

Washington H. Soul Pattinson and Company Limited

ABN 49 000 002 728

Preliminary Final Report

Reporting period: Year ended 31 July, 2004

Previous corresponding period: Year ended 31 July, 2003

Results for announcement to the market

| | | | | \$000 |
|--|----|-------|----|--------------|
| Sales Revenue from ordinary activities | Up | 15.3% | to | 392,854 |
| Profit after tax before non regular items attributable to members | Up | 3.6% | to | 81,508 |
| Profit after tax and non regular items attributable to members | Up | 76.6% | to | 155,925 |

Dividends

| | Cents per share | Franking % |
|---|--------------------|------------------|
| This period | | |
| Final Dividend | 12c | 100% |
| Special Dividend re NBN Sale (Previously announced 16.6.2004) | 10c | 100% |
| Previous corresponding period | | |
| Final Dividend | 10c | 100% |
| Special Dividend (New Hope Corp Ltd ASX Float) | 5c | 100% |
| Record date for determining entitlements to both final and special dividends | | 27-Oct-04 |
| Date the final dividend and special dividend are payable | | 29-Nov-04 |

Highlights year ended 31 July, 2004

- ** Final Dividend up 20% to 12 cents per share. Full year dividends, including 10 cents special dividend, up 36% to 30 cents per share
- ** 48% Return from Investment Portfolio compared to the Benchmark S&P/ASX 300 Accumulation Index of 18%
- ** SOL share price of \$7.35 at 31.7.2004 is up 24% for the year
- ** New Hope's profit after tax up 62% to \$59m & share price up 185% to \$1.14 at 31.7.2004
- ** SPT's profit after tax up 66% to \$9.7m & share price up 38% to \$1.45 at 31.7.2004

Washington H. Soul Pattinson and Company Limited
and its controlled entities

Statement of Financial Performance
For the year ended 31 July, 2004

| | Current Period \$000 | Previous Corresponding Period \$000 |
|--|-------------------------------------|--|
| Operating Profit after Income Tax before Non Regular Items | 81,508 | 78,706 |
| Non Regular Items after Income tax | <u>74,417</u> | <u>9,601</u> |
| Revenue | 528,992 | 386,230 |
| Less Expenses excluding Borrowing Costs | 367,688 | 294,181 |
| Less Borrowing Costs | 8,069 | 8,559 |
| Share of Net Profits of Associates | 78,489 | 41,620 |
| Share of Partnership Profits | 2,499 | 3,672 |
| | <hr/> | <hr/> |
| Operating Profit before Income Tax | 234,223 | 128,782 |
| Less Income Tax Expense/(Benefit) | <u>41,647</u> | <u>21,546</u> |
| Net Profit Before Extraordinary Item | 192,576 | 107,236 |
| Profit from Extraordinary Item after Income Tax | <u>-</u> | <u>-</u> |
| Net Profit Before Outside Equity | 192,576 | 107,236 |
| Less Net Profit attributable to Outside Equity Interests | <u>36,651</u> | <u>18,929</u> |
| Net Profit attributable to Soul Pattinson Shareholders | <u>155,925</u> | <u>88,307</u> |
| Increase in Asset Revaluation Reserve | 39,074 | - |
| Net exchange difference on translation of controlled entities | <u>(1,322)</u> | <u>(8,565)</u> |
| Total attributable to Soul Pattinson Shareholders recognised directly in equity | <u>37,752</u> | <u>(8,565)</u> |
| Total Net Profit and Items Recognised Directly in Equity | <u><u>193,677</u></u> | <u><u>79,742</u></u> |

