

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 2015

Lodged with the ASX under Listing Rule 4.2A

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Reporting Period

The reporting period is the half year ended 31 January 2015.

The previous corresponding period is the half year ended 31 January 2014.

Washington H. Soul Pattinson and Company Limited
Half year ended 31 January 2015

Results for Announcement to the Market

		Current period 31 January 2015 \$'000	Previous period 31 January 2014 \$'000	Change \$'000
Revenue from operations	Up 5.76% to	355,119	335,780	19,339
Regular profit after tax attributable to members (1)	Up 33.6% to	84,831	63,496	21,335
Profit after tax attributable to members (2)	Down 8.67% to	67,331	73,723	(6,392)

Dividends

	Cents per share	Franking %
This period		
1. Interim dividend (3)	20c	100%
Previous corresponding period		
1. Interim dividend	19c	100%
Record date for determining entitlements to interim dividend:	23 April 2015	
Date the interim dividend is payable:	14 May 2015	

Comments on above results

- (1) Regular profit after tax attributable to members for the half year was \$84.8 million, an increase of 33.6% compared to \$63.5 million for the previous corresponding period. This net increase was mainly attributable to higher contributions from New Hope Corporation Limited, TPG Telecom Limited and Brickworks Limited and an improved result from CopperChem Limited.
- (2) The profit after tax of \$67.3 million, a decrease of 8.7% compared to \$73.7 million for the previous corresponding period.
- (3) Interim dividend increased by 5.3% to 20 cents per share fully franked.

Earnings per share

	Half year 31 January 2015	Half year 31 January 2014
From operations		
Basic Earnings per Share	28.13 cents	30.80 cents
Diluted Earnings per Share	28.13 cents	30.80 cents
From regular profit after tax attributable to members	35.44 cents	26.52 cents

Net tangible assets per security

	31 Jan 2015	31 July 2014
Net tangible asset backing per ordinary security	\$12.42	\$12.44

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

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

Chairman's Review

Half Year Ended 31 January 2015

Dear Shareholders,

I am pleased to present the Washington H. Soul Pattinson and Company Limited report for the half year ended 31 January 2015 on behalf of the Board of Directors of the Company.

CONSOLIDATED FINANCIAL PERFORMANCE

The regular profit after tax* attributable to shareholders for the half year ended 31 January 2015 was \$84.8 million, an increase of 33.6% compared to \$63.5 million for the previous corresponding period. This net increase was mainly attributable to higher contributions from New Hope Corporation Limited, TPG Telecom Limited and Brickworks Limited and an improved result from CopperChem Limited.

The profit after tax, including non-regular items, was \$67.3 million, a decrease of 8.7% compared to \$73.7 million for the previous corresponding period.

The net loss on non-regular items for the half year ended 31 January 2015 was \$17.5 million (2014: \$10.3 million profit) consisting mainly of impairments which were largely offset by the reversal of impairments made in prior periods.

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

	Half year 31 Jan 2015 \$000	Half year 31 Jan 2014 \$000	% Change
Revenue from continuing operations	355,119	335,780	+ 5.8%
Regular profit after tax* attributable to shareholders	84,831	63,496	+ 33.6%
Profit after tax attributable to shareholders	67,331	73,723	- 8.7%
Total earnings per share	28.1c	30.8c	- 8.7%
Earnings per share from regular profit after tax* attributable to shareholders	35.4c	26.5c	+33.6%
Interim Dividend	20c	19c	+ 5.3%

* 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 half year financial report – Note 2, Segment Information.

INTERIM DIVIDEND

The Directors have declared a fully franked interim dividend of 20 cents per share in respect of the half year ended 31 January 2015, an increase of 5.3% over last year's interim dividend of 19 cents per share. The record date for the dividend will be 23 April 2015 with payment due on 14 May 2015.

The Company receives dividends from its investments and interest from funds on deposit. This year's interim dividend represents 79.5% of the ordinary dividends and interest received during the half year.

A handwritten signature in dark ink, appearing to be 'R.D. Millner', with a long horizontal flourish extending to the right.

R.D. MILLNER
Chairman

Washington H. Soul Pattinson and Company Limited

A.B.N. 49 000 002 728

Review of Group Entities

Half Year Ended 31 January 2015

PARENT COMPANY

The market value of the listed equities held, including controlled entities and associates, was \$4.31 billion at 31 January 2015. The cost of acquiring these assets was \$866.7 million.

Excluding controlled entities and associates, the market value of listed equities was \$586.1 million. 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 \$27.0 million for the six months and included Transurban Group, APA Group, BHP Billiton Limited, eCargo Holdings Limited, Wesfarmers Limited, Santos Limited and Insurance Australia Group Limited. Proceeds from disposals totalled \$1.3 million.

For the half year ended 31 January 2015 dividend and distribution income from listed equities, excluding those from controlled entities and associates, was \$12.2 million an increase of 2.0% over the previous corresponding period.

Interest income for the half year, excluding that from controlled entities and associates, totalled \$3.5 million compared to \$4.8 million for the same period last year. This reduction is attributable to both lower interest rates and less funds on deposit.

CONTROLLED ENTITIES

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

New Hope recorded a net profit after tax and before non-regular items of \$34.2 million (comprising \$19.1 million from coal mining, marketing and logistics operations, \$15.2 million from treasury and investments, and a net loss of \$0.1 million from oil and gas operations). This represents an increase of 51% above the \$22.7 million recorded in the six months to January 2014.

The result for the period included non-regular impairments of \$58.5 million (after tax) against the carrying value of certain assets in the oil and gas investment portfolio and a non-regular gain on the disposal of Dart Energy of \$1.2 million.

After the non-regular items noted above, New Hope recorded a net loss after tax and non-regular items for the six months ending 31 January 2015 of \$23.1 million compared to a net profit after tax of \$22.7 million in the prior corresponding period.

Before non-regular items basic earnings per share for the six months ended 31 January 2015 were 4.1 cents compared to 2.7 cents earned in the previous corresponding period.

Operating cash flows increased by \$26.6 million, up 70% compared to the first half last year.

New Hope has declared a fully franked interim dividend of 4 cents per share (2014: 6 cents per share).

Mining Operations

The two mines (Acland and Jeebropilly) combined to produce 2.87 million tonnes of clean coal during the six months ended 31 January 2015. This was 6.3% higher than the previous six month period. Total sales for the six months to 31 January 2015 were 3.07 million tonnes (including trade coal sales of 0.04 million tonnes), a 2.1% increase on the previous six month reporting period.

The Acland operation produced 2.54 million tonnes of product coal during the first six months, an increase of 9.2% on the previous reporting period. Rationalised maintenance programs, mine plan modifications and higher coal yields were the primary contributors for the additional production volume.

Key activities for the period included:

- embedding the transition to a shared management structure between the West Moreton and Acland sites;
- improving safety and health management systems and standardising documentation;
- providing positive feedback to safe workers and correcting unsafe behaviours through “Safety Interactions”;
- completing the trial of a Wirtgen Surface Miner for coal and parting removal;
- achieving cost reduction and gaining productivity improvements across several key processes;
- ongoing community engagement in respect of both the current operations and the Stage 3 Continuation Plan; and
- updating final rehabilitation plans for current mining areas.

* Percentage of the issued capital of the company held by the Group as at 31 January 2015.

The Jeebropilly operation produced 0.33 million tonnes of coal during the period. This is an 11% reduction over the prior reporting period, mainly due to a change of rosters and development work being required to open up the Under Pass Pit ahead of future coal mining.

Rehabilitation works at the New Oakleigh and Chuwar sites were limited in the previous six months with personnel transferred to Jeebropilly to support development works in the Under Pass Pit. Rehabilitation activities will resume at both New Oakleigh and Chuwar early in the second half of the 2015 financial year.

Queensland Bulk Handling (QBH)

During the first six months of the financial year, 3.6 million tonnes of coal was exported through the QBH coal terminal at the Port of Brisbane (2014: 4.2 million tonnes).

