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

ASX Appendix 4D & Half year financial report 31 January 2017

Lodged with the ASX under Listing Rule 4.2A

Contents

Reporting Period
The reporting period is the half year ended 31 January 2017.

The previous corresponding period is the half year ended 31 January 2016.

Results for Announcement to the Market

		Current period 31 January 2017 $'000	Previous period 31 January 2016 $'000	Change $'000
Revenue from operations	Up 60.9% to	438,076	272,322	165,754
Profit after tax attributable to members *(1)*	Up 56.1% to	148,951	95,390	53,561
Regular profit after tax attributable to members *(2)*	Up 66.7% to	139,309	83,575	55,734

Dividends

	Cents per share	Franking %
This period		
1. Interim dividend *(3)*	**22c**	**100%**
Previous corresponding period		
1. Interim dividend	21c	100%

Record date for determining entitlements to interim dividend: **20 April 2017**
Date the interim dividend is payable: **11 May 2017**

Comments on above results

(1) **The profit after tax of $149.0 million, an increase of 56.1% compared to $95.4 million for the previous corresponding period.**

(2) **The regular profit after tax attributable to members for the half year was $139.3 million, an increase of 66.7% compared to $83.6 million for the previous corresponding period. This net increase was attributable to:**

- **higher regular contributions from six of WHSP's seven major strategic investments, notably;**
- **New Hope Corporation Limited (up 264.4%) which capitalised on a recovery in coal prices and its new Bengalla joint venture;**
- **TPG Telecom Limited (up 24.6%) with all divisions performing strongly;**
- **Brickworks Limited (up 31.1%) which enjoyed record sales revenue from its building products business and increased contribution by its land and development division; and**

(3) **Interim dividend increased by 4.8% to 22 cents per share fully franked.**

Earnings per share

	Half year 31 January 2017	Half year 31 January 2016
From operations Basic Earnings per Share Diluted Earnings per Share	**62.22 cents** **62.22 cents**	39.85 cents 39.85 cents
From regular profit after tax attributable to members	**58.19 cents**	34.91 cents

Net tangible assets per security

	31 Jan 2017	31 July 2016
Net tangible asset backing per ordinary security	**$12.51**	$12.21

Explanation of Profit after tax

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

Explanation of Net Profit

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

Review of Operations

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

Washington H. Soul Pattinson and Company Limited

A.B.N. 49 000 002 728

Half Year Ended 31 January 2017

Chairman's Review

Dear Shareholders,

I am pleased to present the Washington H. Soul Pattinson and Company Limited (WHSP, Company) report for the half year ended 31 January 2017 on behalf of the Board of Directors of the Company.

Performance Highlights

Performance for the Half Year		
Group Profit after tax	$149.0 million	+ 56.1%
Group Regular profit after tax*	$139.3 million	+ 66.7%
WHSP's net asset value (pre-tax) (tax payable if disposed of on 31 January 2017 $812 million)	$4.5 billion	- 25.2%
Net regular cash from operations	$67.6 million	28.3 cents per share

Dividends		
2017 Interim Dividend	22 cents	+ 4.8%
Dividend growth over 15 years (compound annual growth rate 2002 to 2016)	10.6% PA	

** 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 half year financial report – Note 3, Segment Information.*

Consolidated Financial Performance

Profit after tax attributable to shareholders for the half year ended 31 January 2017 was $149.0 million, an increase of 56.1% compared to $95.4 million for the previous corresponding period.

The regular profit after tax* was $139.3 million, an increase of 66.7% compared to $83.6 million for the previous corresponding period. This net increase was attributable to:

- higher regular contributions from six of WHSP's seven major strategic investments, notably;
- New Hope Corporation Limited (up 264.4%) which capitalised on a recovery in coal prices and its new Bengalla joint venture;
- TPG Telecom Limited (up 24.6%) with all divisions performing strongly; and
- Brickworks Limited (up 31.1%) which enjoyed record sales revenue from its building products business and increased contribution by its land and development division.

The net profit on non-regular items for the half year ended 31 January 2017 was $9.6 million (2016: $11.8 million) consisting mainly of gains on the sale of long-term equity investments by WHSP and recovery of rail access charges by New Hope Corporation Limited.

Comparisons with the corresponding period last year are as follows:-

	Half Year 31 Jan 2017 $'000	**Half Year 31 Jan 2016** $'000	**%** Change
Profit after tax attributable to shareholders	**148,951**	95,390	+ 56.1%
Regular profit after tax* attributable to shareholders	**139,309**	83,575	+ 66.7%
Interim Dividend	**22 cents**	21 cents	+ 4.8%

** 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 half year financial report – Note 3, Segment Information.*

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

The assets of WHSP are summarised below. The value of these assets at 31 January 2017 was $4.5 billion a decrease of $1.5 billion or 25.2% compared to $6.03 billion as at 31 July 2016.

As at 31 January 2017	WHSP's Holding %	Value of WHSP's Holding $m	1st Half Movement $m	1st Half Movement %	1st Half Contribution to Regular Profit $m	1st Half Contribution to Regular Profit % Change[1]
Major Strategic Investments – listed (at market value)						
TPG Telecom	25.2%	1,381	(1,357)	(49.6%)	52.2	24.6%
Brickworks	44.0%	832	(155)	(15.7%)	28.1	31.1%
New Hope Corporation	59.6%	793	0	0%	32.7	264.4%
Aust. Pharmaceutical Ind.	24.5%	227	(4)	(1.8%)	6.4	19.0%
BKI Investment Company	10.2%	106	5	4.9%	2.5	6.8%
Apex Healthcare Berhad	30.3%	51	6	12.2%	1.9	31.7%
Ruralco Holdings	20.1%	48	(5)	(8.1%)	0.4	(74.9%)
		3,438	**(1,510)**	**(30.5%)**	124.2	49.6%
Other Listed Investments (at market value)		644	(25)	(3.6%)		
Unlisted Investments[2]		160	(1)	(0.7%)		
Property[2] (net of borrowings)		169	(7)	(4.2%)		
Cash and net funds on deposit		41	17	72.8%		
Loans and other net assets		54	4	7.9%		
Net asset value (pre-tax)[3]		**4,506**	**(1,522)**	**(25.2%)**		

[1] Compared to 1st half of 2016.

[2] At Directors' valuations.

[3] The tax payable if all of these assets had been disposed of on 31 January 2017 would have been approximately $812 million.

The value of the Major Strategic Investments above decreased by 30.5% during the six months. While six of these seven companies contributed higher regular profits to the Group than for the first half last year their share prices did not consistently reflect their performances. TPG Telecom's contribution to regular profit increased by 24.6% yet its share price decreased by 49.6%. Brickworks' contribution to regular profit increased by 31.1% while its share price decreased by 15.7%.

Proceeds from the sale of other listed investments was $72.2 million for the six months while new investments totalled $36.9 million.

The gain on disposals was $26.9 million and these included Perpetual, Australia and New Zealand Banking Group (ANZ Bank) and Santos. Acquisitions included Hunter Hall Global Value and Hunter Hall International.

After adjusting for additions and disposals the value of listed investments, excluding Major Strategic Investments, increased by 0.4%, compared to the ASX All Ordinaries Index which increased by 0.6%.

Unlisted investments reduced in value by $1.1 million, as a result of disposals exceeding acquisitions.

During the period two property investments were disposed of for $15.4 million and deposits were paid on two new properties.

Washington H. Soul Pattinson and Company Limited

WHSP is a long-term investor with its 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 over time and assumes dividends received are reinvested by purchasing additional shares.

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 January 2017

Annual Return	**1 Year**	**2 Years**	**3 Years**	**5 Years**	**10 Years**	**15 Years**
WHSP	**(4.0%)**	**13.4%**	**4.5%**	**6.0%**	**9.3%**	**12.6%**
All Ord. Accum. Index	17.1%	5.6%	7.5%	10.3%	4.2%	7.9%

While the above returns show solid outperformance for the longer terms the short to medium terms were impacted by a temporary volatility in WHSP's share price which was $15.60 at 31 January 2017. This highlights one of the issues in looking at short-term performance.

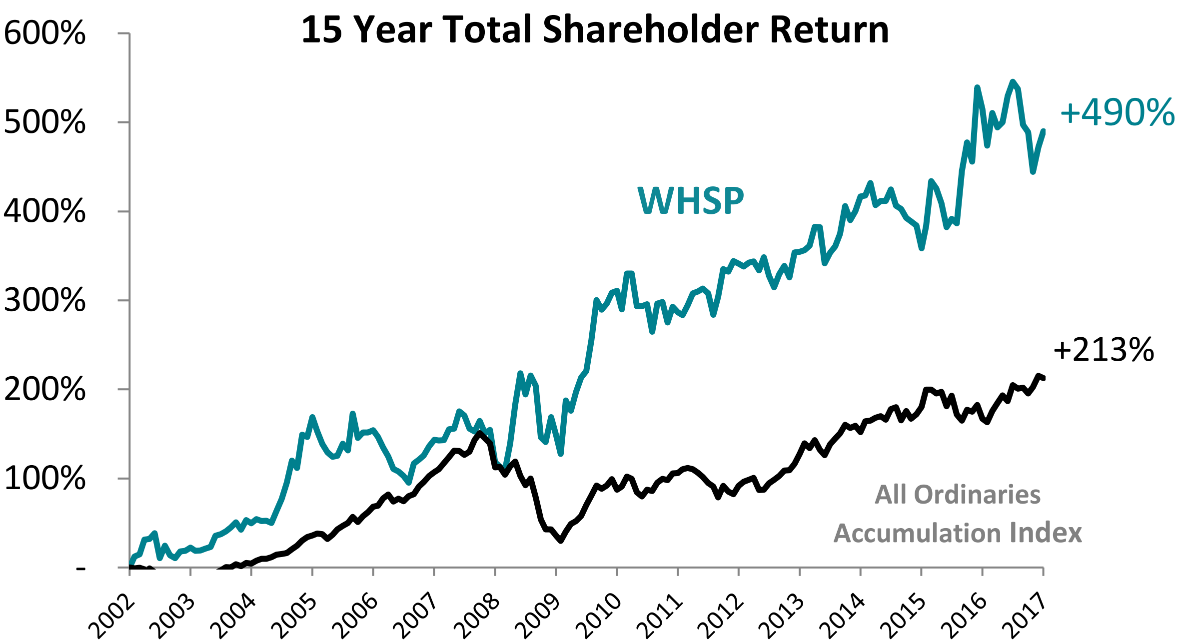
Since 31 January, the share price has increased substantially to the point where it had reached $17.34 by 21 March.