Statement of Financial Position as at 31 July, 2004

| | 31-Jul-04 | 31-Jul-03 |
|--|------------------|------------------|
| | \$000 | \$000 |
| CURRENT ASSETS | | |
| Cash | 128,419 | 38,503 |
| Receivables | 139,842 | 92,847 |
| Inventories | 20,276 | 25,576 |
| Other | 6,937 | 6,294 |
| TOTAL CURRENT ASSETS | 295,474 | 163,220 |
| NON CURRENT ASSETS | | |
| Receivables | 19,603 | 20,437 |
| Investments - Associates | 425,295 | 349,237 |
| - Other | 169,012 | 153,315 |
| Property, plant and equipment | 358,707 | 334,689 |
| Intangibles | 131,949 | 78,369 |
| Tax | 13,262 | 15,302 |
| Other | 1,391 | 713 |
| TOTAL NON-CURRENT ASSETS | 1,119,219 | 952,062 |
| TOTAL ASSETS | 1,414,693 | 1,115,282 |
| CURRENT LIABILITIES | | |
| Accounts Payable | 59,934 | 33,113 |
| Interest Bearing | 59,427 | 53,064 |
| Provisions | 37,585 | 20,829 |
| Tax | 14,036 | 6,256 |
| Other | 824 | 575 |
| TOTAL CURRENT LIABILITIES | 171,806 | 113,837 |
| NON-CURRENT LIABILITIES | | |
| Accounts Payable | 14,396 | 14,359 |
| Interest Bearing | 58,746 | 122,124 |
| Provisions | 33,695 | 8,289 |
| Tax | 14,537 | 13,138 |
| Other | 9,020 | 6,070 |
| TOTAL NON-CURRENT LIABILITIES | 130,394 | 163,980 |
| TOTAL LIABILITIES | 302,200 | 277,817 |
| NET ASSETS | 1,112,493 | 837,465 |
| EQUITY | | |
| Contributed Equity | 32,900 | 32,900 |
| Reserves | 479,687 | 430,866 |
| Retained Profits | 354,922 | 266,160 |
| Equity attributable to Soul Pattinson Shareholders | 867,509 | 729,926 |
| Outside equity interest in controlled entities | 244,984 | 107,539 |
| | 1,112,493 | 837,465 |

SOL App 4E 31.7.04

Washington H. Soul Pattinson and Company Limited
and its controlled entities

Statement of Cash Flows
For the year ended 31 July, 2004

| | Current Period \$000 | Previous Corresponding Period \$000 |
|--|-------------------------------------|--|
| Cash Flows From Operating Activities | | |
| Receipts from customers | 464,010 | 375,852 |
| Payments to suppliers and employees | (305,341) | (279,901) |
| | 158,669 | 95,951 |
| Dividends Received | 43,634 | 45,812 |
| Interest Received | 5,203 | 2,807 |
| Borrowing costs paid | (8,519) | (10,172) |
| Income Tax paid | (27,752) | (27,287) |
| Net Cash Inflow from Operating Activities | 171,235 | 107,111 |
| Cash Flows From Investing Activities | | |
| Payments for property, plant and equipment | (45,552) | (44,700) |
| Proceeds from sale of property, plant and equipment | 7,277 | 3,898 |
| Payments for investments | (39,417) | (10,953) |
| Proceeds from sale of investments | 39,405 | 17,691 |
| Loans advanced | (110) | (780) |
| Repayment of loans advanced | 3,076 | 6,485 |
| Sale of businesses | 11,756 | - |
| Sale of Controlled Entities | 876 | - |
| Acquisition of controlled entities | (10,081) | - |
| Net Cash Inflow (Outflow) from Investment Activities | (32,770) | (28,359) |
| Cash Flows From Financing Activities | | |
| Proceeds from Issue of Shares | 94,365 | 47 |
| Proceeds from borrowings | 20,326 | 22,354 |
| Repayment of borrowings | (89,157) | (34,744) |
| Dividends paid | (41,725) | (50,117) |
| Net Cash Inflow (Outflow) from Financing Activities | (16,191) | (62,460) |
| Net Increase (Decrease) in Cash Held | 122,274 | 16,292 |
| Cash at the beginning of the financial year | 80,933 | 67,287 |
| Cash from Associate now treated as Controlled Entity | 1,810 | - |
| Effect of exchange rate changes on cash | (1,011) | (2,646) |
| Cash at the end of the financial year | 204,006 | 80,933 |

Washington H. Soul Pattinson and Company Limited

Basis of preparation

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of the ASX Appendix 4E.