Key activities included:

- continued focus on safety;
- ongoing programs to reduce costs;
- completion of the upgrade to the train unloader and related systems; and
- ongoing engineering studies relating to developing expansion opportunities.

Pastoral Operations

The five year development plan for Acland Pastoral is now being implemented with further investment in fencing and water points being undertaken. Recent rains have improved the feed situation at Acland. The herd size has been sold down and now sits at 1,472 head. A second crop (mung beans) has been planted under the new pivot irrigator and is progressing well.

New Acland Continuation Plan

Upon review of the Additional Environmental Impact Statement Report, the Queensland Coordinator-General conditionally approved the project in December 2014. The Federal Minister for the Environment was due to issue a decision on the project in February but has required a three month extension following the change of the Queensland Government.

New Hope remains committed to delivering the Acland project and is actively working with all key stakeholders to deliver a satisfactory and timely resolution. The project will extend the mine's life to 2029 with the inclusion and progressive development of two new resource areas.

The revised project will boost current employment to 435 local jobs for mining operations, plus another 260 jobs will be created during construction. Flow-on jobs and benefits will be substantial for local communities with indirect jobs expected to grow to more than 2,850.

The project will provide a \$530 million injection into the south-east Queensland economy each year and a boost of \$12 billion to the local, state and national economies over the life of the mine.

Bridgeport Energy

Oil production totalled 77,457 barrels for the period, a 62% increase on the prior corresponding period. However, this uplift in production was overshadowed by a significant

* Percentage of the issued capital of the company held by the Group as at 31 January 2015.

reduction in oil prices during the six months of approximately 54% due to changes in global oil demand and supply which has impacted all oil producers worldwide.

Contribution to the Group

New Hope contributed a \$20.4 million regular profit to the Group (2014: \$13.8 million). WHSP's share of the non-regular expenses was \$34.2 million (2014: \$0.3 million).

Outlook

The outlook for global coal markets remains challenging in the short to medium term although positive signs are beginning to reappear in some markets. Prices realised by New Hope in the second half of the year will likely be lower than the first half in US Dollar terms, although this will be partially offset by a weaker Australian Dollar.

Sales volumes for the second half of the year are also likely to be lower than first half with full year sales likely to reach 5.8 million tonnes, a slight reduction on the 6.0 million tonnes achieved in 2014. Production for the full year is expected to be at similar levels to 2014 with potential for some modest increases.

Management remains focused on securing approval for the Acland expansion and delivering both safe production and sustainable operating cost reductions.

Weakness in both the coal and oil markets will continue to provide potential avenues to grow the business and for New Hope to take advantage of its strong financial position.

CopperChem Limited (CopperChem) – 100% held*

Exco Resources Limited (Exco) – 100% held*

CopperChem is a producer of copper sulphate and copper concentrate. Its operations are based in Cloncurry in north-west Queensland, 124kms from Mt Isa. Exco Resources is a producer of Gold from the White Dam gold mine in north-east South Australia.

The first half of the financial year focussed on completing the Mt Colin open-cut mine, completion of site works to facilitate initiation of the larger Mt Colin underground mine, processing of third party oxide ores from the nearby Lady Jenny mine, progressing the Bankable Feasibility Study on the Barbara JV project (50% CopperChem), and initiation of works to examine two further mining cut-backs at Exco's White Dam gold mine.

Whilst CopperChem continued to be affected by the harsh drought conditions that have adversely affected production over the last 24 months, it is pleasing that the region saw a return to a more normal wet season this summer, largely replenishing much needed water stocks.

As stated the Mt Colin open-cut mine was completed during the half year. The open-cut mine produced 359,538 tonnes of ore at 2.59% copper, producing 9,303 tonnes of copper in feed, which was 13% above forecast. The mine achieved a record daily throughput of 42,683 tonnes in a 24 hour period, against the original engineering forecasts of a maximum mining rate of 20,000 tonnes per day.

* Percentage of the issued capital of the company held by the Group as at 31 January 2015.

Revenue from copper sales was \$43.9 million for the period driving a much improved operational result. However, earnings were below forecast as a direct result of the 23% drop in the copper price over the six month period. Unfortunately this price reduction corresponded with the period in which the highest tonnage and grade of ore from the Mt Colin open-cut mine was sold.

The lower copper price also resulted in the copper assets of CopperChem/Exco being impaired by \$20.2 million.

CopperChem/Exco contributed a \$1.5 million regular loss to the Group (2014: \$16.2 million loss). In addition, non-regular expenses totalled \$21.8 million (2014: \$4.5 million loss).

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 half year ended 31 January 2015, PCP contributed a net profit of \$3.4 million to the Group (up 240% on the \$1.0 million for the previous corresponding period).

Australian Logistics Property Fund – 100% held*

PSRE 46 Carrington Road 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.

Australian Logistics Property Fund (ALPF)

The ALPF constructed two distribution centres, one at Erskine Park in New South Wales and the other at Brendale in Queensland. The Erskine Park facility was completed in December 2013 and the Brendale facility was completed in November 2014. The investment and development program commenced in March 2013.

Both properties were sold in November 2014 for a total consideration of \$153 million. The projects generated a net profit before tax of \$26 million for the WHSP Group (including PSREP and PCP). Of this, \$17 million was taken up in the 2014 year as a revaluation gain.

This was a very pleasing result for WHSP and PSREP is continuing to investigate opportunistic transactions within the real estate market.

The ALPF contributed a net profit of \$5.1 million to the Group (2014: \$4.0 million).

* Percentage of the issued capital of the company held by the Group as at 31 January 2015.

PSRE 46 Carrington Road Trust (Carrington Trust)

The Carrington Trust is 100% owned by WHSP and holds a property at 46 Carrington Road in Castle Hill, New South Wales. 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.

PSREP is continuing to investigate the potential rezoning of the property while also negotiating with prospective tenants to lease the space. The area was announced as an Urban Activation Precinct by the New South Wales Department of Planning in August of 2014.

The property was valued at \$20.3 million as at 31 July 2014.

The Carrington Trust contributed a net loss of \$0.4 million to the 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, construction and renewable energy sectors. It has approximately 800 staff with operations across Australia and overseas including; Hong Kong, China, New Zealand, Botswana, Russia, the USA and the United Kingdom.

Ampcontrol's revenue for the half year ended 31 December 2014 was \$94.8 million. Earnings before interest, tax, depreciation and amortisation were \$3.8 million for the period after incurring \$1.5 million in redundancy costs.

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.

Ampcontrol contributed a net loss of \$1.5 million to the Group (2014: \$2.2 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 results for the year ended on 31 December 2014 have been converted into Australian dollars. Apex generated revenue of \$169.7 million, an increase of 23.0% over \$138.1 million for the 2013 financial year. Net profit after tax attributable to shareholders was \$11.5 million, an increase of 16.7% compared to 2013.

Apex has declared a final dividend of 2.1 cents per share. After taking into account the one for four bonus issue in June 2014 this represents an increase of 28.0% compared to the prior year's final dividend.

* Percentage of the issued capital of the company held by the Group as at 31 January 2015.

Apex contributed a net profit of \$1.8 million to the Group in respect of the six months ended 31 December 2014 (2013: \$1.4 million).

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

API released its full year result on 23 October 2014. For the 12 months ended 31 August 2014, API reported a statutory loss of \$90.8 million after accounting for impairments at the half year. Underlying net profit after tax was \$31.7 million, an increase of 32.5% on the previous corresponding period.

API reported overall sales growth of 11.1% for its Priceline and Priceline Pharmacy network and like-for-like sales growth of 6% over the previous year. Store numbers increased during the year by 27 to a total of 390 stores. Priceline's Sister Club loyalty programme continued its growth from 4.3 million members to 4.7 million members.

API's pharmacy distribution business returned another strong result with underlying sales growth of 11.9% on the previous year, excluding the impact of the Federal Government's PBS reforms. Gross profit also increased by \$14 million, improving margins to 8.6%.

