

# 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 2009

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 2009.

The previous corresponding period is the half year ended 31 January 2008.

**Washington H. Soul Pattinson and Company Limited**  
**Half year ended 31 January 2009**

**Results for Announcement to the Market**

		<b>Current period 31 January 2009 \$'000</b>	<b>Previous period 31 January 2008 \$'000</b>	<b>Change  \$'000</b>
<b>Revenue from continuing operations</b>	<b>Down 10.7% to</b>	<b>351,550</b>	<b>393,511</b>	<b>(41,961)</b>
<b>Profit before non regular items from ordinary activities after tax attributable to members</b>	<b>Up 167.0% to</b>	<b>117,460</b>	<b>43,987</b>	<b>73,473</b>
<b>Profit after tax and non regular items attributable to members</b>	<b>Up 1970.2% to</b>	<b>939,994</b>	<b>45,407</b>	<b>894,587</b>

**Dividends**

	<b>Cents per share</b>	<b>Franking %</b>
<b>This period</b>		
1. Interim dividend	<b>13c</b>	<b>100%</b>
<b>Previous corresponding period</b>		
1. Interim dividend	12c	100%
Record date for determining entitlements to interim dividend:		<b>23 April 2009</b>
Date the interim dividend is payable:		<b>14 May 2009</b>

**Comments on above results**

- \*\* The increase in profit after tax and non regular items attributable to members includes the \$1.0 billion gain on sale of the Saraji coal project, increase in interest earned from investment of the cash proceeds from the sale, increased profits from coal sales; partially offset by writedowns in the carrying value of equity accounted investments.**
- \*\* The 2008 comparatives include revenues for SP Telemedia Limited of \$206 million. Revenues on a like for like basis have increased for the 2009 period by \$163 million due to increases in coal sales and interest revenue.**
- \*\* Interim dividend increased by 8.3% to 13 cents per share fully franked.**
- \*\* Refer Review of operations for further details on the results.**

**Washington H. Soul Pattinson and Company Limited**  
**Half year ended 31 January 2009**

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**Earnings per share**

	<b>2009</b>	2008
<b>From continuing operations</b>		
Basic Earnings per Share	<b>394.20 cents</b>	22.31 cents
Diluted Earnings per Share	<b>394.20 cents</b>	22.31 cents
<b>From discontinued operations</b>		
Basic Earnings per Share	<b>(0.31) cents</b>	(3.28) cents
Diluted Earnings per Share	<b>(0.31) cents</b>	(3.28) cents
From profit before non regular items after tax	<b>49.22 cents</b>	18.43 cents

**Net tangible assets per security**

	<b>Jan 2009</b>	July 2008
Net tangible asset backing per ordinary security	<b>\$9.68</b>	\$6.52

**Explanation of Profit after tax**

For a further explanation of the half year's operating results, please refer to the Review of Operations.

**Explanation of Net Profit**

For a further explanation of the half year's operating results, please refer to the Review of Operations.

**Review of Operations**

As attached.

# Washington H. Soul Pattinson and Company Limited

A.B.N. 49 000 002 728

## Directors' Report

### Half Year Ended 31 January 2009

The Directors of Washington H. Soul Pattinson and Company Limited present their report and the financial statements of the parent entity and its controlled entities for the half year ended 31 January 2009.

#### DIRECTORS

The Directors of the Company in office at any time during or since the end of the half year are:

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

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

**Michael John Millner M.A.I.C.D.**

Deputy Chairman (Non-Executive Director since 1997, appointed Deputy Chairman 1998)

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

Executive Director, appointed 1984

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

Non-executive Director, appointed 1997

**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

#### CONSOLIDATED FINANCIAL PERFORMANCE

The Profit of the Group, **after tax before non regular items**, attributable to shareholders for the half year ended 31 January 2009, was \$117 million, an increase of 167% over the previous corresponding period. This increase of \$73 million was mainly attributable to improved results in New Hope Corporation Limited (New Hope) in both operations and treasury and improved results in Pitt Capital Partners Pty Limited.

The Directors consider the **profit before non regular items** to be the underlying profit of the Group. Accordingly, interim and final dividends are declared and recommended based on that profit.

The Profit of the Group, **after tax and non regular items**, was \$940 million, in excess of 20 times that of the previous corresponding period. The net profit on non regular items of \$823 million is principally composed of the Group's \$1.03 billion profit on the sale of the New Saraji coal project by New Hope and impairment of investments in associated companies of \$172 million.

The recoverable amount of investments in associated companies has been assessed. The Directors consider the weighted average share price of the associates for the month of January 2009 to be the best estimate of the recoverable amount of the associates at that time. Where the carrying values of the associates exceeded the recoverable amounts, the carrying values were impaired. In the event of future increases in the recoverable amounts of the associates these impairments may be reversed. Please refer to note 3(i)(c) of the attached financial statements for further information regarding impairments.

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

	<b>2009</b>	2008	%
	<b>\$000</b>	\$000	Change
Revenue from continuing operations	<b>351,550</b>	393,511	- 11%
Profit after tax before non regular items	<b>117,460</b>	43,987	+ 167%
Profit after tax and non regular items	<b>939,994</b>	45,407	+ 1,971%
Share of results from associates	<b>(12,295)</b>	15,923	- 177%
Earnings per share	<b>393.9c</b>	19.0c	+ 1,971%
Interim Dividend	<b>13.0c</b>	12.0c	+ 8%

## **INTERIM DIVIDEND**

Directors have declared an interim dividend of 13 cents per share in respect of the half year ended 31 January 2009, an increase of 8% over last year's interim dividend of 12 cents per share. The dividend will be fully franked and payable on 14 May 2009.