The accounting policies adopted in the preparation of this preliminary final report are consistent with those adopted and disclosed in the 2004 annual report.

In the current financial year some parts of the Group have adopted the tax consolidation legislation. Tax sharing agreements have been implemented.

This Appendix 4E is based on the financial report which is in the process of being audited.

| Revenue and Expenses from ordinary activities | 2004 | 2003 |
|--|---------|---------|
| | \$000 | \$000 |
| Revenue from sales or services | 392,854 | 340,624 |
| Interest revenue | 5,501 | 3,713 |
| Other relevant revenue | | |
| Sales from Investments | 49,175 | 14,891 |
| Sales from Properties | 5,433 | 3,215 |
| Sales from Businesses | 11,756 | - |
| Dividend Income | 11,976 | 12,973 |
| Other Income | 52,297 | 9,771 |
| Details of relevant expenses | | |
| Cost of Sales | 261,295 | 213,534 |
| Expenses - Selling & Distribution | 79,087 | 61,125 |
| Expenses - Administration | 25,477 | 18,895 |
| Depreciation & Amortisation | 32,454 | 29,517 |

| Details of Non Regular Items (net of income tax) | 2004 | 2003 |
|---|---------------|--------------|
| | \$000 | \$000 |
| Profit on Disposal of Land and Buildings | 4,077 | 2,646 |
| Profit on Disposal of Investments | 18,436 | 4,867 |
| Profit on Disposal of Business | 4,564 | 177 |
| Settlement of coal handling contract | 8,692 | - |
| Demerger Dividend | - | 1,911 |
| Sale of Investment Portfolio by associate | 36,982 | - |
| Tax benefit from tax consolidation | 1,666 | - |
| Total Non Regular Items | 74,417 | 9,601 |

Details of Investments in Associates

| Name of associated entity | Percentage of ownership | | Contribution to Net Profit | |
|--|-------------------------|------|----------------------------|---------------|
| | at balance date | | 2004 | 2003 |
| | 2004 | 2003 | \$000 | \$000 |
| | % | % | | |
| Brickworks Limited | 49.8 | 49.8 | 60,748 | 22,254 |
| Queensland Bulk Handling Pty Ltd | 31.7 | 34.7 | 61 | 310 |
| Queensland Commodity Exports Pty Ltd | 21.1 | 23.1 | 52 | 29 |
| Clover Corporation Limited | 28.6 | 28.9 | 116 | (105) |
| Australian Pharmaceutical Industries Limited | 23.2 | 22.9 | 4,242 | 5,599 |
| Pacific Strategic Investments Limited | 27.6 | 24.9 | 790 | (100) |
| Pitt Capital Partners Limited | - | 50.0 | - | 154 |
| Pitt Capital Partners Asia Limited | 25.0 | - | (27) | - |
| PT Adaro Indonesia | 25.9 | 28.3 | 3,599 | 5,724 |
| Vindoor Investments (Mauritius) Ltd | 25.9 | 28.3 | 7,029 | 7,044 |
| SPT Telecommunications Pty Ltd | 22.3 | 28.3 | 2,219 | 798 |
| Kooee Pty Limited | 22.3 | 28.3 | 212 | 10 |
| Windsor Farm Foods Limited | 15.9 | 20.0 | (217) | (97) |
| Soda Incorporated Pty Ltd | 43.4 | - | (335) | - |
| | | | <u>78,489</u> | <u>41,620</u> |

Indonesian Government Regulation No. 144/2000 (GR 144) which was effective from 1 January, 2001 stipulates that coal is no longer VAT-able and as a result an associated company, P.T. Adaro Indonesia (Adaro) has been unable to seek restitution for VAT Input incurred from this date onwards.

