PERPETUAL RESOURCE FUND

Annual Financial Report
19 August 2014

ARSN 133 274 816

Perpetual Investment Management Limited
ABN 18 000 866 535 AFSL 234426

Perpetual

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Financial Report for the period 1 July 2014 to 19 August 2014

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Directors' report

The directors of Perpetual Investment Management Limited (a wholly owned subsidiary of Perpetual Limited), the Responsible Entity of Perpetual Resource Fund, present their report together with the financial report of Perpetual Resource Fund ("the Scheme") for the period 1 July 2014 to 19 August 2014 and the auditor's report thereon.

Responsible Entity

The Responsible Entity of Perpetual Resource Fund is Perpetual Investment Management Limited (ABN 18 000 866 535). The Responsible Entity's registered office and principal place of business is Level 12, 123 Pitt Street, Sydney, NSW 2000.

Directors

The following persons held office as directors of Perpetual Investment Management Limited during the period or since the end of the period and up to the date of this report:

G Foster (appointed 25 January 2013, Alternate for G Larkins)
M Gordon (appointed 28 March 2013)
J Hawkins (appointed 6 July 2012)
G Larkins (appointed 7 January 2013)
P Lynch (appointed 6 July 2012, Alternate for J Hawkins)
P Statham (appointed 9 September 2013, Alternate for M Gordon)

Principal activities

On 2 July 2014, in accordance with the terms of Scheme's constitution, the board of directors of the Responsible Entity resolved to wind-up the Scheme. The wind-up commenced on 3 July 2014 and the Scheme was formally wound up on 19 August 2014.

The Scheme did not have any employees during the period.

The Scheme was terminated effective 19 August 2014.

Review and results of operations

During the period, the Scheme continued to invest in accordance with target asset allocations as set out in the governing documents of the Scheme and in accordance with the provisions of the Scheme's Constitution.

The performance of the Scheme, as represented by the results of its operations, was as follows:

	Period ended 19 August 2014	30 June 2014
Operating profit before finance costs attributable to unitholders ($)	**586,556**	5,500,833
Class W		
Distribution paid and payable ($)	**-**	360,957
Distribution (cents per unit)	**-**	2.54

Directors' report (continued)

Review and results of operations (continued)

	Period ended 19 August 2014	30 June 2014
Wholesale - Class A		
Distribution paid and payable ($)	-	12,512
Distribution (cents per unit)	-	0.54
Retail - Class B		
Distribution paid and payable ($)	-	30,107
Distribution (cents per unit)	-	0.83

Interests in the Scheme

The movement in units on issue in the Scheme during the period is disclosed in note 6 to the financial report.

The value of the Scheme's assets and liabilities is disclosed on the balance sheet and derived using the basis set out in note 2 of the financial report.

Significant changes in state of affairs

On 2 July 2014 the board of directors of the Responsible Entity resolved to wind-up the Scheme.

In the opinion of the directors, there were no other significant changes in the state of affairs of the Scheme that occurred during the financial period under review.

Likely developments and expected results of operations

The Scheme wound up on 19 August 2014.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 19 August 2014.

Environmental regulation

The operations of the Scheme are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

Directors' report (continued)

Fees paid to and interests held in the Scheme by the Responsible Entity or its associates

Fees paid to the Responsible Entity and its related parties out of Scheme property during the period are disclosed in note 9 of the financial report.

No fees were paid out of Scheme property to the directors of the Responsible Entity during the period.

The number of interests in the Scheme held by the Responsible Entity or its associates as at the end of the financial period are disclosed in note 9 of the financial report.

Indemnification and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Scheme in regards to insurance cover provided to either the officers of Perpetual Investment Management Limited or the auditor of the Scheme. So long as the officers of Perpetual Investment Management Limited act in accordance with the Scheme's Constitution and the law, the officers remain indemnified out of the assets of the Scheme against losses incurred while acting on behalf of the Scheme. The auditor of the Scheme is in no way indemnified out of the assets of the Scheme.

Lead auditor's independence declaration

A copy of the Lead auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

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

Director

Sydney
24 September 2014

KPMG

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Perpetual Investment Management Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial period ended 19 August 2014 there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

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

KPMG

KPMG

Michael O Connell
Partner

Sydney

24 September 2014

Statement of comprehensive income

	Notes	For the period 1 July 2014 to 19 August 2014 $	30 June 2014 $
Investment income			
Dividend income		**8,570**	514,453
Interest income		**14,230**	25,145
Net gains on financial instruments held at fair value through profit or loss	3	**667,125**	5,179,311
Net foreign exchange losses		**(48,052)**	(44,954)
Other operating income		**-**	902
Total net investment income		**641,873**	5,674,857
Expenses			
Responsible Entity's fees	9	**11,469**	114,388
Other expenses	4	**43,848**	59,636
Total operating expenses		**55,317**	174,024
Operating profit		**586,556**	5,500,833
Finance costs attributable to unitholders			
Distributions to unitholders	5	**-**	403,576
Interest expense		**3**	221
Change in net assets attributable to unitholders (total comprehensive income)	6	**586,553**	5,097,036

