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

ASX Appendix 4E & Preliminary final report 31 July 2014

Lodged with the ASX under Listing Rule 4.3A

Contents

Reporting Period
The reporting period for this report is the financial year ended 31 July 2014.

The previous corresponding period is the financial year ended 31 July 2013.

Results for Announcement to the Market

		Current period 31 July 2014 $'000	Previous period 31 July 2013 $'000	Change $'000
Revenue from operations	**Down 16.8% to**	**658,116**	**791,315**	**(133,199)**
Profit after tax attributable to members *(2)*	**Up 25.0% to**	**131,729**	**105,421**	**26,308**
Regular profit after tax attributable to members *(3)*	**Down 23.3% to**	**123,205**	**160,663**	**(37,458)**

Dividends

	Cents per share	Franking %
This period		
1. Final dividend *(4)*	29.0	100%
2. Interim dividend	19.0	100%
Previous corresponding period		
1. Final dividend	28.0	100%
2. Interim dividend	18.0	100%
Record date for determining entitlement to final dividend:	**17 Nov 2014**	
Date the final dividend is payable:	**8 Dec 2014**	

Comments on above results

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

(2) **The profit after tax attributable to members was $131.7 million, an increase of $26.3 million compared with the previous corresponding period.**

(3) **The regular profit after tax attributable to members of $123.2 million is 23.3% lower than the previous corresponding period. The result was driven by; higher contributions from Brickworks Limited and TPG Telecom Limited; a positive contribution from the Australian Logistics Property Fund; a lower contribution from New Hope Corporation Limited; and a loss from CopperChem Limited.**

Regular profit after tax is a non-statutory profit measure and represents profit from continuing operations before non-regular items. A reconciliation to statutory profit is included in the Preliminary Final Report – Note 2, Segment information.

(4) **Final dividend increased by 3.6% to 29 cents per share fully franked.**

Earnings per share

	2014	2013
From continuing operations Basic Earnings per Share Diluted Earnings per Share	**55.03 cents** **55.03 cents**	44.04 cents 44.04 cents
From regular profit after tax attributable to members	**51.47 cents**	67.11 cents

Net tangible assets per security

	2014	2013
Net tangible asset backing per ordinary security	**$12.44**	$12.06

Explanation of Profit after tax

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

Explanation of Net Profit

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

Review of Operations

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

Washington H. Soul Pattinson and Company Limited

ABN 49 000 002 728

Chairman's Review

Year Ended 31 July 2014

Dear Shareholders,

I am pleased to present the 2014 Washington H. Soul Pattinson and Company Limited (WHSP, Company) Preliminary Final Report on behalf of the Board of Directors of the Company.

Consolidated Financial Performance

The profit after tax attributable to shareholders for the year ended 31 July 2014 was $131.7 million, an increase of 25.0% over the $105.4 million for 2013.

The regular profit after tax* (excluding non-regular items) was $123.2 million, 23.3% lower than the $160.7 million for 2013. The result was driven by; higher contributions from Brickworks Limited and TPG Telecom Limited; a positive contribution from the Australian Logistics Property Fund; a lower contribution from New Hope Corporation Limited; and a loss from CopperChem Limited.

The net profit from non-regular items was $8.5 million, compared with a loss of $55.2 million in 2013.

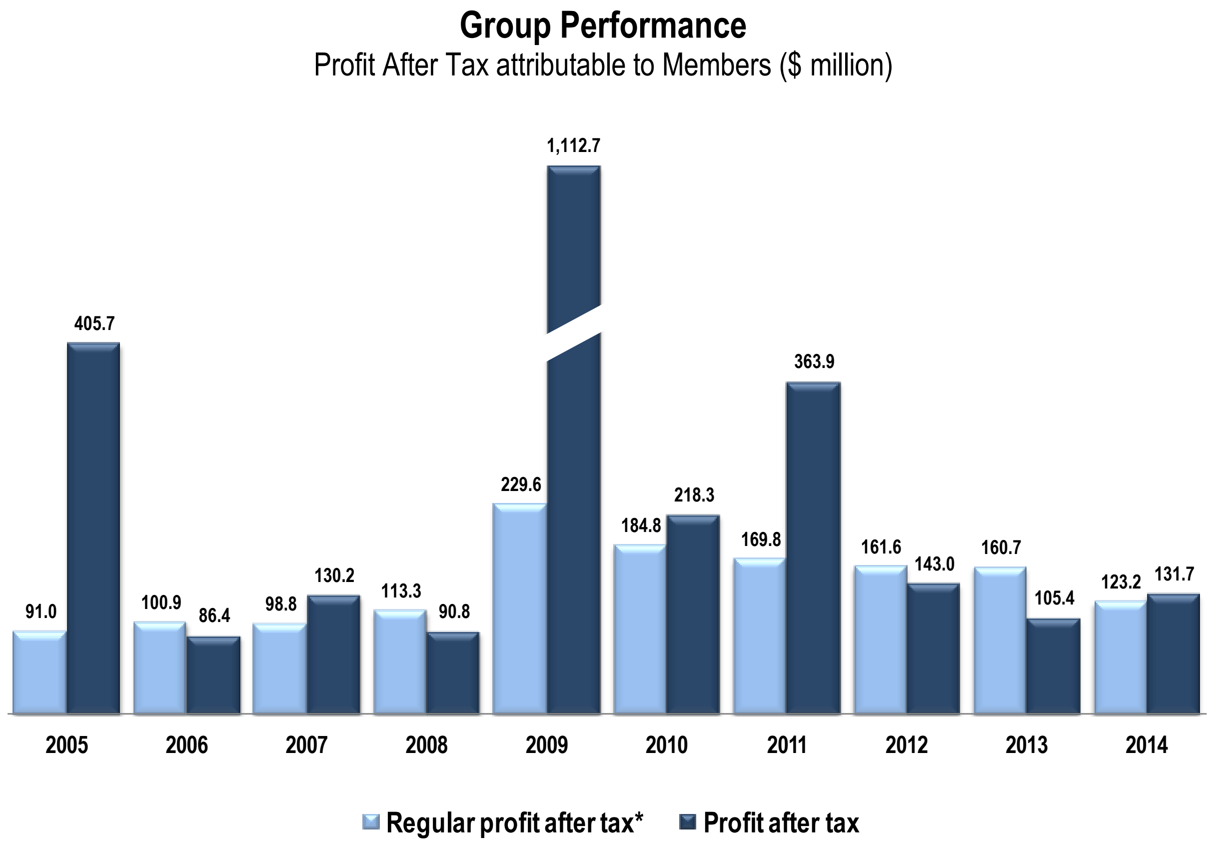
WHSP's diversified portfolio of investments continues to provide it with protection against the variability of results from different sectors of the economy. This year, improved results in telecommunications, building products and property have largely offset lower results from resources.

Comparisons with the prior year are as follows:-

	2014 $000	2013 $000	% Change
Revenue from continuing operations	**658,116**	791,315	- 16.8%
Profit after tax attributable to shareholders	**131,729**	105,421	+ 25.0%
Regular profit after tax* attributable to shareholders	**123,205**	160,663	- 23.3%
Interim Dividend (paid in May each year)	**19 cents**	18 cents	+ 5.6%
Final Dividend	**29 cents**	28 cents	+ 3.6%
Total Dividends	**48 cents**	46 cents	+ 4.3%

* *Regular profit after tax is a non-statutory profit measure and represents profit from continuing operations before non-regular items. A reconciliation to statutory profit is included in the Preliminary Final Report – Note 2, Segment information.*

The chart below shows the Group regular profit after tax* (excluding non-regular items) and the Group profit after tax (including non-regular items) over the last 10 years.

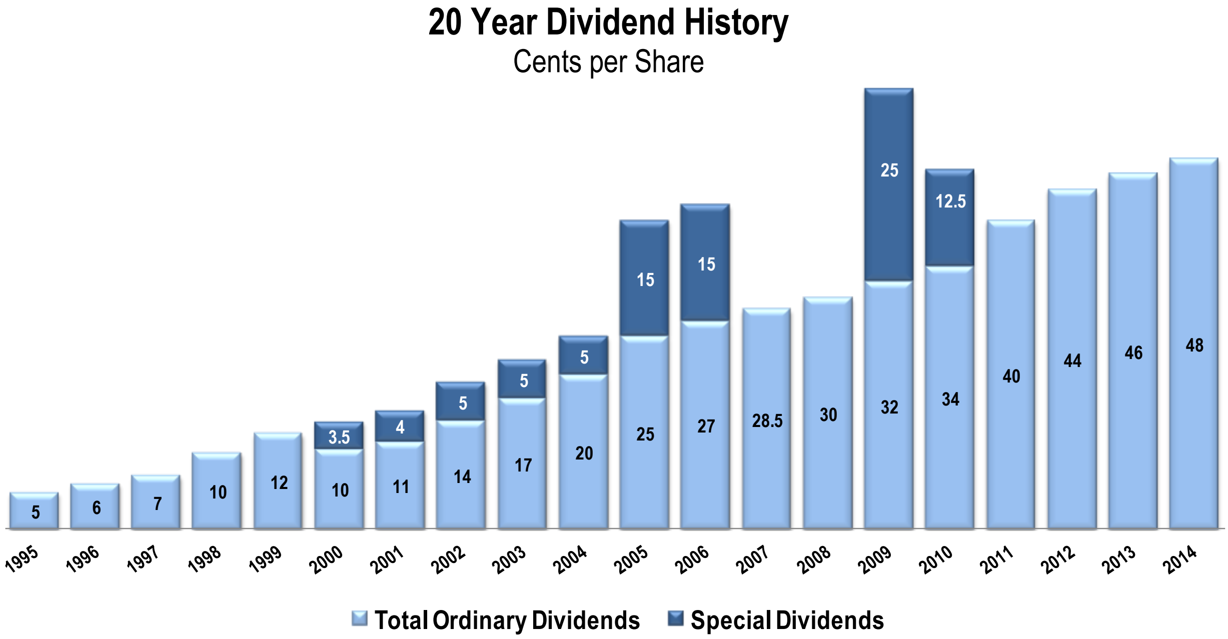


Non-regular items typically include those which are outside of the normal course of business or are of an unusually large size.