## **INVESTMENTS – Share Portfolio**

### **Holding Company**

The Company's listed investment portfolio, which includes controlled entities and associates, was valued at \$2.8 billion as at 31 January 2009, compared to \$3.6 billion at 31 July 2008 and \$2.4 billion at 31 January 2008. This variation reflects the continuing volatility of the market as a whole.

The portfolio out performed the benchmark S&P/ASX 300 accumulation index with a return of negative 20% compared to the benchmark return of negative 27%.

Excluding controlled entities and associates, the market value of the listed investment portfolio at 31 January 2009 was \$311 million, a decrease of \$83 million compared to 31 July 2008. Under the Group's accounting policies \$11 million of the movement in market values was reflected in the Income Statement as impairments with the balance being transferred to the asset revaluation reserve.

During the half year \$36 million was invested in the equities market, \$20 million of which was the result of takeovers. The main purchases were Bank of Queensland Limited, Brickworks Investment Company Limited, Commonwealth Bank of Australia, Ruralco Holdings Limited and Westpac Banking Corporation. Purchases of shares in controlled entities and associates totalled \$9 million.

The net gain on disposals for the period was \$3 million before tax. Proceeds from disposals totalled \$21 million including shares of \$20 million received as a result of takeovers. The main disposals were Huntley Investment Company Limited and St George Bank Limited, both of which resulted from takeovers.

Dividend and distribution income from the listed investment portfolio, excluding those from controlled and associated entities, was \$11 million, down 1% on the same period last year.

## **MAJOR CONTROLLED ENTITIES**

### **New Hope Corporation Limited (New Hope) – (60.9% held\*)**

New Hope has reported a net profit after tax from its coal mining, treasury, investments and port operations (excluding non-recurring items) of \$132 million (\$79 million from operations and \$53 million from treasury) for the half year ended 31 January 2009 (2008: \$37 million), a 262% increase over the previous corresponding period. Additionally, a non-recurring net profit after tax of \$1.7 billion was reported from the sale of the New Saraji coal project.

Basic earnings per share (excluding non-recurring items) for the half year were 16.4 cents, a 261% increase on the 4.5 cents per share earned in the previous corresponding period.

The Directors of New Hope have declared an interim ordinary dividend of 4.75 cents per share fully franked which is payable on the 6 May 2009 to shareholders registered at 20 April 2009. Directors have previously advised that a special dividend of approximately 74 cents per share will be paid in November 2009 from proceeds received from the sale of the New Saraji coal project.

Compared to the previous corresponding period, the result for the half year ended 31 January 2009 benefited from:

- Higher coal sale prices, in AUD terms, for both export and domestic coal coupled with higher export coal sales tonnages;
- A substantially lower average AUD:USD exchange rate;
- Continued saleable coal production growth, which was up 13% to 2.4 million tonnes; and
- Higher interest income from cash on deposit resulting from the sale of the New Saraji project.

The Wetalla water project is well advanced. At the end of January 2009, approximately 39kms of the required 46.5km underground pipeline had been laid, with head end and tail end civil works progressing. On completion the Acland mine, 30kms west of Toowoomba, will have adequate water supply well into the future.

### Port Operations

New Hope's 100% owned port facility, Queensland Bulk Handling (QBH), continued to operate effectively, with 2.8 million tonnes loaded through the facility during the half year ended 31 January 2009, which was similar to the previous corresponding period. The QBH facility continues to operate essentially demurrage free.

\* Percentage of the issued capital of the company held by the Group as at 31 January 2009.

Coal stockpile and handling capacity expansion work is continuing on schedule. At full capacity in late 2010, the port will be capable of handling up to 10 million tonnes per annum subject to shipping schedules.

### Exploration

New Hope's exploration strategy continues to be directed toward evaluating open cut and underground coking coal resources in Central Queensland; open cut thermal coal in South East Queensland and evaluating coals as potential sources of gasification and liquefaction.

### Arrow Energy Limited

As at 31 January 2009 New Hope held 120.6 million shares at a total cost of \$112 million equivalent to 17.1% of the company. Arrow Energy's share price on 31 January 2009 was \$2.67 valuing the New Hope investment at \$322 million, representing an unrealised gain before tax of \$210 million.

### Outlook

At New Acland, regulatory approval was granted in 2008 for increased production of up to 4.8 million tonnes per annum.

Planning is underway to take advantage of a new mining lease at the New Acland Mine, expected to be granted in 2010. When granted this lease will give New Hope the ability to incrementally increase production to 10 million tonnes per annum, subject to market conditions, rail and port capacity.

As a result of WHSP's 60.9% holding in the issued capital of the company, New Hope contributed \$1.1 billion to the net profit of the Group (2008: \$22 million).

### **Pitt Capital Partners Pty Limited (PCP) – (78.3% held\*)**

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

Among other transactions completed during the half year PCP was the sole advisor to New Hope Corporation Limited in their sale of the New Saraji project to the BHP Billiton Mitsubishi Alliance.

As a result of WHSP's 78.3% interest in the issued capital of the company, PCP contributed \$11 million to the net profit of the Group (2008: \$0.1 million).

### **INVESTMENTS – Major Associated Entities**

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

For the year ended 31 August 2008 API reported total revenue of \$3.2 billion and a full year net profit after tax of \$15 million.

\* Percentage of the issued capital of the company held by the Group as at 31 January 2009.

Compared to API's last full 12 month period which ended 30 April 2007, total revenue has increased 22%, underlying EBIT was up 32% and reported net profit after tax increased by \$27 million.

The retail division reported sales of \$616 million, up 7% from the prior comparable 12 month period. Revenue from the pharmacy wholesaling division was \$2.5 billion, up 22% compared to API's last full 12 month period.