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

Balance sheet

	Notes	**19 August 2014 $**	30 June 2014 $
Assets			
Cash and cash equivalents	11(b)	**-**	1,406,922
Financial assets held at fair value through profit or loss	7	**-**	25,136,804
Due from brokers - receivable for securities sold		**-**	18
Loans and receivables	8	**-**	169,499
Total assets		**-**	26,713,243
Liabilities			
Distributions payable to unitholders of the Scheme	5	**-**	189,470
Sundry creditors and accruals		**-**	26,341
Total liabilities (excluding net assets attributable to unitholders)		**-**	215,811
Net assets attributable to unitholders - liability	6	**-**	26,497,432

The above balance sheet should be read in conjunction with the accompanying notes.

Statement of changes in equity

The Scheme's net assets attributable to unitholders are classified as a liability under AASB 132 *Financial Instruments: Presentation*. As such the Scheme has no equity and no items of changes in equity have been presented for the current or comparative period.

Cash flow statement

	Notes	**For the period 1 July 2014 to 19 August 2014 $**	30 June 2014 $
Cash flows from operating activities			
Dividends received		**27,685**	529,495
Interest received		**16,713**	24,551
Other income received		**3,343**	2,556
Responsible Entity's fees paid		**(22,538)**	(123,268)
Other expenses paid		**(44,616)**	(52,530)
Net cash (outflow)/inflow from operating activities	11(a)	**(19,413)**	380,804
Cash flows from investing activities			
Proceeds from sale of investments		**26,630,958**	18,436,320
Payments for purchase of investments		**(875,063)**	(14,887,490)
Net cash inflow from investing activities		**25,755,895**	3,548,830
Cash flows from financing activities			
Proceeds from applications by unitholders		**153,844**	2,120,463
Payments for redemptions by unitholders		**(27,113,363)**	(4,392,937)
Interest expense paid		**(3)**	(221)
Distributions paid		**(183,882)**	(444,927)
Net cash outflow from financing activities		**(27,143,404)**	(2,717,622)
Net (decrease)/increase in cash and cash equivalents		**(1,406,922)**	1,212,012
Cash and cash equivalents at the beginning of the financial period		**1,406,922**	194,910
Cash and cash equivalents at the end of the financial period	11(b)	**-**	1,406,922

The above cash flow statement should be read in conjunction with the accompanying notes.

1 General Information

This financial report covers Perpetual Resource Fund ("the Scheme") as an individual entity. The Scheme is a registered managed investment scheme under the *Corporations Act 2001.* The Scheme was constituted on 10 September 2008. The Scheme commenced wind-up on 2 July 2014 and wound up on 19 August 2014. The Scheme is domiciled in Australia.

The Responsible Entity of the Scheme is Perpetual Investment Management Limited (the "Responsible Entity"). The Responsible Entity's registered office is Level 12, 123 Pitt Street, Sydney, NSW 2000.

The financial report was authorised for issue by the directors of the Responsible Entity on 24 September 2014. The directors of the Responsible Entity have the power to amend and reissue the financial report.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of this financial report are set out below. These policies have been consistently applied to all years presented, unless otherwise stated in the following text.

(a) Principles of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001* in Australia.

The financial report is prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated. The financial report is presented in Australian dollars, which is the Scheme's functional currency.

The Responsible Entity approved the wind-up of the Scheme on 2 July 2014. As a result of the Responsible Entity's decision to wind-up the Scheme, the financial statements are not prepared on a going concern basis. The financial statements are being prepared on the basis set out in the accounting policy notes. There is no difference between this basis and preparing the financial statements on a going concern basis.

Compliance with International Financial Reporting Standards

The financial report of the Scheme also complies with International Financial Reporting Standards ("IFRS") and interpretations as issued by the International Accounting Standards Board ("IASB").

Use of estimates and judgement

The preparation of a financial report requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2 Summary of significant accounting policies (continued)

(b) Change in accounting policy

The Scheme has adopted the following standards and amendments for the reporting period 1 July 2014 to 19 August 2014:

(i) AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13* (effective for accounting periods beginning on or after 1 January 2013)

AASB 13 improves the consistency and reduces complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across Australian Accounting Standards. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other Australian Accounting Standards. If a financial asset or a liability measured at fair value has a bid price and an ask price, the standard requires valuation to be based on a price within the bid-ask spread that is most representative of fair value and allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurement within a bid-ask spread.

The Scheme values its listed financial assets and liabilities using last traded prices to be consistent with the inputs used for the calculation of unit prices for applications and redemptions. The use of last traded prices is recognised as a standard pricing convention within the industry.

