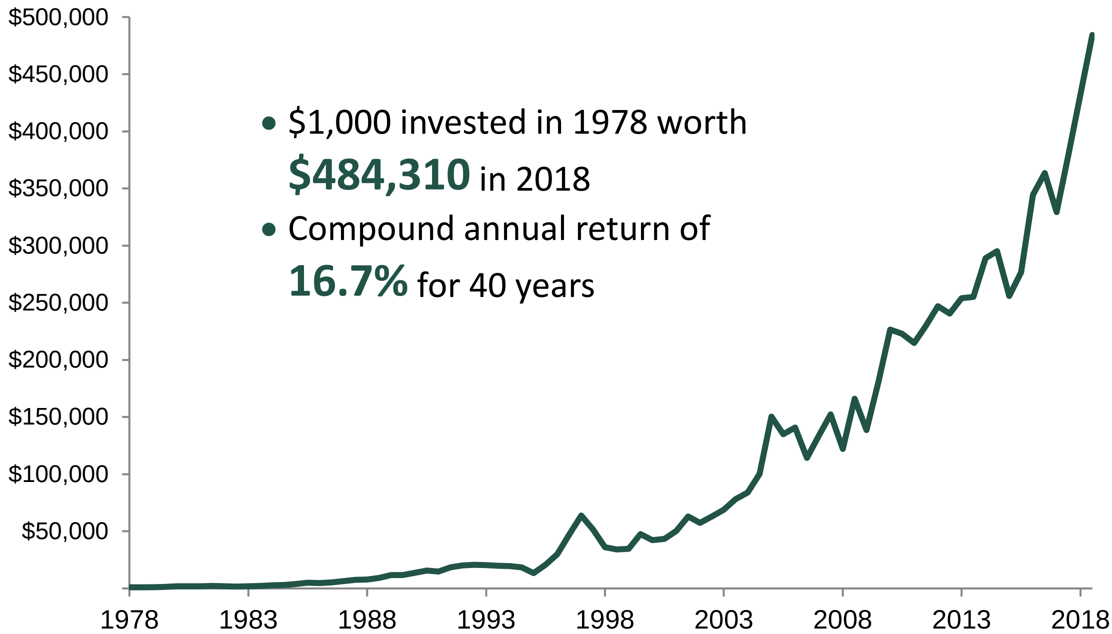
15 Year Total Shareholder Return



Includes the re-investment of dividends.

The following chart shows the wealth created over a 40 year period. If a shareholder had invested $1,000 in 1978 and reinvested all dividends, the shareholding would have appreciated to over $484,000 as at 31 July 2018. This equates to a compound annual growth rate of 16.7% year on year for 40 years and does not include the franking credits which have also been passed on to shareholders by WHSP.

Wealth Creation over 40 Years



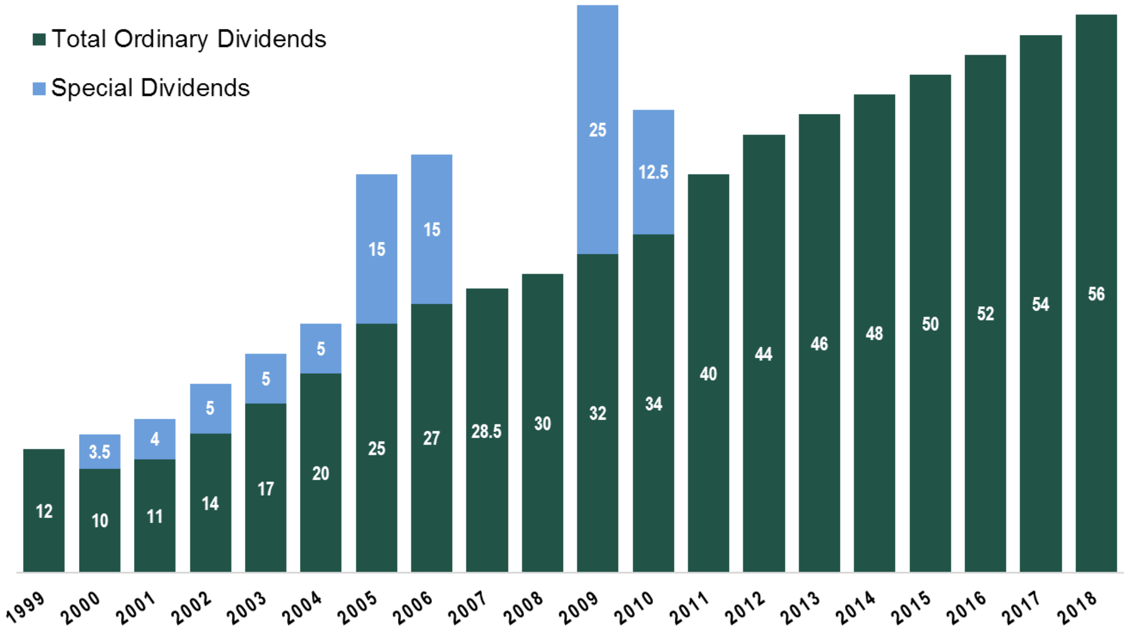
Includes the re-investment of dividends.

Dividends

The chart below demonstrates WHSP's exceptional history of paying dividends to shareholders. The compound annual growth rate of the Company's ordinary dividends is 8.34% PA over the last 15 years. WHSP has not missed paying a dividend since listing in 1903, including during the Great Depression of the 1930s and the Global Financial Crisis of 2007-08.

20 Year Dividend History

Cents per Share



Final Dividend

The Directors have declared a fully franked final dividend of 33 cents per share in respect of the year ended 31 July 2018 (2017: 32 cents fully franked). This brings total dividends for the year to 56 cents fully franked (2017: 54 cents fully franked).

The record date for the final dividend will be 19 November 2018 with payment due on 10 December 2018. The last day to purchase shares and be eligible for the final dividend is 16 November 2018.

WHSP's diversified portfolio continues to deliver reliable cash returns enabling it to provide increasing fully franked dividends to its shareholders.

WHSP is one of only two companies in the ASX All Ordinaries Index to have increased its dividend every year for the last 18 years.

The Company receives dividends and distributions from its investments, interest income and gains on property assets. The Directors declare interim and final dividends based on the Company's regular cash inflows less regular operating costs.

This year it will pay out, as dividends, 93.4% of its net regular cash inflows from operations (2017: 90.0%).

Review of Group Entities – as at 31 July 2018

TPG Telecom Limited

Associated entity: **25.3% held**
Dividends paid to WHSP: **$9.3 million**
Total market capitalisation: **$5.34 billion**
Value of WHSP's holding: **$1.35 billion**

ASX code: **TPM**

TPG reported the following results for the year ended 31 July 2018 (FY18):

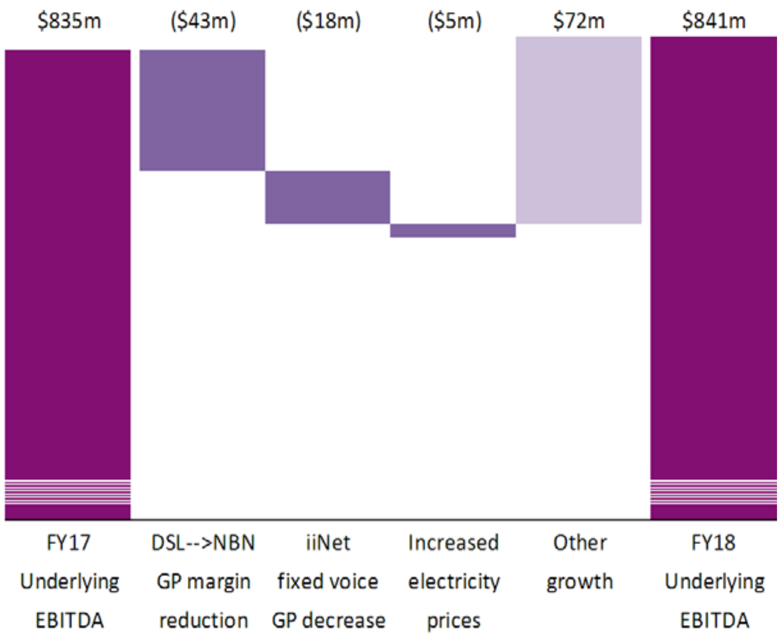
- Earnings before interest, tax, depreciation and amortisation (EBITDA) of $841.1 million;
- Net profit after tax (NPAT) attributable to shareholders of $396.9 million; and
- Earnings per share (EPS) of 42.8 cents.

Underlying Results

The FY18 EBITDA result includes no material irregular items and is therefore representative of underlying EBITDA for the period. By contrast the FY17 EBITDA result benefitted from $55.8 million of favourable non-recurring items (predominantly a profit realised on sale of an investment). Therefore, although there is a $49.7 million decrease in reported EBITDA between FY17 and FY18, underlying EBITDA increased by $6.1 million in FY18 from $835.0 million to $841.1 million, making FY18 the 10th consecutive year of underlying EBITDA growth for TPG.

As shown in the chart below, this modest underlying EBITDA increase in FY18 has been achieved despite the significant headwinds that were experienced during the year from: the migration of DSL customers to lower margin NBN services; loss of gross profit from home phone services as customers migrate to NBN bundled services; and electricity price increases.

Bridge between underlying FY17 and FY18 EBITDA



The adverse profit impacts of the headwinds shown in the chart above were all in line with, or slightly less than expectations, whilst the strong $72 million of other EBITDA growth achieved relative to FY17 was pleasing. The main contributions to this growth were the Corporate Segment, TPG fibre to the building services and cost savings from the ongoing integration of iiNet.

Segment Results

The Consumer Segment's EBITDA for FY18 was $513.1 million compared to $530.4 million for FY17.

The Corporate Segment achieved EBITDA of $330.1 million for FY18 compared to $312.8 million for FY17, a $17.3 million year-on-year growth.