API has also announced plans to bring forward its capital expenditure on supply chain improvements to generate savings earlier than first anticipated. The company expects a minimum of \$10 million in savings in the 2011 financial year and to exceed the previously projected annualised savings of \$18 million when completed.

API has advised that it is on target to improve on last year's first half net profit of \$6 million by up to 10%. API will announce their half-year result on 29 April 2009.

As a result of WHSP's 24.6% holding in the issued capital of the company, API contributed a net profit of \$2 million to the Group (2008: \$0.6 million loss)

### **Brickworks Limited (Brickworks) – (49.5% held\*)**

Brickworks net profit after tax and non regular items for the half year was \$255 million. Profit after tax, before non regular items was \$51 million, an increase of 26% on the corresponding period last year. These results include the equity accounted profit contribution from WHSP.

The result once again highlights the strength and reliability of the Brickworks model, with earnings diversity from its three divisions of Building Products, Land and Development and Investments.

Normalised earnings per share (EPS) increased 26% to 38.3 cents per share for the half year ended 31 January 2009, from 30.4 cents per share for the half year ended 31 January 2008.

The Directors of Brickworks have declared an interim dividend of 12.5 cents in respect of the half year ended 31 January 2009. The dividend will be fully franked and payable on 19 May 2009.

### Building Products

Austral Bricks™ overall brick sale volumes were down approximately 5.4% compared to the previous corresponding period, while net average selling prices increased by 2.7%.

Austral Masonry™ continues to grow with a 10.7% growth in sales volume compared to the previous half year, mainly due to the acquisition of the Smart State Blocks business at Yatala, Queensland during July 2008.

Bristle Roofing™ sale volumes declined 8.5% during the half year, with average selling prices increasing by 1.6%.

Eureka Tiles™ again achieved a significantly improved result in its import business.

\* Percentage of the issued capital of the company held by the Group as at 31 January 2009.

## Land and Development

Land and Development produced an EBIT of \$12 million for the six months ended 31 January 2009. This represents a decrease of 54% over the record EBIT achieved last half year of \$26 million.

The Property Trust contributed the majority of the overall profit for the half, with a total net result of \$11 million from Development Profit, Trust Income and Revaluations.

## Building Products Outlook

The aggressive interest rate cuts since August 2008 totalling 400 basis points and the Federal Government's increasing of its First Home Owners Grant to \$21,000 for new homes have provided stimulus for the housing industry, with initial signs of increased display home traffic and increased housing finance positive lead indicators. These factors along with the lower cost of fuel and additional state government stimuli have led to improved housing affordability.

As a result of WHSP's 49.5% holding in the issued capital of the company, Brickworks contributed a \$5 million regular profit to the Group (2008: \$12 million). In addition, WHSP's share of the non regular write downs was \$25 million. These contributions exclude the WHSP profit taken up by Brickworks under the equity accounting method.

## **Clover Corporation Limited (Clover) – (28.6% held\*)**

Clover reported a net profit after tax for the first half ended 31 December 2008 of \$1.6 million (2007: \$0.7 million) an increase of 135%.

Sales of \$9.6 million were down 4% on the same period last year due to lower oil sales as the company moved to focus on higher margin value added products.

Despite the slight fall in sales, the net profit result was well ahead of last year due to tight control of margins and operating expenses and foreign exchange gains.

Clover directors have advised that the outlook for the company's performance in the second half of the 2009 financial year is encouraging.

On 16 March 2009 Clover announced the appointment of GTC Nutrition (GTC) as exclusive distributor and agent of their Omega<sup>3</sup>HiDHA ingredients in the Americas and Europe. GTC is a recognised leader in providing innovative customised ingredient solutions along with scientific, technical and marketing expertise in the food processing, dietary supplement and animal feeds industries.

Clover has recognised that the American and European markets represent a key opportunity for the next stage of the company's development.

As a result of WHSP's 28.6% holding in the issued capital of the company, Clover contributed a net profit of \$0.5 million to the Group (2008: \$0.2 million).

\* Percentage of the issued capital of the company held by the Group as at 31 January 2009.

### **Ruralco Holdings Limited (Ruralco) – (23.5% held\*)**

As a result of WHSP acquiring additional shares in Ruralco on 4 June 2008, WHSP's investment in Ruralco was reclassified as an investment in an associated company. Accordingly, this investment has been equity accounted since that date.

For the year ended 30 September 2008 Ruralco reported total revenue of \$886 million an increase of 18% over the prior year. Net profit after tax was \$16 million an increase of 43%.

A final dividend of 13 cents per share fully franked was paid in December 2008 bringing total dividends for the year to 22 cents fully franked, an increase of 2 cents.

As a result of WHSP's 23.5% holding in the issued capital of the company, Ruralco contributed a total net profit of \$1.2 million to the Group (2008: \$1.1 million dividend income)

### **SP Telemedia Limited (SPT) – (27.5% held\*)**

SPT reported a net profit after tax of \$5 million and earnings before interest, tax, depreciation and amortisation (EBITDA) of \$44 million for the half year ended 31 January 2009.

These results, which include a full six months trading from the TPG group, represent a 264% increase on the EBITDA of \$12 million achieved in the corresponding period last year, prior to the acquisition of TPG, and a 104% increase on the \$2.5 million net profit after tax achieved for the same period. These results were reduced by an unrealised mark-to-market exchange rate loss before tax of \$5.7m.

The Directors of SPT have declared a fully franked interim dividend of 1 cent per share, payable on 27 May 2009.

SPT's improved financial results have been driven by more than 600,000 consumer customers throughout Australia using a range of internet and voice (mobile, fixed and VoIP) services where greater than 20% growth in broadband subscribers has been achieved for the 6 months. The infrastructure used to provide these services is part of TPG-Soul's converged network that covers Australia across more than 400 points of presence. The network is built on the latest technology to support voice, data and video to capital city and regional locations, providing robust value-for-money services to business and government customers supported by a 24/7 grade one Network Operation Centre.