* *Regular profit after tax is a non-statutory profit measure and represents profit from continuing operations before non-regular items. A reconciliation to statutory profit is included in the Preliminary Final Report – Note 2, Segment information.*

Dividends

The chart below shows the ordinary and special dividends paid or declared by the Company over the last 20 years.



Final Dividend

The Directors have declared a fully franked final dividend of 29 cents per share in respect of the year ended 31 July 2014 (2013: 28 cents fully franked). This brings total dividends for the year to 48 cents fully franked (2013: 46 cents fully franked).

The record date for the final dividend will be 17 November 2014 with payment due on 8 December 2014.

The Directors consider the regular profit after tax* to be the underlying profit of the Group. Accordingly, interim and final dividends are declared and paid based on that profit.

The Company receives dividends from its investments and interest from funds on deposit. This year it will pay out, as dividends, 81.8% of the ordinary dividends and interest received net of regular operating costs (2013: 78.5%). WHSP's strong balance sheet and cash flows enable it to continue to deliver reliable cash returns to its shareholders in the form of fully franked dividends.

Total Shareholder Return

WHSP continues to deliver outstanding long term returns to its shareholders as shown below.

Total Return Per Annum

	1 Year	3 Years	5 Years	10 Years	15 Years
WHSP	**15.7%**	**8.8%**	**10.3%**	**11.5%**	**13.0%**

The above WHSP returns are measured using the share price movement over the period and assume the reinvestment of all dividends. These returns do not include the benefits of franking credits.

**Regular profit after tax is a non-statutory profit measure and represents profit from continuing operations before non-regular items. A reconciliation to statutory profit is included in the Preliminary Final Report – Note 2, Segment information.*

Washington H. Soul Pattinson and Company Limited

ABN 49 000 002 728

Review of Group Entities

Year Ended 31 July 2014

Parent Company

The market value of the listed equities held, including controlled entities and associates, was $4.47 billion as at 31 July 2014. The cost of acquiring these assets was $851.7 million and any gains on disposal would be subject to tax.

Excluding controlled entities and associates, the market value of listed equities was $572.3 million at 31 July 2014.

Under the Group's accounting policies, movements in the market values of investment portfolio assets are taken up in other comprehensive income or reflected within the profit for the period as impairments. Movements in the market values of trading portfolio assets are taken up within the profit for the period.

Acquisitions of listed equities totalled $36.8 million for the year. WHSP participated in a placement by associate Ruralco Holdings Limited and an entitlement offer by associate BKI Investment Company Limited. The other main acquisitions were Perpetual Limited (resulting from its takeover of The Trust Company Limited), Lindsay Australia Limited, Rum Jungle Resources Limited and Bank of Queensland Limited.

Proceeds from disposals totalled $43.8 million and included SFG Australia Limited, The Trust Company Limited (which was taken over by Perpetual Limited), Primeag Australia Limited and QBE Insurance Group Limited.

During the year WHSP received returns of capital totalling $4.4 million mainly from Primeag Australia Limited.

Ordinary dividend and distribution income from listed equities held, excluding those from controlled entities and associates, was $23.1 million, an increase of 11.1% over 2013. Special dividends of $0.6 million were received during the year compared to $0.2 million last year.

Interest income for the year, excluding that from controlled entities and associates, totalled $8.1 million compared to $13.5 million last year. This reduction was due to both lower interest rates and less funds being on deposit.

Controlled Entities

New Hope Corporation Limited (New Hope) - 59.7% held*

New Hope reported a net profit after tax and non-regular items of $58.4 million for the year ended 31 July 2014. The result comprised $10.8 million from coal mining, marketing and logistics operations; $3.4 million from oil and gas operations; and $44.3 million from treasury and investments. The result was down 21.2% on the 2013 result of $74.1 million.

Before non-regular items, basic earnings for 2014 were 5 cents per share, compared to 15 cents per share in 2013. After non regular items basic earnings were 7 cents per share for 2014 against 8.9 cents in 2013.

The result was lower than 2013 due to the impact of:

- Significantly lower export coal prices; and,
- The AUD:USD exchange rate remaining high throughout the year.

New Hope has declared a final dividend of 2 cents per share (2013: 5 cents) and a special dividend of 3.5 cents per share (2013: 5 cents). Both of these dividends are fully franked.

Mining Operations

As anticipated, production for the year was down as a result of cessation of mining at New Oakleigh following the recovery of all economic coal reserves in the previous financial year. Production for the year was 5.6 million tonnes compared to the 5.8 million tonnes produced during 2013. Excluding the New Oakleigh mine, New Acland and Jeebropilly production was up a combined 1.5% on 2013 production.

Sales for 2014 were 6.0 million tonnes (inclusive of trade coal sales of 0.3 million tonnes), which equalled the 6.0 million tonnes sold in 2013 (inclusive of trade coal sales of 0.1 million tonnes).

The New Acland open cut mine produced 4.9 million tonnes of product coal in 2014. This was an increase of 0.2 million tonnes compared to 2013. Production for the majority of the year was capped by approved production and transportation limits.

Queensland Bulk Handling (QBH)

QBH, New Hope's 100% owned coal terminal at the Port of Brisbane, exported 7.9 million tonnes of coal on 100 vessels. This result was down on last year by approximately 0.9 million tonnes, predominantly caused by the closure of Peabody's Wilkie Creek mine and resultant reduction in throughput. QBH remains essentially a demurrage free port.

New Hope Exploration

New Hope continues an active exploration program utilising two drilling rigs plus contract rigs as required. The exploration focus during 2014 has continued with resource definition in the Bowen Basin (Lenton, Bee Creek and Yamala) and Surat Basin (MDL244 for the revised New Acland Coal Mine Stage 3 Project) as well as Colton in the Maryborough Basin. Exploration on the mineral tenures has been focused on the eastern edge of the Mount Isa block and the Laura Basin.

The exploration programs consisted of seismic, aeromagnetic, gravity, electro-magnetic and geochemical surveys in addition to drilling. The drilling program consisted of 25 water monitoring bore holes, 153 open holes and 65 core holes, totalling 22,104 metres.

* Percentage of the issued capital of the company held by the Consolidated Group as at 31 July 2014.

Pastoral Operations

A comprehensive five year plan has been developed for Acland Pastoral in conjunction with Rural Consulting Services Pty. Limited. This plan is based on time controlled grazing, and implementation has commenced.

Drought conditions in the region have limited the cropping activity. A pivot irrigation system has been commissioned to improve the consistency and yields of the cropping activities.

Acland Pastoral's cattle herd was decreased in size from 2,460 to 1,894 due to the dry conditions. During the year 1,948 head were sold and 1,335 purchased.

Acland Pastoral has successfully continued the cattle trials on rehabilitated mine land with further analysis in the following areas:

- Soil structure and water holding capacity;
- Volume, diversity and quality of pastures; and,
- Various age of pastures.

The results of these trials are encouraging with all cattle gaining weight in spite of the dry conditions.

Oil and Gas

Bridgeport Energy continued the growth of its exploration and production portfolio and the integration of the assets acquired from Arrow Energy into its portfolio.

Oil production continued to increase with 116,945 barrels produced during the year.

Outlook

During the current year, the coal industry in Australia, and internationally, has experienced significant challenges in remaining profitable. With the outlook for coal prices in the short term to remain relatively flat, New Hope is anticipating another difficult year ahead. Some improved revenues may be seen if the Australian dollar were to soften against the US dollar during the 2015 financial year.

New Hope's focus for 2015 remains on safe production and active management of risks to ensure ongoing cost effectiveness. The approval of the Acland expansion is a key issue. Once approved, it will provide certainty for New Hope, its employees, and the local community. If the Acland expansion is not approved, current reserves will be depleted during 2017 at the current mining rates.

Operationally, New Hope's production for 2015 is anticipated to be similar to the 2014 year, with potential for modest increases at Acland. Rehabilitation work currently underway at the West Moreton operations will continue during 2015.

Acquisition opportunities are being actively investigated by New Hope, with a focus on open cut operations. The current soft coal market, combined with New Hope's strong balance sheet, provides the ability for it to take advantage of acquisition opportunities which support its long term profitability. Concurrently New Hope will continue to develop its portfolio, ensuring prudent expenditure continues on exploration and approvals work to allow new projects to be brought on line when market conditions improve.

New Hope contributed a net profit of $34.9 million to the Group (2013: $44.2 million).

* Percentage of the issued capital of the company held by the Consolidated Group as at 31 July 2014.

CopperChem Limited (CopperChem) – 100% held*
Exco Resources Limited (Exco) – 100% held*

CopperChem and Exco are producers of Copper Sulphate, Copper Concentrate, and Gold Bullion. The copper operations (Mount Colin and Cloncurry Operations) are based in north-west Queensland. The gold operation (White Dam) is based in South Australia, 85km west of Broken Hill.

The copper processing operations at Cloncurry are highly reliant on water. 2014 was defined by the continuation of extreme drought conditions in north-west Queensland. Cloncurry operations operated on reduced water supplies for much of the year, with piped water access being withdrawn from the site completely on 30 October 2013, as the township of Cloncurry moved to emergency water restrictions.

As advised last year, 2013 had been a turnaround year for CopperChem, with it moving to positive earnings before interest, tax, depreciation and amortisation for the first time, over the second half of the 2013 financial year.

After transforming the business during 2013 the decision was made to continue the long term development of the business, despite water restrictions severely inhibiting metal processing. Mine plans were re-developed at the end of the first half of 2014 in response to these restrictions. Mining activity re-focused on removing waste material necessary to construct infrastructure for the Mount Colin underground mine and the Cloncurry Operations tailings storage facility lift stage 2. By removing the waste now the cost of mining the ore bodies in the future is reduced.