Cash Flow, Capital Expenditure and Gearing

TPG delivered another strong cash flow result in FY18 with $868.3 million of cash generated from operations (pre-tax).

TPG's capital expenditure for the year of $956.3 million included $597.3 million of spectrum payments (includes a $594.8 million instalment for the 2x10MHz of 700MHz spectrum acquired at auction last year) and $101.0 million invested in the mobile network builds in Singapore and Australia. The remaining 'business as usual' capital expenditure of $258.0 million was $104.5 million lower than FY17 as the fibre expansion for the Vodafone fibre contract was substantially completed during the year.

At the end of year TPG had net debt of $1,266.4 million, which represents a leverage ratio of approximately 1.5 times EBITDA, and had undrawn headroom of over $1 billion in its debt facilities to fund its remaining planned mobile network investments in Australia and Singapore.

Dividend

TPG has declared a final dividend of 2 cents fully franked, in line with the interim dividend.

Merger of Equals with Vodafone Hutchison Australia

On 30 August 2018 TPG announced a planned merger of equals with Vodafone Hutchison Australia which, subject to satisfaction of certain conditions precedent, including the approval of the Australian Competition and Consumer Commission, is expected to complete in 2019.

Contribution to WHSP

TPG contributed a net profit of $100.0 million to the Group (2017: $104.1 million). Its contribution to regular profit was $109.0 million (2017: $105.0 million).

New Hope Corporation Limited

Controlled entity: **50.0% held**
Dividends paid to WHSP: **$54.7 million**
Total market capitalisation: **$2.65 billion**
Value of WHSP's holding: **$1.33 billion**

ASX code: **NHC**

New Hope reported a net profit after tax and before non-regular items of $252.6 million for the year ended 31 July 2018. The result comprised: a profit of $252.8 million from coal mining, marketing and logistics operations; and a loss of $0.2 million from oil operations. This result is 96% higher than the 2017 result of $128.7 million.

The net profit after tax, including non-regular items, was $149.5 million, 7% higher than the 2017 result of $140.6 million.

Compared to 2017, the full year result benefited from:

- Increased production and sales driven by performance of the Bengalla Joint Venture;
- Increased coal prices in US Dollar terms; and
- A lower AUD:USD exchange rate.

Partially offset by:

- Increased cost of sales as the Acland Mine nears the end of the Stage 2 life;
- Increased cost of sales arising from higher strip ratios at Bengalla; and
- A non-regular impairment loss and associated costs relating to the Colton exploration project.

During the year, New Hope generated a strong operating cash surplus of $433.9 million (before interest and tax) which is an increase of 39% on the 2017 result of $313.0 million.

Before non-regular items, basic earnings for 2018 were 30.4 cents per share, compared to 15.4 cents per share in 2017. After non-regular items, basic earnings per share were 18.0 cents per share for 2018 against 16.9 cents in 2017.

New Hope has declared a fully franked final dividend of 8 cents per share (2017: 6 cents). Together with the interim dividend of 6 cents per share, this brings the total dividends for the year to 14 cents per share (2017: 10 cents).

Coal Operations

New Hope's two operating mines in South East Queensland (New Acland and Jeebropilly) combined to produce 5.2 million tonnes of saleable coal during the year. Bengalla (New Hope's 40% interest) produced 3.8 million tonnes for the year. The New Hope Group produced 9.0 million tonnes of saleable coal in 2018 which is an increase of 5% on 2017 production.

The total quantity of coal sold in 2018 was 8.9 million tonnes which exceeded the 8.5 million tonnes sold in 2017.

Bengalla Joint Venture (New Hope share 40%)

The Bengalla joint venture mine (100% basis) produced 9.4 million tonnes of coal in 2018 which is an increase of 10% on 2017 production. The Bengalla mine is operated by the Bengalla Mining Company Pty. Limited of which New Hope has a 40% interest.

On 7 August 2018, New Hope announced it had reached agreement with Wesfarmers to acquire their 40% interest in the Bengalla mine (subject to the pre-emptive rights of the other Joint Venture parties) for $860 million. This acquisition demonstrates New Hope's long term commitment to the Bengalla mine and a positive outlook for the global export thermal coal market. The acquisition is expected to settle early in the 2019 calendar year.

Queensland Bulk Handling (QBH)

QBH, New Hope's 100% owned coal terminal at the Port of Brisbane, exported 7.2 million tonnes of coal on 93 vessels in 2018, which is slightly higher than 2017. QBH remains essentially a demurrage free port.

Pastoral Operations

Acland Pastoral continued to build its breeding herd throughout the year. The year end herd consisted of 2,529 breeders, 400 weaners and 76 bulls with 2,511 cattle sold during the year.

The cropping operation produced and sold 13,930 tonnes of sorghum and 794 tonnes of corn silage with an additional barley silage crop grown to support the weaning operation.

A further 180 hectares of rehabilitated land from the New Acland Mining Lease was fenced and transferred back to pastoral operations for grazing activities during the year. The majority of boundary fencing upgrades were completed through the year as part of a strategic fencing project.

Bridgeport Energy Limited

Oil production totalled 373,875 barrels for the year, a 21% increase on 2017. This significant increase in production was the result of the full year impact of the Greater Kenmore Bodalla assets and improved production performance at the principal assets.

Sales revenue for the year was $29.1 million compared to $18.7 million for the prior year, an increase of 56%. Realised oil sale prices averaged $88 per barrel against the previous year of $65 per barrel.

Bridgeport's earnings before interest, tax, depreciation and amortisation were $8.0 million for the year.

Outlook

In 2019, New Hope expects its coal operations to produce at similar levels to the 2018 financial year. Continuing global demand for high quality Australian thermal coal is likely and with the limited scope for increased supply prices are expected to remain firm. This will continue to underpin strong results from this business segment.

New Hope expects the coal reserves at Jeebropilly Mine to be exhausted late in the 2019 calendar year. The focus will then transition to optimising the post mining land use. Jeebropilly is ideally located in close proximity to the city of Ipswich which provides attractive sale or development opportunities for industrial, commercial and residential use.

Timely New Acland Stage 3 approvals will be critical to enabling production to continue at current levels beyond the 2019 financial year. While current prices may support mining additional coal within the Stage 2 lease area (subject to social and environmental approvals), the receipt of the Environmental Authority, Mining Lease and Associated Water License for the Stage 3 lease area are critical to the production outcomes for 2020 and beyond.

Bridgeport operations will continue to focus on incremental growth in the producing fields as well as targeted exploration activities. Interest in the oil and gas sector has continued to grow over the last 12 months and may present opportunities for Bridgeport over the coming year.

With global demand for high quality Australian coals continuing to rise, New Hope's strong balance sheet and quality portfolio of operational and development assets represent a unique opportunity over the short, medium and long term.

Contribution to WHSP

New Hope contributed $133.0 million to regular profit (2017: $76.7 million, 59.6% held). A non-regular expense of $51.5 million attributable to the impairment of New Hope's Colton reserve and associated costs reduced contribution to the Group's net profit to $81.5 million (2017: $83.8 million, 59.6% held).

In November 2017, WHSP reduced its holding in New Hope from 59.6% to 50.0% in order to assist the free float and liquidity of New Hopes' shares.

Brickworks Limited

Associated entity: **43.9% held** Dividends paid to WHSP: **$34.1 million** Total market capitalisation: **$2.33 billion** Value of WHSP's holding: **$1.02 billion** ASX code: **BKW**	BRICKWORKS LIMITED

Brickworks posted a statutory net profit after tax (NPAT) for the year ended 31 July 2018 of $175.4 million, down 5.8% on the prior year. Record underlying NPAT of $223.7 million was up 13.9% from $196.4 million for the year ended 31 July 2017.

Statutory earnings per share was $1.17, down 6.0% on the prior year, and underlying EPS was $1.50, up 13.7%.

Brickworks has declared a fully franked final dividend of 36 cents per share, up 5.9% on the prior year. This brings total dividends for the year to 54 cents per share, up 3 cents or 5.9% on the prior year.

Building Products

Building Products' earnings before interest and tax (EBIT) was $76.0 million, up 16.8% on the prior year. Austral Bricks earnings were significantly higher on the back of a strong performance in New South Wales and Victoria. Performance in Western Australia also improved following prior period restructuring initiatives.

Austral Bricks delivered a 12.8% increase in earnings for the year, with sales revenue up 8.1% to $447.3 million.

Austral Masonry earnings were in line with the prior year, on a 23.2% increase in sales revenue to $109.7 million. Excluding UrbanStone, revenue was up 5.5% on a like-for-like basis.

Bristile Roofing earnings increased on the prior year, with sales revenue up 6.7% to $136.4 million.

Austral Precast and Auswest Timbers earnings were higher than last year.

Property

Property delivered an EBIT before significant items of $94.0 million for the year ended 31 July 2018, up 3.8% from $90.6 million for the prior year. This improved result was due to higher earnings from the Property Trust.

The total value of assets held within the Property Trust at 31 July 2018 was $1.527 billion. This includes a 33% increase in the value of leased assets, to $1.168 billion, due primarily to the completion of the Oakdale Central Estate in the second half. The Property Trust also holds a further $360 million in land to be developed.

Borrowings of $451 million are held within the Property Trust, giving a total net asset value of $1.076 billion. Brickworks' 50% share of this net asset value was $538 million, up $58 million from $480 million at 31 July 2017.

Outlook

The Building Products division faces mixed market conditions across the country, with the timing and extent of any sustained decline in building materials demand difficult to predict.

Development activity within the Property Trust remains strong. The completion of new facilities at Oakdale South and Rochedale will drive growth in rent and asset value over both the short and longer term.

The sale of the Punchbowl property is due to complete in October 2018. With a sale price of $41 million, and total costs of approximately $8 million, this transaction will deliver a profit of around $33 million to Brickworks.