SPT has generated a net cash inflow from operations before interest, tax, capex and debt repayments during the half year of \$64 million up from \$9 million last year. This cash generation has enabled it to make a further \$21 million of repayments against its debt facility in the period. It is now ahead of its debt repayment schedule by \$25 million and the next compulsory debt repayment does not arise until July 2010.

With the current EBITDA run-rate in excess of \$8 million monthly, the Directors of SPT have reaffirmed that the group is on track to achieve its guidance of \$93 million EBITDA for the full year.

As a result of WHSP's 27.5% holding in the issued capital of the company, SPT contributed \$1.4 million to the net profit of the Group (2008: \$1 million, 44.5% holding).

\* Percentage of the issued capital of the company held by the Group as at 31 January 2009.

### **ROUNDING OF AMOUNTS**

The amounts contained in the accompanying financial statements have been rounded off to the nearest one thousand dollars under the option available to the Company under ASIC Class Order 98/100.

### **AUDITORS' INDEPENDENCE DECLARATION**

The lead auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 12 for the half year ended 31 January 2009.

Dated this 26<sup>th</sup> day of March 2009

Signed in accordance with a resolution of the Directors:



R.D. Millner  
Director



P.R. Robinson  
Director

**Auditor's Independence Declaration  
to the Directors of Washington H. Soul Pattinson and Company Limited  
and its Controlled Entities**

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 2009, 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 its Controlled Entities during the period.



**Moore Stephens Sydney**  
Chartered Accountants



**Martin J. (Joe) Shannon**  
Partner

Dated in Sydney this 26th day of March 2009.

**Washington H. Soul Pattinson and Company Limited**  
**Half year ended 31 January 2009**

**Condensed Consolidated Income Statement**  
**For the half year ended 31 January 2009**

	Notes	Consolidated	
		2009 \$'000	2008 \$'000
<b>Revenue from continuing operations</b>	3(i)	<b>351,550</b>	393,511
Other income	3(i)	<b>2,414,919</b>	9,886
Cost of sales		<b>(94,148)</b>	(218,674)
Selling and distribution expenses		<b>(38,782)</b>	(66,675)
Administration expenses		<b>(26,677)</b>	(32,441)
Occupancy expenses		<b>(460)</b>	(2,454)
Other expenses		<b>(1,454)</b>	(2,138)
Impairment of assets	3(i) & 7	<b>(189,933)</b>	(1,003)
Finance costs		<b>(906)</b>	(2,493)
Share of results from equity accounted associates	7	<b>(12,295)</b>	15,923
<b>Profit before income tax</b>		<b>2,401,814</b>	93,442
Income tax (expense)		<b>(771,176)</b>	(19,752)
Profit after tax from continuing operations		<b>1,630,638</b>	73,690
(Loss) after tax from discontinued operations	4	<b>(730)</b>	(7,840)
<b>Profit after tax for the half year</b>		<b>1,629,908</b>	65,850
Profit after tax attributable to minority interest		<b>(689,914)</b>	(20,443)
<b>Profit after tax attributable to members of Washington H. Soul Pattinson and Company Limited</b>		<b>939,994</b>	45,407
Profit before non regular items from ordinary activities after tax attributable to members		<b>117,460</b>	43,987
Profit from non regular items after income tax attributable to members	3(ii)	<b>822,534</b>	1,420
<b>Profit after tax and non regular items for the period attributable to members</b>		<b>939,994</b>	45,407
		<b>Cents</b>	Cents
<b>Earnings per share</b>		<b>2009</b>	2008
Basic and diluted earnings per share to ordinary equity holders of the company			
Continuing operations		<b>394.20</b>	22.31
Discontinued operations		<b>(0.31)</b>	(3.28)
Total earnings per share		<b>393.89</b>	19.03
Weighted average number of shares used in calculating basic and diluted earnings per share		<b>238,640,580</b>	238,640,580

The Directors consider the disclosure of the impact of non regular items enhances the understanding of the results to members.

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

**Washington H. Soul Pattinson and Company Limited**  
**Half year ended 31 January 2009**

**Condensed Consolidated Balance Sheet**  
**As at 31 January 2009**

	Consolidated	
	31 Jan 2009 \$'000	31 July 2008 \$'000
<b>Current assets</b>		
Cash and cash equivalents	50,738	34,337
Term deposits	2,752,868	267,931
Trade and other receivables	45,578	45,937
Inventories	43,781	33,747
Other financial assets at fair value	44,176	74,544
Derivative financial instruments	-	8,363
Non-current assets classified as held for sale	-	7,139
Other assets	4,479	1,506
<b>Total current assets</b>	<b>2,941,620</b>	<b>473,504</b>
<b>Non-current assets</b>		
Trade and other receivables	5,170	6,993
Investments accounted for using the equity method	486,586	671,894
Available for sale financial assets	572,527	794,452
Other financial assets	11,125	11,125
Derivative financial instruments	4,035	7,106
Property, plant and equipment	366,774	327,654
Exploration and evaluation assets	2,180	1,976
Investment property	35	35
Deferred tax assets	23,914	16,033
Intangible assets	10,645	14,650
<b>Total non-current assets</b>	<b>1,482,991</b>	<b>1,851,918</b>
<b>Total assets</b>	<b>4,424,611</b>	<b>2,325,422</b>
<b>Current liabilities</b>		
Trade and other payables	35,821	35,828
Borrowings	33,051	28,623
Current tax liabilities	749,473	17,415
Derivative financial instruments	46,313	-
Provisions	17,685	11,186
<b>Total current liabilities</b>	<b>882,343</b>	<b>93,052</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	124,679	202,438
Derivative financial instruments	38,153	-
Provisions	15,502	13,802
Other	114	135
<b>Total non-current liabilities</b>	<b>178,448</b>	<b>216,375</b>
<b>Total liabilities</b>	<b>1,060,791</b>	<b>309,427</b>
<b>Net assets</b>	<b>3,363,820</b>	<b>2,015,995</b>
<b>Equity</b>		
Contributed equity	32,900	32,900
Reserves	592,108	744,033
Retained profits	1,695,547	793,887
Parent entity interest	2,320,555	1,570,820
Minority interest	1,043,265	445,175
<b>Total equity</b>	<b>3,363,820</b>	<b>2,015,995</b>