(ii) AASB 2012-2 *Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities* (effective for accounting periods beginning on or after 1 January 2013)

AASB 2012-2 *Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities* requires additional disclosures to enable users of financial statements to evaluate the effect or the potential effects of netting arrangements, including rights of set-off associated with an entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. The amendments did not have any impact on the Scheme's financial position or performance.

(iii) AASB 10 *Consolidated Financial Statements*, AASB 11 *Joint Arrangements,* AASB 12 *Disclosure of Interests in Other Entities*, AASB 127 (revised 2011) *Separate Financial Statements* and AASB 128 (revised 2011) *Investments in Associates and Joint Ventures* (effective for accounting periods beginning on or after 1 January 2013)

The Scheme has early adopted AASB 2013-5 *Amendments to Australian Accounting Standards - Investment Entities* (effective for accounting periods beginning on or after 1 January 2014) which makes amendments to AASB 10, AASB 12 and AASB 127 (the "Amendments").

AASB 10 *Consolidated financial statements* and Amendments to AASB 10:

The objective of AASB 10 is to establish principles for the presentation and preparation of consolidated financial statements. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. It also sets out the accounting requirements for the preparation of consolidated financial statements. The amendments to AASB 10 define an investment entity and introduce an exemption from the consolidation requirements for investment entities. The adoption of these standards has had no impact on the Scheme.

2 Summary of significant accounting policies (continued)

(b) Change in accounting policy (continued)

Investment entity

The Scheme has multiple unrelated unitholders and holds multiple investments directly or indirectly. Ownership interests in the interfunding investments are in the form of units which are classified as debt in accordance with AASB 132 and which are exposed to variable returns from changes in the fair value of the Scheme's net assets. The Scheme has been deemed to meet the definition of an investment entity per AASB 10 as the following conditions exist:

(a) The Scheme has obtained funds for the purpose of providing unitholders with investment management services;

(b) The Scheme's business purpose, which is communicated directly to unitholders, is investing solely for returns from capital appreciation and investment income; and

(c) The performance of investments made through the Scheme are measured and evaluated on a fair value basis.

The Scheme meets the typical characteristics of an investment entity.

AASB 12 *Disclosure of interests in other entities* and Amendments to AASB 12:

The standard requires entities to disclose significant judgements and assumptions made in determining whether the entity controls, jointly controls, significantly influences or has some other interests in other entities. Entities will also be required to provide more disclosures around certain 'structured entities'. The amendments also introduce new disclosure requirements related to investment entities. Adoption of the standard has impacted certain disclosures in the Scheme's financial report, but has had no impact to the Scheme's financial position or results of operations.

AASB 127 (revised 2011) *Separate financial statements* and Amendments to AASB 127:

The objective of the standard is to prescribe the accounting and disclosure requirements when an entity prepares separate financial statements. The amendments require an investment entity as defined in AASB 10 to present separate financial statements as its only financial statements in the case where it measures all of its subsidiaries at fair value through profit or loss and to disclose that fact. The adoption of this standard has had no impact on the Scheme.

AASB 11 *Joint arrangements* and AASB 128 (revised 2011) *Investments in Associates and Joint Ventures* and related amendments have also been adopted, however, these standards have had no impact on the Scheme.

There are no other standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2014 that would be expected to have a material impact on the Scheme.

(c) New accounting standards and interpretations - not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the reporting period 1 July 2014 to 19 August 2014 and have not been early adopted by the Scheme. The assessment of the impact of these new standards (to the extent relevant to the Scheme) and interpretations is set out below:

AASB 9 *Financial Instruments (2009 or 2010 version)*, AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9*, AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)*, AASB 2012-6 *Amendments to Australian Accounting Standards - Mandatory Effective Date of AASB 9 and Transition Disclosures* and AASB 2013-9 *Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments* (effective from 1 January 2017)

2 Summary of significant accounting policies (continued)

(c) New accounting standards and interpretations - not yet adopted (continued)

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting. The standard is available for early adoption.

Management does not expect this to have a significant impact on the recognition and measurement of the Scheme’s financial instruments as they are carried at fair value through profit or loss.

The derecognition rules have not been changed from the previous requirements, and the Scheme does not apply hedge accounting.

There are no other standards that are not yet effective and that are expected to have a material impact on the Scheme in the current or future reporting periods as the Scheme has wound up.

(d) Financial instruments

(i) Classification

The Scheme's investments are classified at fair value through profit or loss. They comprise:

- Financial instruments held for trading

  Derivative financial instruments such as futures, foreign exchange forward contracts, options and interest rate swaps are included under this classification. The Scheme does not designate any derivatives as hedges in a hedging relationship.

- Financial instruments designated at fair value through profit or loss upon initial recognition

  These include financial assets that are not held for trading purposes and which may be sold. These are investments in exchange traded debt and equity instruments, unlisted trusts and commercial papers.