API paid a fully franked final dividend of 2.0 cents per share bringing full year dividends to 3.5 cents per share, a 7.7% increase on the previous year.

Contribution to the Group

API contributed a net profit of \$6.1 million to the Group in respect of the six months ended 31 August 2014 (2013: \$2.8 million).

Update

Following API's Annual General Meeting (AGM) in January, API upgraded its forecast for net profit after tax for the six months ending 28 February 2015 to a minimum of \$21.1 million, up on the underlying net profit after tax of \$16.2 million for the same period last year.

API attributed the increase in its forecast to strong trading through January and February in its Priceline and Priceline Pharmacy network which saw comparable year to date store growth lift from 2.4% reported at its AGM on 29 January 2015, to 3.9% at the end of February.

The final half year results are to be released to the market on 23 April 2015.

BKI Investment Company Limited (BKI) – 11.1% held*

BKI has announced its half year results to 31 December 2014. Its net operating result before special dividend income increased by 15.7% to \$20.8 million. Basic earnings per share before special dividend income increased by 2.2% to 3.80 cents per share. Special dividend income for the period totalled \$2.1 million, increasing basic earnings per share after special dividend income by 5.8% to 4.18 cents per share.

The net operating result was driven by higher dividend distributions from Suncorp Group, Macquarie Group, Transurban, Wesfarmers, Woodside, Santos, Telstra and the four major Banks. Lower ordinary dividends were received from ALS and New Hope Corporation.

* Percentage of the issued capital of the company held by the Group as at 31 January 2015.

BKI increased its interim ordinary dividend by 2.9% to 3.55 cents per share.

For the year to 31 December 2014, BKI's Total Shareholder Returns (including the reinvestment of dividends) was 5.3% (in-line with the S&P/ASX 300 Accumulation Index over the same period). The management expense ratio was 0.16%, down from 0.17% in the previous corresponding period.

BKI contributed a net profit of \$2.6 million to the Group in respect of the six months ended 31 December 2014 (2013: 11.9% held, \$2.3 million).

Brickworks Limited (Brickworks) – 44.2% held*

Brickworks posted a normalised net profit after tax for the half year ended 31 January 2015 of \$62.8 million, up 17.6% on the previous corresponding period. After including the impact of significant items, net profit after tax was down 25.0% to \$42.2 million, due primarily to non-cash impairment charges in Austral Precast and Auswest Timbers.

On record sales revenue of \$340.6 million, Building Products' normalised earnings before interest and tax (EBIT) was \$26.1 million, up 35.9% on the previous corresponding period. Earnings across most divisions improved, through a combination of continued sales growth, price increases and the implementation of a range of business improvement initiatives.

Land and Development EBIT was \$38.7 million for the first half, driven primarily by a strong revaluation profit in the Joint Venture Industrial Property Trust (Property Trust).

Normal earnings per share were 42.4 cents, up 17.5% from 36.1 cents for the previous corresponding period.

The directors of Brickworks have declared a fully franked interim dividend of 15 cents per share for the half year ended 31 January 2015, up 7.1% from 14 cents.

Building Products

Austral Bricks delivered a 47.5% increase in earnings for the six months ended 31 January 2015. Sales revenue was up 17.0% to \$184.4 million, driven by a 13.2% uplift in sales volume and an increase in average selling price of 3.8%.

Manufacturing costs were up only marginally on the prior corresponding period, on the back of increased volume throughput in most plants and a range of cost reduction initiatives, including the implementation of alternative fuels projects, and prior period plant upgrades.

Finished goods stock levels were reduced by 8.4%, with reductions in all states except Western Australia. As a result of the increased demand across all markets, the flow of bricks between states has increased as production is optimised across the country.

Austral Masonry delivered another significant increase in earnings, up 33.0% compared to the previous corresponding period. The business is now benefitting from increased scale and improved production efficiencies, with sales revenue up 14.8% to \$44.9 million. The improved performance was driven by a sharp recovery in demand in south east Queensland and strong price increases in New South Wales. Total sales volume was up 10.9%, excluding the impact of product tolling arrangements.

* Percentage of the issued capital of the company held by the Group as at 31 January 2015.

In December, Austral Masonry completed the acquisition of the independent manufacturer Capricornia Rockblock, located in Rockhampton in Central Queensland.

Bristle Roofing earnings increased compared to the prior corresponding period, with sales revenue up 8.6% to \$48.5 million for the half. Higher earnings were driven primarily by improvements in Queensland and Western Australia, and continued strong growth of imported La Escandella terracotta tiles. Earnings growth has also returned in Victoria following a period of declining earnings in that state.

Austral Precast sales volume continues to increase, up 9.5% on the prior corresponding period. Sales revenue was up 7.0% to \$34.2 million, with New South Wales, Queensland and Western Australia all experiencing double digit sales growth. Sales revenue in Queensland was down from the record high levels in the prior period, but remains at historically high levels. Despite the strong sales growth, earnings were lower, with strong competition resulting in lower prices in Victoria and New South Wales.

Auswest Timbers earnings decreased, despite an increase in sales revenue, up 13.0% to \$27.2 million on record sales of around 31,300m³ for the half. During the first quarter, earnings in Western Australian were adversely impacted by poor quality Jarrah log feedstock and ongoing operational issues at Deanmill following the extensive rebuild of this facility.

Land and Development

Land and Development produced an EBIT of \$38.7 million for the half year ended 31 January 2015, up 7.2% from \$36.1 million for the previous corresponding period.

The Property Trust generated an EBIT of \$38.6 million, up 125.7% from \$17.1 million in the previous corresponding period. Net property income distributed from the Trust was \$7.4 million for the half, up from \$6.1 million in the half year ended 31 January 2014.

The revaluation profit of stabilised Property Trust assets totalled \$26.6 million, up significantly from \$7.9 million in the previous corresponding period, due to a compression in capitalisation rates in the last half of 2014.

An EBIT of \$1.9 million was contributed through a revaluation of 10.6 hectares of land ready for development on the Oakdale Central Estate. In addition, a development profit of \$2.7 million was achieved as a result of the completion of the Coles CDC expansion in the last quarter of 2014.

The total value of the Property Trust assets at 31 January 2015 was \$1.044 billion, with borrowings of \$402.3 million, giving a total net asset value of \$641.9 million. Brickworks' share of the Property Trust's net asset value was \$321.0 million.

Contribution to the Group

Brickworks contributed a \$15.5 million regular profit to the Group (2014: 44.3% held, \$12.9 million). WHSP's share of the non-regular expenses was \$8.0 million (2014: 44.3% held, \$0.7 million). These contributions exclude the WHSP profit taken up by Brickworks under the equity accounting method.

* Percentage of the issued capital of the company held by the Group as at 31 January 2015.

Outlook

Building Products The current upturn in housing activity shows no sign of easing, with approvals for the 2014 calendar year exceeding 200,000 for the first time, and approvals in the final quarter of 2014 being particularly strong, at an annualised rate of over 220,000. These strong market conditions will continue to drive sales growth across all divisions in the second half, with many customers continuing to report that order banks extend for up to a year.

This level of activity is resulting in the industry now being restrained by issues such as trade shortages and inadequate supply of titled land in some states. As a result, it is likely that housing construction will reach a “natural peak” in capacity during the second half of the year.

Land and Development The capitalisation rate tightening of up to 0.75% on Trust assets, seen in the first half is likely to slow going forward. Assuming this is the case, revaluation profits within the Trust will reduce.

The Coles CDC facility, with a 20 year lease in place, is currently on the market for sale.

Land sales for the second half will increase from a low base and include the settlement of the \$9.0 million Riverview sale in Queensland together with the compulsory acquisition of 1.5 hectares at Bellevue in Western Australia for \$2.5 million. Settlement should also take place on 14 houses in Pemberton, Western Australia, following the issue of freehold titles.