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

**Washington H. Soul Pattinson and Company Limited**  
**Half year ended 31 January 2009**

**Condensed Consolidated Statement of Changes in Equity**  
**For the half year ended 31 January 2009**

Consolidated entity	Share capital \$'000	Retained profits \$'000	Reserves \$'000	Total members equity \$'000	Minority interests \$'000	Total \$'000
<b>Total equity at the beginning of the half year – 1 August 2007</b>	32,900	754,033	792,115	1,579,048	567,748	2,146,796
Net movement in asset revaluation reserve, net of tax	-	-	(87,566)	(87,566)	(25,881)	(113,447)
Net movement in hedge reserve	-	-	4,161	4,161	2,533	6,694
Net movement in foreign currency translation reserve	-	-	(797)	(797)	(19)	(816)
Net movement in equity reserve	-	-	2,214	2,214	237	2,451
Recognising previously available-for-sale investment as an equity accounted associate	-	2,073	(2,073)	-	-	-
Net profit for the half year after tax	-	45,407	-	45,407	20,443	65,850
<b>Total recognised income and expense for the half year</b>	-	47,480	(84,061)	(36,581)	(2,687)	(39,268)
Dividends declared and paid	-	(31,969)	-	(31,969)	(25,207)	(57,176)
Contributions of equity, net of transaction costs	-	-	-	-	79	79
Net movement in share based payments reserve	-	-	549	549	243	792
Net movement in treasury reserve	-	-	(206)	(206)	(245)	(451)
Acquisition of additional ownership in subsidiaries	-	1,109	-	1,109	(5,033)	(3,924)
Equity transfer from members on issue of share capital in controlled entities	-	(70)	-	(70)	70	-
<b>Total equity at the end of the half year – 31 January 2008</b>	32,900	770,583	708,397	1,511,880	534,968	2,046,848
<b>Total equity at the beginning of the half year – 1 August 2008</b>	32,900	793,887	744,033	1,570,820	445,175	2,015,995
Net movement in asset revaluation reserve, net of tax	-	-	(113,436)	(113,436)	(36,628)	(150,064)
Net movement in hedge reserve	-	-	(41,521)	(41,521)	(26,110)	(67,631)
Net movement in foreign currency translation reserve	-	-	(890)	(890)	65	(825)
Net movement in equity reserve	-	-	3,658	3,658	-	3,658
Net profit for the half year after tax	-	939,994	-	939,994	689,914	1,629,908
<b>Total recognised income and expense for the half year</b>	-	939,994	(152,189)	787,805	627,241	1,415,046
Dividends declared and paid	-	(33,849)	-	(33,849)	(36,283)	(70,132)
Contributions of equity, net of transaction costs	-	-	-	-	2,174	2,174
Net movement in share based payments reserve	-	-	264	264	186	450
Acquisition of additional ownership in subsidiaries	-	272	-	272	(485)	(213)
Equity transfer from members on issue of share capital in controlled entities	-	(4,757)	-	(4,757)	5,257	500
<b>Total equity at the end of the half year – 31 January 2009</b>	32,900	1,695,547	592,108	2,320,555	1,043,265	3,363,820

*The above condensed 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 2009**

**Condensed Consolidated Cash Flow Statement**  
**For the half year ended 31 January 2009**

	Notes	Consolidated	
		2009 \$'000	2008 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers inclusive of GST		262,840	410,189
Receipt of GST on sale of the Saraji coal project		245,000	-
Payments to suppliers and employees inclusive of GST		(162,925)	(366,429)
Payment of GST on the sale of the Saraji coal project		(245,000)	-
		<b>99,915</b>	43,760
Dividends received		33,003	30,782
Interest received		16,300	13,132
Finance costs		(136)	(2,048)
Income taxes paid		(30,374)	(37,307)
<b>Net cash inflow from operating activities</b>		<b>118,708</b>	48,319
<b>Cash flows from investing activities</b>			
Payment for property, plant and equipment and intangibles		(54,497)	(35,370)
Proceeds from sale of property, plant and equipment		2,450,078	728
Costs incurred on the sale of the Saraji coal project		(163)	-
Net (payments for) / proceeds from term deposits		(2,419,570)	41,822
Payments for investments		(14,372)	(38,702)
Proceeds from sale of investments		5,370	16,445
Acquisition of subsidiary, net of cash acquired		-	(40,568)
Proceeds from divestment of business units – discontinued operations		-	5,443
Loans advanced		(244)	(3,287)
Loan repayments		66	71
<b>Net cash inflow/(outflow) from investing activities</b>		<b>(33,332)</b>	(53,418)
<b>Cash flows from financing activities</b>			
Proceeds from issues of equity		4,243	78
Dividends paid		(79,238)	(65,758)
Proceeds from borrowings		3,547	8,576
Repayment of borrowings and leases		-	(24,138)
Restricted cash released		-	554
<b>Net cash (outflow) from financing activities</b>		<b>(71,448)</b>	(80,688)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>13,928</b>	(85,787)
Cash and cash equivalents at the beginning of the half year		34,337	173,272
Effects of exchange rate changes on cash and cash equivalents		2,473	(14)
<b>Cash and cash equivalents net of bank overdraft at the end of the half year</b>		<b>50,738</b>	87,471

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

## **Notes to the Condensed Consolidated Financial Statements**

### **1. Statement of significant accounting policies**

#### **(a) Basis of preparation**

The financial report for the interim half year reporting period ended 31 January 2009 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 interim 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 2008 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 applied by the Consolidated Entity in this interim financial report are the same as those applied by the Consolidated Entity in its consolidated financial report for the year ended 31 July 2008.