However, under the terms of its 1st generation coal agreement ("CCA"), Adaro contends that it is entitled to a refund for any VAT input it pays, as VAT is not a tax specified in the CCA, and under the terms of the CCA the Government is responsible for any new taxes.

Since January, 2001 Adaro has offset its VAT inputs against production sharing payments due to the Government of Indonesia of US\$64 million (A\$91.7 million) - WHSP shareholders' share - A\$23.7 million. The Directorate General of Geology and Mineral Resources which administers the CCA's on behalf of the Government is aware of this and has not taken a contrary position.

In March, 2004 a Supreme Court Judge of the Indonesian Supreme Court issued a legal opinion to the Indonesian Coal Mining Association stating that in his view GR 144 contradicts VAT Law which does not include coal as non VAT-able goods. This letter suggested that GR 144 should be revoked as the VAT Law is the higher legislation.

However, the Indonesian Government opines that it is not legally bound to follow the opinion and is yet to decide on the issue.

Adaro has made provision of US\$36.5 million (A\$52.2 million) - WHSP shareholders' share - A\$13.5 million for the tax in its accounts in case the Company is ultimately unable to recover it under the terms of the CCA.

In the event that the Indonesian Government does not decide in Adaro's favour on the VAT issue and all legal resources have been exhausted with a binding decision against Adaro, the maximum exposure to Adaro is likely to be the difference between VAT offset and VAT provided for which at 31 July, 2004 amounted to US\$32.7 million (A\$46.9 million) - WHSP shareholders' share A\$12.1 million pre tax.

| Retained Profits | 2004 \$000 | 2003 \$000 |
|---|----------------|----------------|
| Retained profits at the beginning of the financial year | 266,160 | 196,297 |
| Net profit attributable to members of the Group | 155,925 | 88,307 |
| Dividends paid or payable | (67,163) | (18,444) |
| Retained profits at the end of the financial year | 354,922 | 266,160 |

Acquisition of Controlled Entity
 Keith Harris & Co. Limited acquired 63% of the issued shares of Balfours Australia Pty. Limited on 30 November, 2003.
 Washington H. Soul Pattinson & Company Limited acquired 62.5% of Souls Funds Management Limited on 15 September, 2003. The holding at balance date was 63.6%.

| Dividend distributions per security in respect of the year ended 31 July, 2004 | | | | |
|---|---|---------------|---------------------------------|-----------------------------------|
| | | \$000 | Amount per security C P S | Franking per security C P S |
| Final Dividend | Current year (recommended) | 28,637 | 12.0c | 12.0c |
| | Previous year | 23,864 | 10.0c | 10.0c |
| Special Dividend | Current year (re sale of NBN Television) | 23,864 | 10.0c | 10.0c |
| | Previous year (New Hope Corp Ltd ASX float) | 11,932 | 5.0c | 5.0c |
| Interim Dividend | Current year | 19,091 | 8.0c | 8.0c |
| | Previous year | 16,705 | 7.0c | 7.0c |
| Total Dividends | Current year | 71,592 | 30.0c | 30.0c |
| | Previous year | 52,501 | 22.0c | 22.0c |

No dividend reinvestment plans were in operation during the reporting period.
 Total number of ordinary shares on issue for the whole of the reporting period was 238,640,580.

| Earnings per Security (EPS) | | |
|---|----------------|---------------|
| Calculation of the following in accordance with AASB 1027: Earnings per share | | |
| (a) Basis EPS (cents) before non regular items | 34.2 | 33.0 |
| Basic EPS (cents) after non regular items | 65.3 | 37.0 |
| Adjusted weighted average number of ordinary shares | 238,640,580 | 238,640,580 |
| (b) Diluted EPS (cents) | 65.3 | 37.0 |
| | \$000 | \$000 |
| Earnings reconciliation | | |
| Net Profit | 192,576 | 107,236 |
| Net Profit attributable to outside equity interests | (36,651) | (18,929) |
| Basic Earnings | <u>155,925</u> | <u>88,307</u> |
| Diluted Earnings | <u>155,925</u> | <u>88,307</u> |

| NTA backing | | |
|--|---------------|---------------|
| Net tangible asset backing per ordinary security | <u>\$3.08</u> | <u>\$2.73</u> |