Clover Corporation Limited (Clover) – 28.6% held*

Clover has reported a net profit after tax of \$0.7 million for the half year ended 31 January 2015, a decrease of 47.8% compared to the same period last year.

Sales for the period increased by 6% to \$16.1 million, however gross profit margins were impacted by a combination of raw material cost increases, the fall in the Australian Dollar against the US Dollar, competitor pricing pressure and sales product mix.

The impact of the Fonterra whey protein concentrate (WPC) incident in August 2013, which was reported on during 2014, continues to influence revenue due to reduced infant formula sales by some of Clover’s major customers. Whilst there have been signs of recovery, customer ordering patterns have not as yet returned to normal levels. This is most evident in China where recovery has been significantly slower than anticipated. Clover continues to work very closely with its customers to assist in the recovery process.

The first initiative under Clover’s Medical Food program is the development of a pre-term infant DHA emulsion to reduce the incidence of a number of significant problems that can affect prematurely-born infants. The Phase 3 clinical trial running at the Women’s and Children’s Hospital Adelaide is progressing well with the enrolment of babies in the trial scheduled to be concluded during 2015.

Operating expenses have been well managed given the difficult trading conditions. In addition inventory levels have reduced by 6.4% during the period to close at \$15.5 million with further inventory reductions planned for the second half of the year. The cash balance closed at \$5.9 million.

* Percentage of the issued capital of the company held by the Group as at 31 January 2015.

Given the current trading environment and allowing for the continuation of new product development and commercialisation, Clover's directors have determined not to declare an interim dividend for the half year ended 31 January 2015.

Clover contributed a net profit of \$0.2 million to the Group (2014: \$0.4 million).

Ruralco Holdings Limited (Ruralco) – 20.6% held*

For the year ended 30 September 2014 Ruralco reported total revenue of \$1.36 billion, an increase of 20% over the prior year. Net profit after tax, attributable to shareholders, was \$10.6 million, an increase of 86%.

Ruralco advised that the result emphasised the increasing quality and diversity of its earnings given the sustained drought in Queensland and northern NSW and the dry conditions in the final quarter across much of southern Australia which had seen a reduction in winter crop yield prospects.

A final dividend of 8 cents per share fully franked was paid in January 2015 bringing total dividends for the year to 16 cents per share fully franked.

Ruralco contributed a net profit of \$1.1 million to the Group in respect of the six months ended 30 September 2014 (2013: \$1.5 million).

TPG Telecom Limited (TPG) – 26.9% held*

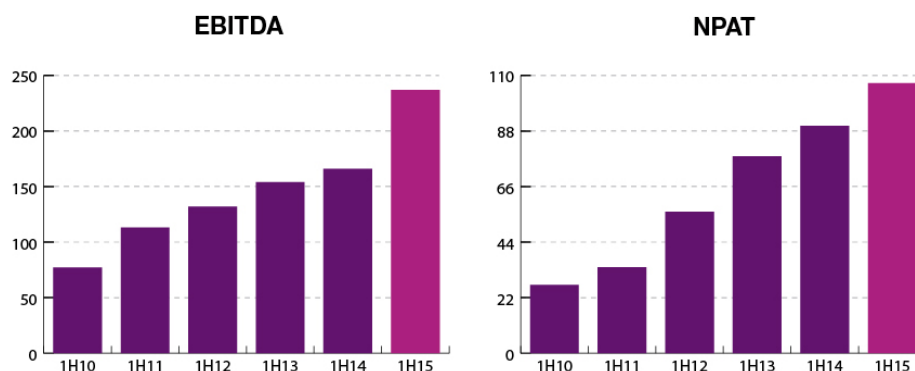
For the half year ended 31 January 2015 TPG reported a net profit after tax of \$106.7 million, an increase of 18% over the first half last year.

Earnings before interest, tax, depreciation and amortisation (EBITDA) for the half year increased by 43% to \$236.2 million.

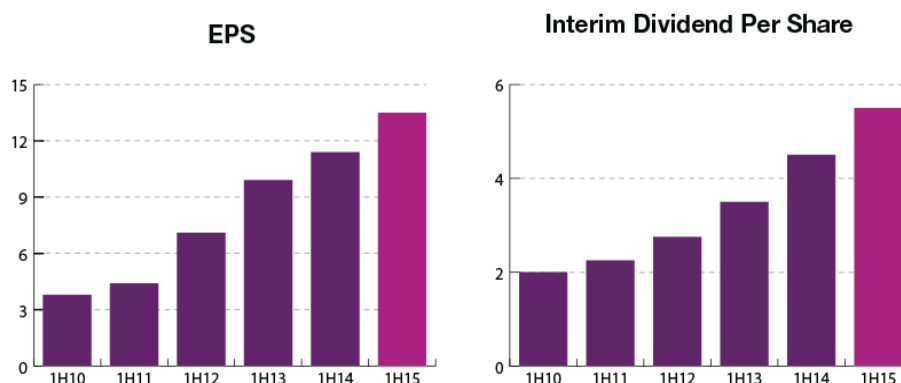
Earnings per share (EPS) increased by 18% to 13.4 cents per share.

Interim dividend per share increased by 22% to 5.5 cents per share.

The graphs below show TPG's outstanding growth over the last 6 years.



* Percentage of the issued capital of the company held by the Group as at 31 January 2015.



Consumer Business

The Consumer division's EBITDA for the half year was \$117.1 million compared to \$100.2 million for first half last year. This result contains no material irregular items (last year's result included a \$1.0 million non-recurring benefit) therefore the Consumer division's underlying EBITDA growth is \$17.9 million or 18%. This has been driven by ongoing organic broadband subscriber growth as well as an increase in contribution per broadband subscriber.

TPG's consumer broadband subscriber base grew by 38,000 in the half year, 2,000 more than the growth achieved in the same period last year. As at 31 January 2015 TPG had 786,000 broadband subscribers and 342,000 mobile subscribers.

Corporate Business

The Corporate division achieved an EBITDA of \$117.7 million for the period compared to \$64.5 million for the first half last year. This result contains no material irregular items whereas the prior year result included \$5.6 million of non-recurring benefits. The EBITDA growth, excluding irregular items, is therefore \$58.8 million. The acquisition of AAPT, which took effect during the second half of last year, is the main driver of this growth.

International Capacity

New Southern Cross capacity agreement

During the period, a TPG Group entity entered a new Indefeasible Right of Use capacity agreement with Southern Cross to increase, by approximately five times, the amount of capacity it currently has on the Southern Cross cable. The capital commitment payable for this new capacity will be US\$53 million with payments spread over six years starting when the additional capacity becomes available in December 2015.

SEA-US capacity agreement

In March 2015 a TPG Group entity entered agreements with RAM Telecom International Inc. (RTI) to acquire the right to use wavelengths on the SEA-US submarine cable between Guam and California. The SEA-US Cable is being constructed by NEC Corporation for a consortium of telecommunications companies, including RTI. Subject to the completion of certain conditions precedent, construction should commence in the first half of the 2015 calendar year and be completed within 2 years.

The terms of the agreement are confidential but TPG anticipates that its capital commitment for the project will be between US\$19 million and US\$25 million spread over the next 2

* Percentage of the issued capital of the company held by the Group as at 31 January 2015.

financial years. TPG's share of the design capacity, based on the currently available 100 gigabits per second technology, will be well in excess of 2 terabits per second.

TPG's PPC-1 cable system between Sydney and Guam has been an extremely valuable asset for TPG. With SEA-US, the reach of TPG's directly controlled network will be extended into the main hub of internet content in the United States.

Cash Flow

TPG delivered another strong cash flow result in the half with \$238.1 million cash generated from operations (pre-tax), and free cash flow after tax, capex and interest of \$102.9 million.

This free cash was deployed to pay for equity investments of \$24.9 million (investments in Covata Limited and Amcom Telecommunications Limited as previously disclosed on the ASX), to make debt repayments of \$30 million and to pay an increased dividend.