  Financial assets and financial liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Scheme's documented investment strategy. The Scheme's policy is for the Responsible Entity to evaluate the information about these financial instruments on a fair value basis together with other related financial information.

(ii) Recognition/derecognition

The Scheme recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments has expired or the Scheme has transferred substantially all risks and rewards of ownership.

(iii) Measurement

Financial assets and liabilities held at fair value through profit or loss

At initial recognition, the Scheme measures a financial instrument at its fair value. Transaction costs of financial assets and liabilities held at fair value through profit or loss are expensed in the statement of comprehensive income.

2 Summary of significant accounting policies (continued)

(d) Financial instruments (continued)

(iii) Measurement (continued)

Subsequent to initial recognition, all financial assets and financial liabilities held at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income within net gains/(losses) on financial instruments held at fair value through profit or loss in the period in which they arise.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of financial assets and liabilities traded in active markets is subsequently based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. The quoted market price used for financial assets and financial liabilities is the last traded price.

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. The Scheme uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

Loans and receivables

Loans and receivables are measured initially at fair value plus transaction costs and subsequently at amortised cost using the effective interest rate method, less impairment losses if any. Such assets are reviewed at each reporting date to determine whether there is objective evidence of impairment.

If evidence of impairment exists, an impairment loss is recognised in the statement of comprehensive income as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

If, in a subsequent period, the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through profit or loss.

Other financial assets and liabilities

Management considers that the carrying amount of cash and cash equivalents, other receivables and amounts due from brokers approximate fair value.

Other financial liabilities are initially measured at fair value and subsequently at amortised cost.

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(e) Net assets attributable to unitholders

Units are redeemable at the unitholders' option and are classified as financial liabilities. The units can be put back to the Scheme at any time for cash based on the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption price) at the balance sheet date if unitholders exercised their right to redeem units in the Scheme.

2 Summary of significant accounting policies (continued)

(f) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown as a liability on the balance sheet.

(g) Investment income

Interest income is recognised in the statement of comprehensive income for all interest bearing financial instruments using the effective interest method. Other changes in fair value for such instruments are recorded in accordance with the policies described in note 2(d).

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Scheme estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

Dividend income is recognised on the ex-dividend date.

Other income is brought to account on an accruals basis.

(h) Expenses

All expenses, including Responsible Entity's fees, are recognised in the statement of comprehensive income on an accruals basis.

(i) Income tax

Under current legislation, the Scheme is not subject to income tax as unitholders are presently entitled to the income of the Scheme, provided the taxable income of the Scheme is fully distributed either by way of cash or reinvestment.

Realised net capital losses cannot be distributed to unitholders but are carried forward by the Scheme to be offset against any realised capital gains in future years.

The benefits of franking credits and foreign tax credits are passed on to unitholders, providing certain conditions are met.

(j) Distributions

In accordance with the Scheme's Constitution, the Scheme distributes its distributable income to unitholders by cash or reinvestment. The distributions are recognised in the statement of comprehensive income as finance costs attributable to unitholders.

2 Summary of significant accounting policies (continued)

(k) Changes in net assets attributable to unitholders

Income not distributed is included in net assets attributable to unitholders. Movements in net assets attributable to unitholders are recognised in the statement of comprehensive income.

(l) Goods and Services Tax (GST)

The GST incurred on the cost of various services provided to the Scheme by third parties such as Responsible Entity's fees, has been passed onto the Scheme. The Scheme qualifies for Reduced Input Tax Credits (RITC) hence Responsible Entity's fees and other expenses have been recognised in the statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the balance sheet. Cash flows relating to GST are included in the cash flow statement on a gross basis.

(m) Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in net foreign exchange gains/(losses) in the statement of comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined. Translation differences on assets and liabilities carried at fair value are reported in the statement of comprehensive income on a net basis within net gains/(losses) on financial instruments held at fair value through profit or loss.

3 Net gains on financial instruments held at fair value through profit or loss

Net gains recognised in relation to financial assets and financial liabilities held at fair value through profit or loss:

	For the period 1 July 2014 to 19 August 2014 $	30 June 2014 $
Net unrealised gains on financial instruments held for trading	**-**	4,580
Net unrealised (losses)/gains on financial instruments designated at fair value through profit or loss	**(2,274,614)**	5,095,624
Net realised gains on financial instruments designated at fair value through profit or loss	**2,941,739**	79,107
Net gains on financial instruments held at fair value through profit or loss	**667,125**	5,179,311

4 Other expenses

	For the period 1 July 2014 to 19 August 2014 $	30 June 2014 $
Transaction costs	**39,488**	59,573
Sundry expenses	**4,360**	63
Total	**43,848**	59,636

5 Distributions to unitholders

The distributions for the period were as follows:

	For the period 1 July 2014 to 19 August 2014 $	For the period 1 July 2014 to 19 August 2014 CPU	30 June 2014 $	30 June 2014 CPU
Distributions - Class W				
Distributions paid - December	**-**	**-**	182,026	1.28
Distributions payable - June	**-**	**-**	178,931	1.26
	-		360,957	