#### **(b) Estimates**

The preparation of the interim 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.

Except as described below, in preparing this interim consolidated 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 2008.

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 2009 include the assessment of the recoverable amounts for non current assets, including investments in associates and available for sale financial assets (refer to note 3(i)).

**Washington H. Soul Pattinson and Company Limited**  
**Half year ended 31 January 2009**

**Notes to the Condensed Consolidated Financial Statements**

**2. Segment Information**

**Primary reporting format – business segments**

<b>Half year ended 31 January 2009</b>	Investing activities \$'000	Coal mining \$'000	Consulting \$'000	Intersegment eliminations/ unallocated \$'000	<b>Total continuing operations \$'000</b>	Discontinued operations - Bakery \$'000	Intersegment eliminations/ unallocated \$'000	<b>Total discontinued operations \$'000</b>	<b>Consolidated \$'000</b>
<b>Revenue from external customers</b>	34,709	308,137	2,992	5,712	<b>351,550</b>	179	-	<b>179</b>	<b>351,729</b>
Intersegment revenue	58,381	-	30,190	(88,571)	-	-	-	-	-
Total revenue	93,090	308,137	33,182	(82,859)	<b>351,550</b>	179	-	<b>179</b>	<b>351,729</b>
Share of results from equity accounted associates	(8,773)	-	312	(3,834)	<b>(12,295)</b>	-	-	-	<b>(12,295)</b>
Other income									
- gain on sale of Saraji coal asset	-	2,411,365	-	29,000	<b>2,440,365</b>	-	-	-	<b>2,440,365</b>
- gain on sale of available for sale investments	2,723	-	-	-	<b>2,723</b>	-	-	-	<b>2,723</b>
- loss on revaluing other financial assets to fair value	(28,435)	-	-	-	<b>(28,435)</b>	-	-	-	<b>(28,435)</b>
- other	215	-	51	-	<b>266</b>	-	-	-	<b>266</b>
Total other income	(25,497)	2,411,365	51	29,000	<b>2,414,919</b>	-	-	-	<b>2,414,919</b>
Total segment revenue/income	58,820	2,719,502	33,545	(57,693)	<b>2,754,174</b>	179	-	<b>179</b>	<b>2,754,353</b>
Segment results	(148,906)	2,594,748	21,162	(65,190)	<b>2,401,814</b>	(966)	236	<b>(730)</b>	<b>2,401,084</b>
Income tax (expense)/credit					<b>(771,176)</b>			<b>-</b>	<b>(771,176)</b>
<b>Net profit/(loss) for the half year</b>					<b>1,630,638</b>			<b>(730)</b>	<b>1,629,908</b>
<b>Impairment (expenses) / writeback included in segment results</b>									
- Impairment of equity accounted associates	(171,817)	-	-	-	<b>(171,817)</b>	-	-	-	<b>(171,817)</b>
- Impairment of listed equity investments	(12,083)	-	-	-	<b>(12,083)</b>	-	-	-	<b>(12,083)</b>
- Impairment of goodwill	(3,426)	-	-	-	<b>(3,426)</b>	-	-	-	<b>(3,426)</b>
- Impairment of other assets	2,586	(2,393)	-	(2,800)	<b>(2,607)</b>	-	-	-	<b>(2,607)</b>
Total impairment (expense)	(184,740)	(2,393)	-	(2,800)	<b>(189,933)</b>	-	-	-	<b>(189,933)</b>

**Washington H. Soul Pattinson and Company Limited**  
**Half year ended 31 January 2009**

**Notes to the Condensed Consolidated Financial Statements**

**2. Segment Information (continued)**

Primary reporting format – business segments

<b>Half year ended 31 January 2008</b>	Investing activities \$'000	Telecommuni- cations \$'000	Coal mining \$'000	Consulting \$'000	Intersegment eliminations/ unallocated \$'000	<b>Total continuing operations \$'000</b>	Discontinued operations - Bakery \$'000	Intersegment eliminations/ unallocated \$'000	<b>Total discontinued operations \$'000</b>	<b>Consolidated \$'000</b>
<b>Revenue from external customers</b>	29,991	205,400	148,827	3,370	5,923	<b>393,511</b>	31,498	-	<b>31,498</b>	<b>425,009</b>
Intersegment revenue	31,716	186	-	1,731	(33,633)	-	-	-	-	-
Total revenue	61,707	205,586	148,827	5,101	(27,710)	<b>393,511</b>	31,498	-	<b>31,498</b>	<b>425,009</b>
Share of results from equity accounted associates	15,948	-	-	147	(172)	<b>15,923</b>	-	-	-	<b>15,923</b>
Other income										
- gain on sale of available for sale investments	6,423	-	-	-	-	<b>6,423</b>	-	-	-	<b>6,423</b>
- gain on sale and on revaluing other financial assets to fair value	3,026	-	-	-	-	<b>3,026</b>	-	-	-	<b>3,026</b>
- other	106	-	331	-	-	<b>437</b>	-	-	-	<b>437</b>
Total other income	9,555	-	331	-	-	<b>9,886</b>	-	-	-	<b>9,886</b>
Total segment revenue/income	87,210	205,586	149,158	5,248	(27,882)	<b>419,320</b>	31,498	-	<b>31,498</b>	<b>450,818</b>
Segment results	63,875	3,545	50,974	329	(25,281)	<b>93,442</b>	(9,035)	267	<b>(8,768)</b>	<b>84,674</b>
Income tax (expense)/credit						<b>(19,752)</b>			<b>928</b>	<b>(18,824)</b>
<b>Net profit/(loss) for the half year</b>						<b>73,690</b>			<b>(7,840)</b>	<b>65,850</b>
<b>Impairment (expenses) included in segment results</b>										
- Impairment of other assets	(7,450)	-	-	(53)	6,500	<b>(1,003)</b>	(4,674)	-	<b>(4,674)</b>	<b>(5,677)</b>