Contribution to WHSP

Brickworks contributed a net profit of $40.5 million (2017: $36.3 million) to the Group. These contributions exclude the WHSP profit taken up by Brickworks under the equity accounting method.

Financial Services Portfolio

Dividends paid to WHSP: **$15.4 million**
Value of WHSP's holdings: **$414 million**

The assets in the Financial Services Portfolio include investments in funds management, corporate advisory and Listed Investment Companies (LICs). The valuation of the assets in this portfolio at 31 July 2018 exceeded $410 million while the cost base on these assets is just over $250 million.

In June 2017, WHSP's investments in Pengana and Hunter Hall were merged to form the Pengana Capital Group (PCG). WHSP became the biggest shareholder in PCG with a 39.2% shareholding. For the year ended 30 June 2018, PCG continued to add funds under management and delivered strong returns to its investors. WHSP's shareholding in PCG increased in value by 7.7% during the year.

WHSP added to the portfolio during the year by purchasing shares in an unlisted business in the financial services industry, Ironbark Asset Management. Ironbark provides asset management solutions for investors and financial advisers by partnering with best in class investment managers across a range of asset classes.

WHSP realised part of its investment in Milton Corporation during the year producing proceeds of $17.8 million and a gain of $7.3 million.

This portfolio provides WHSP with exposure to both Australian and international equities. WHSP will continue to look for investments in the financial services sector where it sees long-term growth and attractive industry dynamics.

As at 31 July 2018	**% held**
BKI Investment Company Limited (ASX: BKI)	8.6%
Contact Asset Management Pty. Limited	20.0%
Ironbark Asset Management	13.9%
Milton Corporation Limited (ASX: MLT)	3.8%
Pengana Capital Group Limited (ASX: PCG)	39.2%
Pengana International Equities Limited (ASX: PIA) formerly Hunter Hall Global Value Limited (ASX: HHV)	9.8%
Pitt Capital Partners Limited	100%
URB Investments Limited (ASX: URB)	12.4%

The financial services portfolio contributed a net profit of $16.4 million to the Group (2017: $13.1 million).

Australian Pharmaceutical Industries Limited

Associated entity: **19.3% held** Dividends paid to WHSP: **$6.7 million** Total market capitalisation: **$832 million** Value of WHSP's holding: **$161 million** ASX code: **API**	api

API's financial year ended on 31 August 2018. The results for the full year are not expected to be released to the market until late October 2018.

For the six months ended 28 February 2018, API reported the following results which are compared to those of the first half last year:

- Underlying net profit after tax (NPAT) of $26.8 million, decrease of 8%, slightly ahead of revised guidance;
- Reported NPAT was $24.9 million, down 14.4%
- Underlying earnings before interest and tax of $44.6 million, down 8%;
- Pharmacy Distribution continued to perform well with underlying sales growth of 9.8%; and
- Priceline/Priceline Pharmacy total network sales growth of 2.1% with 466 stores, and comparable retail store sales decline of 1.7%.

In June API paid a fully franked interim dividend of 3.5 cents per share, unchanged from last year.

API commented that its prior capital investments provide it with the ability to reduce operational costs in the second half of the year.

On 25 June 2018, API announced that it had entered into agreements to acquire the assets of Clearskincare Clinics, a leading provider of non-invasive aesthetic services such as laser hair removal, skin treatments and cosmetic injectables. Clearskincare has 44 clinics (42 in Australia and two in New Zealand) and an exclusive skincare product range. API advised that Clearskincare has a demonstrated track record of growth, generates strong cash flow and it is anticipated to be earnings per share accretive for API in its 2019 financial year, with ongoing earnings' growth in future years from current and new clinics. In July, API announced that the first stage of the acquisition had been completed as anticipated with API taking up an initial 50.1% controlling interest in the clinics and 100% of the skincare product business. API will move to 75.1% ownership of the clinics in September 2020 and then 100% in September 2021.

The acquisition has been well received by the market with API's share price rising from $1.355 on 22 June to $1.845 on 31 August, a 36.2% increase. This increase added $46.6 million to the market value of WHSP's investment in API over that period.

WHSP has equity accounted API's result for the 12 months to 28 February 2018. API contributed a net profit of $9.3 million (2017: $14.2 million) to the Group. The contribution was impacted by WHSP reducing its holding in API from 24.5% to 19.4% in early May 2017.

Round Oak Minerals Pty. Limited

(formerly CopperChem and Exco Resources)

Controlled entities: **100% held**
Value of WHSP's holding: **$154 million***
Unlisted entity

*Directors' valuation

Round Oak is a mining and exploration company which produces zinc and copper concentrates (both containing silver) and gold ore from its mining and processing facilities. Round Oak has further processing facilities capable of producing copper sulphate which are currently on care and maintenance.

Round Oak acquired the Jaguar underground copper-zinc operation in Western Australia from Independence Group Limited in May 2018 and assumed operational management of Jaguar on 1 June 2018. This was a separate transaction to the acquisition of the Stockman project in north-east Victoria which was also purchased from Independence Group Limited during the year.

The transaction to acquire the Stockman copper-zinc project was completed in December 2017. The final approval and permitting phase of the project is underway and an Infrastructure Mining Licence (IML) covering the project's tailings dam was granted to Round Oak in July 2018. The granting of the IML was a critical step in the approvals process and allows Round Oak to submit the Work Plan for the project in the second half of 2018. The Work Plan is the final step in the primary approvals phase for the project.

The integration of existing crushing and grinding circuits at the Cloncurry plant into the new gold processing facilities was completed during the year with first gold production expected in the second half of 2018. This facility will be utilised to process Round Oak's portfolio of gold resources with a number of satellite open pit mines feeding the plant over an initial 2-3 year period. The first of these, Wallace South, commenced mining activities in June 2018. Additional gold projects are being evaluated to increase the production life of the facilities.

The Mt Colin underground copper mine commenced development in July 2018 with portal access established from the existing open pit. Copper ore from Mt Colin will be toll treated at Glencore's Earnest Henry operation, with first ore expected to be produced in the first half of 2019.

Production activities continued at the White Dam mine in South Australia during the year with gold production now forecast to continue until the end of 2019.

Exploration activities are continuing in north-west Queensland on a number of prospective targets for the purpose of identifying additional copper and gold resources for future mining activities within the operating radius of the Cloncurry processing facilities. An exploration drilling programme was completed at Stockman in the first half of 2018 with further drilling planned for late 2018. The aim of the exploration is to increase the mineral resource bases for the project.

Revenue from gold sales for the year was $18.7 million, an increase over the $18.4 million for previous financial year. Revenue from zinc concentrate (also containing silver credits) from the Jaguar operation was $15.2 million for the period since the acquisition in May 2018.

Round Oak contributed a net loss of $12.6 million to the Group (2017: $2.8 million loss). This year's contribution included non-regular expenses of $2.9 million. Significant expenses were associated with the acquisition of the Jaguar asset and with the company transitioning a number of its assets into production.

Apex Healthcare Berhad

Associated entity: **30.3% held**
Dividends paid to WHSP: **$1.4 million**
Total market capitalisation: **$275 million**
Value of WHSP's holding: **$83 million**

Listed on Bursa Malaysia, code: **APEX MK**

Apex's operations include the development and manufacturing of generic pharmaceuticals and orthopaedic devices, and the sale, marketing and distribution of pharmaceuticals, consumer healthcare products and diagnostic products. It has over 1,100 employees at its facilities in Malaysia, Singapore, Vietnam and Myanmar. Apex was established in 1962 and is publicly listed on the Main Board of Bursa Malaysia.

Apex's results are converted from Malaysian Ringgit (MYR) to Australian dollars (AUD). The appreciation of the MYR has positively affected Apex's results when restated in AUD. For this reason the percentage movements shown below are based on MYR movements.

For the six months ended 30 June 2018 Apex generated revenue of $104.4 million, an increase of 0.2% in MYR over the previous corresponding six month period. The net profit after tax attributable to shareholders was $9.0 million, a substantial increase of 48.1% in MYR over the first half of 2017.

Apex has declared an interim dividend of 2.2 cents per share for the six months ended 30 June 2018. This is an increase of 18.2% over last year in MYR and 30.1% in AUD.

Apex's share price has performed particularly well over the 12 months to 31 July 2018 rising by 50.4% in MYR and 70.3% in AUD. This increase added $34.4 million to the market value of WHSP's investment in Apex over the year.

WHSP has equity accounted Apex's result for the 12 months to 30 June 2018. Apex contributed a net profit of $5.0 million to the Group (2017: $3.3 million).

Other Investments

	% held
Listed	
Bailador Technology Investments Limited	19.1%
Clover Corporation Limited	22.6%
Heritage Brands Limited	25.1%
Lindsay Australia Limited	18.9%
Quickstep Holdings Limited	15.9%
Verdant Minerals Limited	33.4%
Unlisted	
Ampcontrol Pty. Limited	43.3%
Seven Miles Coffee Roasters Pty. Limited	40.0%
Specialist Oncology Property Pty. Limited	23.2%
WHSP Aquatic Achievers Pty. Limited (acquired February 2018)	100%

Investment Properties

During the year, redevelopment of the Kingsgrove property continued and works commenced at the Prestons site. WHSP sold one of its two commercial office buildings in Pennant Hills and has maintained the asset at 1 City View, Pennant Hills.

The Company has agreed the sale of two more assets, the head office building at 160 Pitt Street and the industrial property at Prestons. The head office sale was completed in August 2018 and will be accounted for in the 2019 financial year. The sale of Prestons is expected to complete in November 2018.

Pitt Street Real Estate Partners continues to investigate opportunities to add to WHSP's property portfolio, whilst also considering the sale of mature assets.