Total Shareholder Returns to 21 March 2017

Annual Return	**1 Year**	**2 Years**	**3 Years**	**5 Years**	**10 Years**	**15 Years**
WHSP	**9.0%**	**13.0%**	**8.4%**	**8.4%**	**10.3%**	**12.1%**
All Ord. Accum. Index	16.2%	3.4%	7.4%	10.7%	4.3%	8.2%

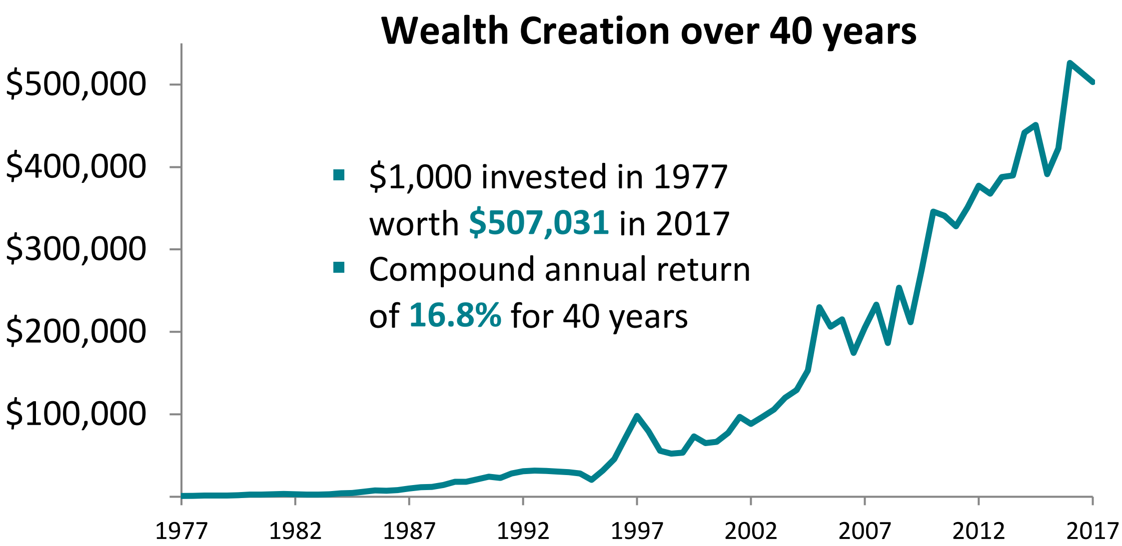
The above TSRs at 21 March 2017 show that the recovery of WHSP's share price has resulted in greatly improved short-term returns. Importantly, the longer term outperformance remains very strong and is the focus for WHSP.

The following chart shows the total return over time of an initial investment made in WHSP shares in February 2002 compared to the ASX All Ordinaries Accumulation Index. An investment in WHSP over the last 15 years has more than doubled an investment in the index.



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

The following chart shows that the wealth creation is even more pronounced over a longer period. If a shareholder had invested $1,000 in 1977 and reinvested all dividends, the shareholding would have appreciated to over $507,000 as at 31 January 2017. This equates to a compound annual growth rate of 16.8% year on year for 40 years.



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

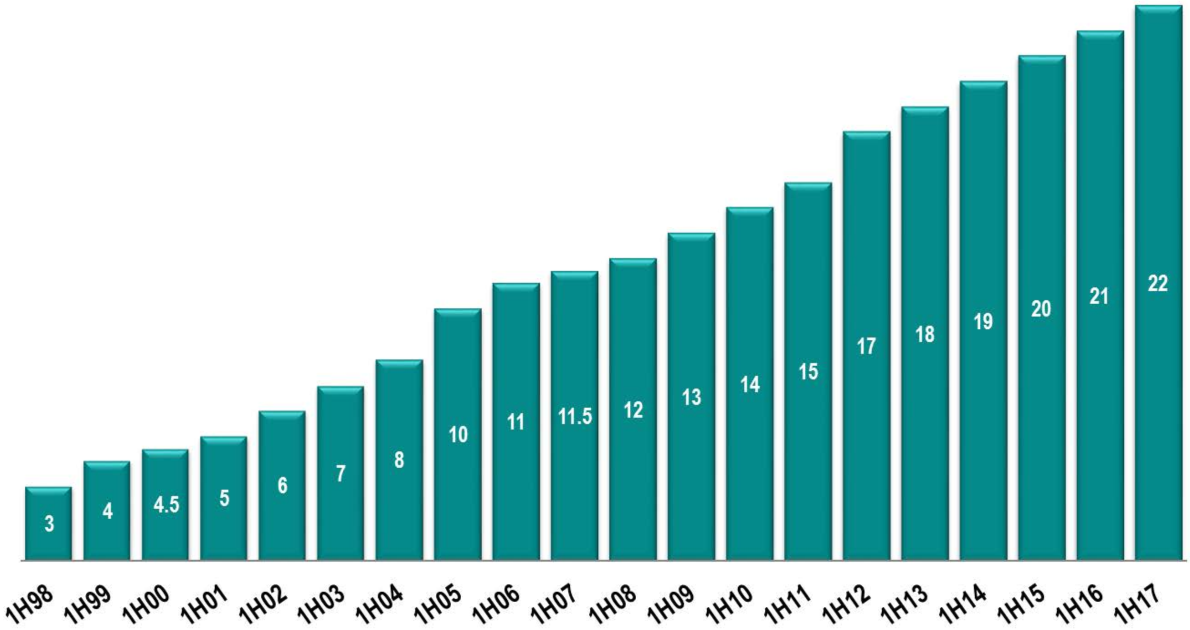
As at 31 July 2016, $1,000 invested in WHSP for 40 years would have been worth $453,801. Therefore, the above growth to 31 January represents an increased uplift in value of $53,230.

Dividends

The chart below demonstrates WHSP's exceptional history of paying dividends to shareholders. The Company 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 Interim Dividend History

Cents per Share



Interim Dividend

The Directors have declared a fully franked interim dividend of 22 cents per share in respect of the half year ended 31 January 2017, an increase of 4.8% over last year's interim dividend of 21 cents per share. The record date for the dividend will be 20 April 2017 with payment due on 11 May 2017.

The Company receives dividends and distributions from its investments, interest from funds on deposit and gains on property assets. The Directors declare interim and final dividends based on the Company's regular cash inflows less regular operating costs. For the six months to 31 January 2017 this figure was $67.6 million, compared to $71.1 million for the first half last year.

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

Review of Group Entities – as at 31 January 2017

TPG Telecom Limited

Associated entity: **25.2% held**
Total Market Capitalisation: **$5.49 billion**
Value of WHSP's Holding: **$1.38 billion**
ASX code: **TPM**

TPG reported the following record results for the half year ended 31 January 2017:

- Earnings before interest, tax, depreciation and amortisation (EBITDA) for the period increased to $473.4 million, up 8% on the first half last year;
- Net profit after tax attributable to shareholders (NPAT) for the period was $224.0 million, an increase of 11% over the first half last year; and
- Earnings per share (EPS) increased by 8% to 26.4 cents per share.

Underlying Results

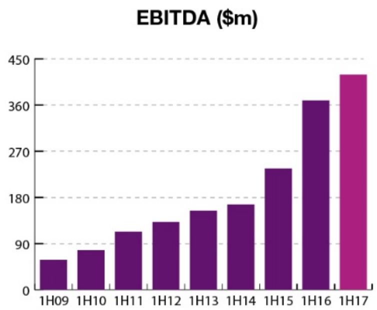
The above results include the following irregular items:

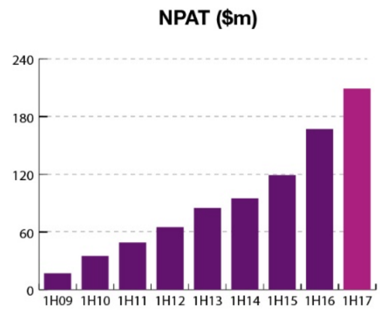
- $48.8 million profit realised on the sale of equity investments ($35.3 million post tax).
- $7.0 million non-recurring revenue earned by TPG's consumer division ($4.9 million post tax).

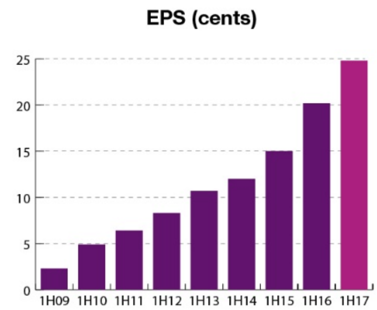
Excluding these irregular items and the $68.5m ($66.8m post tax) irregular items that benefitted the reported EBITDA for the first half last year, TPG's underlying EBITDA has increased by $48.8 million (13%) to $417.6 million.

TPG's underlying NPAT grew by $45.2 million (28%) to $207.5 million due primarily to the EBITDA growth and a $17.0 million (pre-tax) decrease in net financing costs due to a reduction in the quantum and cost of TPG's debt.

TPG's underlying EPS increased by 25% to 24.5 cents per share.







Dividend

In light of TPG's strong cash flow and earnings growth, its board of directors has declared an increase in its interim dividend of 14% to 8 cents per share fully franked.

Consumer Business

The consumer division's EBITDA for the half year was $142.2 million compared to $125.6 million for the first half last year. This result included $7.0 million of one-off revenue earned through a key supplier arrangement. Excluding this irregular item the division achieved EBITDA growth of $9.6 million (8%) driven by NBN and fibre to the building subscriber growth.

Corporate Business

The corporate division achieved an EBITDA of $141.1 million for the period compared to $131.9 million for the first half last year. This growth of $9.2 million (7%) was driven by continued strong data and internet sales and margin expansion.

Investment has also been made during the period by expanding the division's sales force for future growth.

iiNet

iiNet contributed EBITDA of $141.7 million for the period compared to $107.1 million for the five and a quarter months post acquisition in the first half of last year.

The drivers of the $34.6 million growth were: $4.0 million of integration costs incurred last year that were not repeated this year; $15.9 million from the three extra weeks' contribution this year; and $14.7 million of organic EBITDA growth.