**Washington H. Soul Pattinson and Company Limited**  
**Half year ended 31 January 2009**

**Notes to the Condensed 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:

	2009 \$'000	2008 \$'000
<b>(a) Revenue</b>		
Sales revenue	254,245	363,095
Dividend revenue	12,780	13,451
Interest revenue	82,460	14,483
Other	2,065	2,482
	<b>351,550</b>	<b>393,511</b>

	2009 \$'000	2008 \$'000
<b>(b) Other income</b>		
Gain on sale of Saraji coal project	2,440,365	-
Fair value gains of financial assets at fair value through profit or loss	(28,435)	3,026
Gains on sale of available for sale financial assets	2,723	6,423
Other	266	437
	<b>2,414,919</b>	<b>9,886</b>

	2009 \$'000	2008 \$'000
<b>(c) Expenses</b>		
Impairment of equity accounted associates (1)	(171,817)	-
Impairment of listed equity investments (2)	(12,083)	-
Impairment of goodwill	(3,426)	-
Impairment of other assets	(2,607)	(1,003)
	<b>(189,933)</b>	<b>(1,003)</b>

(1) The recoverable amount of investments in equity accounted associates has been assessed as at 31 January 2009. For each of the Associates impaired (refer note 7), the current market sale price (averaged for the month of January 2009) was considered to be the best estimate of the recoverable amounts for these assets at that time. 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 profit and loss.

(2) During the half year ended 31 January 2009, 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 an 'available for sale' financial asset's market bid price is lower than the original cost, and the investment is considered by management to be 'impaired', the Group has recognised an impairment expense in respect of these investments. An impairment recognised for an 'available for sale' financial asset is prohibited from being reversed through profit and loss. Any future increments in the bid price of these investments will be recognised as a fair value increment in the asset revaluation reserve.

**Washington H. Soul Pattinson and Company Limited**  
**Half year ended 31 January 2009**

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**Notes to the Condensed Consolidated Financial Statements**

**(ii) Non regular items after income tax expense attributable to members:**

The Directors consider the disclosure of the impact of non regular items enhances the understanding of the results to members. Details of these items are as follows:

	2009	2008
	\$'000	\$'000
Profit on disposal of investments	2,566	4,942
Profit on sale of the Saraji coal project	1,031,082	-
Gains / (loses) on sale of business units	(95)	1,053
Operating losses attributable to minority interest absorbed by parent entity interest	(129)	(1,209)
Impairment and bad debt expense	(182,956)	(3,927)
Share of significant revenue and expenses from associate entities	(27,457)	(702)
Other non regular items	(477)	1,263
<b>Total non regular items</b>	<b>822,534</b>	<b>1,420</b>

**Washington H. Soul Pattinson and Company Limited**  
**Half year ended 31 January 2009**

**Notes to the Condensed Consolidated Financial Statements**

**4. Discontinued operations**

In 2008, KH Foods Limited (KHF) divested all of its remaining businesses. From January 2008, these operations have been disclosed as discontinued with all the assets and liabilities of the company being disclosed in the condensed consolidated balance sheet as Assets / Liabilities of a disposal group classified as held for sale. Results of the company have also been disclosed separately from continuing operations.

Financial information relating to the discontinued operations is set out below:

	<b>Half year ended 31 January 2009</b>	Half year ended 31 January 2008
<b><u>Results of discontinued operations</u></b>	<b>\$'000 Bakery</b>	\$'000 Bakery
Revenue	<b>179</b>	31,498
Expenses	<b>(909)</b>	(35,592)
<b>Results from operating activities</b>	<b>(730)</b>	(4,094)
Impairment (charge)	-	(4,674)
Income tax (expense) / credit	-	928
<b>Results from operating activities, net of income tax</b>	<b>(730)</b>	(7,840)
Gain on sale of discontinued operation	-	-
Income tax on gain on sale of discontinued operation	-	-
Gain on sale of discontinued operation after income tax	-	-
(Loss) from discontinued operations	<b>(730)</b>	(7,840)
<b>(Loss) from discontinued operations attributable to members</b>	<b>(730)</b>	(7,840)
Basic earnings per share (cents)	<b>(0.31) cents</b>	(3.28) cents
Diluted earnings per share (cents)	<b>(0.31) cents</b>	(3.28) cents

**Washington H. Soul Pattinson and Company Limited**  
**Half year ended 31 January 2009**

**Notes to the Condensed Consolidated Financial Statements**

**4. Discontinued operations – continued**

**Cash flows from discontinued operations**

Incorporated in the consolidated cash flow statement for the half year ended 31 January 2009 are the following net cash movements relating to discontinued operations:

	<b>Half-year ended 31 January 2009</b>	Half year ended 31 January 2008
	<b>\$'000 Bakery</b>	\$'000 Bakery
Net cash (outflow) from operating activities	(2,147)	(4,605)
Net cash from investing activities	-	5,116
Net cash from financing activities	-	(247)
Net cash inflow/(outflow) from discontinuing operations	(2,147)	264

**5. Dividends**

		\$'000	Amount per security CPS	Franking per security CPS
<b>Interim dividend</b>	Current half year declared but not yet recognised in retained profits	31,023	13c	13c
	Previous corresponding half year, paid on 8 May 2008	28,637	12c	12c
<b>Final dividend 2008</b>	A final dividend, not previously recognised in retained profits, was paid on 8 December 2008	42,955	18c	18c

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.