	For the period 1 July 2014 to 19 August 2014 $	For the period 1 July 2014 to 19 August 2014 CPU	30 June 2014 $	30 June 2014 CPU
Distributions - Wholesale Class A				
Distributions paid - December	**-**	**-**	10,017	0.43
Distributions payable - June	**-**	**-**	2,495	0.11
	-		12,512	

5 Distributions to unitholders (continued)

	For the period 1 July 2014 to 19 August 2014 $	**For the period 1 July 2014 to 19 August 2014 CPU**	30 June 2014 $	30 June 2014 CPU
Distributions - Retail Class B				
Distributions paid - December	**-**	**-**	22,063	0.61
Distributions payable - June	**-**	**-**	8,044	0.22
	-		30,107	
Total distributions	**-**		403,576	

6 Net assets attributable to unitholders

Movements in the number of units and net assets attributable to unitholders during the period were as follows:

	For the period 1 July 2014 to 19 August 2014 Units	30 June 2014 Units	**For the period 1 July 2014 to 19 August 2014 $**	30 June 2014 $
Net assets attributable to unitholders				
Opening balance	**20,037,652**	21,699,627	**26,497,432**	23,503,112
Applications	**4,701**	1,637,408	**7,302**	2,262,215
Redemptions	**(20,046,278)**	(3,331,458)	**(27,096,875)**	(4,404,203)
Units issued upon reinvestment of distributions	**3,925**	32,075	**5,588**	39,272
Change in net assets attributable to unitholders	**-**	-	**586,553**	5,097,036
Closing balance	**-**	20,037,652	**-**	26,497,432

As stipulated within the Scheme's Constitution, each unit in a unit class represents a right to a unit in the class within the Scheme and does not extend to a right to the underlying assets of the Scheme. There are three classes of unitholders in the Scheme - Class W, Class A for wholesale investors and Class B for retail investors.

At the reporting date, applications include applications receivable of $nil (2014: $146,542) and redemptions include redemptions payable of $nil (2014: $16,488). The applications receivable and redemptions payable have been included in the loans and receivables, and sundry creditors and accruals, respectively.

Capital risk management

The Scheme considers its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability. The amount of net assets attributable to unitholders can change significantly as the Scheme may return capital to unitholders during the period.

7 Financial assets held at fair value through profit or loss

	Fair value 19 August 2014 $	Fair value 30 June 2014 $
Designated at fair value through profit or loss		
Listed equities	**-**	25,136,804
Total financial assets held at fair value through profit or loss	**-**	25,136,804

8 Loans and receivables

	19 August 2014 $	30 June 2014 $
Dividends receivable	**-**	19,115
Interest receivable	**-**	2,483
Applications receivable	**-**	146,542
Other receivables	**-**	1,359
Total loans and receivables	**-**	169,499

9 Related party transactions

Responsible Entity

The Responsible Entity of Perpetual Resource Fund is Perpetual Investment Management Limited (ABN 18 000 866 535), a wholly owned subsidiary of Perpetual Limited (ACN 000 431 827).

The Scheme does not employ personnel in its own right. However, it is required to have an incorporated Responsible Entity to manage the activities of the Scheme and this is considered the key management personnel.

Key management personnel

(a) Directors

Key management personnel includes persons who were directors of Perpetual Investment Management Limited at anytime during the financial period or since the end of the period and up to the date of this report as follows:

G Foster (appointed 25 January 2013, Alternate for G Larkins)
M Gordon (appointed 28 March 2013)
J Hawkins (appointed 6 July 2012)
G Larkins (appointed 7 January 2013)
P Lynch (appointed 6 July 2012, Alternate for J Hawkins)
P Statham (appointed 9 September 2013, Alternate for M Gordon)

9 Related party transactions (continued)

Key management personnel (continued)

(b) Other key management personnel

There were no other persons with responsibility for planning, directing and controlling the activities of the Scheme, directly or indirectly during or since the end of the financial period.

Key management personnel unitholdings

From time to time directors of the Responsible Entity, or their related entities, may invest in or withdraw from the Scheme. These investments or withdrawals are on the same terms and conditions as those entered into by other Scheme investors.

At 19 August 2014, no key management personnel held units in the Scheme (2014: nil).

Key management personnel loan disclosures

The Scheme has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their related entities at any time during the reporting period.

Other transactions within the Scheme

Apart from those details disclosed in this note, no key management personnel have entered into any transactions with the Scheme during the financial period and there were no material balances involving key management personnel's interests outstanding at period end.

Responsible Entity's fees and other transactions

The Responsible Entity’s fees are calculated in accordance with the Scheme's Constitution (as amended). The Responsible Entity’s fee is nil% p.a. for Class W, 1.500% p.a. for Class A and 1.350% p.a. for Class B of the net asset value of the Scheme and is disclosed in the statement of comprehensive income.