Consolidated Income Statement
For the year ended 31 July 2018

	Notes	2018 $'000	2017 $'000
Revenue from continuing operations	4(a)	**1,174,882**	967,570
Other income	4(b)	**98,588**	164,345
Cost of sales		**(565,845)**	(543,256)
Selling and distribution expenses		**(180,247)**	(172,992)
Administration expenses		**(44,587)**	(37,376)
Acquisition costs expensed		**(5,662)**	-
Other expenses		**(22,372)**	(7,019)
Impairment expense	4(c), 7	**(154,436)**	(18,423)
Finance costs		**(2,162)**	(3,577)
Share of results from equity accounted associates	7	**161,661**	162,067
Profit before income tax		**459,820**	511,339
Income tax expense	4(d)	**(124,520)**	(119,985)
Profit after tax for the year		**335,300**	391,354
Profit after tax attributable to non-controlling interest		**(68,454)**	(57,743)
Profit after tax attributable to members of Washington H. Soul Pattinson and Company Limited		**266,846**	333,611

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

Consolidated Statement of Comprehensive Income
For the year ended 31 July 2018

	2018 $'000	2017 $'000
Profit after tax for the year	**335,300**	391,354
Other comprehensive income		
Items that may be reclassified subsequently to income statement		
Net movement in the fair value of long term equity investments, net of tax	**9,065**	1,808
Transfer to profit and loss on disposal of long term equity investments, net of tax	**(7,107)**	(25,397)
Net movement in hedge reserve, net of tax	**(14,649)**	10,666
Net movement in foreign currency translation reserve, net of tax	**1,897**	88
Net movement in equity reserve, net of tax	**238**	3,654
Total other comprehensive expense for the year, net of tax	**(10,556)**	(9,181)
Total comprehensive income for the year	**324,744**	382,173
Total comprehensive income attributable to non-controlling interest	**(61,533)**	(62,559)
Total comprehensive income attributable to members of Washington H. Soul Pattinson and Company Limited	**263,211**	319,614

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

Earnings per share	2018 Cents	2017 Cents
Basic and diluted earnings per share attributable to ordinary equity holders of the Company		
Earnings per share from operations	**111.47**	139.36
	No. of shares	
Weighted average number of shares used in calculating basic and diluted earnings per share	**239,395,320**	239,395,320

Consolidated Statement of Financial Position
As at 31 July 2018

	Notes	31 July 2018 $'000	31 July 2017 $'000
Current assets			
Cash and cash equivalents		**337,933**	301,275
Term deposits		**206,044**	1,044
Trade and other receivables		**131,723**	94,770
Inventories		**93,236**	79,968
Assets classified as held for sale	10	**1,407**	-
Trading equities		**69,930**	46,993
Derivative financial instruments		**-**	18,075
Current tax asset		**-**	13,024
Total current assets		**840,273**	555,149
Non-current assets			
Trade and other receivables		**53,525**	3,563
Equity accounted associates		**1,517,125**	1,415,973
Long term equity investments		**732,298**	648,105
Other financial assets		**17,571**	4,984
Investment properties		**158,254**	165,016
Property, plant and equipment		**1,520,573**	1,370,420
Exploration and evaluation assets		**310,798**	418,582
Deferred tax assets		**71,567**	106,576
Intangible assets		**73,553**	60,026
Total non-current assets		**4,455,264**	4,193,245
Total assets		**5,295,537**	4,748,394
Current liabilities			
Trade and other payables		**131,521**	80,866
Interest bearing liabilities		**25,267**	42,356
Derivative financial instruments		**3,353**	69
Current tax liabilities		**81,091**	736
Provisions		**71,219**	45,345
Total current liabilities		**312,451**	169,372
Non-current liabilities			
Trade and other payables		**30,033**	-
Interest bearing liabilities		**19,790**	33,057
Deferred tax liabilities		**405,270**	394,882
Provisions		**186,388**	112,773
Total non-current liabilities		**641,481**	540,712
Total liabilities		**953,932**	710,084
Net assets		**4,341,605**	4,038,310
Equity			
Share capital		**43,232**	43,232
Reserves		**605,865**	611,226
Retained profits		**2,718,057**	2,603,186
Parent Entity interest		**3,367,154**	3,257,644
Non-controlling interest		**974,451**	780,666
Total equity		**4,341,605**	4,038,310

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

Consolidated Statement of Changes in Equity
For the year ended 31 July 2018

Year ended 31 July 2018	Share capital $'000	Retained profits $'000	Reserves $'000	Total Parent Entity interest $'000	Non-controlling interest $'000	Total equity $'000
Total equity at the beginning of the year 1 August 2017	**43,232**	**2,603,186**	**611,226**	**3,257,644**	**780,666**	**4,038,310**
Net profit for the year after tax	**-**	**266,846**	**-**	**266,846**	**68,454**	**335,300**
Other comprehensive income for the year						
Net movement in asset revaluation reserve, net of tax	-	-	2,006	2,006	(48)	1,958
Net movement in hedge reserve, net of tax	-	-	(7,776)	(7,776)	(6,873)	(14,649)
Net movement in foreign currency translation reserve, net of tax	-	-	1,897	1,897	-	1,897
Net movement in equity reserve, net of tax	-	-	238	238	-	238
Total comprehensive income for the year	**-**	**266,846**	**(3,635)**	**263,211**	**61,533**	**324,744**
Transactions with owners						
Dividends declared and paid	-	(106,943)	-	(106,943)	(46,933)	(153,876)
Net movement in share based payments reserve	-	74	1,781	1,855	41	1,896
Return of capital	-	-	-	-	(5,968)	(5,968)
Transactions with non-controlling interests	-	(1,238)	(3,507)	(4,745)	180,457	175,712
Tax on partial disposal of controlling entity to non-controlling interests	-	(43,868)	-	(43,868)	-	(43,868)
Equity transfer from members on issue of share capital in a controlled entity	-	-	-	-	4,655	4,655
Total equity at the end of the year 31 July 2018	**43,232**	**2,718,057**	**605,865**	**3,367,154**	**974,451**	**4,341,605**

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

Consolidated Statement of Changes in Equity
For the year ended 31 July 2018

Year ended 31 July 2017	Share capital $'000	Retained profits $'000	Reserves $'000	Total Parent Entity interest $'000	Non-controlling interest $'000	Total equity $'000
Total equity at the beginning of the year 1 August 2016	**43,232**	**2,372,467**	**623,684**	**3,039,383**	**707,268**	**3,746,651**
Net profit for the year after tax	**-**	**333,611**	**-**	**333,611**	**57,743**	**391,354**
Other comprehensive income for the year						
Net movement in asset revaluation reserve, net of tax	-	-	(23,849)	(23,849)	260	(23,589)
Net movement in hedge reserve, net of tax	-	-	6,185	6,185	4,481	10,666
Net movement in foreign currency translation reserve, net of tax	-	-	13	13	75	88
Net movement in equity reserve, net of tax	-	-	3,654	3,654	-	3,654
Total comprehensive income for the year	**-**	**333,611**	**(13,997)**	**319,614**	**62,559**	**382,173**
Transactions with owners						
Dividends declared and paid	-	(102,993)	-	(102,993)	(22,045)	(125,038)
Net movement in share based payments reserve	-	101	1,539	1,640	(9)	1,631
Transactions with non-controlling interests	-	-	-	-	16	16
Equity transfer from members on issue of share capital in a controlled entity	-	-	-	-	32,877	32,877
Total equity at the end of the year 31 July 2017	**43,232**	**2,603,186**	**611,226**	**3,257,644**	**780,666**	**4,038,310**

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

Consolidated Statement of Cash Flows
For the year ended 31 July 2018

	2018	2017
	$'000	$'000
Cash flows from operating activities		
Receipts from customers inclusive of GST	**1,171,513**	1,012,326
Payments to suppliers and employees inclusive of GST	**(725,384)**	(696,002)
	446,129	316,324
Dividends received	**76,325**	106,541
Interest received	**9,465**	8,705
Acquisition costs expensed	**(5,662)**	-
Finance costs	**(1,452)**	(2,317)
Income taxes paid	**(17,245)**	(29,861)
Net cash inflow from operating activities	**507,560**	399,392
Cash flows from investing activities		
Payments for property, plant, equipment and intangibles	**(110,863)**	(77,913)
Proceeds from sale of property, plant and equipment	**3,159**	11,022
Payments for capitalised exploration and evaluation activities	**(38,294)**	(18,255)
Net (payment to) / proceeds from term deposits	**(205,629)**	46,368
Payments for acquisition and development of investment properties	**(16,088)**	(63,906)
Proceeds from sale of investment properties	**29,059**	-
Payments for equity investments	**(94,941)**	(80,482)
Proceeds from sale of equity investments	**77,911**	145,707
Proceeds from sale of controlled entity/associate	**186,310**	81,708
Payments to acquire equity accounted associates	**(1,430)**	(167,849)
Payments for acquisition of business, net of cash acquired	**(48,349)**	(800)
Loans advanced	**(58,218)**	(12,682)
Loan repayments	**7,697**	47,269
Proceeds on Bengalla acquisition settlement adjustment	**-**	1,669
Net cash outflow from investing activities	**(269,676)**	(88,144)
Cash flows from financing activities		
Dividends paid to WHSP shareholders	**(131,667)**	(126,880)
Dividends paid by subsidiaries to non-controlling interests	**(47,119)**	(22,045)
Proceeds from interest bearing liabilities	**-**	46,971
Repayments of interest bearing liabilities	**-**	(97,554)
Proceeds from external borrowings	**12,017**	95,000
Repayments of external borrowings	**(42,356)**	(57,400)
Proceeds from issue of equity	**4,524**	-
Payments for return of capital	**(5,968)**	-
Transaction with subsidiary's non-controlling interest	**-**	32,797
Net cash outflow from financing activities	**(210,569)**	(129,111)
Net increase in cash and cash equivalents	**27,315**	182,137
Cash and cash equivalents at the beginning of the year	**301,275**	126,709
Effects of exchange rate changes on cash and cash equivalents	**9,343**	(7,571)
Cash and cash equivalents at the end of the year	**337,933**	301,275

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

Notes to the Consolidated Financial Statements

1. Basis of Preparation

The preliminary financial report for the year ended 31 July 2018 is a general purpose financial report and has been prepared in accordance with Accounting Standards adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

Washington H. Soul Pattinson and Company Limited (the Company, the Parent Entity or WHSP) is a for profit company listed on the Australian Securities Exchange (ASX:SOL).