Dividend

In light of TPG's strong cash flow and earnings growth, the board of directors has declared an increase to the interim dividend of 22% to 5.5 cents per share fully franked.

Contribution to the Group

TPG contributed a net profit of \$28.7 million to the Group (2014: \$24.2 million).

2015 Financial Year Guidance

TPG has upgraded its EBITDA guidance for the 2015 financial year from \$455-460 million to a new estimated range of \$480-483 million.

Proposed Acquisition of iiNet

On 13 March 2015, TPG entered into a scheme of arrangement with iiNet Limited to acquire 100% of the ordinary shares in iiNet that it doesn't already own, for consideration of \$8.60 per iiNet share, valuing iiNet at approximately \$1.4 billion. The scheme, which is recommended by the iiNet board, is subject to certain conditions including ACCC approval and approval by iiNet shareholders.

The proposed Scheme consideration will be paid fully in cash, for which TPG has secured new committed debt facilities. Following the acquisition TPG's debt to annualised EBITDA leverage ratio will be approximately 3.1 times.

TPI Enterprises Limited (TPI) – 19.4% held*

Founded in 2004, TPI is an Australian company with operations in Tasmania, Victoria and Portugal. TPI is one of nine global companies which hold licences to manufacture narcotic raw material (NRM). 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, Victoria and Portugal. As the only company in the world currently with northern and southern hemisphere growing capability, TPI is well positioned to compete in the NRM sector. This reduces exposure to adverse weather

* Percentage of the issued capital of the company held by the Group as at 31 January 2015.

conditions or disease events and spreads working capital requirements across two growing seasons.

There are significant barriers to entry to the narcotic industry with complex regulation and licensing regimes at international, national, state and territory levels. TPI has a competitive advantage by extracting NRM's from opium poppies using its unique water based, solvent-free extraction process. This results in a low cost operation compared with its competitors.

There is significant potential for growth in the narcotic industry with:

- ageing global populations, with an increase in the incidence and severity of chronic disease and obesity;
- continuing new product approvals and alternative narcotic raw material approvals (including in anti-addiction and weight loss treatments);
- the leading classes of therapeutics in emerging markets being pain relief, antibodies and hypertension;
- a significant global shortage of morphine for pain relief in emerging markets; and
- a retreat, due to adverse side effects, from non-narcotic pain management alternatives to more traditional narcotics.

To capitalise on this potential, TPI has recently raised an additional \$36.5 million in new capital. The funds will be used to pay down debt, relocate the manufacturing facility to Victoria and fund the European expansion and working capital. In addition, TPI intends to apply by 30 June 2015 for a compliance listing on the ASX.

2014-2015 is a watershed year for TPI as it expands its growing areas and relocates its plant to Victoria. The relocation is scheduled for completion in April 2015 when processing will recommence. As a consequence of the plant closure and subsequent relocation, TPI will continue to incur losses until processing begins again in April.

WHSP is TPI's largest shareholder, holding 19.4% of its issued capital. This position has been maintained following the recent capital raising. WHSP's investment in TPI is classified as an investment in an associated company.

TPI contributed a net loss of \$2.7 million to the Group in respect of the 11 months ended 31 December 2014.

* Percentage of the issued capital of the company held by the Group as at 31 January 2015.

Washington H. Soul Pattinson and Company Limited

A.B.N. 49 000 002 728

Directors' Report

Half Year Ended 31 January 2015

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 2015.

DIRECTORS

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

Robert Dobson Millner F.A.I.C.D.

Chairman (Non-executive Director since 1984, appointed Chairman 1998)

Peter Raymond Robinson B.Com.(UNSW), F.A.I.C.D.

Executive Director, appointed 1984

Michael John Hawker AM BSc(Sydney), F.A.I.C.D., SF Fin.

Non-executive Director, appointed 2012

Thomas Charles Dobson Millner B.Des(Industrial), GDipAppFin(Finsia), FFin, G.A.I.C.D.

Non-executive Director, appointed 2011

Robert Gordon Westphal B.Com.(UNSW), F.C.A., FFin, M.A.I.C.D.

Non-executive Director, appointed 2006

David Edward Wills B.Com.(UNSW), F.C.A., M.A.I.C.D.

Non-executive Director, appointed 2006

The following person was a Director of WHSP from the beginning of the financial period until he resigned on 5 December 2014.

David John Fairfull B.Com., A.C.I.S., C.P.A., FFin, M.A.I.C.D

Non-executive Director since 1997.

The following persons were appointed as Directors of WHSP on 1 November 2014 and remain Directors at the date of this report.

Warwick Martin Negus B.Bus.(UTS), M.Com.(UNSW), SFFin.

Non-executive Director

Melinda Rose Roderick B.Ec., C.A, G.A.I.C.D.

Finance Director

REVIEW OF OPERATIONS

Consolidated Financial Performance

Profit after tax attributable to shareholders for the half year ended 31 January 2015 was \$67.3 million, a decrease of 8.7% compared to \$73.7 million for the previous corresponding period.

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

	Half year 31 Jan 2015 \$000	Half year 31 Jan 2014 \$000	% Change
Revenue from continuing operations	355,119	335,780	+ 5.8%
Profit after tax attributable to shareholders	67,331	73,723	- 8.7%
Total earnings per share	28.1c	30.8c	- 8.7%
Interim Dividend	20c	19c	+ 5.3%

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 19 of this report.

Interim Dividend

Directors have declared an interim dividend of 20 cents per share in respect of the half year ended 31 January 2015, an increase of 5.3% over last year's interim dividend of 19 cents per share. The dividend will be fully franked and payable on 14 May 2015.

AUDITORS' INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the half year ended 31 January 2015 has been received and is included on page 22.

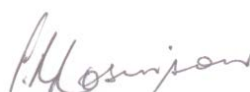
ROUNDING OF AMOUNTS

The amounts contained in this report and the accompanying financial report have been rounded off to the nearest one thousand dollars under the option available to the Group under Class Order 98/100 issued by the Australian Securities and Investment Commission.

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



R.D. MILLNER
Director



P.R. ROBINSON
Director

Dated this 26th day of March 2015.

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Auditor's Independence Declaration

to the Directors of Washington H. Soul Pattinson and Company Limited

As lead auditor for the review of Washington H. Soul Pattinson and Company Limited and its controlled entities for the half-year ended 31 January 2015, I declare that to the best of my knowledge and belief, there have been:

- a. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b. 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 period.



Moore Stephens Sydney
Chartered Accountants



John Gavljak
Partner

Dated in Sydney, 24 March 2015

Washington H. Soul Pattinson and Company Limited
Half year ended 31 January 2015

Consolidated Income Statement
For the half year ended 31 January 2015

		Half year ended 31 January 2015	Half year ended 31 January 2014
	Notes	\$'000	\$'000
Revenue from continuing operations	3(i)	355,119	335,780
Other income	3(i)	2,586	16,290
Cost of sales		(202,502)	(209,402)
Selling and distribution expenses		(76,644)	(70,088)
Administration expenses		(19,115)	(22,961)
Other expenses		(2,839)	(2,121)
Impairment (expense)/reversal	3(i) & 6	(43,763)	11,277
Finance costs		(1,958)	(1,286)
Share of results from equity accounted associates	6	49,103	47,455
Profit before income tax		59,987	104,944
Income tax (expense)	3(ii)	(967)	(22,064)
Profit after tax for the half year		59,020	82,880
Loss/(profit) after tax attributable to non-controlling interest		8,311	(9,157)
Profit after tax for the half year attributable to members of Washington H. Soul Pattinson and Company Limited		67,331	73,723

	2015 Cents	2014 Cents
Earnings per share		
Basic and diluted earnings per share to ordinary equity holders of the company		
Earnings per share from operations	28.13	30.80
	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.