Subsequent Event
 Washington H. Soul Pattinson & Company Limited sold its shares in NBN Enterprises Pty. Limited to a controlled entity SP Telemedia Limited on 1 August, 2004. As a result for future reporting periods the company will report its share of NBN Enterprises Pty. Limited's profits based on its holding in SP Telemedia Limited.

Impact of Adopting International Financial Reporting Standards (IFRS)

For reporting periods beginning on or after 1 January, 2005, the consolidated entity must comply with IFRS as issued by the Australian Accounting Standards Board. This will first affect the company and the consolidated entity for the half-year accounts to 31 January, 2006 and then each report thereafter.

Various Group executives are responsible for identifying the major changes in the accounting standards and quantifying their effect on the existing accounting policies and the Group's financial statements, and reporting this to the Audit Committee.

At this point in time the changes in the accounting standards are unlikely to have a material impact on the financial statements of the company or consolidated entity.

Major changes identified to date that will be required to the consolidated entity's existing accounting policies include the following:-

1. Listed investments will be required to be valued to market value. The revaluation will be direct to reserves. When an investment is subsequently sold the profit/loss will go through the profit statement with a corresponding adjustment to reserves.
2. Income Tax - Deferred tax balances will be determined using the balance sheet method.
3. Intangibles - Goodwill. Goodwill will be determined by an annual impairment test.
4. Equity based compensation benefits. Such compensation will be recognised as an expense.
5. Foreign exchange contracts. There may be major impacts as a result of foreign exchange contracts held for hedging purposes being accounted for as cash flow hedges. Changes in the fair value of these contracts will be recognised directly in equity until the hedged transaction occurs, in which case, the amounts recognised in equity will be released against the underlying transaction.
6. Impairment of Assets. Assets are required to be reviewed annually for an indication of impairment.

The above should not be regarded as a complete list of required changes. Not all standards have been analysed and some decisions not made where choices are available. At this stage it is not possible to quantify the impact of the transition on the consolidated entity's financial position and performance.

WASHINGTON H. SOUL PATTINSON AND COMPANY LIMITED - APPENDIX 4E FYE 31.7.2004

SEGMENT OPERATIONS:

| | Revenue | | Profit After Tax | | Total Assets | | Total Liabilities | |
|--|----------------|----------------|------------------|----------------|------------------|------------------|-------------------|----------------|
| | 2004 \$000 | 2003 \$000 | 2004 \$000 | 2003 \$000 | 2004 \$000 | 2003 \$000 | 2004 \$000 | 2003 \$000 |
| Primary Reporting Industry Segments | | | | | | | | |
| Coal Mining | 241,088 | 178,195 | 63,795 | 28,917 | 373,922 | 376,376 | 144,612 | 219,884 |
| Investment | 63,661 | 33,548 | 31,582 | 19,501 | 245,264 | 205,230 | 12,533 | 8,159 |
| Media | 77,118 | 70,560 | 7,543 | 5,809 | 179,789 | 124,051 | 48,393 | 45,136 |
| Telecommunications | 16,968 | 30,484 | 5,698 | 4,864 | 109,451 | 39,710 | 8,477 | 7,626 |
| Bakery | 62,819 | - | (8,244) | - | 55,558 | - | 47,524 | - |
| Fruit Products | 15,665 | 12,846 | 3,092 | 774 | 990 | 8,057 | 630 | 1,386 |
| Flavours and Fragrances | 12,295 | 11,747 | 753 | 602 | 15,832 | 10,571 | 3,480 | 3,532 |
| Pharmaceutical | 21,543 | 40,855 | 2,969 | 427 | 950 | 11,707 | 3,231 | 5,498 |
| Property | 6,324 | 3,215 | 4,207 | 4,147 | 8,149 | 7,176 | - | - |
| Unallocated | 19,714 | 11,238 | 2,692 | 575 | 16,634 | 8,956 | 52,837 | 13,177 |
| Associates (Note a) | - | - | 78,489 | 41,620 | 425,295 | 350,029 | - | - |
| Intersegment (Note b) | (8,203) | (6,458) | - | - | (17,141) | (26,581) | (19,517) | (26,581) |
| Group Totals | 528,992 | 386,230 | 192,576 | 107,236 | 1,414,693 | 1,115,282 | 302,200 | 277,817 |