The organic EBITDA growth was driven by broadband subscribers which increased to 990,000 in the period as well as by the ongoing realisation of financial benefits from integration activities. iiNet's EBITDA margin grew to 26% during the half compared to 22% in the first half of 2016 and 18% prior to the acquisition. These growth drivers more than offset the adverse impact of the continued decline of legacy fixed voice business and a lower contribution from Tech2.

Singapore

During the period TPG was the successful bidder at the new Entrant Spectrum Auction in Singapore and in the three months since the auction has made a strong start to its mobile network rollout.

Cash Flow and Gearing

TPG delivered another strong cash flow result for the half year with <u>$434.8 million cash generated from operations</u> (pre-tax).

TPG's capital expenditure for the period was $330.2 million, comprised $108.0 million in relation to Singapore and $222.2 million in relation to the Australian business, up from $133.4 million for the previous corresponding period. This increase was driven by; acceleration in the fibre expansion for the Vodafone fibre contract which is running to schedule and within budget; and the acquisition of additional international capacity.

Cash flows for the period were boosted by $124.5 million of proceeds from the sale of equity investments.

TPG reduced its bank debt at the end of the half year to $1,313 million representing a net debt to annualised EBITDA leverage ratio of approximately 1.6 times.

Contribution

TPG contributed a net profit of $56.3 million to the Group (2016: $53.0 million).

Outlook

TPG has reaffirmed its guidance for underlying EBITDA for the full 2017 financial year to be in the range of $820 million to $830 million.

	1st Half 2017 FY Actual $m	**2017 FY Guidance $m**
Underlying EBITDA	417.6	**820-830**
Non-recurring gains	55.8	
Reported EBITDA	473.4	

Brickworks Limited

Associated entity: **44.0% held**
Total Market Capitalisation: **$1.89 billion**
Value of WHSP's Holding: **$832 million**
ASX code: BKW

Brickworks posted a statutory net profit after tax (NPAT) for the half year ended 31 January 2017 of $104.1 million, up 35.4% on the previous corresponding period. Underlying NPAT of $111.2 million was up 48.3% from $75.0 million for the half year ended 31 January 2016.

On record sales revenue of $370.2 million, Building Products' earnings before interest and tax (EBIT) was $33.3 million, up 2.1% on the previous corresponding period. Higher earnings on the east coast were offset by lower earnings in Western Australia and a number of one-off costs.

Land and Development EBIT was $67.2 million for the first half, due primarily to the profit generated by the sale of Oakdale West into the Joint Venture Industrial Property Trust (Property Trust) in December.

Underlying earnings per share were 74.7 cents, up 47.9% from 50.5 cents for the previous corresponding period.

The directors of Brickworks have declared a fully franked interim dividend of 17 cents per share for the half year ended 31 January 2017, up 6.3% from 16.0 cents.

Building Products

Austral Bricks delivered a 17.0% increase in earnings for the six months ended 31 January 2017, with sales revenue up 3.7% to $201.1 million. Unit manufacturing costs improved compared to the previous corresponding period, primarily as a result of prior period plant upgrades.

Performance on the east coast was particularly strong, with all major states achieving higher earnings. The conditions on the east coast are in stark contrast to Western Australia, where the sharp downturn in building activity resulted in a significant decline in sales.

Austral Masonry delivered marginally higher earnings on sales revenue of $44.2 million, down 1.5% on the prior half.

Bristile Roofing earnings decreased on the prior half, despite a marginal increase in revenue to $59.0 million. On the east coast, demand in Victoria was particularly strong, driving higher earnings growth in that state.

Over the past 18 months, Bristile Roofing has diversified its product offering, with the acquisition of a number of metal roofing and fascia and gutter installers in New South Wales and Queensland.

Austral Precast earnings were lower, despite an increase in revenue to $44.2 million. A significant uplift in earnings was achieved in New South Wales on the back of strong sales growth and continued operational improvements at the Wetherill Park plant.

Auswest Timbers revenue was down 4.5% to $26.3 million for the half.

Land and Development

Land and Development produced an EBIT of $67.2 million for the half year ended 31 January 2017, up 47.9% from $45.4 million for the prior corresponding period.

The improved result was due to the sale of Oakdale West into the Property Trust, which contributed an EBIT of $50.1 million from land sales. This 90 hectare site at Eastern Creek will be developed by the Trust as an industrial estate over the coming years.

The Property Trust generated an EBIT of $18.8 million, down 58.3% from $45.2 million in the prior corresponding period, due primarily to a lower revaluation profit. Net property income distributed from the Trust was $8.9 million, an increase of 37.3% from $6.5 million for the prior corresponding period.

The total value of assets held within the Property Trust at 31 January 2017 was $1.3 billion. This includes $789 million in leased properties and a further $520 million in land to be developed. The Trust's borrowings were $379 million, giving a net asset value of $930 million. Brickworks' share of this was $465 million, up $133 million from $332 million at 31 July 2016. The increase in value during the half was primarily due to the transfer of Oakdale West into the Trust.

Contribution

Brickworks contributed a net profit of $26.8 million to the Group (2016: $20.0 million, 44.1% held).

Building Products Outlook

Market conditions across the country are mixed, characterised by strong east coast demand, offset by weakness in Western Australia. These conditions are reflected in a full order book in all east coast divisions with builders in the major markets of Sydney and Melbourne reporting a long pipeline of work. As such, sales in these markets are expected to remain very strong in the second half of the 2017 financial year.

In Western Australia, the sharp downturn in building activity has resulted in a significant decline in sales, however, conditions appear to have stabilised over the past few months and building activity is not expected to decline further.

Overall, the short-term outlook for Building Products remains positive, with a full order book and a long pipeline of work at higher margins in major east coast markets set to support earnings in the 2017 financial year. Business growth initiatives will provide diversification and underpin earnings in the event of a cyclical decline in market activity.

New Hope Corporation Limited

Controlled entity: **59.6% held**
Total Market Capitalisation: **$1.33 billion**
Value of WHSP's Holding: **$793 million**
ASX code: NHC

For the six months to 31 January 2017, New Hope recorded a net profit after tax and before non-regular items of $54.9 million (comprising $17.3 million from Queensland coal mining, $39.7 million from New South Wales coal mining and a net loss of $2.1 million from oil and gas operations). This represents an increase of 265% above the $15.0 million profit recorded in the six months to January 2016.

The results for the period also included non-regular receipts of rail charges of $13.9 million (after tax) and impairments of $0.4 million (after tax) against the carrying value of certain assets in New Hope's equity investments. After these non-regular items, the net profit after tax for the six months was $68.4 million compared to $2.7 million in the prior corresponding period.

After non-regular items, basic earnings per share for the six months ended 31 January 2017 were 8.2 cents compared to 0.3 cents earned in the previous corresponding period.

New Hope has declared a fully franked interim dividend of 4 cents per share (2016: 2.0 cents per share) to be paid on 2 May 2017 to shareholders registered as at 18 April 2017.

The operating result before non-regular items was positively impacted by:

- Strong production volumes from operated sites and the Bengalla Joint Venture;
- Significant increases in realised Australian dollar thermal coal prices;
- Reduction in below rail tariff associated with the Queensland Competition Authority decision resulting in a recovery of $19.9 million; and
- Increased oil production and improved realised pricing on oil sales;

offset by:

- Coal sales were negatively impacted by the ship loader outage at Queensland Bulk Handling in late 2016.

Mining Operations

New Hope operates two mines in South East Queensland. The New Acland operation produced 2.4 million tonnes of coal during the first six months, an increase of 7% against the prior corresponding period while Jeebropilly produced 0.3 million tonnes of coal during the period up 9% on the prior corresponding period. Bengalla (New Hope's 40% interest) contributed 1.7 million tonnes for the six months, giving total group production of 4.4 million tonnes, an increase of 58% on the prior period.

Total sales for the six months to 31 January 2017 (including NSW operations) were 4.0 million tonnes, a 47% increase on the prior corresponding period.

The Bengalla operation contributed a profit before tax for the half year of $56.6 million.

Queensland Bulk Handling (QBH)

During the first six months of the financial year, 3.1 million tonnes of coal was exported through the QBH coal terminal at the Port of Brisbane (2016: 3.5 million tonnes).

On 13 November 2016, a severe storm caused significant damage to the ship loading and stockyard infrastructure. QBH was able to replace the damaged section of boom in under four weeks. This action, along with other operational flexibilities introduced, minimised the amount of production losses during the period. It is expected that shipping for the full year will not be materially impacted by this event.

New Acland Stage 3

On 20 January, following a recommendation by the Independent Expert Scientific Committee, the New Acland Stage 3 Project received Environmental Protection and Biodiversity Conservation Act approval from the Federal Government. This is a significant step forward in the approvals process for Stage 3.

Pastoral Operations

New management commenced at Acland Pastoral Company (APC) this reporting period. Herd numbers for the period were at 2407 head with the breeding operation now well embedded and the continuation of cattle grazing trials.

The period saw APC re-introduce pivot operations to irrigate crops for forage and silage and the return of areas of rehabilitated land from mining activity into grazing.

Oil and Gas Operations

Oil production totalled 141,355 barrels for the period, a 55% increase on the corresponding half year of 91,150 barrels. This increase was primarily due to the acquisition of the Kenmore, Bodalla and associated fields completed in October, but also improved production performance at other principal assets held by Bridgeport. An improvement in the oil price over the period resulted in realised prices of A$65 per barrel, an improvement of 27% on the corresponding half year.

Bridgeport responded to low oil prices throughout 2016 with significant cost reducing initiatives.

Contribution

New Hope contributed a net profit of $40.7 million to the Group (2016: $1.7 million, 59.7% held). Its contribution to regular profit was $32.7 million (2016: $9.0 million, 59.7% held).

Outlook

Demand for quality thermal coal is expected to remain strong for the foreseeable future. This demand is underpinned by a transition to new High Efficiency, Low Emission (HELE) power stations throughout Asia in order to meet their requirements for clean, reliable and low cost energy. Coal from New Hope's operations in South East Queensland and New South Wales is optimally suited to these new generators and is likely to attract ongoing premiums to alternative lower quality coals in the future.