On 28 July 2014, and as a result of continued water access risks, CopperChem and Exco entered into a toll processing agreement with Glencore. Toll processing has alleviated water risks to the business and has allowed CopperChem to return to profitable operations in August 2014. The Mount Colin mine is expected to generate approximately $50 million in revenue in the first half of the 2015 financial year, with previously deferred ore processing now re-started.

As a result of utilising toll treatment, the Cloncurry Operations copper concentrator has now been placed in care-and-maintenance. CopperChem will review the option to re-start the plant, or move it to one of the upcoming project areas, pending a review of ongoing water supplies. Freeing up the limited water allocation from the concentrator has allowed full water allocation to the Cloncurry Operations heap-leach and copper sulphate facilities, which have significantly increased in processing output as a result.

On 13 September 2013, CopperChem entered into a Joint Venture (JV) agreement with Syndicated Metals Limited (Syndicated) for the development of the Barbara Project, located 64kms North East of Mount Isa. The Barbara project, and associated deposits, will be developed on a 50% CopperChem : 50% Syndicated JV basis, with CopperChem providing project and operations management during construction and production. The open-cut project is due to enter production in the third quarter of the 2015 financial year. As a result of continued favourable drilling on and around the Barbara deposit, the project is currently being re-modelled to assess the viability of an underground mine beneath the initial open cut.

* Percentage of the issued capital of the company held by the Consolidated Group as at 31 July 2014.

Planning works for the Mount Colin underground mine are nearing completion, with underground contract mining tenders having been received. Underground mining is expected to be initiated in the 2015 financial year. The first stage of underground will reach 200 metres beneath the open cut pit floor and is expected to generate in excess of $145 million in revenue, based on current reserves within a detailed mine plan. Further drilling over the coming year will target an increase in resource base, and associated mine life.

CopperChem contributed a net loss of $38.7 million to the Group (2013: $20.9 million loss).

Exco contributed a net loss of $2.1 million to the Group. Exco became a subsidiary of WHSP on 9 November 2012 and contributed a net profit of $0.9 million to the Group in respect of the period 9 November 2012 to 31 July 2013.

Pitt Capital Partners Limited (PCP) - 100% held*

PCP is a corporate advisory firm specialising in mergers, strategic advice, equity capital markets, private equity, restructuring and debt advisory work.

PCP owns 75% of Pitt Street Real Estate Partners Pty. Limited (PSREP) which is focused on identifying and managing investments in the real estate sector. PSREP is the manager of the Australian Logistics Property Fund (ALPF) and the PSRE 46 Carrington Road Trust (Carrington Trust) which are 100% owned by WHSP. The activities of ALPF and the Carrington Trust are discussed below.

For the year ended 31 July 2014, PCP's net profit after tax was up 45.4% compared to the previous year due to increased corporate finance earnings and real estate advisory fees.

PCP contributed a net profit of $2.2 million to the Group (2013: $1.5 million).

Australian Logistics Property Fund (ALPF) - 100% held*
PSRE 46 Carrington Road Trust (Carrington Trust) - 100% held*

Pitt Street Real Estate Partners Pty. Limited's (PSREP) role is to identify and manage investments in the real estate sector for WHSP. The main projects at year end were two distribution centres for the Super Retail Group (SRG) and an office and warehouse property in Castle Hill New South Wales.

Australian Logistics Property Fund (ALPF)

ALPF's current projects are two distribution centres for SRG, located at Erskine Park in New South Wales and Brendale in Queensland. The buildings form a significant and critical infrastructure development for SRG in their continued growth across Australia.

Construction of the Erskine Park facility commenced in March 2013 and the facility was completed and delivered in December 2013. There is additional development land at Erskine Park and final subdivision approval of this is expected in early 2015.

The Brendale facility was 80% complete at 31 July 2014. The project is on schedule with practical completion expected in late October 2014.

ALPF contributed a net profit of $11.3 million to the Group (2013: nil).

* Percentage of the issued capital of the company held by the Consolidated Group as at 31 July 2014.

Since the end of the year PSREP has commenced a tender process for the sale of the two SRG facilities.

PSRE 46 Carrington Road Trust (Carrington Trust)
During the year the Carrington Trust was established and in late April 2014 it acquired a property at 46 Carrington Road in Castle Hill New South Wales. The trust is 100% owned by WHSP.

The property is a four hectare land parcel with over 20,000 square metres of lettable area, made up of 15,000 square metres of warehouse and 5,000 square metres of office space.

At 31 July 2014 PSREP was negotiating with numerous tenants to take up the space.

The Carrington Trust contributed a net loss of $0.1 million to the Group.

At 31 July 2014 the properties held by ALPF and the Carrington Trust were valued at $100.6 million net of borrowings from outside of the WHSP Group.

Associated Entities

Ampcontrol Pty. Limited (Ampcontrol) - 43.3% held*

Ampcontrol is a leading international supplier of electrical and electronic products with a strong presence in providing products and services to the mining sector, in particular for underground coal mining. It has approximately 1,000 staff with operations across Australia and overseas including; Hong Kong, China, New Zealand, South Africa, Botswana, Russia, the USA and the United Kingdom.

Ampcontrol's revenue for the year ended 30 June 2014 was $229.4 million. Earnings before interest, tax, depreciation and amortisation were $19.4 million for the year after incurring $2.4 million of redundancy costs. Net profit after tax was $3.0 million for the year.

The lower results for the year were consistent with the downturn in the mining cycle. Ampcontrol remains confident its results will improve with an upswing in commodity prices, especially coal.

WHSP has equity accounted Ampcontrol's result for the 12 months to June 2014. Ampcontrol contributed a net profit of $1.3 million to the Group (2013: $6.9 million profit).

Apex Healthcare Berhad (APEX) – 30.3% held*

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.

Apex's financial year ends on 31 December 2014. Apex's results for the six months ended 30 June 2014 have been converted into Australian dollars.

Apex generated revenue of $83.9 million, an increase of 22.8% over $68.3 million for the previous corresponding period. Net profit after tax was $5.6 million, an increase of 9.4% compared to 2013.

* Percentage of the issued capital of the company held by the Consolidated Group as at 31 July 2014.

An interim dividend of 1.2 cents per share has been declared for the six months ended 30 June 2014. After taking into account the one for four bonus issue in June 2014 this represents an increase of 6.4% compared to the prior year's interim dividend.

WHSP has equity accounted Apex's result for the 12 months to 30 June 2014. Apex contributed a net profit of $3.1 million to the Group (2013: $2.9 million).

Australian Pharmaceutical Industries Limited (API) - 24.6% held*

API's financial year ended on 31 August 2014. The results for the full year will not be released to the market until 23 October 2014.

API released a market update on 3 September 2014 due to strong trading results for the financial year ended 31 August 2014 which included Priceline and Priceline Pharmacy comparable store growth of 6.0% and Pharmacy Distribution underlying growth of 11.9% after adjusting for the effect of PBS Reforms. API reported a net growth of 27 stores during the year, lifting the Priceline network to 390 stores.

While the results are still subject to finalisation and audit, on current information API expects to report an underlying net profit after tax before associates and impairments of between $31.0 million and $31.5 million representing an increase of up to 31.8% on the prior full year result.

For the six months ended 28 February 2014, API reported a statutory loss of $114.9 million following impairment charges of $111.0 million. Underlying net profit after tax before associates and impairments was $16.2 million, an increase of 29.6% on the prior corresponding period.

API maintained a fully franked interim dividend of 1.5 cents per share which was paid on 6 June 2014.

WHSP has equity accounted API's result for the 12 months to 31 July 2014. API contributed a net loss of $24.9 million to the Group (2013: $6.1 million profit).

BKI Investment Company Limited (BKI) - 11.8% held*

For the year ended 30 June 2014 BKI delivered another solid result. The net operating result before special dividend income increased by 20% to $35.9 million, net profit attributable to shareholders increased by 11% to $37.4 million and basic earnings per share before special dividend income increased by 5% to 7.15 cents per share.

BKI's improved result was driven by higher dividend distributions from Woodside Petroleum, Suncorp Group, BHP Billiton, TPG Telecom, ANZ bank, National Australia Bank, Westpac Bank and Commonwealth Bank. Special dividends were received from Westpac Bank, New Hope Corporation, Milton Corporation, Coca-Cola Amatil and Suncorp Group.

BKI's total shareholder return (including the reinvestment of dividends) for the year ended 30 June 2014 was 21.0%, outperforming the S&P/ASX 300 Accumulation Index over the same period by 3.7%.

BKI has continued its focus on controlling costs. It is debt free and doesn't charge shareholders an external portfolio management or performance fee. BKI's management expense ratio (MER) for the year was 0.17%.

* Percentage of the issued capital of the company held by the Consolidated Group as at 31 July 2014.

BKI has paid a fully franked final ordinary dividend of 3.5 cents per share, an increase of 5%.

WHSP has equity accounted BKI's result for the 12 months to 30 June 2014. BKI contributed a net profit of $4.5 million to the Group (2013: $4.4 million 13.0% held).

Brickworks Limited (Brickworks) - 44.3% held*

Brickworks posted a net profit after tax (NPAT) for the year ended 31 July 2014 of $102.8 million up 20.7% from $85.2 million last year. Brickworks' normalised NPAT of $101.3 million was up 1.2% from $100.0 million for the year ended 31 July 2013.

On record sales revenue of $636.9 million, Building Products earnings before interest, tax and significant items was $45.1 million, up 37.4% on the prior year. Improved earnings were achieved on the back of strong growth in sales volume in the second half, increased pricing in some divisions, a range of operational efficiency measures and implementation of new business initiatives.

Land and Development earnings before interest and tax (EBIT) was up 25.8% to $62.4 million, driven primarily by the sale of Rochedale North, the completion of two major property trust developments and a compression in capitalisation rates in the second half.

The directors of Brickworks have increased the final dividend by 1 cent per share to 28 cents fully franked. This follows an increase in the interim dividend of 0.5 cents per share and takes the full year dividend to 42 cents fully franked.