All related party transactions are conducted on normal commercial terms and conditions. The transactions during the period and amounts payable at period end between the Scheme and the Responsible Entity were as follows:

	For the period 1 July 2014 to 19 August 2014 $	30 June 2014 $
Responsible Entity's fees paid and payable directly by the Scheme	**11,469**	114,388
Fees payable to the Responsible Entity as at reporting date (included in sundry creditors and accruals)	**-**	10,353

9 Related party transactions (continued)

Related party unitholdings

Perpetual Investment Management Limited, its related parties and other schemes managed by Perpetual Investment Management Limited, held units in the Scheme as follows:

For the period 1 July 2014 to 19 August 2014

	Number of units held	**Interest held (%)**	**Number of units acquired**	**Number of units disposed**	**Distributions paid/payable by the Scheme $**
Company					
Perpetual Limited	**-**	**-**	**-**	**14,209,628**	**-**
Managed Investment Scheme					
Perpetual WealthFocus Investment Advantage					
- Perpetual Resource Option	**-**	**-**	**16,301**	**1,998,001**	**-**

30 June 2014

	Number of units held	Interest held (%)	Number of units acquired	Number of units disposed	Distributions paid/payable by the Scheme $
Company					
Perpetual Limited	14,209,628	69.9	-	-	361,000
Managed Investment Scheme					
Perpetual WealthFocus Investment Advantage					
- Perpetual Resource Option	1,981,700	9.9	969,066	1,455,207	16,799

10 Auditor's remuneration

During the period the following fees were paid or payable by the Responsible Entity for services provided by the auditor of the Scheme:

	For the period 1 July 2014 to 19 August 2014 $	30 June 2014 $
Audit and audit related services		
KPMG		
Total remuneration for audit and audit related services	**4,125**	22,361

11 Reconciliation of operating profit to net cash (outflow)/inflow from operating activities

	For the period 1 July 2014 to 19 August 2014 $	30 June 2014 $
(a) Reconciliation of operating profit to net cash (outflow)/inflow from operating activities		
Operating profit	**586,556**	5,500,833
Decrease in dividends receivable	**19,115**	15,341
Decrease/(increase) in interest receivable	**2,483**	(494)
Decrease in other receivables	**1,359**	527
Decrease in sundry creditors and accruals	**(9,853)**	(1,046)
Net gains on financial instruments held at fair value through profit or loss	**(667,125)**	(5,179,311)
Net foreign exchange losses	**48,052**	44,954
Net cash (outflow)/inflow from operating activities	**(19,413)**	380,804

(b) Components of cash and cash equivalents

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

Cash on hand	**-**	1,406,922
Total cash and cash equivalents	**-**	1,406,922

12 Financial risk management

The Scheme's investing activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

A risk management framework has been established by the Responsible Entity of the Scheme to define the obligations and regulatory requirements for the Scheme and minimise the risks in investment activities. This framework incorporates a regular assessment process to ensure procedures and controls adequately manage investment activities.

The investment activities of the Scheme are managed in accordance with the investment strategy specifically tailored for the Scheme's objectives. The strategy is approved by the Board of Directors of the Responsible Entity, and must comply with any authorised investments and management restrictions specified in the Scheme's Constitution. The Scheme is permitted to use derivative products. The use of derivatives is considered to be part of the investment management process and is not managed in isolation.

This note presents information about the Scheme's exposure to each of the above risks. The Scheme uses different methods to measure different types of risks to which it is exposed. These methods include sensitivity analysis in the case of interest rate risk, currency risk and price risk and ratings analysis for credit risk.

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The potential market risks are currency risk, interest rate risk and price risk.

The Scheme may use derivative instruments to manage these risks. However, the use of derivatives is limited to the investment strategy and restrictions specified in the Scheme's governing documents.

There were no derivatives held as at 19 August 2014 and 30 June 2014.

(i) Currency risk

A Scheme that invests in financial instruments denominated in currencies other than the Australian dollar is exposed to currency risk. Currency risk arises as the income and value of monetary securities denominated in other currencies will fluctuate due to changes in exchange rates.

The Scheme may enter into derivative contracts to protect the valuation of financial assets and liabilities against variations in the exchange rates. However, for accounting purposes, the Scheme does not designate any derivatives as hedges, and hence these derivative financial instruments are classified as at fair value through profit or loss.

12 Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The following table summarises the net amount of monetary assets and liabilities denominated in currencies to which the Scheme is significantly exposed to:

		Net currency exposure 19 August 2014 $	Net currency exposure 30 June 2014 $
Australian	AUD	**-**	9,594,375
Canada	CAD	**-**	2,081,041
US	USD	**-**	10,260,794
United Kingdom	GBP	**-**	4,561,221
		-	26,497,431

Sensitivity analysis

The sensitivity analysis estimates the sensitivity of the Scheme's operating profit and net assets attributable to unitholders to the currency risk. The sensitivity rates represent management's best estimate of a reasonably possible movement in the foreign exchange rates, having regard to historical volatility of those rates.