Washington H. Soul Pattinson and Company Limited
Half year ended 31 January 2015

Consolidated Statement of Comprehensive Income
For the half year ended 31 January 2015

	Half year ended 31 January 2015 \$'000	Half year ended 31 January 2014 \$'000
Profit after tax for the half year	59,020	82,880
Other comprehensive income		
Items that may be reclassified to profit and loss		
Transfer to profit and loss on the disposal of long term equity investments, net of tax	-	(3,961)
Net movement in the fair value of long term equity investments, net of tax	(4,852)	33,451
Net movement in hedge reserve, net of tax	(17,260)	9,183
Net movement in foreign currency translation reserve, net of tax	(238)	1,153
Net movement in equity reserve, net of tax	(4,262)	(2,700)
Total other comprehensive (loss)/income for the half year, net of tax	(26,612)	37,126
Total comprehensive income for the half year	32,408	120,006
Total comprehensive loss/(income) attributable to non-controlling interest	18,039	(14,234)
Total comprehensive income attributable to members of Washington H. Soul Pattinson and Company Limited	50,447	105,772

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

Washington H. Soul Pattinson and Company Limited
Half year ended 31 January 2015

Consolidated Statement of Financial Position
As at 31 January 2015

	31 Jan 2015 \$'000	31 July 2014 \$'000
Current assets		
Cash and cash equivalents	37,350	64,933
Term deposits	1,330,234	1,272,912
Trade and other receivables	84,310	85,900
Inventories	63,445	72,959
Investments fair valued through profit or loss	17,805	14,695
Non-current asset held for sale	-	27,183
Current tax asset	5,593	3,693
Other assets	436	271
Total current assets	1,539,173	1,542,546
Non-current assets		
Trade and other receivables	5,597	13,308
Equity accounted associates	1,022,802	944,726
Long term equity investments	580,505	562,208
Other financial assets	7,547	7,659
Derivative financial instruments	-	2,447
Property, plant and equipment	875,372	920,010
Investment properties	20,720	139,421
Exploration and evaluation assets	180,168	169,726
Deferred tax assets	40,873	37,483
Intangible assets	22,103	26,847
Total non-current assets	2,755,687	2,823,835
Total assets	4,294,860	4,366,381
Current liabilities		
Trade and other payables	60,555	74,679
Interest bearing liabilities	56,726	44,829
Derivative financial instruments	22,505	4,943
Current tax liabilities	-	61
Provisions	32,764	32,132
Total current liabilities	172,550	156,644
Non-current liabilities		
Interest bearing liabilities	111	45,425
Derivative financial instruments	6,048	-
Deferred tax liabilities	255,448	265,840
Provisions	64,010	58,347
Total non-current liabilities	325,617	369,612
Total liabilities	498,167	526,256
Net assets	3,796,693	3,840,125
Equity		
Share capital	43,232	43,232
Reserves	649,263	665,424
Retained profits	2,344,902	2,334,728
Parent entity interest	3,037,397	3,043,384
Non-controlling interest	759,296	796,741
Total equity	3,796,693	3,840,125

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

Washington H. Soul Pattinson and Company Limited
Half year ended 31 January 2015

Consolidated Statement of Changes in Equity
For the half year ended 31 January 2015

Consolidated entity	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 half year – 1 August 2014	43,232	2,334,728	665,424	3,043,384	796,741	3,840,125
Net profit for the half year after tax	-	67,331	-	67,331	(8,311)	59,020
Other comprehensive income for the half year						
Net movement in asset revaluation reserve, net of tax	-	-	(2,961)	(2,961)	(1,891)	(4,852)
Net movement in hedge reserve, net of tax	-	-	(9,423)	(9,423)	(7,837)	(17,260)
Net movement in foreign currency translation reserve, net of tax	-	-	(238)	(238)	-	(238)
Net movement in equity reserve, net of tax	-	-	(4,262)	(4,262)	-	(4,262)
Total comprehensive income for the half year	-	67,331	(16,884)	50,447	(18,039)	32,408
Transactions with owners						
Dividends declared and paid	-	(56,293)	-	(56,293)	(20,480)	(76,773)
Net movement in share-based payments reserve	-	(864)	723	(141)	756	615
Non-controlling interests share of subsidiaries	-	-	-	-	(7)	(7)
Equity transfer from members on issue of share capital in controlled entity	-	-	-	-	325	325
Total equity at the end of the half year - 31 January 2015	43,232	2,344,902	649,263	3,037,397	759,296	3,796,693

Total equity at the beginning of the half year – 1 August 2013	43,232	2,295,642	597,249	2,936,123	813,898	3,750,021
Net profit for the half year after tax	-	73,723	-	73,723	9,157	82,880
Other comprehensive income for the half year						
Net movement in asset revaluation reserve, net of tax	-	-	28,005	28,005	1,485	29,490
Net movement in hedge reserve, net of tax	-	-	5,591	5,591	3,592	9,183
Net movement in foreign currency translation reserve, net of tax	-	-	1,153	1,153	-	1,153
Net movement in equity reserve, net of tax	-	-	(2,700)	(2,700)	-	(2,700)
Total comprehensive income for the half year	-	73,723	32,049	105,772	14,234	120,006
Transactions with owners						
Dividends declared and paid	-	(54,316)	-	(54,316)	(33,964)	(88,280)
Net movement in share-based payments reserve	-	564	(41)	523	(1,057)	(534)
Non-controlling interests share of subsidiaries	-	-	-	-	(1,532)	(1,532)
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 half year - 31 January 2014	43,232	2,313,592	629,257	2,986,081	795,377	3,781,458

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

Washington H. Soul Pattinson and Company Limited
Half year ended 31 January 2015

Consolidated Statement of Cash Flows
For the half year ended 31 January 2015

	Half year ended 31 January 2015 \$'000	Half year ended 31 January 2014 \$'000
Cash flows from operating activities		
Receipts from customers inclusive of GST	328,382	318,733
Payments to suppliers and employees inclusive of GST	(254,963)	(261,826)
	73,419	56,907
Dividends received	52,536	44,580
Interest received	24,395	27,980
Finance costs	(1,166)	(271)
Income taxes paid	(10,593)	(30,671)
Net cash inflow from operating activities	138,591	98,525
Cash flows from investing activities		
Payments for property, plant, equipment and intangibles	(67,723)	(72,565)
Proceeds from sale of property, plant and equipment	122	140
Payments for capitalised exploration and evaluation activities	(16,458)	(24,818)
Net proceeds (to)/from term deposits	(59,241)	181,392
Payments for development of investment properties	(29,661)	(24,558)
Proceeds from sale of investment properties	153,069	-
Payments for investments	(30,069)	(18,124)
Proceeds from sale of investments	4,922	8,853
Proceeds from disposal of held for sale investments	8,623	-
Payments for investments in associates	-	(15,177)
Loans advanced	(7,103)	(5,687)
Net cash (outflow)/inflow from investing activities	(43,519)	29,456
Cash flows from financing activities		
Dividends paid to WHSP shareholders	(69,425)	(67,031)
Dividends paid by subsidiaries to non-controlling interests	(20,480)	(33,982)
Joint venture partner contributions	-	100
Payment on close out of interest rate swap	(2,112)	-
Net (payments)/proceeds from interest bearing liabilities	(34,184)	27,511
Net cash (outflow) from financing activities	(126,201)	(73,402)
Net (decrease)/increase in cash and cash equivalents	(31,129)	54,579
Cash and cash equivalents at the beginning of the half year	64,933	28,078
Effects of exchange rate changes on cash and cash equivalents	3,546	234
Cash and cash equivalents at the end of the half year	37,350	82,891

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 2015 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 2014 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 26th March 2015.

(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 2014.

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 2015 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 3(i)).

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.

Energy

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

Copper operations

The Group engages in copper mining activities which include 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 include 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. 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 half year.