<u>Divisional Results</u>

<u>Austral Bricks</u> delivered a 17.8% increase in earnings for the year ended 31 July 2014. Sales revenue was up 17.4% to $333.6 million, driven primarily by an increase in volume. Total sales volume increased by approximately 100 million bricks, taking total sales to well above 600 million bricks for the year.

Price increases were patchy across the states. Excluding the impact of tolling and export volumes, solid increases were achieved in New South Wales, Queensland and South Australia. There was a reduction in average prices in Western Australia and relatively flat prices in Victoria. Finished goods inventory was down by 16.6% during the year, with production volume held relatively constant despite the significant increase in sales volume.

<u>Austral Masonry's</u> earnings more than doubled over the prior year, supported by a strong increase in sales revenue, up 32.4% to $82.6 million. Sales volume was up 27.9% to more than 400,000 tonnes, due to a range of factors. These included: the impact of prior period acquisitions; an increase in sales of premium block products into the residential segment; greater sales of engineered retaining walls and industrial paving products; and product tolling arrangements in place in Cairns. In addition, a number of internal restructuring initiatives were implemented. These included significant overhead reductions across many operations, the closure of the inefficient Dandenong plant in Victoria and the consolidation of operations in New South Wales to the Prospect site. Strong average selling price increases were achieved, up 8.2% excluding the impact of tolling.

<u>Bristile Roofing's</u> earnings increased by 12.9% despite a reduction in sales revenue, down 4.3% to $100.4 million. This result was achieved on the back of cost reduction initiatives that resulted in improved margins, despite only modest price increases. Cost reduction initiatives

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included a significant overhead reduction in Caversham, where operations were restructured during the year, and benefits from the operations excellence program, particularly in Wacol. Sales of imported La Escandella terracotta products continue to gather momentum, supplementing the locally manufactured concrete roof tile range on the East Coast.

Austral Precast's earnings were also higher, with increases in New South Wales, Queensland and Western Australia partially offset by reduced earnings in Victoria. Sales revenue increased by 10.8% to $70.3 million on the back of record sales volume for the year. Although precast remains a new business for Brickworks, the potential in most states appears to be beyond existing manufacturing capacity, with the current order bank in excess of six months sales volume.

Auswest Timbers' earnings decreased despite an increase in sales revenue, up 16.3% to $49.8 million on record sales of around 60,000 cubic metres for the year. Sales growth was due to a number of factors including: recommissioning of the Deanmill facility after significant disruption to operations in Western Australia during the prior year; pine batten demand on the East Coast and hardwood batten demand on the west coast; strong export demand; and increased value added sales in Victoria.

Land and Development produced an EBIT before significant items of $62.4 million for the year ended 31 July 2014, up 25.8% from $49.6 million for the prior year.

Land sales contributed an EBIT of $21.0 million for the year compared to $28.2 million in the prior year.

The improved result was primarily due to growth in the property trust, generating an EBIT of $43.4 million, up 78.8% from $24.3 million in the prior year. Net property income distributed from the trust was $13.0 million for the year, up from $10.0 million for the year ended 31 July 2013. The revaluation profit of stabilised trust assets totalled $11.5 million, up significantly from $5.9 million due to compression in capitalisation rates of between 0.3% and 0.5%. A significant EBIT of $18.9 million was contributed through fair value adjustment and development profit following the completion of the expanded Coles cold distribution centre at the M7 Business Hub and the fourth DHL facility at Oakdale Estate, both in New South Wales.

At 31 July 2014 the total value of the property trust assets was $979.0 million, with borrowings of $381.5 million, giving a total net value of $597.5 million. Brickworks' share of the trust's net asset value was $298.7 million up $39.8 million from $258.9 million at 31 July 2013. The change was primarily due to the sale of Rochedale North into the Trust, which increased assets by $51.8 million, together with revaluations of existing and newly completed assets. This offset the sale of Toll facility in October 2013, which had net value to the Trust of $16.5 million.

Outlook – Building Products

The first half of the 2015 financial year is likely to be the strongest market for more than a decade, with many customers reporting order banks that extend for up to a year. These conditions are being driven by the long awaited upturn in detached housing activity (particularly in New South Wales), combined with record levels of apartment construction. The latest attached housing approvals data remains strong and is still showing signs of growth in most states.

The strong market conditions are continuing to drive sales growth momentum, with year to date sales in all divisions currently exceeding the prior corresponding period, despite the

* Percentage of the issued capital of the company held by the Consolidated Group as at 31 July 2014.

impact of poor weather in New South Wales. Tempering this optimistic outlook is the very competitive nature of some markets where some competitors appear intent on increasing market share, as opposed to profit.

Brickworks contributed a net profit of $23.3 million to the Group (2013: $13.6 million 44.4% held). These contributions exclude the WHSP profit taken up by Brickworks under the equity accounting method.

Clover Corporation Limited (Clover) - 28.6% held*

Clover reported a net profit after tax for the 12 months ended 31 July 2014 of $1.0 million, down from $6.1 million in the previous year.

The performance of the business during 2014 was severely impacted by the New Zealand whey protein concentrate (WPC) incident reported in late 2013. Whilst the incident did not directly involve any of Clover's products, it has affected product sales of a number of Clover's customers. It is important to note that no customers have been lost as a result of the WPC incident. Throughout 2014 and specifically since the WPC incident, Clover has worked very closely with its customers to understand the impact on each individual customer. The impact has varied from customer to customer.

From a revenue perspective, the 2015 financial year has started strongly and customer ordering patterns suggest that affected customers are beginning to regain market share.

Strong progress was made during 2014 through the qualification of additional crude tuna oil suppliers to provide Clover with a stable position for oil supply. During 2014 Clover invested $500,000 in a secondary spray dryer in New Zealand to assist in new product development and manufacture and to accelerate supply of new oil products to customers.

Expenditure on innovation and research in 2014 was $1.9 million. The research and development commitment continues to foster strong and collaborative partnerships whilst developing the medical foods initiative.

The medical foods program and its associated pre-term infant DHA emulsion are being developed by Clover to reduce the incidence of a number of significant problems that can affect pre-term infants. The progress of the medical foods initiative has been significant. The trial which involves hospitals in three countries is progressing well with results due in mid 2015. Clover is currently preparing to obtain the regulatory approvals that it will need for sale of the DHA emulsion once trial results are available and commercialisation plans are being evaluated.

Given the performance of Clover and the impact of the WPC incident, the directors have declared a fully franked final dividend of 0.5 cents, payable on 20 November 2014.

Clover contributed a net profit of $0.3 million to the Group (2013: $1.7 million).

Ruralco Holdings Limited (Ruralco) – 20.6% held*

Ruralco's financial year ends on 30 September 2014. Ruralco's results for the full year are not scheduled to be released to the market until 18 November 2014.

Ruralco released its half year result on 20 May 2014. For the six months to March 2014, revenue increased by 12.4% to $544.6 million compared to the previous corresponding period.

* Percentage of the issued capital of the company held by the Consolidated Group as at 31 July 2014.

The net profit after tax was $5.1 million and underlying profit after tax was $8.5 million an increase of 57% compared to the first half last year.

An interim dividend of 8 cents per share fully franked was paid on 27 June 2014 (2013: 10 cents per share).

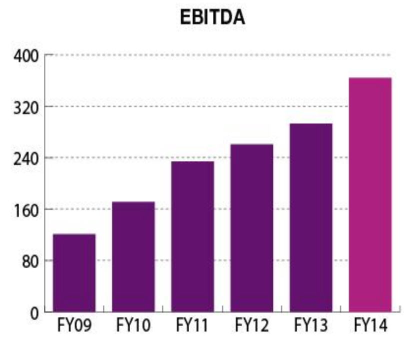
WHSP has equity accounted Ruralco's result for the 12 months to 31 March 2014. Ruralco contributed a net profit of $1.3 million to the Group (2013: $0.8 million 23.5% held).

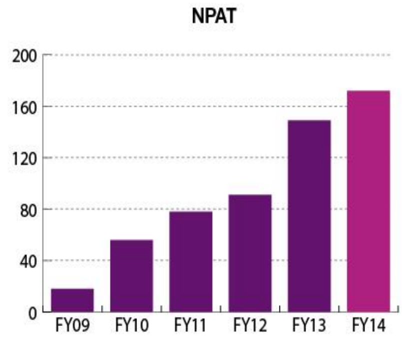
TPG Telecom Limited (TPG) - 26.9% held*

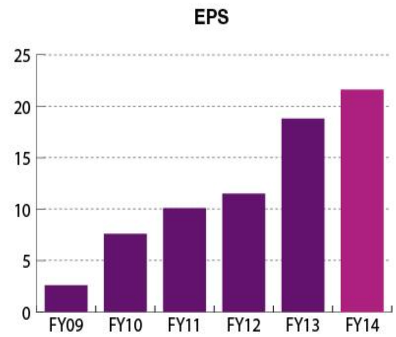
TPG has reported earnings before interest, tax, depreciation and amortisation (EBITDA) of $363.7 million for the year ended 31 July 2014, an increase of 24% over last year.

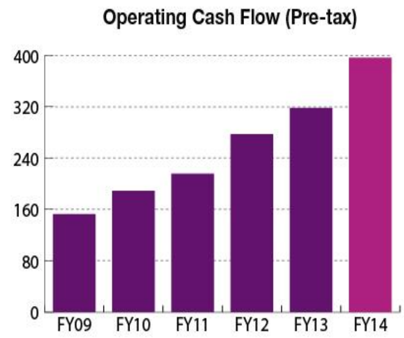
This result has been driven by continued strong organic growth across TPG's consumer and corporate divisions (underlying[1] EBITDA up by 19% and 20% respectively) accompanied by a maiden contribution from AAPT whose underlying[1] EBITDA was $38.2 million for the 5 month post acquisition period.