**6. Controlled entities acquired or disposed of**

The Group did not acquire or dispose of any controlled entities during the six months to 31 January 2009.

KH Foods Limited (KHF) disposed of all of its operating divisions prior to 31 July 2008. KHF was placed into members voluntary liquidation on Monday 23 March 2009. From this date, KHF is no longer controlled by the Group.

**Washington H. Soul Pattinson and Company Limited**  
**Half year ended 31 January 2009**

**Notes to the Condensed Consolidated Financial Statements**

**7. Details of investments and results in Associates**

Name of associated entity	Group's percentage of holding at balance date *		Contribution to Group net profit for the half year **	
	Jan 2009 %	Jan 2008 %	2009 \$000	2008 \$000
<b>Associates – held by WHSP</b>				
Brickworks Limited	49.5	49.5	(20,129)	12,108
Australian Pharmaceutical Industries Limited	24.6	21.7	2,233	(564)
Ruralco Holdings Limited (i)	23.5	-	769	-
SP Telemedia Limited (ii)	27.5	-	1,393	-
Apex Healthcare	30.0	30.0	930	756
Clover Corporation Limited	28.6	28.6	459	196
Keith Harris & Company (Far East) Pte Limited	49.0	49.0	42	170
Windsor Farm Foods Limited	30.0	30.0	-	-
<b>Associates – held by Controlled entities***</b>				
Ampcontrol Pty Limited	45.0	45.0	1,685	2,410
Austrgrains Pty Limited	48.0	48.0	12	(116)
Asian Property Investments Limited (iii)	-	19.4	-	1,199
Belaroma Coffee Pty Ltd	40.0	40.0	70	81
InterRISK Australia Pty Ltd (iv)	40.0	-	88	-
Krispy Kreme Holdings Australia Pty Ltd (v)	-	24.0	-	(351)
Specialist Oncology Property Pty Limited	21.3	18.9	66	39
Supercorp Pty Limited	30.2	30.2	87	(5)
<b>Share of results from equity accounted associates before impairment</b>			<b>(12,295)</b>	<b>15,923</b>
Impairment of investment in associates (refer note 3i)				
- Australian Pharmaceutical Industries Limited			<b>(101,137)</b>	-
- SP Telemedia Limited			<b>(54,714)</b>	-
- Other associates			<b>(15,966)</b>	-
<b>Total impairment of investment in associates</b>			<b>(171,817)</b>	-
<b>Share of results and impairment from equity accounted associates</b>			<b>(184,112)</b>	<b>15,923</b>

\* 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 minority interest.

\*\*\* Investments in these Associates are held by a controlled entity, Souls Private Equity Limited.

Change in Associate status

(i) Washington H. Soul Pattinson and Company Limited (WHSP) deemed Ruralco Holdings Limited (RHL) to be an Associate from 4 June 2008 having increased its holding at that date to 21%. Prior to this date, RHL was classified as an 'available for sale' financial asset.

(ii) Effective 7 April 2008, SP Telemedia Limited (SOT) was equity accounted. Prior to this date, SOT was controlled by WHSP.

(iii) The Group's interest in Asian Property Investments Limited was diluted in August 2008 to 16.9% and was therefore no longer deemed to be an Associate.

(iv) The Group increased its shareholding in InterRISK Australia Pty Ltd in December 2008 to 40% and is now therefore deemed to be an Associate.

(v) The Group's interest in Krispy Kreme Holdings Australia Pty Ltd was diluted in August 2008 to 7% and is therefore no longer deemed to be an Associate.

**Washington H. Soul Pattinson and Company Limited**  
**Half year ended 31 January 2009**

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**Notes to the Condensed Consolidated Financial Statements**

**8. Contingent liabilities**

There are no material changes to contingent liabilities of the Group since 31 July 2008.

**9. Events occurring after the balance sheet date**

**KH Food Limited - Members voluntary liquidation**

KH Foods Limited (KHF) was placed into members voluntary liquidation on Monday 23 March 2009. From this date, KHF is no longer controlled by the Group.

Other than declared in this report, no other events have occurred subsequent to balance date which would materially affect the half year financial report.

**10. Other significant information**

Please refer to the Review of Operations contained in this report.

# Washington H. Soul Pattinson and Company Limited

A.B.N. 49 000 002 728

## Directors' Declaration

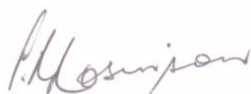
The directors' of the Company declare that:

1. the financial statements and notes, as set out on pages 4 to 25:
  - a. comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations; and
  - b. give a true and fair view of the economic entity's financial position as at 31 January 2009 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 26<sup>th</sup> day of March 2009

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF  
WASHINGTON H. SOUL PATTINSON AND COMPANY LIMITED  
AND ITS CONTROLLED ENTITIES**

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Washington H. Soul Pattinson and Company Limited ("the company") and its Controlled Entities ("the consolidated entity"), which comprises the balance sheet as at 31 January 2009, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of significant accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at 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 consolidated entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that it is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**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 an Interim 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 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 2009 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 its Controlled Entities, 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. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. 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.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

### **Independence**

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

### **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 and its Controlled Entities 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 2009 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



**Martin J. (Joe) Shannon**  
Partner

Dated in Sydney, the 26th day of March 2009