This report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual financial report for the year ended 31 July 2017 and any public announcements made by Washington H. Soul Pattinson and Company Limited and its controlled entities (Consolidated Entity or Group) during the reporting period in accordance with continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies are consistent with those of the previous financial year.

Comparative information has been re-classified where appropriate to enhance comparability.

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 July 2018 reporting period. The Group has elected not to early adopt these standards and interpretations.

This preliminary financial report was authorised for issue by the Board on 20 September 2018.

Note 2
Parent Entity Financial Information

Source of shareholder's dividends

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

Regular profit after tax is a measure of the Parent Entity's performance. This measurement excludes the effects of non-regular items of income and expense which by nature are outside the ordinary course of business or are part of ordinary operations but are unusual due to their size.

The classification of income and expenses as regular or non-regular is consistent with the Consolidated entity's measurement of segment results. This is a non-statutory measure and a reconciliation to the Parent Entity's profit after tax is provided. The Director's have presented this information, which is used by the Chief Operating Decision Maker as they consider the disclosure enhances the understanding of the results to members and users of the financial statements.

ACCOUNTING POLICIES
Parent Entity

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

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

As at 31 July 2018 the Parent Entity has derecognised an equity accounted associate and now accounts for this investment as a long term equity investment. To be consistent with the Group, the Parent Entity has reclassified this investment from other financial assets to long term equity investments.

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

Statement of Financial Position

	As at 31 July 2018 $'000	As at 31 July 2017 $'000
Current assets		
Cash and term deposits	41,946	55,876
Assets held for sale	1,407	–
Other current assets	98,525	55,253
Total current assets	**141,878**	**111,129**
Non-current assets		
Long term equity investments – measured at market value	688,576	662,628
Other financial assets		
– Listed controlled and associated entities – measured at the lower of cost or impaired value	552,950	567,684
– Unlisted entities – measured at the lower of cost or impaired value	381,363	269,355
Other non-current assets	108,202	113,327
Total non-current assets	**1,731,091**	**1,612,994**
Total assets	**1,872,969**	**1,724,123**
Total current liabilities	2,495	43,288
Total non-current liabilities	92,662	76,956
Total liabilities	**95,157**	**120,244**
Net assets	**1,777,812**	**1,603,879**
Equity		
Share capital	43,232	43,232
Reserves	620,952	588,739
Retained profits	1,113,628	971,908
Total equity	**1,777,812**	**1,603,879**

Income Statement

	As at 31 July 2018 $'000	As at 31 July 2017 $'000
Profit after tax	**272,979**	**172,842**
Less: Non-regular items after tax		
Net gain on disposal of investments	(140,278)	(45,305)
Net impairment expense on investments	3,413	12,506
Other	2,737	1,353
Regular profit after tax	**138,851**	**141,396**
Other comprehensive income		
Net movement in the fair value of the listed investment portfolio	1,881	12,501

Market value of listed entities as at 31 July 2018
(based on ASX closing prices 31 July 2018)

		$'000
Long term equity investments		
Milton Corporation Limited		119,020
BKI Investment Company Limited		99,848
Commonwealth Bank of Australia		58,868
Clover Corporation Limited		58,363
Pengana International Equities Limited		28,392
Woolworths Limited		26,777
Macquarie Group Limited		26,285
Wesfarmers Limited		24,794
National Australia Bank Limited		24,697
Lindsay Australia Limited		23,043
Bailador Technology Investments Limited		19,320
Other listed entities		179,169
Market value of long term equity investments		**688,576**
Listed controlled and associated entities	**Holding**	
TPG Telecom Limited	25.3%	1,350,122
New Hope Corporation Limited	50.0%	1,326,072
Brickworks Limited	43.9%	1,022,751
Australian Pharmaceutical Industries Ltd	19.3%	160,666
Pengana Capital Group Limited	39.2%	133,025
Apex Healthcare Berhad	30.3%	83,469
TPI Enterprises Limited	19.9%	20,705
Verdant Minerals Limited	33.4%	6,272
Market value of listed controlled and associated entities		**4,103,082**
Total value of WHSP's listed investments		**4,791,658**

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

WHSP is a long term equity investor.

If WHSP had disposed of all of its listed investments on 31 July 2018, a capital gains tax liability of approximately $1,100.8 million would have arisen based on market values as at 31 July 2018. Of this amount, only $79.7 million has been recognised in the Parent Entity accounts at 31 July 2018.

The market values of the listed investments are based on the last sale prices as quoted on the ASX on 31 July 2018 and are therefore subject to price fluctuations.

Regular Profit after Tax and Regular Operating Cash Flows

For the year ended 31 July 2018	Year ended 31 Jul 2018 $'000
Interest income (from cash and loans)	**4,730**
Dividend and distribution income	
Milton Corporation Limited	4,988
BKI Investment Company Limited	4,285
Commonwealth Bank of Australia	3,593
Pengana International Equites Limited	1,705
Woolworths Limited	828
Macquarie Group Limited	1,124
Wesfarmers Limited	1,118
National Australia Bank Limited	1,726
Lindsay Australia Limited	888
Other listed entities	9,003
TPG Telecom Limited	9,321
New Hope Corporation Limited	54,684
Brickworks Limited	34,135
Australian Pharmaceutical Industries Ltd	6,655
Pengana Capital Group Limited	4,381
Apex Healthcare Berhad	1,350
Other controlled and associates	9,010
Total dividend and distribution income	**148,794**
Net pharmacy profit	**260**
Other revenue	**1,206**
Realised and fair value (losses)/gains on equities	**(1,003)**
Other expenses	**(11,575)**
Finance costs	**(205)**
Regular profit before tax	**142,207**
Income tax (expense)	**(3,356)**
Regular profit after tax	**138,851**
Non-cash fair value (gains)/loss on equities	**1,291**
Net movements in working capital	**3,454**
Regular operating cash flows	**143,596**

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

Dividends paid/payable	
Interim of 23 cents per share paid 10 May 2018	55,061
Final of 33 cents per share payable 10 Dec 2018	79,000
Total dividends paid/payable	**134,061**
Payout ratio	
Dividends as a percentage of regular operating cash flows	93.36%

Notes to the Consolidated Financial Statements

3. Segment Information - how the Group is organised and managed

How the Group is organised - Corporate structure

The Parent Entity invests in a diversified range of companies. Larger holdings in a single entity are classified as follows:

- **Controlled entities (Subsidaries)**: The Parent Entity is able to control the activities of the organisation.
- **Associates:** The Parent Entity has significant influence but does not control the activities of the organisation.

On 2 February 2018, a 100% owned subsidiary, WHSP Aquatic Achievers Pty Ltd acquired a 100% interest in the Aquatic Achievers business. Refer to note 6 for details of this acquisition.

On 31 May 2018, a subsidiary, Round Oak Minerals Pty Ltd (formerly CopperChem Limited), acquired a 100% of the shares in Independence Jaguar Pty Limited, a copper and zinc mine located in Western Australia. Refer to note 6 for details of this acquisition.

During the year ended 31 July 2018, the Parent Entity disposed 9.64% (to 50.01%) of New Hope Corporation Limited, a controlled entity of the Group.

For changes in ownership of associates, refer to note 7.

How the Group is managed - Segment reporting

The Parent Entity, its subsidiaries and associates operate within four segments. Segments are based on product and service types and are predominately based in Australia.

The level of ownership determines the extent to which the Parent Entity is able to manage the underlying operations of its investment.

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of the Parent Entity.

As the Chief Operating Decision Maker is not regularly provided with the operating results from listed associates (material contributors to reported profit) these associates are included within the Investing activities. Results from listed associates are sourced from publicly available information. Results for unlisted associates are sourced from the investees.

The Group's operating segments are described as:

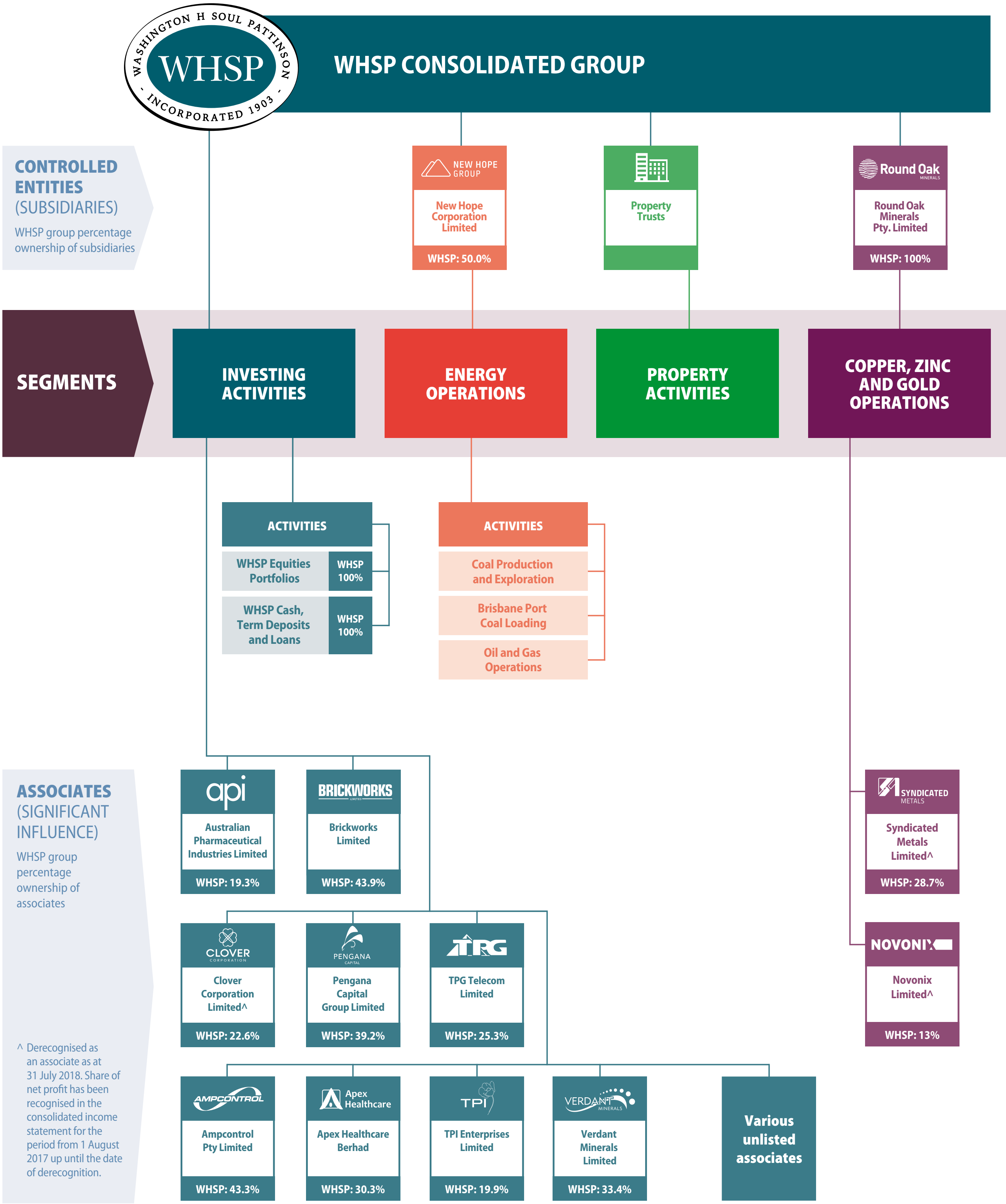
Investing activities
The Group invests in cash, term deposits, corporate debts and a diversified equity investments portfolio.

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

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

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

Note 3
Segment Information



Notes to the Consolidated Financial Statements

3. Segment Information – how the Group is organised and managed (continued)

Business performance - measurement of segment results

Segment performance is measured by regular profit and regular profit after tax attributable to members. These results are non-statutory profit measures and represent profit from continuing operations before non-regular items. The measurement basis in general, excludes the effects of non-regular items of income and expense which by nature are outside the ordinary course of business or part of ordinary activities but are unusual due to their size.

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

A reconciliation between regular profit after tax attributable to members and profit after tax is set out below, and for each segment is set out in note 3a. Non-regular items are disclosed in note 3b.

The Directors have presented this information which is used by the Chief Operating Decision Maker, as they consider the disclosure enhances the understanding of the results to members and users of the financial statements.

The allocation of income and expense items between regular and non-regular profit is consistent with the prior year. Transactions between business segments are on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transactions between business segments. These transfers are eliminated on consolidation.

Reconciliation between regular profit after tax attributable to members and profit after tax:	**2018**	2017
	$'000	$'000
Regular profit after tax attributable to members	**331,143**	282,019
Non-regular items – net of tax		
Gain on disposal of equity investments	**18,748**	25,103
Gain on disposal of equity accounted associates	**-**	24,059
Gain on initial recognition of equity accounted associates	**-**	43,049
Gain / (loss) on deemed disposal of equity accounted associates	**190**	(201)
Gain on de-recognition as equity accounted associates	**50,641**	7,169
Share of non-regular items from equity accounted associates	**(16,617)**	(10,915)
Deferred tax expense recognised on equity accounted associates	**(39,198)**	(32,535)
Impairment expense on equity accounted associates	**(16,545)**	-
Impairment expense on equity investments	**(4,206)**	(5,126)
Impairment expense on exploration assets	**(46,310)**	-
Net impairment reversal / (expense) on other assets	**14**	(7,258)
Handling charges on future obligations	**(5,243)**	-
Acquisition costs expensed	**(3,963)**	-
Recovery of prior period rail access charges	**-**	8,313
Recovery of legal fees	**-**	1,575
Other items	**(1,808)**	(1,641)
Total non-regular (loss) / profit after tax attributable to members	**(64,297)**	51,592
Profit after tax attributable to members	**266,846**	333,611

Notes to the Consolidated Financial Statements

3. Segment Information (continued)

a) Reporting segments

Year ended 31 July 2018	Investing activities $'000	Energy $'000	Copper, gold and zinc operations $'000	Property $'000	Intersegment / unallocated $'000	Consolidated $'000
Revenue from external customers	**36,171**	**1,078,573**	**33,945**	**10,262**	**15,931**	**1,174,882**
Intersegment revenue	60,605	-	-	1,486	(62,091)	-
Total revenue	**96,776**	**1,078,573**	**33,945**	**11,748**	**(46,160)**	**1,174,882**
Regular profit / (loss) before income tax	**263,227**	**360,790**	**(13,804)**	**5,750**	**(57,076)**	**558,887**
Non-regular items before tax (note 3b)	51,856	(146,978)	(4,064)	-	119	(99,067)
Profit / (loss) before income tax	**315,083**	**213,812**	**(17,868)**	**5,750**	**(56,957)**	**459,820**
Less income tax (expense) / benefit	(62,182)	(64,314)	5,281	(1,754)	(1,551)	(124,520)
Profit / (loss) after tax	**252,901**	**149,498**	**(12,587)**	**3,996**	**(58,508)**	**335,300**
Less profit attributable to non-controlling interests	-	(68,033)	-	(212)	(209)	(68,454)
Profit / (loss) after tax attributable to members	**252,901**	**81,465**	**(12,587)**	**3,784**	**(58,717)**	**266,846**
Profit / (loss) after tax attributable to members (as above)	**252,901**	**81,465**	**(12,587)**	**3,784**	**(58,717)**	**266,846**
Non-regular loss / (profit) after tax attributable to members (note 3b)	9,986	51,539	2,856	(84)	-	64,297
Regular profit / (loss) after tax attributable to members	**262,887**	**133,004**	**(9,731)**	**3,700**	**(58,717)**	**331,143**
Profit / (loss) before income tax includes the following items:						
Interest revenue	3,798	5,977	46	49	44	9,914
Interest expense	(206)	(101)	(849)	(1,006)	-	(2,162)
Depreciation and amortisation expense	(250)	(92,176)	(1,456)	(270)	(184)	(94,336)
Net impairment expense	(22,433)	(132,003)	-	-	-	(154,436)
Share of results from equity accounted associates	162,619	-	(958)	-	-	161,661

Notes to the Consolidated Financial Statements

3. Segment Information (continued)

a) Reporting segments

Year ended 31 July 2017	Investing activities $'000	Energy $'000	Copper and gold operations $'000	Property $'000	Intersegment / unallocated $'000	Consolidated $'000
Revenue from external customers	**63,501**	**844,077**	**18,394**	**28,309**	**13,289**	**967,570**
Intersegment revenue	38,711	-	-	935	(39,646)	-
Total revenue	**102,212**	**844,077**	**18,394**	**29,244**	**(26,357)**	**967,570**
Regular profit / (loss) before income tax	**235,868**	**182,215**	**(5,445)**	**15,839**	**(34,428)**	**394,049**
Non-regular items before tax (note 3b)	97,445	19,908	(63)	-	-	117,290
Profit / (loss) before income tax	**333,313**	**202,123**	**(5,508)**	**15,839**	**(34,428)**	**511,339**
Less income (expense) / tax benefit	(54,817)	(61,594)	2,740	(5,172)	(1,142)	(119,985)
Profit / (loss) after tax	**278,496**	**140,529**	**(2,768)**	**10,667**	**(35,570)**	**391,354**
Less profit attributable to non-controlling interests	(819)	(56,085)	-	(282)	(557)	(57,743)
Profit / (loss) after tax attributable to members	**277,677**	**84,444**	**(2,768)**	**10,385**	**(36,127)**	**333,611**
Profit / (loss) after tax attributable to members (as above)	**277,677**	**84,444**	**(2,768)**	**10,385**	**(36,127)**	**333,611**
Non-regular (profit) / loss after tax attributable to members (note 3b)	(43,492)	(8,313)	213	-	-	(51,592)
Regular profit / (loss) after tax attributable to members	**234,185**	**76,131**	**(2,555)**	**10,385**	**(36,127)**	**282,019**
Profit / (loss) before income tax includes the following items:						
Interest revenue	7,042	2,089	41	18	58	9,248
Interest expense	(1,458)	(903)	(411)	(805)	-	(3,577)
Depreciation and amortisation expense	(1,770)	(97,880)	(1,806)	(133)	(14)	(101,603)
Net impairment expense	(18,413)	-	(10)	-	-	(18,423)
Share of results from equity accounted associates	162,181	-	(146)	-	32	162,067

Notes to the Consolidated Financial Statements

3. Segment Information (continued)

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

Year ended 31 July 2018	Before tax $'000	Tax $'000	After tax $'000	Attributable to: Non-controlling interest $'000	Attributable to: Parent Entity interest $'000
Gain on disposal of equity investments	22,687	(3,939)	18,748	-	18,748
Gain on deemed disposals of equity accounted associates	272	(82)	190	-	190
Gain on de-recognition as equity accounted associates	72,247	(21,606)	50,641	-	50,641
Share of non-regular items from equity accounted associates	(16,617)	-	(16,617)	-	(16,617)
Deferred tax recognised on equity accounted associates	-	(39,198)	(39,198)	-	(39,198)
Impairment expense of assets	(154,436)	41,112	(113,324)	(46,277)	(67,047)
Handling charges on future obligations	(14,976)	4,493	(10,483)	(5,240)	(5,243)
Acquisition costs expensed	(5,662)	1,699	(3,963)	-	(3,963)
Other	(2,582)	774	(1,808)	-	(1,808)
Total non-regular items	**(99,067)**	**(16,747)**	**(115,814)**	**(51,517)**	**(64,297)**