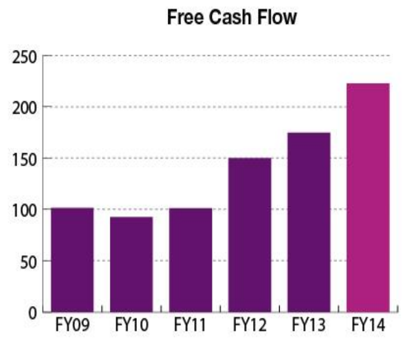
[1] The Underlying EBITDA of each division is explained in the commentary on each of the respective division's results below.

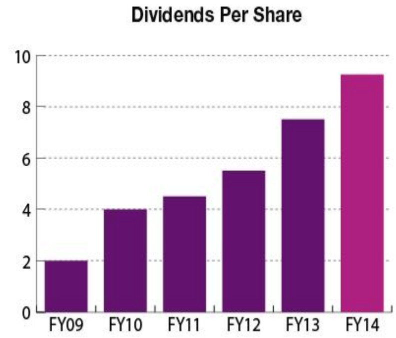












Financial highlights

- EBITDA for the year increased by 24% to $363.7 million.
- Net profit after tax (NPAT) increased by 15% to $171.7 million.
- NPAT excluding intangible amortisation increased by 18% to $196.3 million.
- Earnings per share (EPS) increased by 15% to 21.6 cents per share.
- EPS excluding intangible amortisation increased by 18% to 24.7 cents per share.

* Percentage of the issued capital of the company held by the Consolidated Group as at 31 July 2014.

- Pre-tax operating cash flow increased by 25% to $396.6 million and exceeded EBITDA by $32.9 million.
- Free cash flow after tax, interest and capital expenditure increased by 28% to $223.5 million.

Consumer Business

The consumer division's EBITDA for the year was $205.6 million which included $3.3 million of non-recurring benefits arising from credits and commercial settlements related to prior years. The division's EBITDA for 2013 of $180.6 million benefitted from $10.0 million of back-dated rebates arising from favourable regulatory determinations. The consumer division's underlying EBITDA growth for 2014 relative to 2013 was therefore $31.7 million or 19%.

TPG's consumer broadband subscriber base continued to grow strongly increasing by a further 77,000 subscribers during the year, driven by the ongoing appeal of TPG's bundled internet and home phone plans. As at 31 July 2014 TPG had 748,000 broadband subscribers and 362,000 mobile subscribers.

Corporate Business

TPG's corporate division (excluding AAPT) achieved an EBITDA of $126.0 million for the year. This result included $6.3 million of non-recurring benefits (comprising $4.0 million of back-dated supplier credits and a $2.3 million Indefeasible Right of Use (IRU) gain). The division's 2013 EBITDA of $110.3 million included a $10.5 million IRU gain. The corporate division's underlying EBITDA growth for 2014 relative to 2013 was therefore $19.9 million or 20%. This increase has been achieved through revenue growth as well as an improvement in underlying margin from 43% to 50%.

AAPT

The acquisition of AAPT on 28 February 2014 contributed $29.9 million to TPG's 2014 financial year EBITDA. Excluding $5.1 million of one-off integration costs and $3.2 million of acquisition related costs incurred in the period, AAPT's underlying EBITDA for the 5 months to 31 July 2014 was $38.2 million.

Integration activities have focused on the consolidation of teams, systems, networks and processes, resulting in an uplift in AAPT's EBITDA margin from circa 18% pre-acquisition to 23% underlying for the 5 months.

Cash Flow and Gearing

TPG's excellent cash flow performance continued in the 2014 financial year with $396.6 million cash being generated from operations (pre-tax). After tax, interest and capital expenditure, TPG had free cash flow of $223.5 million.

TPG made total debt repayments of $117 million in the 2014 financial year, meaning that even after a total outlay of $465.9 million for the acquisition of AAPT during the year TPG had already reduced its outstanding debt to $350 million by 31 July 2014. This level of debt represents a comfortable gearing ratio of less than 0.9 times TPG's annualised EBITDA run-rate.

Dividend

In light of TPG's strong cash flow and earnings growth, its board of directors declared an

* Percentage of the issued capital of the company held by the Consolidated Group as at 31 July 2014.

increased final dividend of 4.75 cents per share (fully franked) payable on 18 November 2014. This brings total dividends for the year to 9.25 cents per share (fully franked), an increase of 23% over last year.

TPG contributed a net profit of $46.2 million to the Group (2013: $40.2 million).

TPI Enterprises Limited (TPI) – 19.4% held*

Founded in 2004 TPI is an Australian company based in Cressy, Tasmania. TPI is one of nine global companies which hold licences to manufacture narcotic raw material. From this material morphine sulphate, codeine phosphate and other specialist narcotic is produced. Final dosage formulations are found in products such as Panadeine, Panadeine Forte, Tylenol and Endone.

TPI contracts poppy seed growers in Tasmania who grow and harvest the crop in or around February each year. Tasmania grows approximately 50% of the world's poppies used in the global licit market. Due to a poor harvest in Tasmania in the last two years, which has severely impacted the supply of product to an expanding market, TPI has commenced growing poppies in Victoria. To further mitigate agricultural risk TPI will grow poppies in the Northern Territory and Portugal in 2015.

Demand for narcotics has exhibited steady annual growth over the past 20 years. The key drivers behind this demand are; the ageing population and the increasing incidence and severity of chronic disease; a significant global shortage of morphine; emerging pain management markets in developing countries; and the retreat from non-narcotic pain management alternatives to more traditional narcotics.

TPI operates a 100 tonne per annum facility and utilises highly efficient technology that eliminates the use of toxic solvents and the need for waste water treatment. This results in a low cost operation compared with competitors.

During 2014 TPI was severely impacted by a shortage of raw material due to climatic events in Tasmania. With planned increases in acreage in Victoria, Northern Territory and Portugal, 2015 production should double that of 2014. Given the likelihood of further demand TPI is in talks with farmers in Victoria and Portugal to increase plantings for 2016.

Following WHSP's acquisition of additional shares in TPI on 28 January 2014, WHSP's investment was reclassified as an investment in an associated company.

Requisitioned General Meeting Cancelled

In October 2013, entities acting on the directions of M.H. Carnegie & Co. Pty. Limited and Perpetual Investment Management Limited (Carnegie and Perpetual) requisitioned a general meeting of WHSP to consider a proposal to restructure the Company.

The proposal was complex and there were a number of issues, including taxation implications, which needed to be analysed in order for WHSP to prepare the information shareholders would require to make an informed decision on the proposal.

* Percentage of the issued capital of the company held by the Consolidated Group as at 31 July 2014.

The proposal was comprised of two parts:

- an in specie distribution of all shares held by WHSP in TPG Telecom Limited to WHSP's shareholders (TPG Demerger);and
- a selective reduction of WHSP's share capital by cancelling all of the shares in WHSP held by Brickworks Limited and its subsidiaries (Share Cancellation).

After liaising with the Australian Taxation Office (ATO), WHSP requested a private tax ruling to determine the availability of demerger roll-over relief for the TPG Demerger.

The ATO ruled that WHSP and TPG could not form a demerger group. As a result, demerger rollover relief for Capital Gains Tax was not available to WHSP to implement the TPG Demerger as proposed by Carnegie and Perpetual.

The demerger, as proposed, would have resulted in a capital gains tax liability of approximately \$311 million to WHSP[1]. In addition, over 99% of the value of the demerged TPG shares would have constituted an unfranked dividend for WHSP shareholders. Such a dividend would have been taxed in the hands of WHSP shareholders at their relevant tax rates in the year the demerger occurred.

The effect of the ATO ruling was that neither the TPG Demerger nor the Share Cancellation could occur as envisaged by Carnegie and Perpetual's Proposal.

In light of the ruling from the ATO, WHSP invited Carnegie and Perpetual to withdraw their requisition. Carnegie and Perpetual accepted this invitation and withdrew their requisition of meeting.

[1] Based on TPG Telecom Limited's share price as at 18 July 2014.

Cross-Claims

In October 2013, entities acting on the directions of M.H. Carnegie & Co. Pty. Limited and Perpetual Investment Management Limited (Carnegie and Perpetual) called a general meeting of Brickworks Limited (Brickworks). The resolutions to be considered at the meeting relate to the Carnegie and Perpetual proposal discussed above (Requisitioned General Meeting Cancelled).

In light of a ruling from the ATO which means that the proposal cannot proceed as envisaged by Carnegie and Perpetual (refer to Requisitioned General Meeting Cancelled above) Brickworks has requested that Carnegie and Perpetual cancel the Brickworks meeting. Carnegie and Perpetual have not agreed to do this.

Brickworks have commenced proceedings against Carnegie and Perpetual in the Federal Court in connection with the Brickworks meeting and Carnegie and Perpetual have served cross-claims against both Brickworks and WHSP.

WHSP is vigorously defending the cross-claims and has applied to the Federal Court to have them struck out.