At Bengalla, the focus remains on improving productivity from current resources and securing further cost efficiencies. Management is committed to securing necessary approvals for the New Acland mine to ensure continuity between current operations and the Stage 3 expansion. Rehabilitation work will continue in the West Moreton area, with a view to optimising future land development options for New Hope's substantial land portfolio in one of South East Queensland's most prospective growth corridors.

Development projects in Central Queensland and the North Surat are being progressed through the necessary approvals processes, with a strategy of ensuring that the mines are capable of being developed when justified by increased demand for additional seaborne coal.

Low oil prices in 2016 have provided the opportunity for Bridgeport to materially increase production capacity and reserves through targeted acquisitions. The increased scale and diversity of the Bridgeport business now provides New Hope with an opportunity to consider longer term strategic initiatives in this sector.

Having successfully navigated through the recent downturn, New Hope is now well positioned to take advantage of improved prices with a suite of quality producing assets and near term development opportunities.

Australian Pharmaceutical Industries Limited

Associated entity: **24.5% held**
Total Market Capitalisation: **$923 million**
Value of WHSP's Holding: **$227 million**
ASX code: **API**

For the year ended 31 August 2016, API reported the following results, which are compared to the previous financial year:

- Total revenue of $3.8 billion, up 11.1%;
- Earnings before interest and tax of $87.1 million, up 17.7%;
- Underlying net profit after tax of $51.4 million, up 18.0%;
- Net profit after tax of $51.7 million, up 19.8%; and
- Net debt of $25.9 million down, 63.4%.

API's Priceline Pharmacy network has continued to grow reaching a record 442 stores up from 420 in 2015. Its pharmacy distribution business increased revenues by 11.2% and its underlying revenues by 4.8%.

API's strategy has delivered improved returns for its shareholders while its increased profits and low debt have provided it with flexibility for future development.

API's ongoing operational performance combined with the strength of its financial position led to its directors declaring a fully franked final dividend of 3.5 cents per share, up 40.0% on 2015. This brought the total fully franked dividend for the 2016 financial year to 6.0 cents per share, an increase of 33.3% on 2015.

WHSP has equity accounted API's result for the 6 months to 31 August 2016. API contributed a net profit of $7.1 million to the Group (2015: $5.4 million, 24.6% held).

Update

At its Annual General Meeting in January 2017, API advised that:

- Net profit after tax for the first half of the 2017 financial year was expected to be a record $29.0 million, up 14.6% on the first half in 2016; and
- Its store network would reach 450 by the half year and was on track to reach 462 stores by year end.

BKI Investment Company Limited

Associated entity: **10.2% held**
Total Market Capitalisation: **$1.0 billion**
Value of WHSP's Holding: **$106 million**
ASX code: **BKI**

For the half year ended to 31 December 2016 BKI reported a net profit after tax of $25.0 million, an increase of 13.0% over the first half last year. Its net operating result before special dividend income was $21.2 million down slightly from $21.4 million.

BKI's net operating result was achieved as a result of increased dividends from Transurban, APA Group, Sydney Airports, SEEK, Brickworks, Macquarie Group, TPG Telecom and Ramsay Healthcare. Lower dividends received from BHP Billiton, Woolworths, Woodside Petroleum, ANZ Banking Group, Wesfarmers and Primary Healthcare impacted the result. Revenues from bank deposits and investments held for trading were lower than the corresponding period. BKI also received $3.9 million in special dividend income for the half by participating in the Telstra Corporation off market buy back. This compares to $0.8 million of special dividends received last year.

BKI has declared a fully franked interim dividend of 3.6 cents per share, unchanged from last year. This dividend represents an 86% pay-out ratio on BKI's net profit. As at 31 December 2016, BKI's fully franked dividend yield was 4.5% (based on the immediate preceding 12 month rolling dividend and share price of $1.625), while the grossed up yield was 6.4% (assuming a tax rate of 30%).

BKI's 13 year total shareholder return including franking credits was 11.0% per annum as at 31 December 2016, compared to the S&P/ASX 300 Accumulation Index which returned 10.5 % over the same period.

WHSP has equity accounted BKI's result for the 6 months to 30 December 2016. BKI contributed a net profit of $2.3 million to the Group (2015: $2.4 million).

Apex Healthcare Berhad

Associated entity: **30.3% held**
Total Market Capitalisation: **$168 million**
Value of WHSP's Holding: **$51 million**
Listed on Bursa Malaysia, code: **APEX MK**

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

For the year ended on 31 December 2016, Apex generated revenue of $187.8 million, an increase of 6.5% over $176.3 million for the 2015 financial year. Net profit after tax attributable to shareholders was $11.3 million, in line with 2015.

Apex has declared a final dividend of 1.9 cents per share, bringing total dividends for the year to 3.7 cents, an increase of 4.6% (in Malaysian Ringgit) over 2015.

WHSP has equity accounted Apex's result for the 6 months to 31 December 2016. Apex contributed a net profit of $1.5 million to the Group (2015: $1.5 million).

Ruralco Holdings Limited

Associated entity: **20.1% held**
Total Market Capitalisation: **$242 million**
Value of WHSP's Holding: **$48 million**
ASX code: **RHL**

For the year ended 30 September 2016, Ruralco reported revenue of $1.8 billion, an increase of 10% over the prior year. Underlying gross profit (excluding the impact of non-recurring items) was $304.9 million, an increase of 2%. Net profit after tax attributable to shareholders was $4.2 million (down from $14.1 million) after restructuring and divestment activities which had a net impact of $9.1 million.

Ruralco advised that while its bottom line had been impacted by restructuring in its water and live export businesses and divestment of a non-core farm machinery business, the performance of the underlying business was pleasing and that Ruralco is now much better positioned to take advantage of changing market conditions.

A final dividend of 2 cents per share fully franked was paid in December 2016 bringing total dividends for the year to 10 cents per share fully franked down from 16 cents in 2015.

WHSP has equity accounted Ruralco's result for the 6 months to 30 September 2016. Ruralco contributed a net loss of $1.3 million to the Group (2015: $0.7 million profit, 20.2% held).

Update

Since the end of its financial year, Ruralco has announced a number of acquisitions under its Future Farming Strategy. These targeted acquisitions were across Ruralco's water and rural services businesses and are earnings per share accretive. The total initial cash consideration of $60.8 million was funded by equity raisings.

TPI Enterprises Limited

Associated entity: **18.9% held**
Total Market Capitalisation: **$152 million**
Value of WHSP's Holding: **$29 million**
ASX code: **TPE**

TPI is one of only eight companies licensed globally to manufacturer narcotic raw material for pain relief medication. TPI has developed an innovative, efficient and environmentally sustainable method for extracting narcotic raw material from opium poppies. The manufacturing cost advantage is central to the strategy to achieve significant market share growth.

TPI released its results for the year ended 31 December 2016 and reported a net loss of $14.0 million, an improvement compared to the loss of $25.9 million in 2015.

Volumes improved significantly in the second half of 2016 and TPI achieved several milestones in its strategy of increasing volumes and profitability over the coming years:

- Regions in which the growing of poppies is permitted now include Victoria, New South Wales, South Australia, Northern Territory and Tasmania.
- TPI has received a license to import poppy straw, and specifically has all necessary approvals to import up to 2,000 tonnes from Hungary during 2017.
- TPI successfully completed negotiations to enter the UK Codeine Phosphate market through the supply of narcotic raw material and toll production with a UK manufacturer. TPI aims to become a significant supplier of Codeine Phosphate in the UK as well as a suite of derivative products.

- TPI's manufacturing advantage was improved during 2016 with a further 5% improvement in operating efficiency. In addition, TPI's investment in an innovative harvesting technology translated into higher alkaloid content in processed straw resulting in higher factory capacity and efficiency.
- TPI has obtained the final licence to start construction of a 150 tonne Active Pharmaceutical Ingredient manufacturing facility in Portugal. The construction of this plant will allow TPI to target new markets, diversify its product offering and capture higher margins through further processing.

WHSP has equity accounted TPI's result for the 6 months to 31 December 2016. TPI contributed a net loss of $1.3 million to the Group (2015: $3.4 million loss, 19.4% held).

CopperChem Limited and Exco Resources Limited

Controlled entities: 100% held
Unlisted entities

CopperChem and Exco are copper and gold exploration and mining companies which have plants capable of producing copper sulphate, copper concentrate and gold bullion.

Production activities continued at the White Dam mine in South Australia during the period with gold production expected to continue until early in the 2018 calendar year. Further gold deposits are being identified within the broader CopperChem/Exco portfolio for continued gold production.

Revenue from gold sales for the half year to 31 January 2017 was $6.3 million. This is expected to increase significantly as gold production ramps up in second half of the financial year.

Exploration activities are continuing on a number of prospective targets for the purpose of identifying additional copper resources for future mining activities within the operating radius of the Cloncurry processing facilities. Exploration activity has also focussed on a number of gold prospects in support of a feasibility study for the Wallace Gold Project south-east of Cloncurry.

CopperChem and Exco contributed a net loss of $3.3 million to the Group (2016: $44.3 million loss). The regular loss was $3.3 million (2016: $4.5 million loss).

Investment Properties

WHSP has maintained a portfolio of assets that includes two office buildings in Pennant Hills NSW and a four hectare site with office and warehouse in Castle Hill that have significant urban renewal opportunity. In addition to these core assets, WHSP entered several agreements to acquire assets across NSW: a warehouse on 1.8 hectares of land located in Kingsgrove; a significant retail asset on 0.65 hectares of land located on the main street of Penrith NSW; and a 7 hectare site suitable for a logistics warehouse facility located in Prestons NSW during the half year ended 31 January 2017.

It is expected that WHSP will co-invest in the Kingsgrove, Penrith and Prestons properties with URB Investments Limited (URB). URB is currently conducting an initial public offering and is scheduled to list on the ASX in April 2017.

WHSP is continuing to pursue strategies to increase the value of each asset, through leasing, repositioning and rezoning of the sites. In March 2017, Pitt Street Real Estate Partners (PSRE, 75% owned by WHSP) and WHSP executed an agreement for lease with a significant global logistics organisation, to develop a 35,000 square metre warehouse on the Prestons land, underpinned by an 11 year lease. The project is expected to commence construction in July 2017.

As previously reported, PSRE was awarded a contract to develop and deliver two bus depots for Transdev Australasia, on behalf of Public Transport Victoria. The Sunshine West depot was completed in July 2016 with settlement in late September 2016 while the Thomastown depot was completed in February 2017 and settled in March 2017. The combined sale proceeds for the two depots was $20.1 million.