A 10% strengthening of the AUD against the CAD based on exposure at 19 August 2014 and 30 June 2014 would have decreased the Scheme's operating profit/(loss) and net assets attributable to unitholders by $nil (2014: $208,104). This analysis assumes that all other variables, in particular interest rates, remain constant.

A 10% strengthening of the AUD against the USD based on exposure at 19 August 2014 and 30 June 2014 would have decreased the Scheme's operating profit/(loss) and net assets attributable to unitholders by $nil (2014: $1,026,079). This analysis assumes that all other variables, in particular interest rates, remain constant.

A 8% strengthening of the AUD against the GBP based on exposure at 19 August 2014 and 30 June 2014 would have decreased the Scheme's operating profit/(loss) and net assets attributable to unitholders by $nil (2014: $364,898). This analysis assumes that all other variables, in particular interest rates, remain constant.

A reasonably possible weakening of the AUD against the above currencies would have resulted in an equal but opposite effect to the amounts shown above.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Scheme is exposed to cash flow interest rate risk on financial instruments with floating interest rates. Financial instruments with fixed interest rates expose the Scheme to fair value interest rate risk.

The Scheme's exposure to interest rate risk is limited to its cash and cash equivalents, which earns a floating rate of interest.

12 Financial risk management (continued)

(a) Market risk (continued)

(iii) Price risk

The Scheme is exposed to market price risk. The risk arises from investments held by the Scheme for which prices in the future are uncertain (other than arising from currency risk or interest rate risk).

The Scheme's asset managers aim to manage the impact of market price risk through the use of consistent and carefully considered investment guidelines. Risk management techniques are used in the selection of investments. Investments (including derivatives) are only purchased that meet investment criteria. Risk can be reduced by diversifying investments across several asset managers, markets, regions and different asset classes.

Sensitivity analysis

The sensitivity analysis estimates the sensitivity of the Scheme’s operating profit and net assets attributable to unitholders to market price risk. The sensitivity rate is based on management’s best estimate of a reasonably possible movement in the market price, having regard to historical correlation of the Scheme’s investments with the relevant benchmark and market volatility.

An increase of 15% at the reporting date of the market prices would have increased the Scheme's operating profit/(loss) and net assets attributable to unitholders by $nil (2014: $3,770,521). This analysis assumes that all other variables remain constant.

A decrease of 15% would have the equal, but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

(b) Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts when they fall due. The Scheme is exposed to credit risk on cash and cash equivalents, amounts due from broker and other receivables.

(i) Cash and cash equivalents

The exposure to credit risk for cash and cash equivalents is low as all counterparties have a rating of AA or higher (as determined by the Standard & Poor's or equivalent rating agency).

(ii) Amounts due from brokers

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered low, as delivery of securities sold is only made once the broker has received payment from the counterparty. Payments on securities acquired are only made after the broker has received the securities. The trade will fail if either party fails to meet its obligations.

(c) Liquidity risk

Liquidity risk is the risk that the Scheme will not be able to meet its financial obligations as they fall due.

The Scheme is exposed to daily cash redemptions of redeemable units.

The Scheme's investments are considered to be readily realisable. The Scheme primarily holds investments in an active market which can be readily disposed. Only a limited proportion of its assets are held in investments not actively traded on a stock exchange.

12 Financial risk management (continued)

(c) Liquidity risk (continued)

The Scheme may, from time to time, invest in derivative contracts traded over the counter, which are not traded in an organised market and may be illiquid. As a result, the Scheme may not be able to quickly liquidate its investments in these instruments at an amount close to their fair value to meet its liquidity requirements or to respond to specific events. No significant over the counter derivative contracts were held at period end.

In order to manage the Scheme's overall liquidity, asset managers will only purchase securities (including derivatives) which meet the Scheme's investment criteria and this includes the assessment of saleability in different market conditions. The Scheme's investment strategies generally define a minimum liquidity level for the Scheme which is monitored regularly.

The following tables show the contractual maturities of financial liabilities, including interest payments where applicable:

19 August 2014	**Carrying amount $**	**Contractual cash flow $**	**At call $**	**6 months or less $**
Non-derivative financial liabilities				
Distributions payable to unitholders of the Scheme	-	-	-	-
Sundry creditors and accruals	-	-	-	-
Net assets attributable to unitholders of the Scheme	-	-	-	-
Total	-	-	-	-

30 June 2014	Carrying amount $	Contractual cash flow $	At call $	6 months or less $
Non-derivative financial liabilities				
Distributions payable to unitholders of the Scheme	189,470	189,470	-	189,470
Sundry creditors and accruals	26,341	26,341	-	26,341
Net assets attributable to unitholders of the Scheme	26,497,432	26,497,432	26,497,432	-
Total	26,713,243	26,713,243	26,497,432	215,811