| | Acquisition Non Current Assets (Note e) | Depreciation / Amortisation | Other Non Cash Expenditure |
|-------------------------|---|-----------------------------|----------------------------|
| Coal Mining | 24,439 | 31,282 | 22,791 |
| Media | 7,337 | 4,060 | 21,865 |
| Telecommunications | 953 | 6,461 | 3,599 |
| Bakery | 7,054 | - | 3,609 |
| Fruit Products | 42 | 497 | 2,308 |
| Flavours and Fragrances | 918 | 654 | 2,461 |
| Pharmaceutical | - | - | 2,148 |
| Property | 4,295 | 729 | - |
| Unallocated | 487 | 80 | - |
| Group Totals | 45,525 | 43,763 | 32,859 |

Secondary Reporting Geographical Segments

| | Revenue | Acquisition Non Current Assets (Note e) | Total Assets |
|---------------------|----------------|---|------------------|
| Australia | 436,580 | 334,194 | 44,488 |
| South East Asia | 92,412 | 52,036 | 42,893 |
| Group Totals | 528,992 | 386,230 | 1,198,208 |

Products and Services

| | |
|-------------------------|--|
| Investment | Investment in shares and short-term deposits. |
| Coal Mining | Coal mining in Australia and Indonesia. |
| Media | Television advertising and commercial and program production. |
| Pharmaceutical | Pharmaceutical retailing. |
| Telecommunications | Licensed carrier and retailer of telecommunication services and products |
| Fruit Products | Fruit product processing, sales and distribution. |
| Flavours and Fragrances | Flavours, fragrances, aromatic chemicals and essential oil manufacture. |
| Property | Sale and rental of properties. |
| Bakery | Manufacture of biscuits and cakes |

SEGMENT OPERATIONS (Cont.):

Consolidated
2004 2003
\$000 \$000

(a) Associates

Revenue from associates is not included in total Revenue.
 Total assets includes the company's share of associates increase
 in post acquisition profits and reserves

(b) Split of Intersegment revenue is as follows:

| | | |
|--------------------|--------------|--------------|
| Investment | 2,093 | 1,995 |
| Property | 379 | 343 |
| Telecommunications | 2,480 | 2,464 |
| Media | 1,928 | 1,656 |
| Unallocated | 1,323 | - |
| | <u>8,203</u> | <u>6,458</u> |

All Intersegment revenue is based on commercial rates

(c) Split of outside equity interest is as follows:

| | | |
|-------------------------|---------------|---------------|
| Coal Mining | 36,498 | 16,579 |
| Telecommunications | 2,284 | 1,902 |
| Bakery | (4,178) | - |
| Flavours and Fragrances | 249 | 110 |
| Fruit Products | 669 | 123 |
| Investment | 221 | 215 |
| Unallocated | 908 | - |
| | <u>36,651</u> | <u>18,929</u> |

(d) Split of non regular items is as follows:

| | | |
|----------------|---------------|--------------|
| Associates | 36,982 | - |
| Investment | 18,471 | 6,721 |
| Property | 4,077 | 2,646 |
| Coal Mining | 10,323 | - |
| Fruit Products | 2,127 | 234 |
| Pharmaceutical | 2,437 | - |
| | <u>74,417</u> | <u>9,601</u> |

(e) Acquisition of non-current assets excludes investments