Recent Developments

Since the end of the first half, WHSP has announced a number of transactions in the financial services and funds management industry. Following an extensive period of research into the industry, WHSP negotiated to purchase a shareholding in Pengana Capital in late 2016. More recently, WHSP became the largest shareholder in Hunter Hall International Limited which has agreed to merge with Pengana Capital. WHSP will emerge as the largest shareholder in the combined entity with a shareholding of approximately 40%.

WHSP has also acquired approximately 7% of the shares in Hunter Hall Global Value Limited (HHV), a listed investment company focused on ethically screened global investments. WHSP is supportive of the current board and strategy of HHV.

Contact Asset Management (20% owned by WHSP) is currently listing URB Investments Limited (URB). The listing of URB will enhance WHSP's ability to fund its pipeline of urban renewal property projects, as URB will co-invest alongside WHSP. This will diversify the portfolio and allow for greater exposure to these exciting opportunities. WHSP has agreed to become a 10% shareholder in URB and all WHSP shareholders have been allocated a priority offer in the IPO of URB.

Washington H. Soul Pattinson and Company Limited

A.B.N. 49 000 002 728

Directors' Report

The Directors of Washington H. Soul Pattinson and Company Limited present their report and the financial report of the consolidated group for the half year ended 31 January 2017.

Directors

Robert Dobson Millner FAICD
Chairman
Non-executive Director since 1984, Chairman since 1998

Todd James Barlow B.Bus, LLB(Hons)(UTS)
Managing Director since 2015

Michael John Hawker AM B.Sc(Sydney), FAICD, SF Fin
Non-executive Director since 2012

Thomas Charles Dobson Millner B.Des(Industrial), GDipAppFin(Finsia), FFin, GAICD
Non-executive Director since 2011

Warwick Martin Negus B.Bus(UTS), M.Com(UNSW), SFFin
Non-executive Director since 2014

Melinda Rose Roderick B.Econ(Macq), CA, GAICD
Finance Director since 2014

Robert Gordon Westphal B.Com(UNSW), FCA, FFin, MAICD
Non-executive Director since 2006

David Edward Wills B.Com(UNSW), FCA, MAICD
Non-executive Director since 2006

The above persons were Directors of the Company during the whole of the half year and up to the date of this report.

Review of Operations

Profit after tax attributable to shareholders for the half year ended 31 January 2017 was $149.0 million, an increase of 56.1% compared to $95.4 million for the previous corresponding period.

Comparisons with the corresponding period last year are as follows:-

	Half Year 31 Jan 2017 $000	**Half Year 31 Jan 2016** $000	% Change
Revenue from continuing operations	**438,076**	272,322	+ 60.9%
Profit after tax attributable to shareholders	**148,951**	95,390	+ 56.1%
Interim Dividend	**22 cents**	21 cents	+ 4.8%

For further information regarding the operations of the Group refer to the Chairman’s Review and the Review of Group Entities on pages 4 to 20 of this report.

Interim Dividend

Directors have declared an interim dividend of 22 cents per share in respect of the half year ended 31 January 2017, an increase of 4.8% over last year’s interim dividend of 21 cents per share. The dividend will be fully franked and payable on 11 May 2017.

Litigation

An entity acting on the directions of Perpetual Investment Management Limited has lodged a claim against WHSP and Brickworks Limited (Brickworks) in the Federal Court.

The claim seeks orders including to have the cross shareholding between WHSP and Brickworks unwound. WHSP is vigorously defending the claim.

Auditors’ Independence Declaration

The lead auditor’s independence declaration for the half year ended 31 January 2017 has been received and is included on page 23.

Rounding of Amounts

The company is of a kind referred to in ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191, and in accordance with that legislative instrument, amounts in the Directors' Report and Financial Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

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

R.D. MILLNER	T.J. BARLOW
Director	Managing Director

Dated this 23rd day of March 2017.

PITCHER PARTNERS
ACCOUNTANTS • AUDITORS • ADVISORS

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF WASHINGTON H. SOUL PATTINSON AND COMPANY LIMITED
ABN 49 000 002 728

In relation to the independent auditor's review for the half-year ended 31 January 2017, to the best of my knowledge and belief there have been:

(i) no contraventions of the auditor independence requirements of the *Corporations Act* 2001; and

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

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

J GAVLJAK
Partner

PITCHER PARTNERS
Sydney

21 March 2017

Consolidated Income Statement
For the half year ended 31 January 2017

	Notes	Half year ended 31 January 2017 $'000	Half year ended 31 January 2016 $'000
Revenue from continuing operations	4(i)	**438,076**	272,322
Other income	4(i)	**50,066**	116,725
Cost of sales		**(249,180)**	(155,528)
Selling and distribution expenses		**(76,863)**	(67,378)
Administration expenses		**(17,302)**	(16,693)
Other expenses		**(3,533)**	(3,580)
Impairment (expense)	4(i)	**(2,986)**	(84,902)
Finance costs		**(1,811)**	(1,118)
Share of results from equity accounted associates	6	**92,802**	78,637
Profit before income tax		**229,269**	138,485
Income tax (expense)	4(ii)	**(52,748)**	(42,015)
Profit after tax for the half year		**176,521**	96,470
(Profit) after tax attributable to non-controlling interests		**(27,570)**	(1,080)
Profit after tax for the half year attributable to members of Washington H. Soul Pattinson and Company Limited		**148,951**	95,390

	2017 Cents	2016 Cents
Earnings per share		
Basic and diluted earnings per share to ordinary equity holders of the company		
Earnings per share from operations	**62.22**	39.85
	No. of shares	
Weighted average number of shares used in calculating basic and diluted earnings per share	**239,395,320**	239,395,320

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

Consolidated Statement of Comprehensive Income
For the half year ended 31 January 2017

	Half year ended 31 January 2017 $'000	Half year ended 31 January 2016 $'000
Profit after tax for the half year	**176,521**	96,470
Other comprehensive income		
Items that may be reclassified subsequently to the income statement		
Net movement in the fair value of long term equity investments, net of tax	**(5,364)**	(51,423)
Transfer to profit and loss on the disposal of long term equity investments, net of tax	**(16,635)**	(1,557)
Net movement in hedge reserve, net of tax	**4,644**	7,540
Net movement in foreign currency translation reserve, net of tax	**104**	(157)
Net movement in equity reserve, net of tax	**3,258**	1,184
Total other comprehensive (expense) for the half year, net of tax	**(13,993)**	(44,413)
Total comprehensive income for the half year	**162,528**	52,057
Total comprehensive (income) attributable to non-controlling interests	**(29,611)**	(4,551)
Total comprehensive income attributable to members of Washington H. Soul Pattinson and Company Limited	**132,917**	47,506

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

Consolidated Statement of Financial Position
As at 31 January 2017

	31 Jan 2017 $'000	31 July 2016 $'000
Current assets		
Cash and cash equivalents	**252,026**	126,709
Term deposits	**8,629**	47,660
Trade and other receivables	**133,844**	116,775
Inventories	**109,327**	79,039
Trading equities	**39,120**	31,605
Derivative financial instruments	**9,170**	2,313
Current tax asset	**-**	1,486
Total current assets	**552,116**	405,587
Non-current assets		
Trade and other receivables	**11,049**	30,187
Equity accounted associates	**1,319,980**	1,265,214
Long term equity investments	**553,387**	585,703
Other financial assets	**8,789**	11,837
Investment properties	**96,499**	92,932
Property, plant and equipment	**1,386,021**	1,388,735
Exploration and evaluation assets	**409,050**	402,298
Deferred tax assets	**58,892**	56,076
Intangible assets	**59,441**	60,478
Total non-current assets	**3,903,108**	3,893,460
Total assets	**4,455,224**	4,299,047
Current liabilities		
Trade and other payables	**77,502**	75,831
Interest bearing liabilities	**59,553**	52,167
Derivative financial instruments	**167**	167
Current tax liabilities	**2,163**	1,677
Provisions	**51,773**	50,066
Total current liabilities	**191,158**	179,908
Non-current liabilities		
Interest bearing liabilities	**34,340**	35,558
Deferred tax liabilities	**281,990**	240,038
Provisions	**104,881**	96,892
Total non-current liabilities	**421,211**	372,488
Total liabilities	**612,369**	552,396
Net assets	**3,842,855**	3,746,651
Equity		
Share capital	**43,232**	43,232
Reserves	**609,785**	623,684
Retained profits	**2,461,274**	2,372,467
Parent entity interest	**3,114,291**	3,039,383
Non-controlling interests	**728,564**	707,268
Total equity	**3,842,855**	3,746,651

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

Consolidated Statement of Changes in Equity
For the half year ended 31 January 2017

Consolidated entity	Share capital $'000	Retained profits $'000	Reserves $'000	Total Parent entity interest $'000	Non-controlling interests $'000	Total $'000
Total equity at the beginning of the half year – 1 August 2016	**43,232**	**2,372,467**	**623,684**	**3,039,383**	**707,268**	**3,746,651**
Net profit for the half year after tax	**-**	**148,951**	**-**	**148,951**	**27,570**	**176,521**
Other comprehensive income for the half year						
Net movement in asset revaluation reserve, net of tax	**-**	**-**	**(21,999)**	**(21,999)**	**-**	**(21,999)**
Net movement in hedge reserve, net of tax	**-**	**-**	**2,678**	**2,678**	**1,966**	**4,644**
Net movement in foreign currency translation reserve, net of tax	**-**	**-**	**29**	**29**	**75**	**104**
Net movement in equity reserve, net of tax	**-**	**-**	**3,258**	**3,258**	**-**	**3,258**
Total comprehensive income for the half year	**-**	**148,951**	**(16,034)**	**132,917**	**29,611**	**162,528**
Transactions with owners						
Dividends declared and paid	**-**	**(60,245)**	**-**	**(60,245)**	**(8,305)**	**(68,550)**
Net movement in share-based payments reserve	**-**	**101**	**2,135**	**2,236**	**(90)**	**2,146**
Equity transfer from members on issue of share capital in controlled entity	**-**	**-**	**-**	**-**	**80**	**80**
Total equity at the end of the half year - 31 January 2017	**43,232**	**2,461,274**	**609,785**	**3,114,291**	**728,564**	**3,842,855**
Total equity at the beginning of the half year – 1 August 2015	43,232	2,322,067	661,279	3,026,578	747,857	3,774,435
Net profit for the half year after tax	-	95,390	-	95,390	1,080	96,470
Other comprehensive income for the half year						
Net movement in asset revaluation reserve, net of tax	-	-	(53,123)	(53,123)	143	(52,980)
Net movement in hedge reserve, net of tax	-	-	4,212	4,212	3,328	7,540
Net movement in foreign currency translation reserve, net of tax	-	-	(157)	(157)	-	(157)
Net movement in equity reserve, net of tax	-	-	1,184	1,184	-	1,184
Total comprehensive income for the half year	-	95,390	(47,884)	47,506	4,551	52,057
Transactions with owners						
Dividends declared and paid	-	(58,270)	-	(58,270)	(21,255)	(79,525)
Net movement in share-based payments reserve	-	43	1,069	1,112	(120)	992
Non-controlling interests share of subsidiaries	-	-	-	-	(9)	(9)
Equity transfer from members on issue of share capital in controlled entity	-	-	-	-	248	248
Total equity at the end of the half year - 31 January 2016	43,232	2,359,230	614,464	3,016,926	731,272	3,748,198