Year ended 31 July 2017	Before tax $'000	Tax $'000	After tax $'000	Attributable to: Non-controlling interest $'000	Attributable to: Parent Entity interest $'000
Gain on disposal of equity investments	33,291	(8,188)	25,103	-	25,103
Gain on disposal of equity accounted associates	21,538	2,521	24,059	-	24,059
Gain on initial recognition of equity accounted associates	61,499	(18,450)	43,049	-	43,049
Loss on deemed disposals of equity accounted associates	132	(333)	(201)	-	(201)
Gain on de-recognition as equity accounted associates	10,507	(3,338)	7,169	-	7,169
Share of non-regular items from equity accounted associates	(10,915)	-	(10,915)	-	(10,915)
Deferred tax recognised on equity accounted associates	-	(32,535)	(32,535)	-	(32,535)
Impairment expense of assets	(18,423)	5,220	(13,203)	(819)	(12,384)
Recovery of prior period rail access charges	19,908	(5,972)	13,936	5,623	8,313
Recovery of legal fees	2,250	(675)	1,575	-	1,575
Other	(2,497)	856	(1,641)	-	(1,641)
Total non-regular items	**117,290**	**(60,894)**	**56,396**	**4,804**	**51,592**

Notes to the Consolidated Financial Statements

4. Profit for the year

Profit from continuing operations for the year includes the following items that are significant because of their size, nature or incidence:

	2018 $'000	2017 $'000
(a) Revenue		
Sales revenue	**1,120,163**	921,773
Dividend and distribution revenue	**28,789**	25,144
Interest revenue	**9,914**	9,248
Rental revenue	**8,904**	8,181
Other	**7,112**	3,224
	1,174,882	967,570

	2018 $'000	2017 $'000
(b) Other income		
Gain on disposal of equity investments	**22,687**	33,291
Gain on disposal of an equity accounted associates	**-**	21,538
Gain on initial recognition of an equity accounted associate	**-**	61,499
Gain on deemed disposal of equity accounted associates	**272**	132
Gain on de-recognition as an equity accounted associates	**72,247**	10,507
(Loss) / gain on trading equities	**(1,003)**	1,240
Gain on revaluation of property	**-**	8,894
Gain on sale of investment property	**3,195**	-
Recovery of prior year rail access charge	**-**	19,908
Recovery of legal costs	**-**	2,250
Insurance recovery	**298**	2,000
Other	**892**	3,086
	98,588	164,345

	2018 $'000	2017 $'000
(c) Expenses		
Impairment of long term equity investments *(1)*	**(5,889)**	(8,052)
Impairment of equity accounted associates *(2)*	**(16,545)**	-
Impairment of property, plant and equipment	**(570)**	-
Impairment of coal exploration and evaluation assets *(3)*	**(132,289)**	-
Impairment reversal / (expenses) of other assets	**857**	(10,371)
	(154,436)	(18,423)

(1) *Impairment of long term equity investments*
In accordance with AASB 139, a 'prolonged decline in the fair value of an investment in an equity instrument below its cost is objective evidence of impairment'. Where a long term equity investment's last sale price is lower than the original cost, and the investment is considered to be 'impaired', the Group has recognised an impairment expense in respect of these investments. An impairment recognised for a long term equity investment is prohibited from being reversed through profit and loss. Any future increments in the last sale price of these investments will be recognised as a fair value increment in the asset revaluation reserve. Impairments were recognised by the Group of $5.889 million (2017: $8.052 million). The impairment loss after tax and non-controlling interest was $4.206 million (2017: $5.126 million).

Notes to the Consolidated Financial Statements

4. Profit for the year (continued)

(c) Expenses (continued)

(2) Impairment of equity accounted associates

The recoverable amount of investments in equity accounted associates has been assessed as at 31 July 2018. Where the carrying values of an investments exceeded the recoverable amounts, the investment has been impaired. At each reporting date, an assessment is be made as to whether there are any circumstances that would indicate that the impairment recognised has decreased or no longer exists. Where evidence supports a reduction in the impairment, the impairment expense may be reversed through the income statement. In the year ended 31 July 2018, an impairment expense of $16.5 million was recognised on the investment in TPI Enterprises Limited.

(3) Impairment of coal exploration and evaluation assets

In the current financial year, New Hope Corporation Limited (a controlled entity) determined that an indicator of impairment existed as at balance date in respect of the Colton Coal exploration project. The indicator arises from recently increased charges associated with access to Wiggins Island Coal Export Terminal (WICET) which was materially higher than those previously forecast and ongoing work regarding the assessment of Joint Ore Reserves Committee (JORC) reserves position of this asset. As a result an impairment test has been undertaken and an impairment has been recognised for the year ended 31 July 2018.

For the purpose of assessing impairment of the Colton Coal exploration project, New Hope Corporation Limited has utilised the fair value less cost to dispose (FVLCD) method underpinned by a resource multiple. A resource multiple is considered the appropriate valuation methodology for an exploration asset of this type.

Given the significant costs associated with access to WICET (which have increased significantly since the terminal commenced operations), New Hope Corporation Limited has determined that it is appropriate to discount recent transaction multiples to account for the onerous nature of the obligations to WICET. At the prevailing WICET costs, New Hope Corporation Limited has determined that it is inappropriate to ascribe any value to the JORC resources and as a result a full impairment for the carrying value of the Colton assets of $132.3 million has been recognised. The impairment loss after tax and non-controlling interest was $46.3 million.

Notes to the Consolidated Financial Statements

4. Profit for the year (continued)

(d) Income tax expense

	2018 $'000	2017 $'000
Reconciliation of prima facie income tax expense		
Profit before income tax expense	**459,820**	511,339
Income tax at 30% (2017: 30%)	**137,946**	153,402
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
Net gain on sale of equity investments	**(2,204)**	(10,596)
Net impairment non deductible	**5,219**	307
Franking credits received (excluding controlled and associates)	**(7,337)**	(7,419)
Tax (benefit) on the carrying value of equity accounted associates	**(9,302)**	(16,379)
Other	**198**	670
Income tax expense	**124,520**	119,985
The tax effective rates are as follows:	**27.1%**	23.5%

5. Dividends

		$'000	Amount per security CPS	Franking per security CPS
Final dividend 2018	Final dividend not recognised in retained profits, to be paid on 10 December 2018	**79,000**	**33.0**	**33.0**
	Previous corresponding year, paid on 11 December 2017	76,607	32.0	32.0
Interim dividend	Interim dividend paid on 10 May 2018	**55,061**	**23.0**	**23.0**
	Previous corresponding year, paid on 11 May 2017	52,667	22.0	22.0

No dividend reinvestment plans were in operation during the reporting period.

Total number of ordinary shares on issue at the end of the reporting period was 239,395,320 (2017: 239,395,320).

Notes to the Consolidated Financial Statements

6. Controlled entities acquired or disposed

(a) WHSP Aquatic Achievers Pty Ltd acquisition of Aquatic Achievers

On 2 February 2018, a 100% subsidiary of the Parent Entity, WHSP Aquatic Achievers Pty Ltd, acquired 100% interest in the Aquatic Achievers business, a swimming pool owner and operator providing swimming programs.

	2018
	$'000
Purchase consideration	
Cash paid at acquisition	22,408
Contingent consideration	1,590
Total purchase consideration	**23,998**

Contingent consideration is based on an earn-out clause in the Business Sale and Purchase Deed which requires the Group to pay the vendor amounts in excess of a base EBITDA for FY2020 and for FY2021.

The fair value of the deferred contingent consideration of $1.590 million was calculated using the present value of the future expected cash flows at the post-tax discounted rate of 13.2% per annum and the probability of meeting performance targets.

The fair value of assets and liabilities acquired were:	
Cash and cash equivalent	2
Prepayments and other assets	198
Inventories	32
Property	7,000
Plant and equipment	2,712
Brand	1,429
Curriculum	5,357
Goodwill	7,921
Accrued expenses and other liabilities	(402)
Provisions	(251)
Net assets acquired	**23,998**

Net cash outflow to acquire the Aquatic Achievers business	
Total cash consideration	22,408
Less: cash balance acquired	(2)
Outflow of cash – investing activities	22,406
Stamp duty expensed	1,261
Other acquisition costs expensed	373
Total net outflow of cash	**24,040**

Notes to the Consolidated Financial Statements

6. Controlled entities acquired or disposed (continued)

(a) WHSP Aquatic Achievers Pty Ltd acquisition of Aquatic Achievers (continued)

Intangible assets comprising the Aquatic Achievers brand, curriculum and goodwill are all considered to have indefinite lives with no amortisation applied. The brand and curriculum were valued on royalty-based valuation method by applying royalty rates, based on observable transactions, to the swimming lesson revenue used on the profit forecasts to support the acquisition. The resulting income stream was used in the discounted cash flow model over a 5.5 year period at the post-tax discount rate of 13.2% per annum.

From the date of the acquisition, the Aquatic Achievers business contributed $4.82m of revenues and $1.38m to net profit before tax of the Group. If the acquisition had occurred on 1 August 2017, revenue and before-tax profit from continuing operations would have been $9.44m and $2.58m respectively.

(b) Round Oak Minerals Pty Ltd acquisition of the Jaguar copper-zinc operation

Round Oak Minerals Pty Ltd (formerly CopperChem Limited), a 100% subsidiary of the Parent Entity acquired 100% of the shares in Independence Jaguar Pty Limited, a copper and zinc mine located in Western Australia on 31 May 2018. Consideration is payable in instalments over the next three years:

	2018 $'000
Purchase consideration	
Cash paid at acquisition – current year	25,948
First deferred payment $16.1m – payable on 31 May 2019	14,875
Second deferred payment $16.1m – payable on 31 May 2020	14,747
Third deferred payment $16.1m – payable on 31 May 2021	14,114
Total purchase consideration	**69,684**

The fair value of the deferred consideration was estimated calculating the present value of the future expected cash flows at the post-tax discount rate of 4.49% per annum.