Washington H. Soul Pattinson and Company Limited
Half year ended 31 January 2015

Notes to the Consolidated Financial Statements

2. Segment Information (continued)

a) Business segments

	Investing activities	Energy	Copper operations	Corporate advisory	Property	Intersegment /unallocated	Consolidated
Half year ended 31 January 2015	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from external customers	52,461	250,641	44,200	193	1,955	5,669	355,119
Intersegment revenue	5,560	-	-	4,909	2,062	(12,531)	-
Total revenue	58,021	250,641	44,200	5,102	4,017	(6,862)	355,119
Regular profit/(loss) before income tax	84,810	23,825	(2,683)	3,532	9,686	(9,394)	109,776
Add non-regular items before tax (note 2b)	28,682	(55,613)	(22,858)	-	-	-	(49,789)
Profit/(loss) before income tax	113,492	(31,788)	(25,541)	3,532	9,686	(9,394)	59,987
Less income tax (expense)/benefit	(10,712)	9,802	799	104	(960)	-	(967)
Profit/(loss) after tax	102,780	(21,986)	(24,742)	3,636	8,726	(9,394)	59,020
Less (profit)/loss attributable to non-controlling interests	465	8,872	-	-	(1,026)	-	8,311
Profit/(loss) after tax attributable to members	103,245	(13,114)	(24,742)	3,636	7,700	(9,394)	67,331
Profit/(loss) after tax attributable to members (as above)	103,245	(13,114)	(24,742)	3,636	7,700	(9,394)	67,331
Less non-regular profit/(loss) after tax attributable to members (note 2b)	28,753	(24,428)	(21,825)	-	-	-	(17,500)
Regular profit/(loss) after tax attributable to members	74,492	11,314	(2,917)	3,636	7,700	(9,394)	84,831
Segment assets as at 31 January 2015	3,321,711	990,323	189,113	9,519	26,080	(241,886)	4,294,860
Segment assets as at 31 July 2014	3,160,591	1,059,330	205,868	9,424	143,543	(212,375)	4,366,381

Washington H. Soul Pattinson and Company Limited
Half year ended 31 January 2015

Notes to the Consolidated Financial Statements

2. Segment Information (continued)

a) Business segments

	Investing activities	Energy	Copper operations	Corporate advisory	Property	Intersegment /unallocated	Consolidated
Half year ended 31 January 2014	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from external customers	54,184	262,740	10,300	2,240	649	5,667	335,780
Intersegment revenue	8,422	-	-	1,070	-	(9,492)	-
Total revenue	62,606	262,740	10,300	3,310	649	(3,825)	335,780
Regular profit/(loss) before income tax	93,150	13,217	(17,575)	1,738	5,705	(9,912)	86,323
Add non-regular items before tax (note 2b)	23,610	(540)	(4,449)	-	-	-	18,621
Profit/(loss) before income tax	116,760	12,677	(22,024)	1,738	5,705	(9,912)	104,944
Less income tax (expense)/benefit	(14,998)	(5,395)	682	(641)	(1,712)	-	(22,064)
Profit/(loss) after tax	101,762	7,282	(21,342)	1,097	3,993	(9,912)	82,880
Less (profit) attributable to non-controlling interests	(6,170)	(2,937)	-	(50)	-	-	(9,157)
Profit/(loss) after tax attributable to members	95,592	4,345	(21,342)	1,047	3,993	(9,912)	73,723
Profit/(loss) after tax attributable to members (as above)	95,592	4,345	(21,342)	1,047	3,993	(9,912)	73,723
Less non-regular profit/(loss) after tax attributable to members (note 2b)	14,997	(321)	(4,449)	-	-	-	10,227
Regular profit/(loss) after tax attributable to members	80,595	4,666	(16,893)	1,047	3,993	(9,912)	63,496
Segment assets as at 31 January 2014	3,195,215	1,017,744	180,738	7,175	87,503	(199,296)	4,289,079

Notes to the Consolidated Financial Statements

2. Segment Information (continued)

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

	Before tax \$'000	Tax \$'000	After tax \$'000	Attributable to:	
				Non-controlling interest \$'000	Parent entity interest \$'000
Period ending 31 January 2015					
Gain on disposal of long term equity investments	1,151	-	1,151	464	687
Gain on deemed disposal of associates	2,076	(626)	1,450	-	1,450
Impairment reversal on equity accounted associate	54,030	-	54,030	-	54,030
Impairment (expense) of assets	(97,793)	16,491	(81,302)	(23,609)	(57,693)
Share of significant (expenses) from associates	(8,060)	-	(8,060)	-	(8,060)
Deferred tax recognised on equity accounted associates	-	(6,810)	(6,810)	-	(6,810)
Redundancies	(1,142)	74	(1,068)	-	(1,068)
Consulting and legal expenses	(51)	15	(36)	-	(36)
Total non-regular net items	(49,789)	9,144	(40,645)	(23,145)	(17,500)

	Before tax \$'000	Tax \$'000	After tax \$'000	Attributable to:	
				Non-controlling interest \$'000	Parent entity interest \$'000
Period ending 31 January 2014					
Gain on disposal of long term equity investments	4,751	(795)	3,956	-	3,956
Gain on deemed disposal of associate	896	(220)	676	-	676
Fair value gain on acquisition of associate	6,048	(1,815)	4,233	-	4,233
Loss on disposal of controlled entity	(123)	37	(86)	-	(86)
Recognition of deferred tax assets	-	3,090	3,090	-	3,090
Net Impairment reversal/(expense) of assets	11,277	285	11,562	(219)	11,781
Share of significant (expenses) from associates	(1,400)	-	(1,400)	-	(1,400)
Deferred tax recognised on equity accounted associates	-	(9,449)	(9,449)	-	(9,449)
One-off operational costs – Copper	(1,981)	-	(1,981)	-	(1,981)
Consulting and legal expenses	(847)	254	(593)	-	(593)
Total non-regular items	18,621	(8,613)	10,008	(219)	10,227

Washington H. Soul Pattinson and Company Limited
Half year ended 31 January 2015

Notes to the Consolidated Financial Statements

3 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:

	2015 \$'000	2014 \$'000
(a) Revenue		
Sales revenue	317,796	294,977
Dividend revenue	12,340	12,771
Interest revenue	22,844	27,853
Rental revenue	1,725	-
Other	414	179
	355,119	335,780
	2015 \$'000	2014 \$'000
(b) Other income		
Gain on deemed disposal of equity accounted associate	2,076	896
(Losses) on investments fair valued through profit or loss	(5,635)	(626)
Gain on sale of investment properties	4,991	-
Gains on disposal of long term equity investments	1,151	4,751
Fair value gain on acquisition of an equity accounted associate	-	6,048
Fair value gain on revaluation of investment property	-	5,324
Other	3	(103)
	2,586	16,290
	2015 \$'000	2014 \$'000
(c) Expenses		
Impairment reversal of equity accounted associates (1)	54,030	15,233
Impairment of long term equity investment (2)	(20,464)	(948)
Impairment of non-current assets (3)	(71,701)	-
Impairment of goodwill (3)	(4,157)	-
Impairment of other assets	(1,471)	(3,008)
	(43,763)	11,277

(1) Impairment reversal of equity accounted associates

The recoverable amount of investments in equity accounted associates has been assessed as at 31 January 2015. 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 the income statement. In the current six month period ended 31 January 2015, the previously recognised impairment of the investment Australian Pharmaceutical Industries Limited was reversed by \$54.03 million (2014: \$15.04 million).

Notes to the Consolidated Financial Statements

3. Profit for the half year (continued)

(2) Impairment of long term equity investment

During the half year ended 31 January 2015, 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 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. Impairments were recognised by WHSP (\$2.91 million) and New Hope Corporation Limited (\$17.55 million). 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.

(3) Impairment of goodwill and oil producing assets

During the half year ended 31 January 2015, New Hope Corporation Limited (NHC) determined that the significant decline in global oil prices and reduction in reserves estimates in the Cooper Basin assets, indicated the carrying value of goodwill arising on the Bridgeport acquisition and certain oil producing assets may be impaired.