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

Consolidated Statement of Cash Flows
For the half year ended 31 January 2017

	Half year ended 31 January 2017	Half year ended 31 January 2016
	$'000	$'000
Cash flows from operating activities		
Receipts from customers inclusive of GST	**474,699**	233,014
Payments to suppliers and employees inclusive of GST	**(351,535)**	(204,640)
	123,164	28,374
Dividends received	**58,008**	54,957
Interest received	**5,168**	20,275
Finance costs	**(744)**	(453)
Income taxes paid	**(7,579)**	(5,616)
Net cash inflow from operating activities	**178,017**	97,537
Cash flows from investing activities		
Payments for property, plant, equipment and intangibles	**(38,202)**	(40,999)
Proceeds from sale of property, plant and equipment	**48**	358
Payments for capitalised exploration and evaluation activities	**(6,803)**	(13,019)
Net proceeds from term deposits	**39,031**	148,656
Payments for acquisition and development of investment properties	**(4,416)**	(71,505)
Payments for equity investments	**(37,404)**	(54,657)
Proceeds from sale of equity investments	**72,409**	4,841
Acquisition of business, net of cash acquired	**(800)**	-
Proceeds on Bengalla acquisition settlement adjustment	**1,669**	-
Proceeds from the sale of associate	**2,660**	4,108
Loan repayments	**5,500**	-
Loans advanced	**(7,430)**	(6,924)
Net cash inflow/(outflow) from investing activities	**26,262**	(29,141)
Cash flows from financing activities		
Dividends paid to WHSP shareholders	**(74,213)**	(71,819)
Dividends paid by subsidiaries to non-controlling interests	**(8,305)**	(21,255)
Net proceeds from interest bearing liabilities	**6,899**	8,786
Proceeds from external borrowings	**-**	22,825
Repayment of external borrowings	**(1,190)**	(28)
Net cash (outflow) from financing activities	**(76,809)**	(61,491)
Net increase in cash and cash equivalents	**127,470**	6,905
Cash and cash equivalents at the beginning of the half year	**126,709**	59,424
Effects of exchange rate changes on cash and cash equivalents	**(2,153)**	3,085
Cash and cash equivalents at the end of the half year	**252,026**	69,414

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

Notes to the Consolidated Financial Statements

1. Statement of significant accounting policies

(a) Basis of preparation
The financial report for the half year ended 31 January 2017 is a general purpose financial report and has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001.*

The half year financial 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 2016 and any public announcements made by Washington H. Soul Pattinson and Company Limited and its controlled entities ("Consolidated Entity" or "Group") during the interim reporting period in accordance with continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and the corresponding half year reporting period.

The interim financial statements have been authorised for issue by the Directors on 23rd March 2017.

(b) Estimates
The preparation of the half year financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. The actual results may differ from these estimates.

In preparing this half year financial report, the significant judgements made by management and the key sources of estimation were the same as those that applied to the consolidated financial report as at and for the year ended 31 July 2016.

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the financial results for the half year ended 31 January 2017 include the assessment of the recoverable amounts for non-current assets, including investments in associates, long term equity investments, copper assets and oil producing assets (refer to note 4(i)).

Note 2
Parent Company Financial Information

Source of shareholders dividends

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

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

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

Statement of Financial Position

		As at 31 Jan 2017 $'000
	Current assets	
1	Cash and term deposits	**96,896**
	Other current assets	**62,316**
	Total current assets	**159,212**
	Non-current assets	
2	Long term equity investments – measured at market value	**549,249**
	Other financial assets	
3	– Listed controlled and associated entities – measured at the lower of cost or impaired value	**560,643**
	– Unlisted entities – measured at the lower of cost or impaired value	**276,509**
	Other non-current assets	**123,598**
	Total non-current assets	**1,509,999**
	Total assets	**1,669,211**
	Total current liabilities	**60,441**
	Total non-current liabilities	**68,575**
	Total liabilities	**129,016**
	Net assets	**1,540,195**
	Equity	
	Share capital	**43,232**
	Reserves	**559,165**
	Retained profits	**937,798**
	Total equity	**1,540,195**

Income Statement

		Half year ended 31 Jan 2017 $'000
	Profit after tax	**86,065**
	Less: Non-regular items after tax	
	Net gain on disposal of investments	**(18,041)**
	Net impairment expense on investments	**1,773**
	Other	**(418)**
4	**Regular profit after tax**	**69,379**
	Other comprehensive income	
	Net movement in the fair value of the listed investment portfolio	**(12,091)**

ACCOUNTING POLICIES

Parent company

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

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

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

Note 2
Parent Company Financial Information

1

Market value of listed entities as at 31 January 2017
(based on ASX closing prices 31 January 2017)

	As at 31 Jan 2017 $'000
Long term equity investments	
Milton Corporation Limited	149,839
Commonwealth Bank of Australia	64,275
National Australia Bank Limited	26,440
Bailador Technology Investments Limited	23,575
Woolworths Limited	21,891
Lindsay Australia Limited	20,822
Wesfarmers Limited	20,182
Telstra Corporation Limited	19,843
Bank of Queensland Limited	17,949
Brambles Limited	16,859
Other listed entities	167,574
Market value of long term equity investments	**549,249**

Listed controlled and associated entities	Holding	
TPG Telecom Limited	25.2%	1,380,712
Brickworks Limited	44.0%	831,724
New Hope Corporation Limited	59.6%	793,114
Australian Pharmaceutical Industries Ltd	24.5%	226,605
BKI Investment Company Limited	10.2%	105,609
Apex Healthcare Berhad	30.3%	50,751
Ruralco Holdings Limited	20.1%	48,641
TPI Enterprises Limited	18.9%	28,698
Clover Corporation Limited	24.9%	20,993
Verdant Minerals Limited	38.3%	13,282
Market value of listed controlled and associated entities		**3,500,129**
Total value of WHSP's listed investments		**4,049,378**

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

WHSP is a long term equity investor.

If WHSP had disposed of its listed investments on 31 January 2017, a capital gains tax liability of approximately $886.2 million would have arisen based on market values as at 31 January 2017. Of this amount, only $56.7 million has been recognised in the Parent company accounts at 31 January 2017.

The market values of the listed investments are based on the last sale prices as quoted on the ASX on 31 January 2017 and are therefore subject to price fluctuations.

Regular Profit after Tax and Regular Operating Cash Flows

For the half year ended 31 January 2017	Half year 2017 $'000
Interest income	**4,231**
Dividend and distribution income	
Milton Corporation Limited	3,326
Commonwealth Bank of Australia	1,747
National Australia Bank Limited	863
Woolworths Limited	294
Lindsay Australia Limited	611
Wesfarmers Limited	476
Telstra Corporation Limited	708
Bank of Queensland Limited	570
Brambles Limited	234
Other listed entities	4,380
TPG Telecom Limited	16,005
Brickworks Limited	21,006
New Hope Corporation Limited	9,914
Australian Pharmaceutical Industries Ltd	4,208
BKI Investment Company Limited	2,254
Apex Healthcare Berhad	616
Ruralco Holdings Limited	319
Clover Corporation Limited	206
Unlisted controlled and associates	1,151
Total dividend and distribution income	**68,888**
Net pharmacy profit	**602**
Other revenue	**152**
Realised and fair value gains (losses)/on equities	**1,866**
Other expenses	**(5,649)**
Finance costs	**(588)**
Regular profit before tax	**69,502**
Income tax (expense) benefit	**(123)**
Regular profit after tax	**69,379**
Non-cash fair value (gains) losses on equities	**(1,866)**
Net movements in working capital	**136**
Regular operating cash flows	**67,649**
The Board declares dividends having regard to the Parent company's regular operating cash flows.	
Dividends paid/payable	
– Interim of 22 cents per share paid 11 May 2017	52,667
Total dividends paid/payable	**52,667**
Payout ratio	
Dividends as a percentage of regular operating cash flows	77.9%

Notes to the Consolidated Financial Statements

3. Segment Information

Corporate structure

The Parent company invests in a diversified range of companies.

Larger holdings in a single entity are classified as follows:

Controlled entities: (subsidiaries)	The Parent 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.

No controlled entities were acquired or disposed of during the period ending 31 January 2017.
For changes in ownership of associates, refer to note 6.

Segment reporting

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

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

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.