Consolidated Income Statement
For the year ended 31 July 2014

	Notes	2014 $'000	2013 $'000
Revenue from continuing operations	3(i)	**658,116**	791,315
Other income	3(i)	**63,970**	7,198
Cost of sales		**(412,986)**	(414,187)
Selling and distribution expenses		**(139,572)**	(143,761)
Administration expenses		**(51,492)**	(56,688)
Other expenses		**(6,900)**	(7,204)
Impairment reversal/(expense) of assets	3(i) & 6	**21,374**	(58,827)
Finance costs		**(3,549)**	(2,980)
Share of results from equity accounted associates	6	**56,018**	78,997
Profit before income tax		**184,979**	193,863
Income tax (expense)	3(ii)	**(29,391)**	(59,611)
Profit after tax for the year		**155,588**	134,252
Profit after tax attributable to non-controlling interest		**(23,859)**	(28,831)
Profit after tax attributable to members of Washington H. Soul Pattinson and Company Limited		**131,729**	105,421

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

Consolidated Statement of Comprehensive Income
For the year ended 31 July 2014

	2014 $'000	2013 $'000
Profit after tax for the year	**155,588**	134,252
Other comprehensive income		
Items that may be reclassified subsequently to income statement		
Net movement in the fair value of long term equity investments, net of tax	**70,244**	91,327
Transfer to profit and loss on disposal of long term equity investments, net of tax	**(14,227)**	(121)
Net movement in hedge reserve, net of tax	**27,773**	(50,953)
Net movement in foreign currency translation reserve, net of tax	**1,957**	534
Net movement in equity reserve, net of tax	**(3,832)**	(4,539)
Total other comprehensive income for the year, net of tax	**81,915**	36,248
Total comprehensive income for the year	**237,503**	170,500
Total comprehensive income attributable to non-controlling interest	**(36,959)**	(6,663)
Total comprehensive income attributable to members of Washington H. Soul Pattinson and Company Limited	**200,544**	163,837

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

Earnings per share	2014 Cents	2013 Cents
Basic and diluted earnings per share to ordinary equity holders of the company		
Earnings per share from operations	**55.03**	44.04
	No. of shares	
Weighted average number of shares used in calculating basic and diluted earnings per share	**239,395,320**	239,395,320

Consolidated Statement of Financial Position
As at 31 July 2014

	31 July 2014 $'000	31 July 2013 $'000
Current assets		
Cash and cash equivalents	**64,933**	28,078
Term deposits	**1,272,912**	1,499,724
Trade and other receivables	**85,900**	90,363
Inventories	**72,959**	80,235
Investments fair valued through profit and loss	**14,695**	10,779
Held for sale financial assets	**27,183**	-
Current tax asset	**3,693**	4,401
Other assets	**271**	614
Total current assets	**1,542,546**	1,714,194
Non-current assets		
Trade and other receivables	**13,308**	5,102
Equity accounted associates	**944,726**	813,648
Long term equity investments	**562,208**	542,131
Other financial assets	**7,659**	22,387
Derivative financial instruments	**2,447**	-
Property, plant and equipment	**920,010**	882,588
Investment properties	**139,421**	50,223
Exploration and evaluation assets	**169,726**	129,628
Deferred tax assets	**37,483**	21,115
Intangible assets	**26,847**	28,311
Total non-current assets	**2,823,835**	2,495,133
Total assets	**4,366,381**	4,209,327
Current liabilities		
Trade and other payables	**74,679**	59,629
Interest bearing liabilities	**44,829**	51,165
Derivative financial instruments	**4,943**	30,537
Current tax liabilities	**61**	18,924
Provisions	**32,132**	35,499
Total current liabilities	**156,644**	195,754
Non-current liabilities		
Interest bearing liabilities	**45,425**	7,900
Derivative financial instruments	**-**	11,707
Deferred tax liabilities	**265,840**	193,735
Provisions	**58,347**	50,210
Total non-current liabilities	**369,612**	263,552
Total liabilities	**526,256**	459,306
Net assets	**3,840,125**	3,750,021
Equity		
Share capital	**43,232**	43,232
Reserves	**665,424**	597,249
Retained profits	**2,334,728**	2,295,642
Parent entity interest	**3,043,384**	2,936,123
Non-controlling interest	**796,741**	813,898
Total equity	**3,840,125**	3,750,021

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

Consolidated Statement of Changes in Equity
For the year ended 31 July 2014

Year ended 31 July 2014	**Share capital $'000**	**Retained profits $'000**	**Reserves $'000**	**Total parent entity interest $'000**	**Non-controlling interest $'000**	**Total $'000**
Total equity at the beginning of the year 1 August 2013	**43,232**	**2,295,642**	**597,249**	**2,936,123**	**813,898**	**3,750,021**
Net profit for the year after tax	**-**	**131,729**	**-**	**131,729**	**23,859**	**155,588**
Other comprehensive income for the year						
Net movement in asset revaluation reserve, net of tax	**-**	**-**	**54,386**	**54,386**	**1,631**	**56,017**
Net movement in hedge reserve	**-**	**-**	**16,304**	**16,304**	**11,469**	**27,773**
Net movement in foreign currency translation reserve	**-**	**-**	**1,957**	**1,957**	**-**	**1,957**
Net movement in equity reserve	**-**	**-**	**(3,832)**	**(3,832)**	**-**	**(3,832)**
Total comprehensive income for the year	**-**	**131,729**	**68,815**	**200,544**	**36,959**	**237,503**
Transactions with owners						
Dividends declared and paid	**-**	**(91,185)**	**-**	**(91,185)**	**(54,097)**	**(145,282)**
Net movement in share based payments reserve	**-**	**563**	**(640)**	**(77)**	**(1,003)**	**(1,080)**
Non-controlling interests share of subsidiaries	**-**	**-**	**-**	**-**	**(2,814)**	**(2,814)**
Equity transfer from members on issue of share capital in controlled entity	**-**	**(2,021)**	**-**	**(2,021)**	**3,798**	**1,777**
Total equity at the end of the year 31 July 2014	**43,232**	**2,334,728**	**665,424**	**3,043,384**	**796,741**	**3,840,125**

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

Consolidated Statement of Changes in Equity
For the year ended 31 July 2014

Year ended 31 July 2013	Share capital $'000	Retained profits $'000	Reserves $'000	Total parent entity interest $'000	Non-controlling interest $'000	Total $'000
Total equity at the beginning of the year 1 August 2012	**43,232**	**2,281,912**	**538,713**	**2,863,857**	**910,019**	**3,773,876**
Net profit for the year after tax	**-**	**105,421**	**-**	**105,421**	**28,831**	**134,252**
Other comprehensive income for the year						
Net movement in asset revaluation reserve, net of tax	**-**	**-**	**93,113**	**93,113**	**(1,907)**	**91,206**
Net movement in hedge reserve	**-**	**-**	**(30,692)**	**(30,692)**	**(20,261)**	**(50,953)**
Net movement in foreign currency translation reserve	**-**	**-**	**534**	**534**	**-**	**534**
Net movement in equity reserve	**-**	**-**	**(4,539)**	**(4,539)**	**-**	**(4,539)**
Total comprehensive income for the year	**-**	**105,421**	**58,416**	**163,837**	**6,663**	**170,500**
Transactions with owners						
Dividends declared and paid	**-**	**(87,293)**	**-**	**(87,293)**	**(105,755)**	**(193,048)**
Net movement in share based payments reserve	**-**	**-**	**120**	**120**	**172**	**292**
Non-controlling interests share of subsidiaries	**-**	**-**	**-**	**-**	**603**	**603**
Increase in ownership of controlled entity	**-**	**(4,896)**	**-**	**(4,896)**	**2,694**	**(2,202)**
Equity transfer to members on issue of share capital in controlled entity	**-**	**498**	**-**	**498**	**(498)**	**-**
Total equity at the end of the year 31 July 2013	**43,232**	**2,295,642**	**597,249**	**2,936,123**	**813,898**	**3,750,021**

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

Consolidated Statement of Cash Flows
For the year ended 31 July 2014

	2014	2013
	$'000	$'000
Cash flows from operating activities		
Receipts from customers inclusive of GST	**595,627**	671,391
Payments to suppliers and employees inclusive of GST	**(526,459)**	(561,577)
	69,168	109,814
Dividends received	**82,148**	75,603
Interest received	**51,682**	78,556
Finance costs	**(1,444)**	(699)
Income taxes paid	**(25,965)**	(54,352)
Net cash inflow from operating activities	**175,589**	208,922
Cash flows from investing activities		
Payment for property, plant, equipment and intangibles	**(121,854)**	(128,336)
Proceeds from sale of property, plant and equipment	**504**	948
Payments for exploration and evaluation activities	**(42,722)**	(28,947)
Net proceeds from term deposits	**225,357**	220,901
Payments for investments	**(29,419)**	(21,392)
Payments for acquisition and development of investment properties	**(62,433)**	(50,499)
Payments for subsidiaries, net of cash acquired	**-**	(72,898)
Proceeds from sale of investments	**42,028**	13,720
Proceeds from sale of equity accounted associates	**-**	9,683
Payments to acquire equity accounted associates	**(34,982)**	(746)
Loans advanced	**(11,859)**	(5,000)
Loan repayments received	**6,624**	6,585
Proceeds from sale of non-current assets	**23,000**	5,813
Net cash (outflow) from investing activities	**(5,756)**	(50,168)
Cash flows from financing activities		
Joint venture partner contributions	**108**	601
Dividends paid to WHSP shareholders	**(112,516)**	(107,728)
Dividends paid by subsidiaries to non-controlling interest	**(54,097)**	(105,755)
Payments for increasing ownership in controlled entities	**-**	(3,000)
Payments for interest bearing liabilities	**(6,081)**	(122)
Proceeds from external borrowings	**40,886**	5,500
Repayment of external borrowings	**(121)**	(1,240)
Net cash (outflow) from financing activities	**(131,821)**	(211,744)
Net increase/(decrease) in cash and cash equivalents	**38,012**	(52,990)
Cash and cash equivalents at the beginning of the year	**28,078**	78,173
Effects of exchange rate changes on cash and cash equivalents	**(1,157)**	2,895
Cash and cash equivalents at the end of the year	**64,933**	28,078

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

Notes to the Consolidated Financial Statements

1. Basis of Preparation

This preliminary financial report for the year ended 31 July 2014 has been prepared in accordance with Accounting Standards adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

This report does not include full disclosures of the type normally included in an annual financial report. It is recommended that this report be read in conjunction with the annual financial report for the year ended 31 July 2013 and any public announcements made by Washington H. Soul Pattinson and Company Limited and its controlled entities (“Consolidated entity” or “Group”) during the reporting period in accordance with continuous disclosure requirements of the *Corporations Act 2001*.

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

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 July 2014 reporting period. The Group has elected not to early adopt these standards and interpretations. The Group is currently determining what impact these standards and interpretations will have on the amounts recognised in the financial statements.

This preliminary report was authorised by the directors on 25th September 2014.