NHC classified its Cooper Basin assets as separate cash generating units (CGU) on a per field basis and has measured the recoverable amount of each CGU using the Fair value less cost of disposal method with all fair value measurements categorised as level 3 in the fair value hierarchy. The impairment loss on oil and gas assets to the Group was \$51.46 million and the impairment of goodwill to the Group was \$4.16 million. The contributed loss after tax impacted the group result to members by \$24.43 million.

Impairment of Copper assets

As a result of significant declines in the global copper price, the Group has determined that the carrying values of certain mining and exploration assets were no longer recoverable. An impairment loss on these assets of \$20.24 million was recognised during the period.

Washington H. Soul Pattinson and Company Limited
Half year ended 31 January 2015

Notes to the Consolidated Financial Statements

3. Profit for the half year (continued)

(ii) Tax expense

	2015 \$'000	2014 \$'000
Reconciliation of prima facie tax expense to income tax expense:		
Profit before income tax	59,987	104,944
Income tax at 30%	17,996	31,483
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Sale of long term equity investments	(345)	(630)
Net impairment (reversals)	(3,362)	(3,668)
Franking credits received (excluding controlled and associate entities)	(4,917)	(4,805)
Deferred tax asset recognised on losses transferred into the WHSP tax consolidated group	-	(3,090)
Deferred tax asset not recognised on current year net losses	1,309	5,669
Net effect of New Hope's Petroleum resource rent tax (benefit)/expense	(571)	1,020
Tax (credit) on equity accounted associates results, net of imputation credits	(7,921)	(4,789)
Other	(1,222)	874
Income tax expense	967	22,064

4. 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 14 May 2015	47,879	20c	20c
	Previous corresponding half year, paid on 8 May 2014	45,485	19c	19c
Final dividend 2014	A final dividend, not previously recognised in retained profits, was paid on 8 December 2014	69,425	29c	29c

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 (2014: 239,395,320).

5. Controlled entities acquired or disposed of during the period

No controlled entities were acquired or disposed of during the period ending 31 January 2015.

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 2015	Jan 2014	2015			2014			Jan 2015	July 2014
			Regular	Non-regular	Total	Regular	Non-regular	Total		
	%	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Associates – held by WHSP										
Apex Healthcare Berhad	30.3	30.3	1,791	-	1,791	1,437	-	1,437	43,158	46,201
Australian Pharmaceutical Industries Limited	24.6	24.6	3,948	2,118	6,066	2,817	-	2,817	109,396	72,129
BKI Investment Company Limited (i)	11.1	11.9	2,552	-	2,552	2,325	-	2,325	102,813	104,974
Brickworks Limited (ii)	44.2	44.3	15,467	(7,989)	7,478	12,920	(692)	12,228	794,963	938,725
Clover Corporation Limited	28.6	28.6	203	-	203	401	-	401	13,913	19,808
Ruralco Holdings Limited	20.6	20.6	1,427	(310)	1,117	2,174	(708)	1,466	58,050	54,860
TPG Telecom Limited	26.9	26.9	28,691	-	28,691	24,222	-	24,222	1,429,785	1,179,972
TPI Enterprises Limited	19.4	19.4	(1,429)	(1,230)	(2,659)	-	-	-	n/a	n/a
Associates – held by controlled entities										
Ampcontrol Pty Limited	43.3	43.3	(815)	(649)	(1,464)	2,168	-	2,168	n/a	n/a
Belaroma Coffee Pty Ltd	40.0	40.0	371	-	371	176	-	176	n/a	n/a
Heritage Brands Limited	25.1	25.1	136	-	136	88	-	88	n/a	n/a
Specialist Oncology Property Pty Limited (iii)	24.8	25.5	153	-	153	155	-	155	n/a	n/a
Supercorp Pty Limited	29.4	29.4	(385)	-	(385)	(169)	-	(169)	n/a	n/a
Syndicated Metals Limited	18.9	18.9	(119)	-	(119)	(111)	-	(111)	1,352	2,495
Xact Property Solutions Pty Limited	33.8	33.8	5,172	-	5,172	252	-	252	n/a	n/a
Share of results from equity accounted associates before impairment reversal/(expense)			57,163	(8,060)	49,103	48,855	(1,400)	47,455		
Impairment reversal of investment in associates (refer note 3(i))										
- Australian Pharmaceutical Industries Limited			-	54,030	54,030	-	15,040	15,040		
- Other equity accounted associate			-	-	-	-	193	193		
Total impairment reversal of investment in associates			-	54,030	54,030	-	15,233	15,233		
Share of results and impairment reversal from equity accounted associates			57,163	45,970	103,133	48,855	13,833	62,688		

* 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.

Washington H. Soul Pattinson and Company Limited

Half year ended 31 January 2015

Notes to the Consolidated Financial Statements

6. Equity accounted associates (Continued)

Change in percentage ownership of Associates

(i) During the period, BKI announced a share purchase plan to shareholders of which WHSP did not participate and a dividend reinvestment plan (DRP) to eligible shareholders for which WHSP did not participate.

As a result of the share purchase plan and the DRP, WHSP shareholding decreased from 11.78% (July 2014) to 11.13%.

(ii) On 8 October 2014, 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 0.11% to 44.23%.

(iii) 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.

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.

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.

Washington H. Soul Pattinson and Company Limited
Half year ended 31 January 2015

Notes to the Consolidated Financial Statements

7. Fair value measurement (continued)

The following table presents the Group's assets and liabilities measured and recognised at fair value as at 31 January 2015 and 31 July 2014.

As at 31 January 2015	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Investments fair valued through profit or loss	12,903	-	4,902	17,805
Long term equity investments	580,505	-	-	580,505
Other financial assets	-	-	7,547	7,547
Non-financial assets				
Investment properties	-	-	20,720	20,720
Total assets	593,408	-	33,169	626,577
Financial liabilities				
Derivatives - Foreign exchange hedge	-	28,553	-	28,553
Total liabilities	-	28,553	-	28,553
 As at 31 July 2014				
Financial assets				
Investments fair valued through profit or loss	11,992	-	2,703	14,695
Non-current asset held for sale	27,183	-	-	27,183
Long term equity investments	562,205	-	3	562,208
Other financial assets	-	-	7,659	7,659
Derivatives - Foreign exchange hedge	-	2,447	-	2,447
Non-financial assets				
Investment properties	-	-	139,421	139,421
Total assets	601,380	2,447	149,786	753,613
Financial liabilities				
Derivatives - Foreign exchange hedge	-	3,255	-	3,255
Derivatives - Interest rate swaps	-	1,688	-	1,688
Total liabilities	-	4,943	-	4,943

Notes to the Consolidated Financial Statements

8. Contingent liabilities

There are no other material changes to contingent liabilities of the Group since 31 July 2014.

9. Events occurring after the balance date

On 17 February 2015, a subsidiary of Washington H Soul Pattinson and Company Limited, New Hope Corporation Limited purchased the remaining 49% interest in the North Surat Joint Venture from Mitsui Coal Holdings Pty Ltd (Mitsui) for \$22.00 million. The acquisition of Mitsui's stake in the joint operation provides the Group with complete control of these assets.

Other than declared in this report, 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

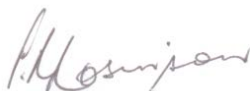
The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 23 to 39, 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 2015 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
Director



P.R. Robinson
Director

Dated this 26th day of March 2015

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Independent Auditor's Review Report to the Members of Washington H. Soul Pattinson and Company Limited

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"), which comprises the consolidated statement of financial position as at 31 January 2015, the 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 information 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 *Corporation Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 January 2015 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 during the period, 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.

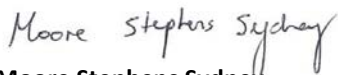
Independence

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 2015 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*.



Moore Stephens Sydney
Chartered Accountants



John Gavljak
Partner

Dated in Sydney, 26 March 2015