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

The Group's operating segments are described as:

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

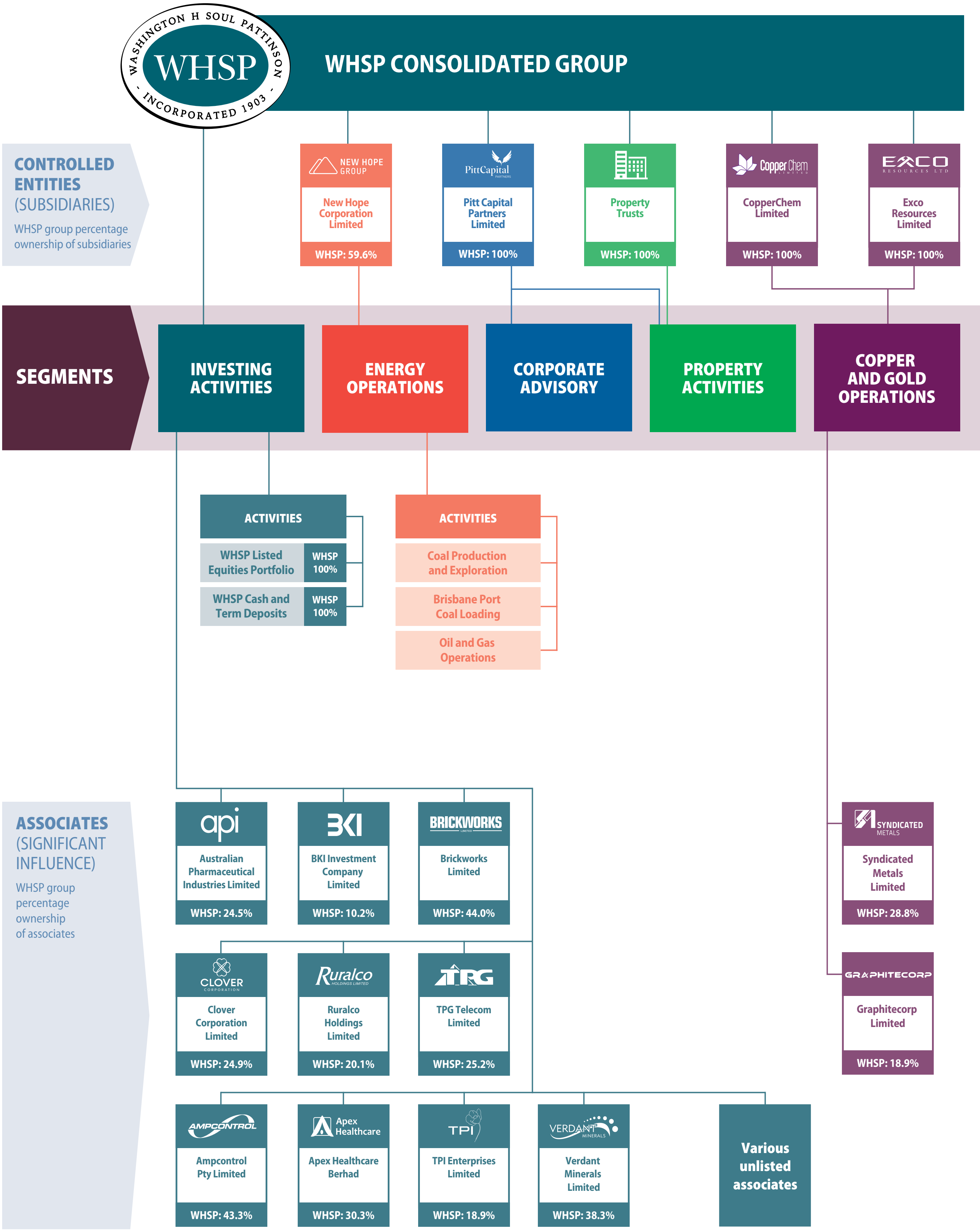
Energy
The Group engages in coal, oil and gas activities which include exploration, development, production, processing, associated transport infrastructure and ancillary activities.

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

Corporate advisory
The Group provides corporate advisory services.

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

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.

The Directors have presented this information which is used by the Chief Operating Decision Maker, as they consider the disclosure enhances the understanding of the results to members and users of the financial statements. Non-regular items are disclosed in note 3b.

The allocation of income and expense items between regular and non-regular profit is consistent with the prior half 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:	**Half year ended 31 January 2017 $'000**	Half year ended 31 January 2016 $'000
Regular profit after tax attributable to members	**139,309**	83,575
Non-regular items – net of tax		
Gain on disposal of equity investments	**17,246**	170
Gain on disposal of equity accounted associate	**845**	1,489
Gain on deemed disposal of equity accounted associates	**778**	82,986
Impairment (expense) on equity investments	**(2,044)**	(9,072)
Impairment (expense) on oil producing and exploration assets	**-**	(8,273)
Impairment (expense) on non-current assets – copper assets	**-**	(46,203)
Impairment (expense) on other assets	**-**	(2,870)
Share of significant items from associate entities	**737**	5,371
Deferred tax (expense) recognised on equity accounted associate entities	**(16,652)**	(14,638)
Recovery prior period rail access charge	**8,314**	-
Land access compensation	**-**	2,982
Other items	**418**	(127)
Total non-regular profits/(losses) after tax attributable to members	**9,642**	11,815
Profit after tax attributable to members	**148,951**	95,390

Notes to the Consolidated Financial Statements
3. Segment Information (continued)

a) Reporting segments

Half year ended 31 January 2017	Investing activities	Energy	Copper and gold operations	Corporate advisory	Property	Intersegment /unallocated	Consolidated
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Revenue from external customers	**34,341**	**374,620**	**6,288**	**390**	**16,453**	**5,984**	**438,076**
Intersegment revenue	11,130	-	-	1,620	487	(13,237)	-
Total revenue	**45,471**	**374,620**	**6,288**	**2,010**	**16,940**	**(7,253)**	**438,076**
Regular profit/(loss) before income tax	**117,369**	**79,361**	**(4,111)**	**429**	**4,393**	**(11,616)**	**185,825**
Add non-regular items before tax (note 3b)	23,555	19,908	(19)	-	-	-	**43,444**
Profit/(loss) before income tax	**140,924**	**99,269**	**(4,130)**	**429**	**4,393**	**(11,616)**	**229,269**
Less income tax (expense)/benefit	(21,687)	(31,000)	1,297	(141)	(1,217)	-	(52,748)
Profit/(loss) after tax	**119,237**	**68,269**	**(2,833)**	**288**	**3,176**	**(11,616)**	**176,521**
Less (profit)/loss attributable to non-controlling interests	182	(27,733)	-	-	(19)	-	(27,570)
Profit/(loss) after tax attributable to members	**119,419**	**40,536**	**(2,833)**	**288**	**3,157**	**(11,616)**	**148,951**
Profit/(loss) after tax attributable to members (as above)	**119,419**	**40,536**	**(2,833)**	**288**	**3,157**	**(11,616)**	**148,951**
Less non-regular profit/(loss) after tax attributable to members (note 3b)	1,347	8,314	(19)	-	-	-	9,642
Regular profit/(loss) after tax attributable to members	**118,072**	**32,222**	**(2,814)**	**288**	**3,157**	**(11,616)**	**139,309**

Notes to the Consolidated Financial Statements
3. Segment Information (continued)

a) Reporting segments

Half year ended 31 January 2016	Investing activities	Energy	Copper and gold operations	Corporate advisory	Property	Intersegment /unallocated	Consolidated
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Revenue from external customers	**48,300**	**215,265**	**607**	**273**	**1,844**	**6,033**	**272,322**
Intersegment revenue	7,407	-	-	1,342	-	(8,749)	-
Total revenue	**55,707**	**215,265**	**607**	**1,615**	**1,844**	**(2,716)**	**272,322**
Regular profit/(loss) before income tax	**100,000**	**4,532**	**(5,029)**	**77**	**669**	**(8,033)**	**92,216**
Add non-regular items before tax (note 3b)	110,619	(10,029)	(54,321)	-	-	-	**46,269**
Profit/(loss) before income tax	**210,619**	**(5,497)**	**(59,350)**	**77**	**669**	**(8,033)**	**138,485**
Less income tax (expense)/benefit	(48,974)	679	6,504	(23)	(201)	-	(42,015)
Profit/(loss) after tax	**161,645**	**(4,818)**	**(52,846)**	**54**	**468**	**(8,033)**	**96,470**
Less (profit)/loss attributable to non-controlling interests	(3,043)	1,943	-	-	20	-	(1,080)
Profit/(loss) after tax attributable to members	**158,602**	**(2,875)**	**(52,846)**	**54**	**488**	**(8,033)**	**95,390**
Profit/(loss) after tax attributable to members (as above)	**158,602**	**(2,875)**	**(52,846)**	**54**	**488**	**(8,033)**	**95,390**
Less non-regular profit/(loss) after tax attributable to members (note 3b)	65,324	(5,291)	(48,218)	-	-	-	11,815
Regular profit/(loss) after tax attributable to members	**93,278**	**2,416**	**(4,628)**	**54**	**488**	**(8,033)**	**83,575**

Notes to the Consolidated Financial Statements
3. Segment Information (continued)

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

Period ending 31 January 2017	Before tax $'000	Tax $'000	After tax $'000	Attributable to: Non-controlling interests $'000	Attributable to: Parent entity interest $'000
Gain on disposal of equity investments	**23,949**	**(6,703)**	**17,246**	**-**	**17,246**
Gain on deemed disposal of equity accounted associates	**1,111**	**(333)**	**778**	**-**	**778**
Gain on disposal of equity accounted associate	**1,207**	**(362)**	**845**	**-**	**845**
Impairment (expense) of assets	**(2,986)**	**760**	**(2,226)**	**(182)**	**(2,044)**
Share of significant items from associate entities	**737**	**-**	**737**	**-**	**737**
Deferred tax recognised on equity accounted associates	**-**	**(16,652)**	**(16,652)**	**-**	**(16,652)**
Recovery prior period rail access charge	**19,908**	**(5,972)**	**13,936**	**5,622**	**8,314**
Other items	**(482)**	**900**	**418**	**-**	**418**
Total non-regular items – profit	**43,444**	**(28,362)**	**15,082**	**5,440**	**9,642**

Period ending 31 January 2016	Before tax $'000	Tax $'000	After tax $'000	Attributable to: Non-controlling interests $'000	Attributable to: Parent entity interest $'000
Gain on disposal of equity investments	478	(308)	170	-	170
Gain on deemed disposal of equity accounted associates	118,377	(35,391)	82,986	-	82,986
Gain on disposal of equity accounted associate	2,127	(638)	1,489	-	1,489
Impairment (expense) of assets	(84,902)	11,501	(73,401)	(6,983)	(66,418)
Share of significant items from associate entities	5,371	-	5,371	-	5,371
Deferred tax recognised on equity accounted associates	-	(14,638)	(14,638)	-	(14,638)
Land access compensation	5,000	-	5,000	2,018	2,982
Other expenses	(182)	55	(127)	-	(127)
Total non-regular items – profit/(loss)	46,269	(39,419)	6,850	(4,965)	11,815