(d) Fair value measurement

The Scheme discloses fair value measurements by level of the following fair value hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

12 Financial risk management (continued)

(d) Fair value measurement (continued)

(i) Fair value in an active market

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and equity securities) is based on last traded prices at the end of the reporting period without any deduction for estimated future selling costs. For the majority of financial assets and liabilities, information provided by the quoted market independent pricing services is relied upon for valuation. Prior to 1 July 2013, the price used for financial assets was the current bid price and the quoted market price for financial liabilities was the current asking price. The Scheme adopted AASB 13 from 1 July 2013 and changed its fair value inputs to utilise last traded prices for both financial assets and financial liabilities.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. An active market is a market in which transactions for the financial asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Investments in unlisted unit trusts are recorded at the redemption value per unit as reported by the investment managers of such trusts.

The tables below set out the Scheme's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 19 August 2014 and 30 June 2014:

As at 19 August 2014	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Financial assets				
Financial assets designated at fair value through profit or loss:				
Listed equities	-	-	-	-
Total	-	-	-	-

As at 30 June 2014	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets				
Financial assets designated at fair value through profit or loss:				
Listed equities	25,136,804	-	-	25,136,804
Total	25,136,804	-	-	25,136,804

12 Financial risk management (continued)

(d) Fair value measurement (continued)

Valuation techniques used to derive level 2 and level 3 fair values

Financial instruments classified within level 2 are traded in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs including certain market indices, interest rate, credit spreads and market yield. These investments include; investment-grade corporate bonds and certain non-US sovereign obligations, certain listed equities, certain unlisted unit trusts and over-the-counter derivatives. As level 2 investments include asset positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Investments classified within level 3 include corporate debt securities, unlisted unit trusts with suspended applications and redemptions or significant investment into unquoted equity investments. The valuation technique may use significant unobservable inputs at the underlying asset level. However, the Scheme obtains fair value prices from the relevant fund managers without significant adjustments and does not calculate any unobservable inputs itself.

The Scheme did not hold any financial instruments with fair value measurements using significant unobservable inputs during the period ended 19 August 2014.

Transfers between levels

For the period ended 19 August 2014 and year ended 30 June 2014, there have been no transfers between levels.

13 Derivative financial instruments

In the normal course of business the Scheme enters into transactions in various derivative financial instruments which have certain risks. A derivative is a financial instrument or other contract which is settled at a future date and whose value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable.

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

Derivative transactions include many different instruments such as foreign exchange forward contracts, futures and options. Derivatives are considered to be part of the investment process and the use of derivatives is an essential part of the Scheme's portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- hedging to protect an asset or liability of the Scheme against a fluctuation in market values or to reduce volatility;
- a substitution for trading of physical securities; and
- adjusting asset exposures within the parameters set in the investment strategy, and adjusting the duration of fixed interest portfolios or the weighted average maturity of cash portfolios.

While derivatives are used for trading purposes, they are not used to gear (leverage) a portfolio. Gearing a portfolio would occur if the level of exposure to the markets exceeds the underlying value of the Scheme.

As at the reporting date, there were no derivative financial instruments held by the Scheme (2014: nil).

14 Events occurring after the reporting period

No significant events have occurred since the balance sheet date which would impact on the financial position of the Scheme disclosed in the balance sheet as at 19 August 2014 or on the results and cash flows of the Scheme for the year ended on that date.

15 Contingent assets, liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 19 August 2014 and 30 June 2014.

16 Wind-up

On 2 July 2014 the board of directors of the Responsible Entity resolved that winding up the Scheme was in the best interests of the remaining Scheme members due to limited sales opportunities. The wind-up commenced on 3 July 2014.

Directors' declaration

In the opinion of the directors of the Perpetual Investment Management Limited, the Responsible Entity of Perpetual Resource Fund:

(a) the financial statements and notes, set out on pages 6 to 29, are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), and the *Corporations Regulations 2001;* and

  (ii) giving a true and fair view of the Scheme's financial position as at 19 August 2014 and of its performance for the financial period ended on that date;

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

(c) the financial report also complies with International Financial Reporting Standards as discussed in note 2(a).

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

Director

Sydney
24 September 2014

KPMG

Independent auditor's report to the unitholders of Perpetual Resource Fund

Report on the financial report

We have audited the accompanying financial report of Perpetual Resource Fund (the Scheme), which comprises the balance sheet as at 19 August 2014, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the period ended on that date, notes 1 to 16 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' responsibility for the financial report

The directors of Perpetual Investment Management Limited (the Responsible Entity) are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In note 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

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

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

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Scheme's financial position and of its performance.

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

KPMG

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of Perpetual Resource Fund is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Scheme's financial position as at 19 August 2014 and of its performance for the period ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

KPMG

KPMG

Michael O Connell
Partner

Sydney

24 September 2014

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