Notes to the Consolidated Financial Statements

2. Segment Information

Segment information is provided on the same basis as internal management reporting and reflects how the Group is organised and managed.

a) Business segments
Management have determined the following business activities to be operating segments based on product and service type:

Investing activities
The Group engages in investing activities including cash, term deposits, and equity investments.

Coal operations
The Group engages in coal mining activities which includes exploration, development, production, processing, associated transport infrastructure and ancillary activities. Coal mining operations are managed as a single integrated coal chain including transportation and infrastructure.

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

Corporate advisory
The Group provides corporate advisory services.

Property
The Group engages in property management activities which includes properties being held, sold or developed to earn rental income or capital appreciation, or both.

Measurement of Segment results
Segment results shown are consistent with internal management reporting. Regular profit and regular profit after tax attributable to members, are the measures of segment profit. 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 are part of ordinary activities but are unusual due their size or nature. The Directors have presented this information 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 2b.

The allocation of income and expense items between regular and non-regular profit is consistent with the prior year.

Notes to the Consolidated Financial Statements

2. Segment Information (continued)

a) Business segments

Year ended 31 July 2014	Investing activities $'000	Coal operations $'000	Copper operations $'000	Corporate advisory $'000	Property $'000	Intersegment / unallocated $'000	Consolidated $'000
Revenue from external customers	**108,876**	**508,210**	**23,728**	**2,241**	**3,723**	**11,338**	**658,116**
Intersegment revenue	23,151	-	-	3,059	-	(26,210)	-
Total revenue	**132,027**	**508,210**	**23,728**	**5,300**	**3,723**	**(14,872)**	**658,116**
Regular profit before income tax	**177,676**	**19,043**	**(33,077)**	**3,903**	**19,036**	**(26,146)**	**160,435**
Non-regular items before tax (note 2b)	40,452	(4,365)	(11,543)	-	-	-	24,544
Profit before income tax	**218,128**	**14,678**	**(44,620)**	**3,903**	**19,036**	**(26,146)**	**184,979**
Less income tax (expense)/benefit	(23,820)	(479)	1,937	(1,318)	(5,711)	-	(29,391)
Profit after tax	**194,308**	**14,199**	**(42,683)**	**2,585**	**13,325**	**(26,146)**	**155,588**
Less (profit) attributable to non-controlling interests	(17,712)	(5,727)	-	(420)	-	-	(23,859)
Profit after tax attributable to members	**176,596**	**8,472**	**(42,683)**	**2,165**	**13,325**	**(26,146)**	**131,729**
Profit after tax attributable to members (as above)	**176,596**	**8,472**	**(42,683)**	**2,165**	**13,325**	**(26,146)**	**131,729**
Non-regular (profit)/loss after tax attributable to members (note 2b)	(21,889)	1,822	11,543	-	-	-	(8,524)
Regular profit after tax attributable to members	**154,707**	**10,294**	**(31,140)**	**2,165**	**13,325**	**(26,146)**	**123,205**
Profit before income tax includes the following items:							
Interest revenue	**50,200**	**156**	**4**	**128**	**1**	**-**	**50,489**
Interest (expense)	**(1,961)**	**(172)**	**(290)**	**-**	**(1,126)**	**-**	**(3,549)**
Depreciation and amortisation (expense)	**(2,080)**	**(59,835)**	**(9,668)**	**(22)**	**(208)**	**-**	**(71,813)**
Impairment (expense)/reversal	**32,183**	**(4,365)**	**(6,444)**	**-**	**-**	**-**	**21,374**
Share of results from equity accounted associates	**55,781**	**-**	**(140)**	**2,427**	**-**	**(2,050)**	**56,018**
Segment assets as at 31 July 2014	**3,160,591**	**1,059,330**	**205,868**	**9,424**	**143,543**	**(212,375)**	**4,366,381**
Total segment assets include:							
Equity accounted associates and joint ventures	940,950	-	1,207	2,569	-	-	944,726
Additions to property, plant, equipment and intangibles							
- purchases	6,619	112,160	18,951	10	71,436	(2,929)	206,247

Notes to the Consolidated Financial Statements

2. Segment Information (continued)

a) Business segments

Year ended 31 July 2013	Investing activities $'000	Coal operations $'000	Copper operations $'000	Corporate advisory $'000	Intersegment/ unallocated $'000	Consolidated $'000
Revenue from external customers	**143,117**	**587,394**	**47,551**	**1,844**	**11,409**	**791,315**
Intersegment revenue	32,196	-	-	3,472	(35,668)	-
Total revenue	**175,313**	**587,394**	**47,551**	**5,316**	**(24,259)**	**791,315**
Regular profit before income tax	**204,851**	**104,821**	**(20,264)**	**2,177**	**(35,941)**	**255,644**
Non-regular items before tax (note 2b)	(61,416)	4,109	(4,474)	-	-	(61,781)
Profit before income tax	**143,435**	**108,930**	**(24,738)**	**2,177**	**(35,941)**	**193,863**
Less income tax (expense)/benefit	(31,034)	(28,680)	752	(649)	-	(59,611)
Profit after tax	**112,401**	**80,250**	**(23,986)**	**1,528**	**(35,941)**	**134,252**
Less (profit)/loss attributable to non-controlling interests	2,386	(32,352)	1,174	(39)	-	(28,831)
Profit after tax attributable to members	**114,787**	**47,898**	**(22,812)**	**1,489**	**(35,941)**	**105,421**
Profit after tax attributable to members (as above)	**114,787**	**47,898**	**(22,812)**	**1,489**	**(35,941)**	**105,421**
Non-regular (profit)/loss after tax attributable to members (note 2b)	53,294	(2,453)	4,401	-	-	55,242
Regular profit after tax attributable to members	**168,081**	**45,445**	**(18,411)**	**1,489**	**(35,941)**	**160,663**
Profit before income tax includes the following items:						
Interest revenue	**77,024**	**-**	**6**	**233**	**(1,376)**	**75,887**
Interest (expense)	**(2,514)**	**-**	**(1,842)**	**-**	**1,376**	**(2,980)**
Depreciation and amortisation (expense)	**(1,891)**	**(48,498)**	**(8,979)**	**(19)**	**-**	**(59,387)**
Impairment (expense)	**(58,827)**	**-**	**-**	**-**	**-**	**(58,827)**
Share of results from equity accounted associates	**78,882**	**-**	**-**	**115**	**-**	**78,997**
Segment assets as at 31 July 2013	**3,258,713**	**987,178**	**173,429**	**8,335**	**(218,328)**	**4,209,327**
Total segment assets include:						
Equity accounted associates and joint ventures	813,505	-	-	143	-	813,648
Additions to property, plant, equipment and intangibles						
- purchases	56,164	128,131	23,264	36	-	207,595
- acquisition of subsidiaries	-	69,594	49,939	583	-	120,116

In 2013, the Investing activities segment includes $52,563,000 of investment property assets. In the 2014 year, Property is disclosed as a separate segment.

Notes to the Consolidated Financial Statements

2. Segment Information (continued)

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

				Attributable to:	
	Before tax	Tax	After tax	Non-controlling interest	Members
Year ended 31 July 2014	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Gain on disposal of long term equity investments	**38,518**	**(2,898)**	**35,620**	**6,741**	**28,879**
Gain on disposals of associates	**1,251**	**(354)**	**897**	**100**	**797**
Fair value gain on acquisition of associate	**6,048**	**(1,815)**	**4,233**	**-**	**4,233**
Recognition of deferred tax assets	**-**	**6,150**	**6,150**	**-**	**6,150**
Impairment (expense)/reversal	**21,374**	**5,196**	**26,570**	**(1,233)**	**27,803**
Share of significant (expenses) from associate entities	**(36,271)**	**-**	**(36,271)**	**-**	**(36,271)**
Deferred tax recognised on equity accounted associate entities	**-**	**(17,074)**	**(17,074)**	**-**	**(17,074)**
Restructuring costs	**(1,165)**	**-**	**(1,165)**	**-**	**(1,165)**
Consulting and legal costs	**(1,264)**	**379**	**(885)**	**-**	**(885)**
Other	**(3,947)**	**4**	**(3,943)**	**-**	**(3,943)**
Total non-regular items – profit	**24,544**	**(10,412)**	**14,132**	**5,608**	**8,524**

				Attributable to:	
	Before tax	Tax	After tax	Non-controlling interest	Members
Year ended 31 July 2013	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Gain on deemed disposal of an associate	737	(219)	518	-	518
Gain on disposal of associate	2,065	(609)	1,456	-	1,456
Gain on acquisition of controlled entities	5,319	-	5,319	1,656	3,663
De-recognition of deferred taxes	-	(1,742)	(1,742)	-	(1,742)
Impairment (expense)/reversal	(58,827)	5,459	(53,368)	(20,716)	(32,652)
Share of significant (expenses) from associate entities	(6,045)	-	(6,045)	-	(6,045)
Deferred tax recognised on equity accounted associate entities	-	(15,519)	(15,519)	-	(15,519)
Restructuring costs	(2,890)	304	(2,586)	(73)	(2,513)
Other	(2,140)	(44)	(2,184)	224	(2,408)
Total non-regular items – (loss)	(61,781)	(12,370)	(74,151)	(18,909)	(55,242)

Notes to the Consolidated Financial Statements

3. Profit for the year

(i) Profit before income tax expense

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

	2014 $'000	2013 $'000
(a) Revenue		
Sales revenue	**575,323**	689,050
Dividend revenue	**23,976**	20,973
Interest revenue	**50,489**	75,887
Other	**8,328**	5,405
	658,116	791,315

	2014 $'000	2013 $'000
(b) Other income		
Fair value gain on revaluation of investment property	**16,781**	-
Gain on deemed disposal of equity accounted associates	**994**	737
Gain/(losses) on investments fair valued through profit or loss	**1,280**	(1,062)
Gain/(losses) on sale of long term equity investments	**38,518**	(83)
Gain on disposal of equity accounted associate	**257**	2,065
Gain on acquisition of a controlled entity	**-**	5,319
Fair value gain on acquisition of associate	**6,048**	-
Other	**92**	222
	63,970	7,198

	2014 $'000	2013 $'000
(c) Expenses		
Reversal/ (Impairment) of equity accounted associates *(1)*	**45,331**	(2,538)
(Impairment) of oil producing and exploration assets	**(4,365)**	-
(Impairment) of long term equity investments *(2)*	**(8,210)**	(50,889)
(Impairment) of non-current assets	**(4,787)**	-
(Impairment) of other assets	**(6,595)**	(5,400)
Net impairment reversal/(expense)	**21,374**	(58,827)

(1) The recoverable amount of investments in equity accounted associates has been assessed as at 31 July 2014. Where the carrying values of the investments exceeded the recoverable amounts, the investment has been impaired. At each reporting date, an assessment will be made as to whether there are any circumstances that would indicate that the impairment recognised has decreased or no longer exists. Where evidence supports a reduction in the impairment, the impairment expense may be reversed through profit. During the year ended 31 July 2014, an impairment reversal of $44.4 million has been recorded in relation to Australian Pharmaceutical Industries Limited.