The fair value of net assets recognised in this report are based on a provisional assessment while the Group is seeking an independent valuation of certain assets.

The provisional assessment of fair value of assets and liabilities acquired were:

Cash	5
Trade and other receivables	5,659
Inventories	21,174
Property, plant and equipment	25,238
Mining right acquired	39,150
Deferred tax assets	3,738
Trade and other payables	(11,084)
Employee provision	(1,534)
Provision for rehabilitation	(12,662)
Net assets acquired	**69,684**

Notes to the Consolidated Financial Statements

6. Controlled entities acquired or disposed (continued)

(b) Round Oak Minerals Pty Ltd acquisition of the Jaguar copper-zinc operation (continued)

An intangible asset representing the implied value of the mining right was recognised on acquisition. This represents the value of natural resources to be extracted over the Jaguar mine's useful life using a post-tax discount rate of 17.0% per annum. The discounted cash flow model was calculated using the key assumptions of projected resource and reserves, commodity forecasts and weighted average cost of capital. The Mining right is amortised over the mine's useful life in proportion to the production schedule.

Net cash outflow to acquire Jaguar mine

	2018
	$'000
Total cash consideration	25,948
Less: cash balance acquired	(5)
Outflow of cash – investing activities	25,943
Stamp duty expensed	3,650
Other acquisition costs expensed	378
Total net outflow of cash	**29,971**

From the date of the acquisition, the Jaguar mine contributed $15.2 million of revenues and a $2.6 million net loss before tax to the Group. If the acquisition had occurred on 1 August 2017, revenue and before-tax profit from continuing operations would have been $126.3 million and $10.1 million net profit respectively.

(c) Controlled entities disposed of during the year

No controlled entities were disposed of during the year ended 31 July 2018.

Notes to the Consolidated Financial Statements

7. Equity accounted associates

Name of associated entity	Group's percentage of holding at balance date*		Contribution to Group net profit for the year **						Fair value of listed investments***	
	July 2018	July 2017	**2018**			2017			**July 2018**	July 2017
Associates – held by the Parent Entity	**%**	%	**Regular $'000**	**Non-regular $'000**	**Total $'000**	Regular $'000	Non-regular $'000	Total $'000	**$'000**	$'000
Apex Healthcare Berhad	**30.3**	30.3	**5,019**	**(28)**	**4,991**	3,757	(441)	3,316	**83,469**	49,108
Australian Pharmaceutical Industries Limited *(i)*	**19.3**	19.4	**9,669**	**(355)**	**9,314**	13,560	659	14,219	**160,666**	166,845
BKI Investment Company Limited *(ii)*	**-**	9.5	**-**	**-**	**-**	4,599	(1,034)	3,565	**-**	100,336
Brickworks Limited *(i)*	**43.9**	44.0	**44,518**	**(4,012)**	**40,506**	41,212	(4,883)	36,329	**1,022,751**	866,516
Pengana Capital Group Limited	**39.2**	39.2	**4,799**	**(2,061)**	**2,738**	467	(1,250)	(783)	**133,025**	123,467
Ruralco Holdings Limited *(iii)*	**-**	-	**-**	**-**	**-**	2,930	(1,949)	981	**-**	-
TPG Telecom Limited *(iv)*	**25.3**	25.2	**109,033**	**(8,998)**	**100,035**	104,956	(880)	104,076	**1,350,122**	1,304,750
TPI Enterprises Limited *(v)*	**19.9**	18.9	**(1,431)**	**(807)**	**(2,238)**	(2,599)	(332)	(2,931)	**20,705**	40,338
Other Associates *(vi)(vii)*	**various**	various	**6,671**	**(356)**	**6,315**	4,100	(805)	3,295	**n/a**	n/a
Share of results from equity accounted associates			**178,278**	**(16,617)**	**161,661**	172,982	(10,915)	162,067		
Gain on disposal of equity accounted associates, net of tax			**-**	**-**	**-**	-	24,059	24,059		
Gain on initial recognition of an equity accounted associate, net of tax			**-**	**-**	**-**	-	43,049	43,049		
Gain on de-recognition of associates, net of tax			**-**	**50,641**	**50,641**	-	7,169	7,169		
Net gain/(loss) on deemed disposal of equity accounted associates, net of tax			**-**	**190**	**190**	-	(201)	(201)		
Deferred tax expense recognised on equity accounted associates			**-**	**(39,198)**	**(39,198)**	-	(32,535)	(32,535)		
Impairment expense of associates			**-**	**(16,545)**	**(16,545)**	-	-	-		
Total non-regular items from equity accounted associates			**-**	**(4,912)**	**(4,912)**	-	41,541	41,541		
Net contribution from equity accounted associates			**178,278**	**(21,529)**	**156,749**	172,982	30,626	203,608		

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

** Contribution to Group net profit represents the amount included in profit after tax before non-controlling interest.

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

Notes to the Consolidated Financial Statements

7. Equity accounted associates (continued)

Details of investments and result in associates

(i) During the year, Australian Pharmaceutical Industries Limited and Brickworks Limited issued shares by way of employee share scheme. The Parent Entity did not participate in the share issues. As a result, there has been a change in the Group's shareholding in each of these investments.

(ii) During the prior year, BKI Investment Company Limited was derecognised from being an equity accounted associate to a long-term equity investment, resulting in an after tax profit of $7.79 million.

(iii) During the prior year, the Parent Entity disposed of all its shareholding in Ruralco Holding Limited resulting in an after tax loss of $1.86 million.

(iv) During the year, the Parent Entity participated in TPG Telecom Limited Dividend Reinvestment Plan. As a result, the Parent Entity's shareholding increased to 25.3% (an increase in shareholding of 0.1%).

(v) During the year, the Parent Entity purchased additional shares in TPI Enterprises Limited for $1.4 million. This resulted in the Group's shareholding increasing to 19.9% (an increase in shareholding of 1.0%).

(vi) As at 31 July 2018, the Group derecognised Clover Corporation Limited, Heritage Brands Limited, Novonix Limited, Seven Miles Coffee Roasters Limited, Specialist Oncology Property Limited and Syndicated Metals Limited from being equity accounted associates, resulting in an after tax profit of $50.64 million.

(vii) During the year, the Parent Entity's interest in Verdant Minerals Limited decreased by 4.9% to 33.4% as a consequence of the Parent Entity's non participation in the issuance of ordinary shares to fund their Ammaroo Phosphate project.

8. Fair value measurement

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

Investments in associates are equity accounted in accordance with AASB 128 Investments in Associates and Joint Ventures and accordingly are not recognised at fair value in the consolidated statement of financial position. Details of the fair values of listed equity accounted associates are set out in note 7.

Fair value hierarchy

Judgements and estimates are made in determining the fair values of assets and liabilities. To provide an indication of the reliability of the inputs used in determining fair value, the Group categorises each asset and liability into one of the following three levels as prescribed by accounting standards:

Level 1: Fair value is determined by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities as at the end of the reporting period.

Level 2: Fair value is determined by using valuation techniques incorporating observable market data inputs.

Level 3: Fair value is determined by using valuation techniques that rely on inputs that are not based on observable market data.

Notes to the Consolidated Financial Statements

8. Fair value measurement (continued)

Fair value measurements

The following table presents the Group's assets and liabilities measured and recognised at fair value as at 31 July 2018 and 31 July 2017.

As at 31 July 2018	**Level 1**	**Level 2**	**Level 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets				
Trading equities	**60,902**	**-**	**9,028**	**69,930**
Long term equity investments	**720,327**	**-**	**11,971**	**732,298**
Other financial assets - equity investments	**-**	**-**	**17,571**	**17,571**
Non-financial assets				
Investment properties	**-**	**-**	**158,254**	**158,254**
Total assets	**781,229**	**-**	**196,824**	**978,053**
Financial liabilities				
Derivatives – Interest rate swap	**-**	**3,353**	**-**	**3,353**
Total liabilities	**-**	**3,353**	**-**	**3,353**

As at 31 July 2017				
Financial assets				
Trading equities	32,509	-	14,484	46,993
Long term equity investments	648,102	-	3	648,105
Other financial assets - equity investments	-	-	4,984	4,984
Derivatives - Foreign exchange hedge	-	18,075	-	18,075
Non-financial assets				
Investment properties	-	-	165,016	165,016
Total assets	680,611	18,075	184,487	883,173
Financial liabilities				
Derivatives - Interest rate swap	-	69	-	69
Total liabilities	-	69	-	69

Notes to the Consolidated Financial Statements

9. Contingent liabilities

There are no material changes to contingent liabilities of the Group since 31 July 2017.

10. Events occurring after the balance date

On the 7 August 2018, New Hope Corporation Limited (a controlled entity) reached a binding commitment with Wesfarmers Limited to purchase a further 40% interest in the Bengalla Joint Venture for $860 million. Following completion of the transaction, New Hope Corporation Limited will own up to an 80% interest in the Bengalla Joint Venture. Settlement is expected to occur in early 2019.

On the 22 of August 2018, the Parent Entity completed the sale of its property at 160 Pitt Street, Sydney. The proceeds received from the sale of the property was $95 million and an after tax gain of approximately $67.95 million will be recognised in the 2019 financial statements.

On the 30 August 2018, TPG Telecom Limited (TPG), an associate of the Parent Entity, announced the proposed merger between Vodafone Hutchison Australia and TPG to establish a fully integrated telecommunication operator in Australia. The Parent Entity is assessing its impact on the Group.

Other than the above, the Directors are not aware of any other events subsequent to balance date that would materially affect the financial report.

11. Other significant information

Please refer to the Chairman's Review and Review of Group Entities contained in this report.