Notes to the Consolidated Financial Statements

4. Profit for the half year

(i) Profit before income tax expense

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

	2017 $'000	2016 $'000
(a) Revenue		
Sales revenue	**415,780**	237,753
Dividend revenue	**13,211**	15,144
Interest revenue	**5,106**	17,308
Rental revenue	**3,384**	1,588
Other	**595**	529
	438,076	272,322

	2017 $'000	2016 $'000
(b) Other income		
Gains/(losses) on trading equities fair valued through profit or loss	**1,866**	(9,248)
Gains on deemed disposal of equity accounted associates	**1,111**	118,377
Gain on disposal of an equity accounted associate	**1,207**	2,127
Gains on disposal of long term equity investments	**23,949**	478
Recovery of prior period rail access charge	**19,908**	-
Insurance proceeds	**2,000**	-
Land Access Compensation	**-**	5,000
Other	**25**	(9)
	50,066	116,725

	2017 $'000	2016 $'000
(c) Impairment expenses		
Impairment of long term equity investments *(1)*	**(2,986)**	(13,467)
Impairment of oil producing and exploration assets *(2)*	**-**	(15,029)
Impairment of copper mining and exploration assets *(3)*	**-**	(52,306)
Impairment of other assets	**-**	(4,100)
	(2,986)	(84,902)

(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 market last sale price is lower than the original cost, and the investment is considered by management to be 'impaired', the Group has recognised an impairment expense in respect of these investments. During the half year ended 31 January 2017 impairments were recognised by WHSP ($2.53 million) and New Hope Corporation Limited ($0.45 million). These impairment losses after tax impacted the result attributable to members by $2.04 million.

An impairment expense 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.

Notes to the Consolidated Financial Statements

4. Profit for the half year (continued)

(i) Profit before income tax expense (continued)

(2) Impairment of oil producing and exploration assets
In the half year ended 31 January 2016, New Hope Corporation Limited determined that the continued decline in global oil prices indicated that the carrying value of certain oil producing and exploration assets were impaired.

Whilst oil prices have recovered during the six months to 31 January 2017, New Hope Corporation Limited have determined that there has not been a sufficient change in the previous estimates that would justify a reversal of previously recorded impairments.

(3) Impairment of copper assets
In the half year ended 31 January 2016, results were impacted by significant declines in the global copper price. At that date, the Group determined that the carrying values of certain mining and exploration assets were no longer recoverable and were impaired. Whilst copper prices have recovered during the six months to 31 January 2017, management have determined that the change in the previous estimates is not sufficient to justify a reversal of previously recorded impairments.

Notes to the Consolidated Financial Statements

4. Profit for the half year (continued)

(ii) Tax expense

	2017 $'000	2016 $'000
Reconciliation of prima facie tax expense to income tax expense:		
Profit before income tax	**229,269**	138,485
Income tax at 30% (2016: 30%)	**68,781**	41,546
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Net (gain)/ loss on sale of long term equity investments	**(580)**	165
Net impairment benefit/(reversals)	**-**	10,620
Franking credits received (excluding controlled and associate entities)	**(5,227)**	(6,053)
Deferred tax asset not recognised on current year net losses	**-**	1,770
Net effect of New Hope's Petroleum resource rent tax expense	**-**	3,350
Tax (benefit) on carrying value of equity accounted associates	**(10,742)**	(9,636)
Non-assessable income	**-**	(1,500)
Other	**516**	1,753
Income tax expense	**52,748**	42,015

5. Dividends

		$'000	Amount per security CPS	Franking per security CPS
Interim dividend	**Current half year dividend declared but not yet recognised in retained profits, payable on 11 May 2017**	**52,667**	**22c**	**22c**
	Previous corresponding half year, paid on 12 May 2016	50,273	21c	21c
Final dividend 2016	A final dividend, not previously recognised in retained profits, was paid on 12 December 2016	74,213	31c	31c

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 (2016: 239,395,320).

Notes to the Consolidated Financial Statements

6. Equity accounted associates

Name of associated entity	Group's percentage of holding at balance date*		Contribution to Group net profit for the half year **						Fair value of listed investments***	
	Jan 2017	Jan 2016	**2017**			2016			**Jan 2017**	July 2016
			Regular	**Non-regular**	**Total**	Regular	Non-regular	Total		
Listed associates held by WHSP	**%**	%	**$'000**	**$'000**	**$'000**	$'000	$'000	$'000	**$'000**	$'000
Apex Healthcare Berhad	**30.3**	30.3	**1,910**	**(441)**	**1,469**	1,450	-	1,450	**50,751**	45,247
Australian Pharmaceutical Industries Limited *(i)*	**24.5**	24.6	**6,563**	**503**	**7,066**	5,383	-	5,383	**226,605**	230,813
BKI Investment Company Limited *(i)*	**10.2**	10.9	**2,492**	**(202)**	**2,290**	2,405	-	2,405	**105,609**	100,668
Brickworks Limited *(i)*	**44.0**	44.1	**30,850**	**(4,005)**	**26,845**	21,411	(1,371)	20,040	**831,724**	986,646
Clover Corporation Limited *(ii)*	**24.9**	28.6	**264**	**-**	**264**	229	-	229	**20,993**	19,336
Verdant Minerals Limited *(iii)*	**38.3**	-	**(360)**	**(418)**	**(778)**	**-**	**-**	**-**	**13,282**	8,486
Ruralco Holdings Limited *(i)*	**20.1**	20.2	**376**	**(1,690)**	**(1,314)**	1,495	(772)	723	**48,641**	52,947
TPG Telecom Limited	**25.2**	25.2	**52,197**	**4,142**	**56,339**	41,880	11,126	53,006	**1,380,712**	2,737,949
TPI Enterprises Limited *(i)*	**18.9**	19.4	**(1,273)**	**-**	**(1,273)**	(1,720)	(1,631)	(3,351)	**28,698**	28,898
Other Associates	**n/a**	n/a	**1,913**	**(19)**	**1,894**	735	(1,983)	(1,248)	**n/a**	n/a
Share of results from equity accounted associates			**94,932**	**(2,130)**	**92,802**	73,268	5,369	78,637		

* 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

6. Equity accounted associates (continued)

Details of investments and result in associates

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

- Australian Pharmaceutical Industries Limited
- BKI Investment Company Limited
- Brickworks Limited
- Ruralco Holdings Limited
- TPI Enterprises Limited;

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

(ii) During the period, Washington H. Soul Pattinson and Company Limited disposed of 6 million shares in Clover Corporation Limited for an after tax profit of $0.845 million. This resulted in the Group's holding decreasing to 24.9% (decrease of 3.7%).

(iii) During the period, Rum Jungle Resources Limited changed its name to Verdant Minerals Limited.

During the prior year ending 31 July 2016, Washington H Soul Pattinson and Company Limited participated and underwrote Verdant Minerals Limited's renounceable rights issue. This resulted in the Group's holding increasing to 38.3% (up from 14.6%) and the investment is now classified as an equity accounted associate.

7. 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 6.

Notes to the Consolidated Financial Statements

7. Fair value measurement (continued)

Fair value hierarchy

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

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

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

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

Fair value measurements

The following table presents the Group's assets and liabilities measured and recognised at fair value as at 31 January 2017 and 31 July 2016.

As at 31 January 2017	**Level 1**	**Level 2**	**Level 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets				
Trading equities	**22,082**	**-**	**17,038**	**39,120**
Long term equity investments	**553,387**	**-**	**-**	**553,387**
Other financial assets – equity investments	**-**	**-**	**8,789**	**8,789**
Derivatives - Foreign exchange hedge	**-**	**9,170**		**9,170**
Non-financial assets				
Investment properties	**-**	**-**	**96,499**	**96,499**
Total assets	**575,469**	**9,170**	**122,326**	**706,965**
Financial liabilities				
Derivatives – Interest rate swap	**-**	**167**	**-**	**167**
Total liabilities	**-**	**167**	**-**	**167**
As at 31 July 2016				
Financial assets				
Trading equities	15,459	-	16,146	31,605
Long term equity investments	585,700	-	3	585,703
Other financial assets – equity investments	-	-	11,837	11,837
Derivatives – Foreign exchange hedge	-	2,313	-	2,313
Non-financial assets				
Investment properties	-	-	92,932	92,932
Total assets	601,159	2,313	120,918	724,390
Financial liabilities				
Derivatives - Interest rate swap	-	167	-	167
Total liabilities	-	167	-	167

Notes to the Consolidated Financial Statements

8. Contingent liabilities

There are no other material changes to contingent liabilities of the Group since 31 July 2016.

9. Events occurring after the balance date

Other than announcements made to market since 31 January 2017, the Directors are not aware of any other events subsequent to balance date that would materially affect the half year financial report.

10. Other significant information

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

Washington H. Soul Pattinson and Company Limited

A.B.N. 49 000 002 728

Directors' Declaration

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 24 to 44, are in accordance with the Corporations Act 2001, including:

   a. comply with Accounting Standard AASB 134: Interim Financial Reporting; and

   b. give a true and fair view of the consolidated entity's financial position as at 31 January 2017 and of its performance for the half year ended on that date.

2. in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

R.D. Millner	T.J. Barlow
Director	Managing Director

Dated this 23rd day of March 2017

Independent Auditor's Review Report
to the Members of Washington H. Soul Pattinson and Company Limited
ABN 49 000 002 728

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Washington H. Soul Pattinson and Company Limited ("the company") and its Controlled Entities ("the consolidated entity"), which comprises the consolidated statement of financial position as at 31 January 2017, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a statement of significant accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising Washington H. Soul Pattinson and Company Limited and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: "*Review of a Financial Report Performed by the Independent Auditor of the Entity*", in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 January 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: "*Interim Financial Reporting*" and the *Corporations Regulations 2001*. As the auditor of Washington H. Soul Pattinson and Company Limited and the entities it controlled, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of the half-year financial report consists of making enquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PITCHER PARTNERS

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001,* provided to the directors of Washington H. Soul Pattinson and Company Limited, would be on the same terms if provided to the directors as at the date of signing this review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Washington H. Soul Pattinson and Company Limited is not in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 31 January 2017 and of its performance for the half-year ended on that date; and

(ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001.*

Pitcher Partners

J S GAVLJAK
Partner

PITCHER PARTNERS
Sydney

23 March 2017