Notes to the Consolidated Financial Statements

3. Profit for the year (continued)

(2) During the year ended 31 July 2014, there were significant decreases in the share prices of certain listed equity investments held by the Group. In accordance with AASB 139, a 'prolonged decline in the fair value of an investment in an equity instrument below its cost is objective evidence of impairment'. Where a long term equity investment's last sale price is lower than the original cost, and the investment is considered by management to be 'impaired', the Group has recognised an impairment expense in respect of these investments. An impairment recognised for a long term equity investment is prohibited from being reversed through profit and loss. Any future increments in the last sale price of these investments will be recognised as a fair value increment in the asset revaluation reserve.

(ii) Tax expense

	2014 $'000	2013 $'000
Reconciliation of prima facie tax expense to income tax expense:		
Profit before income tax	**184,979**	193,863
Income tax at 30%	**55,494**	58,159
Sale of long term equity investments	**(7,232)**	-
Impairment (benefit)/ expense	**(11,608)**	12,605
Franking credits received (excluding controlled and associate entities)	**(9,428)**	(8,241)
Deferred tax asset recognised on losses transferred into the WHSP tax Group	**(3,090)**	-
Deferred tax asset not recognised on current year net losses	**6,612**	6,706
Derecognition of deferred tax asset on consolidation	**-**	1,742
Net effect of New Hope's PRRT benefit	**(5,122)**	(1,056)
Tax expense on Associates results net of imputation credits	**269**	(8,180)
Other	**3,496**	(2,124)
Income tax expense	**29,391**	59,611

4. Dividends

		$'000	Amount per security CPS	Franking per security CPS
Final dividend 2014	Final dividend not recognised in retained profits, to be paid on 8 December 2014	**69,425**	**29.0**	**29.0**
	Previous corresponding year, paid on 9 December 2013	67,031	28.0	28.0
Interim dividend	Interim dividend paid on 8 May 2014	**45,485**	**19.0**	**19.0**
	Previous corresponding year, paid on 9 May 2013	43,091	18.0	18.0

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

Total number of ordinary shares on issue at the end of the reporting period was 239,395,320 (2013: 239,395,320).

Notes to the Consolidated Financial Statements

5. Controlled entities acquired or disposed

(i) Acquisitions during the year

No controlled entities were acquired during the year ended 31 July 2014.

(ii) Controlled entities disposed of during the year

Austgrains Pty Limited – held by Souls Private Equity Limited

On 18 June 2014, a controlled entity of WHSP, Souls Private Equity Limited finalised the disposal of Austgrains Limited.

Notes to the Consolidated Financial Statements

6. Details of investments and results in Associates

Name of associated entity	Group's percentage of holding at balance date *		Contribution to Group net profit for the year **	
Associates – held by WHSP	**July 2014 %**	July 2013 %	**2014 $'000**	2013 $'000
Apex Healthcare Berhad	**30.3**	30.3	**3,144**	2,921
Australian Pharmaceutical Industries Limited	**24.6**	24.6	**(24,875)**	6,115
BKI Investment Company Limited *(i)*	**11.8**	13.0	**4,491**	4,422
Brickworks Limited *(ii)*	**44.3**	44.4	**23,261**	13,632
Clover Corporation Limited	**28.6**	28.6	**276**	1,735
KH Roberts Group Pte Ltd *(iii)*	**-**	-	**-**	586
Ruralco Holdings Limited *(iv)*	**20.6**	23.5	**1,331**	790
TPG Telecom Limited	**26.9**	26.9	**46,153**	40,169
TPI Enterprises Limited *(v)*	**19.4**	-	**-**	-
Associates – held by Controlled entities				
Ampcontrol Pty Limited	**43.3**	43.3	**1,288**	6,855
Belaroma Coffee Pty Ltd	**40.0**	40.0	**563**	411
InterRISK Australia Pty Ltd *(vi)*	**-**	-	**-**	935
Heritage Brands Limited	**25.1**	25.1	**7**	96
Specialist Oncology Property Pty Limited *(vii)*	**25.5**	26.1	**230**	208
Supercorp Pty Limited *(viii)*	**29.4**	34.6	**(87)**	393
Syndicated Metals Limited *(ix)*	**18.9**	-	**(141)**	-
Pitt Street Real Estate Partners Pty Limited *(x)*	**-**	-	**-**	(28)
Xact Property Solutions Pty Limited	**33.8**	33.8	**377**	143
Associates – held by New Hope Corporation Limited				
Quantex Energy Inc *(xi)*	**-**	25.0	**-**	(386)
Quantex Research Corporation *(xi)*	**-**	25.0	**-**	-
Share of results from equity accounted associates before impairment			**56,018**	78,997
Impairment of investment in associates *(refer note 3i)*				
- reversal Australian Pharmaceutical Industries Limited			**44,373**	10,614
- reversal/(expense) other associates			**958**	(13,152)
Total impairment of investment in associates			**45,331**	(2,538)
Share of results and impairment from equity accounted associates			**101,349**	76,459

* 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.

Notes to the Consolidated Financial Statements

6. Details of investments and results in Associates (continued)

Changes in holdings of associates

(i) During the year, WHSP did not participate in BKI Investment Company Limited's (BKI) dividend reinvestment plans issued on 28 August 2013 and 27 February 2014.

On 5 September 2013, BKI announced a placement to sophisticated and professional investors of which WHSP did not participate and a non-renounceable entitlement offer to eligible shareholders for which WHSP did participate.

On 4 April 2014, BKI issued shares as part of an acquisition of an unlisted investment company.

As a result of these issues of shares, WHSP decreased its shareholding from 13.0% (31 July 2013) to 11.8%.

(ii) On 27 September 2013, Brickworks Limited issued shares as part of its employee share scheme. As a result of this transaction, WHSP's percentage holding in Brickworks decreased by 0.07% to 44.34%.

(iii) In the prior year, on 2 May 2013, WHSP disposed of its equity accounted associate, KH Roberts Group Pte Ltd.

(iv) On 18 December 2013, Ruralco Holdings Limited (RHL) issued shares as part of an institutional placement of which WHSP did not participate. As a result of this placement, WHSP decreased its shareholding from 23.5% to 20.6%.

On 21 February 2014, RHL announced a non-renounceable pro-rata entitlement offer for new shares in RHL of which WHSP participated. As a result of this new issue of shares, WHSP's shareholding was maintained at 20.6%.

(v) On 28 January 2014, TPI Enterprises Limited (TPI) issued shares as part of a capital raising of which WHSP participated. As a result of the capital raising, WHSP's shareholding increased to 19.4%. In addition, WHSP has one Director on the TPI Board. WHSP recognised TPI as an associate from this date.

(vi) In the prior year, on 12 June 2013, a controlled entity of WHSP, Souls Private Equity Limited (SPEL), disposed of an equity accounted associate, InterRISK Australia Pty Ltd and recognised a net gain after tax of $2.5 million.

(vii) At various times throughout the period, Specialist Oncology Property Limited issued shares to medical practitioners operating in its facilities, diluting the shareholding held by WHSP.

(viii) In August 2013, a controlled entity of WHSP, Souls Private Equity Limited's (SPEL) shareholding in Supercorp Pty Limited was diluted from 34.6% to 29.4% as a result of an issue of shares to a new shareholder.

(ix) On 16 September 2013, Syndicated Metals Limited (Syndicated) announced a joint venture with CopperChem Limited (CopperChem), a controlled entity of WHSP. As part of a broader agreement between the two parties, Copperchem participated in a share placement and agreed to an off-market purchase of shares from an existing shareholding owning 7%. As a result of these two transactions, CopperChem's shareholding at 31 July 2014 was 18.9% and is deemed to be an associate. WHSP has one Director on the Syndicated Board. Results from Syndicated have been equity accounted.

6. Details of investments and results in Associates (continued)

Changes in holdings of associates (continued)

(x) During the prior year ended 31 July 2013, a controlled entity of WHSP, Pitt Capital Partners Limited, increased its interest in Pitt Street Real Estate Partners Pty Limited from 50% to 75%. From this date, Pitt Street Real Estate Partners Pty Limited was accounted for as a controlled entity.

(xi) During the period, a controlled entity of WHSP, New Hope Corporation Limited, disposed of Quantex Energy and Quantex Research Corporation. From 10 March 2014, both entities were no longer accounted for as equity accounted associates.

7. Contingent liabilities

There are no other material changes to contingent liabilities of the Group since 31 July 2013.

8. Events occurring after the balance sheet date

Sale of Investment Properties
On 28 August 2014, a tender was opened for the sale of SRG Sydney and SRG Brisbane investment properties.

Other than declared in this report, the Directors are not aware of any other events subsequent to balance date that would materially effect the full year financial report.

9. Other significant information

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

10. Audit

This report is based on financial statements that are in the process of being audited.